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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2017

or

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

For the transition period from _____ to _____

Commission File Number: 0-27078

HENRY SCHEIN, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

Yes X No __

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

Yes X No __

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

Large accelerated filer X Accelerated filer __

Non-accelerated filer __ (Do not check if a smaller reporting company) Smaller reporting company __

Emerging growth company __

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. □

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes __ No X

As of October 31, 2017, there were 156,954,392 shares of the registrant's common stock outstanding.

HENRY SCHEIN, INC.

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

	September 30, 2017 (unaudited)	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 79,879	$ 62,381
Accounts receivable, net of reserves of $96,953 and $90,329	1,544,582	1,254,139
Inventories, net	1,692,256	1,635,750
Prepaid expenses and other	465,812	360,510
Total current assets	3,782,529	3,312,780
Property and equipment, net	361,708	333,906
Goodwill	2,224,657	2,019,740
Other intangibles, net	666,997	621,180
Investments and other	450,770	442,790
Total assets	$ 7,486,661	$ 6,730,396
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,029,138	$ 977,249
Bank credit lines	631,865	437,476
Current maturities of long-term debt	17,247	65,923
Accrued expenses:		
Payroll and related	251,849	266,463
Taxes	148,627	151,750
Other	358,421	391,785
Total current liabilities	2,437,147	2,290,646
Long-term debt	907,592	715,457
Deferred income taxes	91,786	51,589
Other liabilities	292,179	264,264
Total liabilities	3,728,704	3,321,956
Redeemable noncontrolling interests	737,747	607,636
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value, 1,000,000 shares authorized, none outstanding	-	-
Common stock, $.01 par value, 240,000,000 shares authorized, 156,952,738 outstanding on September 30, 2017 and 158,805,010 outstanding on December 31, 2016	1,570	1,588
Additional paid-in capital	-	126,742
Retained earnings	3,164,541	2,981,777
Accumulated other comprehensive loss	(154,472)	(317,041)
Total Henry Schein, Inc. stockholders' equity	3,011,639	2,793,066
Noncontrolling interests	8,571	7,738
Total stockholders' equity	3,020,210	2,800,804
Total liabilities, redeemable noncontrolling interests and stockholders' equity	$ 7,486,661	$ 6,730,396

See accompanying notes.

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

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Net sales	$ 3,161,083	$ 2,865,148	$ 9,143,489	$ 8,450,734
Cost of sales	2,325,029	2,077,473	6,645,342	6,083,748
Gross profit	836,054	787,675	2,498,147	2,366,986
Operating expenses:				
Selling, general and administrative	622,506	581,584	1,879,969	1,779,583
Restructuring costs	-	5,370	-	29,811
Operating income	213,548	200,721	618,178	557,592
Other income (expense):				
Interest income	4,793	3,141	13,204	10,045
Interest expense	(13,428)	(7,488)	(37,056)	(21,982)
Other, net	(194)	(199)	489	3,206
Income before taxes and equity in earnings of affiliates	204,719	196,175	594,815	548,861
Income taxes	(59,340)	(56,601)	(156,276)	(159,099)
Equity in earnings of affiliates	5,569	5,717	12,244	13,160
Net income	150,948	145,291	450,783	402,922
Less: Net income attributable to noncontrolling interests	(12,917)	(11,578)	(35,949)	(35,360)
Net income attributable to Henry Schein, Inc.	$ 138,031	$ 133,713	$ 414,834	$ 367,562
Earnings per share attributable to Henry Schein, Inc.:				
Basic	$ 0.88	$ 0.83	$ 2.64	$ 2.26
Diluted	$ 0.87	$ 0.82	$ 2.61	$ 2.23
Weighted-average common shares outstanding:				
Basic	156,914	161,791	157,386	162,600
Diluted	158,271	163,710	158,866	164,635

See accompanying notes.

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

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Net income	$ 150,948	$ 145,291	$ 450,783	$ 402,922
Other comprehensive income (loss), net of tax:				
Foreign currency translation gain (loss)	58,916	(6,463)	173,166	(2,041)
Unrealized gain (loss) from foreign currency hedging activities	(34)	(603)	(1,274)	1,026
Unrealized investment loss	(2)	-	(2)	-
Pension adjustment gain (loss)	(353)	209	(1,063)	10
Other comprehensive income (loss), net of tax	58,527	(6,857)	170,827	(1,005)
Comprehensive income	209,475	138,434	621,610	401,917
Comprehensive income attributable to noncontrolling interests:				
Net income	(12,917)	(11,578)	(35,949)	(35,360)
Foreign currency translation gain	(3,473)	(716)	(8,258)	(1,236)
Comprehensive income attributable to noncontrolling interests	(16,390)	(12,294)	(44,207)	(36,596)
Comprehensive income attributable to Henry Schein, Inc.	$ 193,085	$ 126,140	$ 577,403	$ 365,321

See accompanying notes.

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

	Common Stock $.01 Par Value		Additional Paid-in	Retained	Accumulated Other Comprehensive	Noncontrolling	Total Stockholders'
	Shares	Amount	Capital	Earnings	Income/(Loss)	Interests	Equity
Balance, December 31, 2016	158,805,010	$ 1,588	$ 126,742	$ 2,981,777	$ (317,041)	$ 7,738	$ 2,800,804
Net income (excluding $35,398 attributable to Redeemable noncontrolling interests)	-	-	-	414,834	-	551	415,385
Foreign currency translation gain (excluding gain of $7,961 attributable to Redeemable noncontrolling interests)	-	-	-	-	164,908	297	165,205
Unrealized loss from foreign currency hedging activities, net of tax benefit of $4	-	-	-	-	(1,274)	-	(1,274)
Unrealized investment loss, net of tax of $1	-	-	-	-	(2)	-	(2)
Pension adjustment loss, including tax benefit of $508	-	-	-	-	(1,063)	-	(1,063)
Dividends paid	-	-	-	-	-	(383)	(383)
Other adjustments	-	-	29	-	-	368	397
Change in fair value of redeemable securities	-	-	(124,747)	-	-	-	(124,747)
Repurchase and retirement of common stock	(2,625,230)	(26)	(49,184)	(175,795)	-	-	(225,005)
Stock issued upon exercise of stock options, including tax benefit of $681	186,570	2	4,258	-	-	-	4,260
Stock-based compensation expense	1,106,354	11	31,976	-	-	-	31,987
Shares withheld for payroll taxes	(519,966)	(5)	(44,696)	-	-	-	(44,701)
Liability for cash settlement of stock-based compensation awards	-	-	(653)	-	-	-	(653)
Transfer of charges in excess of capital	-	-	56,275	(56,275)	-	-	-
Balance, September 30, 2017	156,952,738	$ 1,570	$ -	$ 3,164,541	$ (154,472)	$ 8,571	$ 3,020,210

See accompanying notes.

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

	Nine Months Ended	
	September 30, 2017	September 24, 2016
Cash flows from operating activities:		
Net income	$ 450,783	$ 402,922
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	141,278	125,829
Stock-based compensation expense	31,987	43,627
Provision for losses on trade and other accounts receivable	6,981	1,736
Provision for (benefit from) deferred income taxes	8,600	(13,425)
Equity in earnings of affiliates	(12,244)	(13,160)
Distributions from equity affiliates	16,826	12,104
Changes in unrecognized tax benefits	(6,653)	4,799
Other	6,031	7,845
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(229,239)	(131,586)
Inventories	27,336	48,513
Other current assets	(70,833)	(35,781)
Accounts payable and accrued expenses	(63,352)	(75,355)
Net cash provided by operating activities	307,501	378,068
Cash flows from investing activities:		
Purchases of fixed assets	(55,315)	(44,525)
Payments for equity investments and business acquisitions, net of cash acquired	(258,786)	(126,543)
Other	(6,694)	(8,766)
Net cash used in investing activities	(320,795)	(179,834)
Cash flows from financing activities:		
Proceeds from (repayments of) bank borrowings	193,550	(3,274)
Proceeds from issuance of long-term debt	200,440	260,000
Principal payments for long-term debt	(59,531)	(9,293)
Debt issuance costs	(1,771)	(233)
Proceeds from issuance of stock upon exercise of stock options	4,941	9,754
Payments for repurchases of common stock	(225,005)	(350,001)
Payments for taxes related to shares withheld for employee taxes	(44,721)	(27,115)
Excess tax benefits related to stock-based compensation	-	(463)
Distributions to noncontrolling shareholders	(23,921)	(26,366)
Acquisitions of noncontrolling interests in subsidiaries	(27,914)	(51,265)
Net cash provided by (used in) financing activities	16,068	(198,256)
Effect of exchange rate changes on cash and cash equivalents	14,724	4,128
Net change in cash and cash equivalents	17,498	4,106
Cash and cash equivalents, beginning of period	62,381	72,086
Cash and cash equivalents, end of period	$ 79,879	$ 76,192

See accompanying notes.

HENRY SCHEIN, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share data)
(unaudited)

Note 1 – Basis of Presentation

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

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

The consolidated financial statements reflect all adjustments considered necessary for a fair presentation of the consolidated results of operations and financial position for the interim periods presented. All such adjustments are of a normal recurring nature. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes to the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2016.

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The results of operations for the nine months ended September 30, 2017 are not necessarily indicative of the results to be expected for any other interim period or for the year ending December 30, 2017.

On August 16, 2017, we announced that our Board of Directors approved a 2-for-1 split of our common stock. Each Henry Schein, Inc. stockholder of record at the close of business on September 1, 2017 received a dividend of one additional share for every share held. Trading began on a split-adjusted basis on September 15, 2017 and has been retroactively reflected for all periods presented in this Form 10-Q.

Note 2 – Segment Data

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

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

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

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

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

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Net Sales:				
Health care distribution (1):				
Dental	$ 1,478,730	$ 1,330,525	$ 4,372,055	$ 4,005,468
Animal health	882,580	790,279	2,586,850	2,415,290
Medical	690,761	639,648	1,861,074	1,716,590
Total health care distribution	3,052,071	2,760,452	8,819,979	8,137,348
Technology and value-added services (2)	109,012	104,696	323,510	313,386
Total	$ 3,161,083	$ 2,865,148	$ 9,143,489	$ 8,450,734

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

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

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Operating Income:				
Health care distribution	$ 181,612	$ 170,158	$ 521,278	$ 468,610
Technology and value-added services	31,936	30,563	96,900	88,982
Total	$ 213,548	$ 200,721	$ 618,178	$ 557,592

Note 3 – Debt

Bank Credit Lines

On April 18, 2017, we entered into a new $750 million revolving agreement (the "Credit Agreement"). This facility, which matures in April 2022, replaced our $500 million revolving credit facility, which was scheduled to mature in September 2019. The interest rate is based on the USD LIBOR plus a spread based on our leverage ratio at the end of each financial reporting quarter. The Credit Agreement provides, among other things, that we are required to maintain maximum leverage ratios, and contains customary representations, warranties and affirmative covenants. The Credit Agreement also contains customary negative covenants, subject to negotiated exceptions on liens, indebtedness, significant corporate changes (including mergers), dispositions and certain restrictive agreements. As of September 30, 2017 and December 31, 2016, the borrowings on this revolving credit facility and the prior credit facility were $175.0 million and $65.0 million, respectively. As of September 30, 2017 and December 31, 2016, there were $11.7 million and $13.0 million of letters of credit, respectively, provided to third parties under the credit facility and the prior credit facility.

As of September 30, 2017 and December 31, 2016, we had various other short-term bank credit lines available, of which $456.9 million and $372.5 million, respectively, were outstanding. At September 30, 2017 and December 31, 2016, borrowings under all of our credit lines had a weighted average interest rate of 2.09% and 1.61%, respectively.

Private Placement Facilities

On September 15, 2017, we increased our available private placement facilities with three insurance companies to a total facility amount of $1 billion, and extended the expiration date to September 15, 2020. These facilities are available on an uncommitted basis at fixed rate economic terms to be agreed upon at the time of issuance, from time to time through September 15, 2020. The facilities allow us to issue senior promissory notes to the lenders at a fixed rate based on an agreed upon spread over applicable treasury notes at the time of issuance. The term of each possible issuance will be selected by us and can range from five to 15 years (with an average life no longer than 12 years). The proceeds of any issuances under the facilities will be used for general corporate purposes, including working capital and capital expenditures, to refinance existing indebtedness and/or to fund potential acquisitions. The agreements provide, among other things, that we maintain certain maximum leverage ratios, and contain restrictions relating to subsidiary indebtedness, liens, affiliate transactions, disposal of assets and certain changes in ownership. These facilities contain make-whole provisions in the event that we pay off the facilities prior to the applicable due dates.

The components of our private placement facility borrowings as of September 30, 2017 are presented in the following table (in thousands):

Date of Borrowing	Amount of Borrowing Outstanding	Borrowing Rate	Due Date
September 2, 2010	$ 100,000	3.79%	September 2, 2020
January 20, 2012	50,000	3.45	January 20, 2024
January 20, 2012 (1)	35,714	3.09	January 20, 2022
December 24, 2012	50,000	3.00	December 24, 2024
June 2, 2014	100,000	3.19	June 2, 2021
June 16, 2017	100,000	3.42	June 16, 2027
September 15, 2017	100,000	3.52	September 15, 2029
Less: Deferred debt issuance costs	(250)		
	$ 535,464		

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

U.S. Trade Accounts Receivable Securitization

We have a facility agreement with a bank, as agent, based on the securitization of our U.S. trade accounts receivable that is structured as an asset-backed securitization program with pricing committed for up to three years. On June 1, 2016, we extended the expiration date of this facility agreement to April 29, 2019 and increased the purchase limit under the facility from $300 million to $350 million. On July 6, 2017, we extended the expiration date of this facility agreement to April 29, 2020. The borrowings outstanding under this securitization facility were $350.0 million and $350.0 million as of September 30, 2017 and December 31, 2016, respectively. At September 30, 2017, the interest rate on borrowings under this facility was based on the asset-backed commercial paper rate of 134 basis points plus 75 basis points, for a combined rate of 2.09%. At December 31, 2016, the interest rate on borrowings under this facility was based on the asset-backed commercial paper rate of 101 basis points plus 75 basis points, for a combined rate of 1.76%.

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

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

(in thousands, except per share data)

Long-term debt

Long-term debt consisted of the following:

	September 30, 2017	December 31, 2016
Private placement facilities	$ 535,464	$ 342,857
U.S. trade accounts receivable securitization	350,000	350,000
Note payable to bank at a weighted-average interest rate of 21.37% at December 31, 2016	-	47,957
Various collateralized and uncollateralized loans payable with interest, in varying installments through 2022 at interest rates ranging from 2.56% to 12.90% at September 30, 2017 and ranging from 2.56% to 12.90% at December 31, 2016	33,994	35,150
Capital lease obligations payable through 2029 with interest rates ranging from 0.84% to 19.79% at September 30, 2017 and ranging from 1.38% to 19.15% at December 31, 2016	5,381	5,416
Total	924,839	781,380
Less current maturities	(17,247)	(65,923)
Total long-term debt	$ 907,592	$ 715,457

Note 4 – Redeemable Noncontrolling Interests

Some minority shareholders in certain of our subsidiaries have the right, at certain times, to require us to acquire their ownership interest in those entities at fair value. Accounting Standards Codification (“ASC”) Topic 480-10 is applicable for noncontrolling interests where we are or may be required to purchase all or a portion of the outstanding interest in a consolidated subsidiary from the noncontrolling interest holder under the terms of a put option contained in contractual agreements. The components of the change in the Redeemable noncontrolling interests for the nine months ended September 30, 2017 and the year ended December 31, 2016 are presented in the following table:

	September 30, 2017	December 31, 2016
Balance, beginning of period	$ 607,636	$ 542,194
Decrease in redeemable noncontrolling interests due to redemptions	(40,638)	(72,729)
Increase in redeemable noncontrolling interests due to business acquisitions	25,209	58,172
Net income attributable to redeemable noncontrolling interests	35,398	48,760
Dividends declared	(22,566)	(32,973)
Effect of foreign currency translation gain (loss) attributable to redeemable noncontrolling interests	7,961	(2,652)
Change in fair value of redeemable securities	124,747	66,864
Balance, end of period	$ 737,747	$ 607,636

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

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

Note 5 – Comprehensive Income

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

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

	September 30, 2017	December 31, 2016
Attributable to Redeemable noncontrolling interests:		
Foreign currency translation adjustment	$ (5,064)	$ (13,025)
Attributable to noncontrolling interests:		
Foreign currency translation adjustment	$ 184	$ (113)
Attributable to Henry Schein, Inc.:		
Foreign currency translation loss	$ (131,304)	$ (296,212)
Unrealized loss from foreign currency hedging activities	(1,327)	(53)
Unrealized investment loss	(2)	-
Pension adjustment loss	(21,839)	(20,776)
Accumulated other comprehensive loss	$ (154,472)	$ (317,041)
Total Accumulated other comprehensive loss	$ (159,352)	$ (330,179)

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

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Net income	$ 150,948	$ 145,291	$ 450,783	$ 402,922
Foreign currency translation gain (loss)	58,916	(6,463)	173,166	(2,041)
Tax effect	-	-	-	-
Foreign currency translation gain (loss)	58,916	(6,463)	173,166	(2,041)
Unrealized gain (loss) from foreign currency hedging activities	26	(803)	(1,278)	1,316
Tax effect	(60)	200	4	(290)
Unrealized gain (loss) from foreign currency hedging activities	(34)	(603)	(1,274)	1,026
Unrealized investment loss	(3)	-	(3)	-
Tax effect	1	-	1	-
Unrealized investment loss	(2)	-	(2)	-
Pension adjustment gain (loss)	(529)	280	(1,571)	(13)
Tax effect	176	(71)	508	23
Pension adjustment gain (loss)	(353)	209	(1,063)	10
Comprehensive income	$ 209,475	$ 138,434	$ 621,610	$ 401,917

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During the three months ended September 30, 2017 and September 24, 2016, we recognized, as a component of our comprehensive income, a foreign currency translation gain (loss) of $58.9 million and $(6.5) million, respectively, due to changes in foreign exchange rates from the beginning of the period to the end of the period. During the nine months ended September 30, 2017 and September 24, 2016, we recognized, as a component of our comprehensive income, a foreign currency translation gain (loss) of $173.2 million and $(2.0) million, respectively, due to changes in foreign exchange rates from the beginning of the period to the end of the period. Our financial statements are denominated in the U.S. Dollar currency. Fluctuations in the value of foreign currencies as compared to the U.S. Dollar may have a significant impact on our comprehensive income (loss). The foreign currency translation gain (loss) during the three and nine months ended September 30, 2017 and September 24, 2016 was impacted by changes in foreign currency exchange rates as follows:

Currency	Foreign Currency Translation Gain (Loss) for the Three Months Ended September 30, 2017	FX Rate into USD September 30, 2017	FX Rate into USD July 1, 2017	Foreign Currency Translation Gain (Loss) for the Three Months Ended September 24, 2016	FX Rate into USD September 24, 2016	FX Rate into USD June 2016
Euro	$ 30,373	1.18	1.14	$ 3,755	1.12	1
British Pound	9,168	1.34	1.30	(17,161)	1.30	1
Australian Dollar	3,767	0.78	0.77	3,826	0.76	0
Canadian Dollar	5,640	0.80	0.77	(1,565)	0.76	0
Polish Zloty	940	0.27	0.27	2,044	0.26	0
Swiss Franc	407	1.03	1.04	189	1.03	1
Brazilian Real	6,400	0.32	0.30	826	0.31	0
All other currencies	2,221			1,623		
Total	$ 58,916			$ (6,463)		

Currency	Foreign Currency Translation Gain (Loss) for the Nine Months Ended September 30, 2017	FX Rate into USD September 30, 2017	FX Rate into USD December 31, 2016	Foreign Currency Translation Gain (Loss) for the Nine Months Ended September 24, 2016	FX Rate into USD September 24, 2016	FX Rate into USD December 26, 2015
Euro	$ 95,715	1.18	1.05	$ 14,932	1.12	1
British Pound	24,712	1.34	1.23	(39,536)	1.30	1
Australian Dollar	16,220	0.78	0.72	9,268	0.76	0
Canadian Dollar	9,820	0.80	0.74	5,941	0.76	0
Polish Zloty	7,891	0.27	0.24	428	0.26	0
Swiss Franc	5,305	1.03	0.98	1,408	1.03	1
Brazilian Real	4,136	0.32	0.31	3,055	0.31	0
All other currencies	9,367			2,463		
Total	$ 173,166			$ (2,041)		

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

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Comprehensive income attributable to				
Henry Schein, Inc.	$ 193,085	$ 126,140	$ 577,403	$ 365,321
Comprehensive income attributable to				
noncontrolling interests	372	165	848	519
Comprehensive income attributable to				
Redeemable noncontrolling interests	16,018	12,129	43,359	36,077
Comprehensive income	$ 209,475	$ 138,434	$ 621,610	$ 401,917

Note 6 – Fair Value Measurements

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

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

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

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

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

Investments and notes receivable

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

Debt

The fair value of our debt, including bank credit lines, as of September 30, 2017 and December 31, 2016 was estimated at $1,556.7 million and $1,218.9 million, respectively. Factors that we considered when estimating the fair value of our debt include market conditions, prepayment and make-whole provisions, liquidity levels in the private placement market, variability in pricing from multiple lenders and term of debt.

Derivative contracts

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

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

Redeemable noncontrolling interests

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

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The following table presents our assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of September 30, 2017 and December 31, 2016:

	September 30, 2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Derivative contracts	$ -	$ 6,191	$ -	$ 6,191
Total assets	$ -	$ 6,191	$ -	$ 6,191
Liabilities:				
Derivative contracts	$ -	$ 2,636	$ -	$ 2,636
Total liabilities	$ -	$ 2,636	$ -	$ 2,636
Redeemable noncontrolling interests	$ -	$ -	$ 737,747	$ 737,747

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Derivative contracts	$ -	$ 1,240	$ -	$ 1,240
Total assets	$ -	$ 1,240	$ -	$ 1,240
Liabilities:				
Derivative contracts	$ -	$ 931	$ -	$ 931
Total liabilities	$ -	$ 931	$ -	$ 931
Redeemable noncontrolling interests	$ -	$ -	$ 607,636	$ 607,636

Note 7 – Business Acquisitions

Acquisitions

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

We did not complete any material acquisitions during the nine months ended September 30, 2017.

Some prior owners of acquired subsidiaries are eligible to receive additional purchase price cash consideration if certain financial targets are met. We have accrued liabilities for the estimated fair value of additional purchase price consideration at the time of the acquisition. Any adjustments to these accrual amounts are recorded in our consolidated statements of income. For the nine months ended September 30, 2017 and September 24, 2016, there were no material adjustments recorded in our consolidated statement of income relating to changes in estimated contingent purchase price liabilities.

HENRY SCHEIN, INC.

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Note 8 – Plan of Restructuring

On November 6, 2014, we announced a corporate initiative to rationalize our operations and provide expense efficiencies, which was expected to be completed by the end of fiscal 2015. This initiative originally planned for the elimination of approximately 2% to 3% of our workforce and the closing of certain facilities. We subsequently announced our plan to extend these restructuring activities through the end of 2016 to further implement cost-savings initiatives, which ultimately resulted in the elimination of approximately 900 positions, representing 4% of our workforce. We recorded restructuring costs of $34.9 million pre-tax in fiscal 2015 and $45.9 million pre-tax in fiscal 2016. Our restructuring activities are complete and we do not expect to report any such charges in 2017.

During the nine months ended September 24, 2016, we recorded restructuring costs of $29.8 million. The costs associated with this restructuring are included in a separate line item, “Restructuring costs” within our consolidated statements of income.

The following table shows the amounts expensed and paid for restructuring costs that were incurred during the nine months ended September 30, 2017 and during our 2016 fiscal year and the remaining accrued balance of restructuring costs as of September 30, 2017, which is included in Accrued expenses: Other and Other liabilities within our consolidated balance sheet:

	Severance Costs	Facility Closing Costs	Other	Total
Balance, December 26, 2015	$ 9,103	$ 2,151	$ 811	$ 12,065
Provision	40,728	3,587	1,576	45,891
Payments and other adjustments	(27,477)	(3,284)	(1,492)	(32,253)
Balance, December 31, 2016	$ 22,354	$ 2,454	$ 895	$ 25,703
Provision	-	-	-	-
Payments	(17,282)	(935)	(824)	(19,041)
Balance, September 30, 2017	$ 5,072	$ 1,519	$ 71	$ 6,662

The following table shows, by reportable segment, the amounts expensed and paid for restructuring costs that were incurred during the nine months ended September 30, 2017 and the 2016 fiscal year and the remaining accrued balance of restructuring costs as of September 30, 2017:

	Health Care Distribution	Technology and Value-Added Services	Total
Balance, December 26, 2015	$ 12,062	$ 3	$ 12,065
Provision	44,082	1,809	45,891
Payments and other adjustments	(30,906)	(1,347)	(32,253)
Balance, December 31, 2016	$ 25,238	$ 465	$ 25,703
Provision	-	-	-
Payments	(18,679)	(362)	(19,041)
Balance, September 30, 2017	$ 6,559	$ 103	$ 6,662

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Note 9 – Earnings Per Share

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

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

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Basic	156,914	161,791	157,386	162,600
Effect of dilutive securities:				
Stock options, restricted stock and restricted stock units	1,357	1,919	1,480	2,035
Diluted	158,271	163,710	158,866	164,635

Note 10 – Income Taxes

For the nine months ended September 30, 2017 and September 24, 2016, our effective tax rate was 26.3% and 29.0%. The difference between our effective tax rate and the federal statutory tax rate for both periods primarily relates to the adoption of Accounting Standards Update No. 2016-09, “Stock Compensation” (Topic 718) (“ASU 2016-09”) in the first quarter of 2017, as well as state and foreign income taxes and interest expense for both periods. The 2016 effective tax rate was further affected by a federal tax audit settlement which reduced our income tax expense by approximately $4.5 million in the period.

Under ASU 2016-09, all excess tax benefits and tax deficiencies resulting from the difference between the deduction for tax purposes and the stock-based compensation cost recognized for financial reporting purposes are included as a component of income tax expense beginning January 1, 2017. Prior to the implementation of ASU 2016-09, excess tax benefits were recorded as a component of additional paid in capital and tax deficiencies were recognized either as an offset to accumulated excess tax benefits or in the income statement if there were no accumulated excess tax benefits. The adoption of ASU No. 2016-09 reduced income tax expense by approximately $19.5 million for the nine months ended September 30, 2017.

The total amount of unrecognized tax benefits as of September 30, 2017 was approximately $102.3 million, of which $75.6 million would affect the effective tax rate if recognized. It is expected that the amount of unrecognized tax benefits will change in the next 12 months; however, we do not expect the change to have a material impact on our consolidated financial statements.

The total amounts of interest and penalties, which are classified as a component of Other liabilities within our consolidated balance sheets, were approximately $12.9 million and $0.0, respectively, as of September 30, 2017.

The tax years subject to examination by major tax jurisdictions include the years 2012 and forward by the U.S. Internal Revenue Service ("IRS"), as well as the years 2008 and forward for certain states and certain foreign jurisdictions. We are currently under audit for the years 2012 and 2013. During the quarter ended December 31, 2016, we reached a settlement on a portion of the IRS audit of tax years 2012 and 2013. Additionally, during the quarter ended December 31, 2016 we filed a Mutual Agreement Procedure request with the IRS for assistance from the U.S. Competent Authority for an open transfer pricing matter. We received a 30-Day Letter from the IRS during the quarter ended April 1, 2017 for the remaining open audit matters for the years 2012 and 2013. We have filed a protest with the Appellate Division regarding these matters during the second quarter of 2017. We do not expect this to have a material adverse effect on our consolidated financial condition, liquidity or results of operations.

Note 11 – **Derivatives and Hedging Activities**

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

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

Note 12 – Stock-Based Compensation

Our accompanying consolidated statements of income reflect pre-tax share-based compensation expense of $12.6 million ($9.0 million after-tax) and $32.0 million ($23.6 million after-tax) for the three and nine months ended September 30, 2017, respectively, and $16.1 million ($11.5 million after-tax) and $43.6 million ($31.0 million after-tax) for the three and nine months ended September 24, 2016, respectively.

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

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

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

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

The Plans provide for adjustments to the performance-based restricted stock/units targets for significant events, including, without limitation, acquisitions, divestitures, new business ventures, certain capital transactions (including share repurchases), restructuring costs, if any, changes in accounting principles or in applicable laws or regulations and certain foreign exchange fluctuations. Over the performance period, the number of shares of common stock that will ultimately vest and be issued and the related compensation expense is adjusted upward or downward based upon our estimation of achieving such performance targets. The ultimate number of shares delivered to recipients and the related compensation cost recognized as an expense will be based on our actual performance metrics as defined under the Plans.

Total unrecognized compensation cost related to non-vested awards as of September 30, 2017 was $101.2 million, which is expected to be recognized over a weighted-average period of approximately 2.2 years.

The following table summarizes stock option activity under the Plans during the nine months ended September 30, 2017:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding at beginning of period	353	$ 28.59		
Granted	-	-		
Exercised	(187)	27.63		
Forfeited	-	-		
Outstanding at end of period	166	$ 29.67	0.5	$ 8,705
Options exercisable at end of period	166	$ 29.67	0.5	$ 8,705

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The following tables summarize the activity of our non-vested restricted stock/units for the nine months ended September 30, 2017:

	Time-Based Restricted Stock/Units		
	Shares/Units	Weighted Average Grant Date Fair Value Per Share	Intrinsic Value Per Share
Outstanding at beginning of period	1,339	$ 60.54	
Granted	295	85.58	
Vested	(374)	47.13	
Forfeited	(22)	74.63	
Outstanding at end of period	1,238	$ 70.30	$ 81.99

	Performance-Based Restricted Stock/Units		
	Shares/Units	Weighted Average Grant Date Fair Value Per Share	Intrinsic Value Per Share
Outstanding at beginning of period	1,849	$ 54.05	
Granted	343	83.02	
Vested	(850)	54.88	
Forfeited	(18)	79.68	
Outstanding at end of period	1,324	$ 62.38	$ 81.99

Note 13 – Supplemental Cash Flow Information

Cash paid for interest and income taxes was:

	Nine Months Ended	
	September 30, 2017	September 24, 2016
Interest	$ 33,640	$ 21,187
Income taxes	179,445	152,351

During the nine months ended September 30, 2017 and September 24, 2016, we had $(1.3) million and $1.3 million of non-cash net unrealized gains (losses) related to foreign currency hedging activities, respectively. During the second quarter of 2017, as part of a business acquisition, we increased our ownership in a subsidiary through a non-cash transaction of $16.8 million.

Note 14 – Legal Proceedings

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

On August 31, 2012, Archer and White Sales, Inc. ("Archer") filed a complaint against Henry Schein, Inc. as well as Danaher Corporation and its subsidiaries Instrumentarium Dental, Inc., Dental Equipment, LLC, Kavo Dental Technologies, LLC and Dental Imaging Technologies Corporation (collectively, the "Danaher Defendants") in the United States District Court for the Eastern District of Texas, Civil Action No. 2:12-CV-00572-JRG, styled as an antitrust action under Section 1 of the Sherman Act, and the Texas Free Enterprise Antitrust Act. Archer alleges a conspiracy between Henry Schein, Inc., an unnamed company and the Danaher Defendants to terminate or limit Archer's distribution rights. On October 1, 2012, Henry Schein filed a motion for an order: (i) compelling Archer to arbitrate its claims against Henry Schein; (2) staying all proceedings pending arbitration; and (3) joining the Danaher Defendants' motion to arbitrate and stay. On May 28, 2013, the Magistrate Judge granted the motions to arbitrate and stayed proceedings pending arbitration. On June 10, 2013, Archer moved for reconsideration before the District Court judge. On December 7, 2016, the District Court Judge granted Archer's motion for reconsideration and lifted the stay. Defendants have appealed the District Court's order, and that appeal is pending.

On August 1, 2017, Archer filed an amended complaint, adding Patterson and Benco as defendants, and alleging that Henry Schein, Inc., Patterson, Benco and Burkhart conspired to fix prices and refused to compete with each other for sales of dental equipment to dental professionals and agreed to enlist their common suppliers, the Danaher Defendants, to join a price-fixing conspiracy and boycott by reducing the distribution territory of, and eventually terminating, their price-cutting competing distributor Archer. Archer seeks injunctive relief, and damages in an amount to be proved at trial, to be trebled with interest and costs, including attorneys' fees, jointly and severally.

On October 30, 2017, Archer filed a second amended complaint under seal, to add additional allegations that it believes support its claims. The named parties and causes of action are the same as the August 1, 2017 amended complaint. Trial is currently scheduled for February 2018. We intend to defend ourselves vigorously against this action.

On August 17, 2017, IQ Dental Supply, Inc. ("IQ Dental") filed a complaint in the United States District Court for the Eastern District of New York, entitled IQ Dental Supply, Inc. v. Henry Schein, Inc., Patterson Companies, Inc. and Benco Dental Supply Company, Case No. 2:17-cv-4834. Plaintiff alleges that it is a distributor of dental supplies and equipment, and sells dental products through an online dental distribution platform operated by SourceOne Dental ("SourceOne"). SourceOne had previously brought an antitrust lawsuit against the Company, Patterson and Benco which the Company settled in the second quarter of 2017 and which is described in the Company's prior filings with the Securities and Exchange Commission.

IQ Dental alleges, among other things, that defendants conspired to suppress competition from IQ Dental and SourceOne for the marketing, distribution and sale of dental supplies and equipment in the United States, and that defendants unlawfully agreed with one another to boycott dentists, manufacturers and state dental associations that deal with, or considered dealing with, plaintiff and SourceOne. Plaintiff claims that this alleged conduct constitutes unreasonable restraint of trade in violation of Section 1 of the Sherman Act, New York's Donnelly Act and the New Jersey Antitrust Act, and also makes pendant state law claims for tortious interference with prospective business relations, civil conspiracy and aiding and abetting. Plaintiff seeks injunctive relief, compensatory, treble and punitive damages, jointly and severally, and reasonable costs and expenses, including attorneys' fees and expert fees. We intend to vigorously defend ourselves against this action.

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

As of September 30, 2017, we had accrued our best estimate of potential losses relating to claims that were probable to result in liability and for which we were able to reasonably estimate a loss. This accrued amount, as well as related expenses, was not material to our financial position, results of operations or cash flows. Our method for determining estimated losses considers currently available facts, presently enacted laws and regulations and other factors, including probable recoveries from third parties.

Note 15 – Subsequent Event

In October 2017, we sold our 21.4% equity ownership of D4D Technologies LLC in exchange for cash and contingent consideration. As a result of this transaction, we expect to record a loss of approximately $17 million to $18 million, or $0.10 to $0.11 per diluted share, in the fourth quarter of 2017.

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

Cautionary Note Regarding Forward-Looking Statements

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

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

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

Where You Can Find Important Information

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

Executive-Level Overview

We believe we are the world's largest provider of health care products and services primarily to office-based dental, animal health and medical practitioners. We serve more than 1 million customers worldwide including dental practitioners and laboratories, animal health clinics and physician practices, as well as government, institutional health care clinics and other alternate care clinics. We believe that we have a strong brand identity due to our more than 85 years of experience distributing health care products.

We are headquartered in Melville, New York, employ more than 22,000 people (of which more than 11,000 are based outside the United States) and have operations or affiliates in 33 countries, including the United States, Australia, Austria, Belgium, Brazil, Canada, Chile, China, the Czech Republic, Denmark, France, Germany, Hong Kong SAR, Ireland, Israel, Italy, Japan, Luxembourg, Malaysia, the Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, South Africa, Spain, Sweden, Switzerland, Thailand, United Arab Emirates and the United Kingdom.

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

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

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

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

Industry Overview

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

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

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

Industry Consolidation

The health care products distribution industry, as it relates to office-based health care practitioners, is fragmented and diverse. This industry, which encompasses the dental, animal health and medical markets, was estimated to produce revenues of approximately $45 billion in 2016 in the global markets. The industry ranges from sole practitioners working out of relatively small offices to group practices or service organizations ranging in size from a few practitioners to a large number of practitioners who have combined or otherwise associated their practices.

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

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

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

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

As industry consolidation continues, we believe that we are positioned to capitalize on this trend, as we believe we have the ability to support increased sales through our existing infrastructure, although there can be no assurances that we will be able to successfully accomplish this. We also have invested in expanding our sales/marketing infrastructure to include a focus on building relationships with decision makers who do not reside in the office-based practitioner setting.

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

Aging Population and Other Market Influences

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

According to the U.S. Census Bureau's International Data Base, in 2016 there were more than six million Americans aged 85 years or older, the segment of the population most in need of long-term care and elder-care

services. By the year 2050, that number is projected to nearly triple to approximately 19 million. The population aged 65 to 84 years is projected to increase over 60% during the same time period.

As a result of these market dynamics, annual expenditures for health care services continue to increase in the United States. We believe that demand for our products and services will grow, while continuing to be impacted by current and future operating, economic and industry conditions. The Centers for Medicare and Medicaid Services, or CMS, published "National Health Expenditure Projections 2016-2025" indicating that total national health care spending reached approximately $3.4 trillion in 2016, or 18.1% of the nation's gross domestic product, the benchmark measure for annual production of goods and services in the United States. Health care spending is projected to reach approximately $5.5 trillion in 2025, approximately 19.9% of the nation's gross domestic product.

Government

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

Health Care Reform

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

The Health Care Reform Law requirements include a 2.3% excise tax on domestic sales of many medical devices by manufacturers and importers that began in 2013 and a fee on branded prescription drugs and biologics that was implemented in 2011, both of which may affect sales. However, with respect to the medical device excise tax, a two-year moratorium was imposed under the Consolidated Appropriations Act, 2016, suspending the imposition of the tax on device sales during the period beginning January 1, 2016 and ending on December 31, 2017. The Health Care Reform Law has also materially expanded the number of individuals in the United States with health insurance. The Health Care Reform Law has faced ongoing legal challenges, including litigation seeking to invalidate some of or all of the law or the manner in which it has been implemented. The President has reaffirmed his intention to repeal and replace the Health Care Reform Law, and has taken a number of administrative actions that seek to materially weaken the Health Care Reform Law, such as to curtail funding intended to help lower-income individuals pay for health insurance policies, and to make less robust plans available, both of which actions may adversely affect our business. Some of these administrative actions have been challenged as unlawful. The uncertain status of the Health Care Reform Law affects our ability to plan.

A Health Care Reform Law provision, generally referred to as the Physician Payment Sunshine Act or Open Payments Program, imposes reporting and disclosure requirements for drug and device manufacturers and distributors with regard to payments or other transfers of value made to certain covered recipients (including physicians, dentists and teaching hospitals), and for such manufacturers and distributors and for group purchasing organizations, with regard to certain ownership interests held by physicians in the reporting entity. CMS publishes information from these reports on a publicly available website, including amounts transferred and physician, dentist and teaching hospital identities.

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

Another notable Medicare health care reform initiative, the Medicare Access and CHIP Reauthorization Act of 2015 ("MACRA"), enacted on April 16, 2015, establishes a new payment framework, called the Quality Payment Program, which modifies certain Medicare payments to "eligible clinicians," including physicians, dentists and other practitioners. Under MACRA, eligible clinicians will be required to participate in Medicare through the Merit-Based Incentive Payment System ("MIPS") or Advanced Alternative Payment Models ("APMs"). MIPS generally will consolidate three current programs; the physician quality reporting system, the value-based payment modifier and the Medicare electronic health record ("EHR") program, into a single program in which Medicare reimbursement to eligible clinicians will include both positive and negative payment adjustments that take into account quality, resource use, clinical practice improvement and meaningful use of certified EHR technology. Advanced APMs generally involve higher levels of financial and technology risk. A final rule was published in the Federal Register on November 4, 2016 and allows eligible Medicare clinicians to pick their pace of participation for the first performance period that began January 1, 2017. The data collected in the first performance year will determine payment adjustments beginning January 1, 2019. A final rule updating certain Quality Payment Program regulations is expected to be released on or about November 1, 2017, and is anticipated to be effective on January 1, 2018. MACRA represents a fundamental change in physician reimbursement that is expected to provide substantial financial incentives for physicians to participate in risk contracts, and to increase physician information technology and reporting obligations. The implications of the implementation of MACRA are uncertain and will depend on future regulatory activity and physician activity in the marketplace. MACRA may encourage physicians to move from smaller practices to larger physician groups or hospital employment, leading to a consolidation of a portion of our customer base. Although we believe that we are positioned to capitalize on this consolidation trend, there can be no assurances that we will be able to successfully accomplish this.

Health Care Fraud

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

The fraud and abuse laws and regulations have been subject to varying interpretations, as well as heightened enforcement activity over the past few years, and significant enforcement activity has been the result of "relators," who serve as whistleblowers by filing complaints in the name of the United States (and if applicable, particular states) under federal and state false claims laws. Under the federal False Claims Act, relators can be entitled to receive up to 30% of total recoveries. Also, violations of the federal False Claims Act can result in treble damages, and each false claim submitted can be subject to a civil penalty which, for penalties assessed after February 3, 2017 whose associated violations occurred after November 2, 2015, ranges from a minimum of $10,957 to a maximum of $21,916 per claim. Most states have adopted similar state false claims laws, and these state laws have their own penalties which may be in addition to federal False Claims Act penalties. The Health Care Reform Law significantly strengthened the federal False Claims Act and the federal Anti-Kickback Law provisions, which could lead to the possibility of increased whistleblower or relator suits, and among other things made clear that a federal Anti-Kickback Law violation can be a basis for federal False Claims Act liability.

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

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

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

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

Operating, Security and Licensure Standards

Certain of our businesses involve the distribution of pharmaceuticals and medical devices, and in this regard we are subject to various local, state, federal and foreign governmental laws and regulations applicable to the distribution of pharmaceuticals and medical devices. Among the United States federal laws applicable to us are the Controlled Substances Act, the Federal Food, Drug, and Cosmetic Act, as amended ("FDC Act"), and Section 361 of the Public Health Service Act. We are also subject to comparable foreign regulations.

The FDC Act and similar foreign laws generally regulate the introduction, manufacture, advertising, labeling, packaging, storage, handling, reporting, marketing and distribution of, and record keeping for, pharmaceuticals and medical devices shipped in interstate commerce, and states may similarly regulate such activities within the state. Section 361 of the Public Health Service Act, which provides authority to prevent the spread of communicable diseases, serves as the legal basis for the United States Food and Drug Administration's ("FDA") regulation of human cells, tissues and cellular and tissue-based products, also known as "HCT/P products."

The Federal Drug Quality and Security Act of 2013 brought about significant changes with respect to pharmaceutical supply chain requirements and pre-empts state law. Title II of this measure, known as the Drug Supply Chain Security Act ("DSCSA"), is being phased in over a period of ten years, and is intended to build a national electronic, interoperable system to identify and trace certain prescription drugs as they are distributed in the United States. The law's track and trace requirements applicable to manufacturers, wholesalers, repackagers and dispensers (e.g., pharmacies) of prescription drugs took effect in January 2015, and will continue to be implemented. The DSCSA product tracing requirements replace the former FDA drug pedigree requirements and pre-empt state requirements that are inconsistent with, more stringent than, or in addition to, the DSCSA requirements.

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

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

The Food and Drug Administration Amendments Act of 2007 and the Food and Drug Administration Safety and Innovation Act of 2012 amended the FDC Act to require the FDA to promulgate regulations to implement a unique device identification ("UDI") system. The FDA is phasing in the implementation of the UDI regulations over seven years, generally beginning with the highest-risk devices (i.e., Class III medical devices) and ending with the lowest-risk devices. The UDI regulations require "labelers" to include unique device identifiers ("UDIs"), with a content and format prescribed by the FDA and issued under a system operated by an FDA-accredited issuing agency, on the labels and packages of medical devices, and to directly mark certain devices with UDIs. The UDI regulations also require labelers to submit certain information concerning UDI-labeled devices to the FDA, much of which information is publicly available on an FDA database, the Global Unique Device Identification Database. The UDI regulations provide for certain exceptions, alternatives and time extensions. For example, the UDI regulations include a general exception for Class I devices exempt from the Quality System Regulation (other than record-keeping requirements and complaint files). Regulated labelers include entities such as device manufacturers, repackagers, reprocessors and relabelers that cause a device's label to be applied or modified, with the intent that the device will be commercially distributed without any subsequent replacement or modification of the label, and include certain of our businesses.

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

Under the Controlled Substances Act, as a distributor of controlled substances, we are required to obtain and renew annually registrations for our facilities from the United States Drug Enforcement Administration ("DEA") permitting us to handle controlled substances. We are also subject to other statutory and regulatory requirements relating to the storage, sale, marketing, handling, reporting and distribution of such drugs, in accordance with the Controlled Substances Act and its implementing regulations, and these requirements have been subject to heightened enforcement activity in recent times. We are subject to inspection by the DEA.

Certain of our businesses are also required to register for permits and/or licenses with, and comply with operating and security standards of, the DEA, the FDA, the United States Department of Health and Human Services ("HHS"), and various state boards of pharmacy, state health departments and/or comparable state agencies as well as comparable foreign agencies, and certain accrediting bodies depending on the type of operations and location of product distribution, manufacturing or sale. These businesses include those that distribute, manufacture and/or repackage prescription pharmaceuticals and/or medical devices and/or HCT/P products, or own pharmacy operations, or install, maintain or repair equipment. In addition, Section 301 of the National Organ Transplant Act, and a number of comparable state laws, impose civil and/or criminal penalties for the transfer of certain human tissue (for example, human bone products) for valuable consideration, while generally permitting payments for the reasonable costs incurred in procuring, processing, storing and distributing that tissue. We are also subject to foreign government regulation of such products. The DEA, the FDA and state regulatory authorities have broad inspection and enforcement powers, including the ability to suspend or limit the distribution of products by our distribution centers, seize or order the recall of products and impose significant criminal, civil and administrative sanctions for violations of these laws and regulations. Foreign regulations subject us to similar foreign enforcement powers. Furthermore, compliance with legal requirements has required and may in the future require us to institute voluntary recalls, or carry out recalls as a result of our suppliers' legal obligations, of products we sell, which could result in financial losses and potential reputational harm. Our customers are also subject to significant federal, state, local and foreign governmental regulation.

Certain of our businesses are subject to various additional federal, state, local and foreign laws and regulations, including with respect to the sale, transportation, storage, handling and disposal of hazardous or potentially hazardous substances, and safe working conditions.

Certain of our businesses also maintain contracts with governmental agencies and are subject to certain regulatory requirements specific to government contractors.

Antitrust

The U.S. federal government, most U.S. states and many foreign countries have antitrust laws that prohibit certain types of conduct deemed to be anti-competitive. Violations of antitrust laws can result in various sanctions, including criminal and civil penalties. Private plaintiffs also could bring civil lawsuits against us in the United States for alleged antitrust law violations, including claims for treble damages.

Regulated Software and Data Processing; Electronic Health Records

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

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

In addition, the European Parliament and the Council of the European Union have adopted a new pan-European General Data Protection Regulation ("GDPR"), effective from May 25, 2018, which increases privacy rights for individuals in Europe, extends the scope of responsibilities for data controllers and data processors and imposes increased requirements and potential penalties on companies offering goods or services to individuals who are located in Europe ("Data Subjects") or monitoring the behavior of such individuals (including by companies based outside of Europe). Noncompliance can result in penalties of up to the greater of EUR 20 million, or 4% of global company revenues. Individual member states may impose additional requirements and penalties as they relate to certain things such as employee personal data. Among other things, the GDPR requires with respect to data concerning Data Subjects, company accountability, consents from Data Subjects' or other acceptable legal basis needed to process the personal data, prompt breach notifications within 72 hours, fairness and transparency in how the personal data is stored, used or otherwise processed, and data integrity and security, and provides rights to Data Subjects relating to modification, erasure and transporting of the personal data. While we expect to have substantially compliant programs and controls in place to comply with the GDPR requirements, our compliance with the new regulation is likely to impose additional costs on us, and we cannot predict whether the interpretations of the requirements, or changes in our practices in response to new requirements or interpretations of the requirements, could have a material adverse effect on our business.

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

Federal initiatives provide a program of incentive payments available to certain health care providers involving the adoption and use of certain electronic health care records systems and processes. The initiatives include providing, among others, physicians and dentists, with financial incentives if they meaningfully use certified EHR technology in accordance with applicable and evolving requirements. In addition, Medicare-eligible providers that fail to timely adopt certified EHR systems and meet "meaningful use" requirements for those systems in accordance with regulatory requirements are to be subject to cumulative Medicare reimbursement reductions, which reductions for applicable health professionals (including physicians and dentists) began on January 1, 2015. Qualification for the incentive payments requires the use of EHRs that have certain capabilities for meaningful use pursuant to evolving standards adopted by CMS and by the Office of the National Coordinator for Health Information Technology ("ONC") of HHS.

The use of certified EHR technology will continue as a feature of MACRA's MIPS program, and in connection with this, Medicare EHR program payment adjustments to eligible professionals will sunset at the end of 2018 and MIPS payment adjustments will begin on January 1, 2019. The first performance period for MIPS began January 1, 2017, and will afford eligible clinicians different reporting options linked to the amount of data reported and the duration of the reporting period, with positive payment adjustments generally linked to more robust reporting.

On October 6, 2015, CMS and ONC released comprehensive final rules with respect to the EHR program that, among other things, established the more challenging "Stage 3" criteria, made certain adjustments to Stage 1 and Stage 2 standards (e.g., reducing the 2015 reporting period from a full year to 90 days), and finalized 2015 edition health information technology (HIT) certification criteria (which is now added to the existing 2014 edition HIT certification criteria, but not required until 2018). Notably, under the new rules, compliance with Stage 3 standards is optional for providers in 2017, and would generally be required for all eligible providers (regardless of prior participation in the EHR incentive program) for 2018 reporting periods and subsequently. Developers and others involved in the manufacture of EHR program technology will have this interim period to develop and certify products, and work with customers to implement products for the 2018 EHR program period. In connection with the release of the October 6 rules, HHS has also stated that it will continue to modify applicable EHR program standards. On November 14, 2016, CMS published a final rule that will impact Medicare and Medicaid EHR incentive programs through revisions to the objectives and measures for eligible hospitals, critical access hospitals and dual-eligible hospitals.

Certain of our businesses involve the manufacture and sale of certified EHR systems and other products linked to incentive programs. CMS and ONC establish criteria for certified EHR systems, and these criteria have been subject to change. In order to maintain certification of our EHR products, we must satisfy these changing governmental criteria. If any of our EHR systems do not meet these standards, yet have been relied upon by health care providers to receive federal incentive payments, as noted above, we are exposed to risk under federal health care fraud and abuse laws, such as the False Claims Act. For example, on May 31, 2017, the U.S. Department of Justice announced a $155 million settlement and 5-year corporate integrity agreement involving a vendor of certified EHR systems, based on allegations that the vendor, by misrepresenting capabilities to the certifying body, caused its health care provider customers to submit false Medicare and Medicaid claims for meaningful use payments in violation of the False Claims Act. While we believe we are substantially in compliance with such certifications and with applicable fraud and abuse laws and regulations, and we have adequate compliance programs and controls in place to ensure substantial compliance, we cannot predict whether changes in applicable law, or interpretation of laws, or changes in our practices in response to changes in applicable law or interpretation of laws, could have a material adverse effect on our business. Moreover, in order to satisfy our customers, our products may need to incorporate increasingly complex reporting functionality. Although we believe we are positioned to accomplish this, the effort may involve increased costs, and our failure to implement product modifications, or otherwise satisfy applicable standards, could have a material adverse effect on our business.

Other health information standards, such as regulations under HIPAA, establish standards regarding electronic health data transmissions and transaction code set rules for specific electronic transactions, such as transactions involving claims submissions to third party payers. Certain of our businesses provide electronic practice management products that must meet these requirements. Failure to abide by electronic health data transmission standards could expose us to breach of contract claims, substantial fines, penalties, and other liabilities and expenses, costs for remediation and harm to our reputation.

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

E-Commerce

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

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

Results of Operations

The following table summarizes the significant components of our operating results for the three and nine months ended September 30, 2017 and September 24, 2016 and cash flows for the nine months ended September 30, 2017 and September 24, 2016 (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 24, 2016	September 30, 2017	September 24, 2016
Operating results:				
Net sales	$ 3,161,083	$ 2,865,148	$ 9,143,489	$ 8,450,734
Cost of sales	2,325,029	2,077,473	6,645,342	6,083,748
Gross profit	836,054	787,675	2,498,147	2,366,986
Operating expenses:				
Selling, general and administrative	622,506	581,584	1,879,969	1,779,583
Restructuring costs	-	5,370	-	29,811
Operating income	$ 213,548	$ 200,721	$ 618,178	$ 557,592
Other expense, net	$ (8,829)	$ (4,546)	$ (23,363)	$ (8,731)
Net income	150,948	145,291	450,783	402,922
Net income attributable to Henry Schein, Inc.	138,031	133,713	414,834	367,562
Cash flows:				
Net cash provided by operating activities			$ 307,501	$ 378,068
Net cash used in investing activities			(320,795)	(179,834)
Net cash provided by (used in) financing activities			16,068	(198,256)

Plan of Restructuring

On November 6, 2014, we announced a corporate initiative to rationalize our operations and provide expense efficiencies, which was expected to be completed by the end of fiscal 2015. This initiative originally planned for the elimination of approximately 2% to 3% of our workforce and the closing of certain facilities. We subsequently announced our plan to extend these restructuring activities through the end of 2016 to further implement cost-savings initiatives, which ultimately resulted in the elimination of approximately 900 positions, representing 4% of our workforce. We recorded restructuring costs of $34.9 million pre-tax in fiscal 2015 and $45.9 million pre-tax in fiscal 2016. Our restructuring activities are complete and we do not expect to report any such charges in 2017.

During the three and nine months ended September 24, 2016, we recorded restructuring costs of $5.4 million and $29.8 million, respectively. The costs associated with this restructuring are included in a separate line item, “Restructuring costs” within our consolidated statements of income.

Three Months Ended September 30, 2017 Compared to Three Months Ended September 24, 2016

Net Sales

Net sales for the three months ended September 30, 2017 and September 24, 2016 were as follows (in thousands):

	September 30, 2017	% of Total	September 24, 2016	% of Total	Increase $	Increase %
Health care distribution (1):						
Dental	$ 1,478,730	46.8 %	$ 1,330,525	46.4%	$ 148,205	11.1%
Animal health	882,580	27.9	790,279	27.6	92,301	11.7
Medical	690,761	21.9	639,648	22.3	51,113	8.0
Total health care distribution	3,052,071	96.6	2,760,452	96.3	291,619	10.6
Technology and value-added services (2)	109,012	3.4	104,696	3.7	4,316	4.1
Total	$ 3,161,083	100.0%	$ 2,865,148	100.0%	$ 295,935	10.3

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

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

The $295.9 million, or 10.3%, increase in net sales for the three months ended September 30, 2017 includes 8.8% local currency growth (4.8% increase in internally generated revenue and 4.0% growth from acquisitions) as well as an increase of 1.5% related to foreign currency exchange. We have estimated that our total increase in internally generated revenue was negatively affected by approximately 0.3% due to the hurricanes that occurred in North America during the quarter.

The $148.2 million, or 11.1%, increase in dental net sales for the three months ended September 30, 2017 includes 9.1% local currency growth (1.6% increase in internally generated revenue and 7.5% growth from acquisitions) as well as an increase of 2.0% related to foreign currency exchange. The 9.1% local currency growth was due to an increase in dental consumable merchandise sales of 12.0% (2.0% increase in internally generated revenue and 10.0% growth from acquisitions), as well as an increase in dental equipment sales and service revenues of 0.6% (0.5% increase in internally generated revenue and 0.1% growth from acquisitions). We have estimated that our increase in internally generated dental revenue was negatively affected by approximately 0.4% due to the hurricanes that occurred in North America during the quarter.

The $92.3 million, or 11.7%, increase in animal health net sales for the three months ended September 30, 2017 includes 9.9% local currency growth (8.0% increase in internally generated revenue and 1.9% growth from acquisitions) as well as an increase of 1.8% related to foreign currency exchange. The growth in internally generated animal health revenue is affected by the revenue for certain products being recognized on a gross basis in 2017 that had been recognized on an agency basis in the prior year. When excluding the effects of this change, internally generated revenue grew by 7.8%. We have estimated that our increase in internally generated animal health revenue was negatively affected by approximately 0.2% due to the hurricanes that occurred in North America during the quarter.

The $51.1 million, or 8.0%, increase in medical net sales for the three months ended September 30, 2017 includes 7.9% local currency growth (7.8% increase in internally generated revenue and 0.1% growth from acquisitions) as well as an increase of 0.1% related to foreign currency exchange. We have estimated that our increase in internally generated medical revenue was negatively affected by approximately 0.2% due to the hurricanes that occurred in North America during the quarter.

The $4.3 million, or 4.1%, increase in technology and value-added services net sales for the three months ended September 30, 2017 includes 3.7% local currency growth (3.0% internally generated revenue and 0.7% growth from acquisitions) as well as an increase of 0.4% related to foreign currency exchange. We believe that our internally generated technology and value-added services revenue was not meaningfully affected by the hurricanes that occurred in North America during the quarter.

Gross Profit

Gross profit and gross margin percentages by segment and in total for the three months ended September 30, 2017 and September 24, 2016 were as follows (in thousands):

	September 30, 2017	Gross Margin %	September 24, 2016	Gross Margin %	Increase $	Increase %
Health care distribution	$ 765,528	25.1%	$ 719,255	26.1%	$ 46,273	6.4%
Technology and value-added services	70,526	64.7	68,420	65.4	2,106	3.1
Total	$ 836,054	26.4	$ 787,675	27.5	$ 48,379	6.1

Gross profit increased $48.4 million, or 6.1% for the three months ended September 30, 2017, compared to the prior year period. As a result of different practices of categorizing costs associated with distribution networks throughout our industry, our gross margins may not necessarily be comparable to other distribution companies. Additionally, we realize substantially higher gross margin percentages in our technology segment than in our health care distribution segment. These higher gross margins result from being both the developer and seller of software products and services, as well as certain financial services. The software industry typically realizes higher gross margins to recover investments in research and development.

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

Health care distribution gross profit increased $46.3 million, or 6.4%, for the three months ended September 30, 2017 compared to the prior year period. Health care distribution gross profit margin decreased to 25.1% for the three months ended September 30, 2017 from 26.1% for the comparable prior year period. The decline in gross profit margin was attributable to lower margins experienced in each of our operating segments within the health care distribution segment. Our lower margin medical and animal health businesses have been growing at a faster rate than our higher margin dental product sales, resulting in overall gross profit margins being impacted. As a result of extending multi-year contracts with key Dental Support Organizations, our gross profit margins have been negatively impacted. Our gross profit margins were also negatively impacted by our European dental business, particularly in Germany. The overall increase in our health care distribution gross profit is attributable to a $39.4 million gross profit increase from growth in internally generated revenue and $33.7 million is attributable to acquisitions. These increases were partially offset by a $26.8 million decline in gross profit due primarily to the effects of foreign exchange on revenues and the decrease in the gross margin rates.

Technology and value-added services gross profit increased $2.1 million, or 3.1%, for the three months ended September 30, 2017 compared to the prior year period. Technology and value-added services gross profit margin decreased to 64.7% for the three months ended September 30, 2017 from 65.4% for the comparable prior year period. The increase in gross profit in our technology and value-added services segment was attributable to $1.4 million of growth in internally generated revenue. Acquisitions accounted for the remaining $0.7 million increase of gross profit increase within our technology and value-added services segment for the three months ended September 30, 2017 compared to the prior year period.

Selling, General and Administrative

Selling, general and administrative expenses by segment and in total for the three months ended September 30, 2017 and September 24, 2016 were as follows (in thousands):

	September 30, 2017	% of Respective Net Sales	September 24, 2016	% of Respective Net Sales	Increase $	Increase %
Health care distribution	$ 583,915	19.1%	$ 543,771	19.7%	$ 40,144	7.4%
Technology and value-added services	38,591	35.4	37,813	36.1	778	2.1
Total	$ 622,506	19.7	$ 581,584	20.3	$ 40,922	7.0

Selling, general and administrative expenses increased $40.9 million, or 7.0%, to $622.5 million for the three months ended September 30, 2017 from the comparable prior year period. The $40.1 million increase in selling, general and administrative expenses within our health care distribution segment for the three months ended September 30, 2017 as compared to the prior year period was attributable to $26.7 million of additional costs from acquired companies, and $13.4 million of additional operating costs. As a percentage of net sales, selling, general and administrative expenses decreased to 19.7% from 20.3% for the comparable prior year period.

As a component of total selling, general and administrative expenses, selling expenses increased $22.8 million, or 6.3% to $385.7 million, for the three months ended September 30, 2017 from the comparable prior year period. As a percentage of net sales, selling expenses decreased to 12.2% from 12.7% for the comparable prior year period.

As a component of total selling, general and administrative expenses, general and administrative expenses increased $18.1 million, or 8.3% to $236.8 million, for the three months ended September 30, 2017 from the comparable prior year period. As a percentage of net sales, general and administrative expenses decreased to 7.5% from 7.6% for the comparable prior year period.

Other Expense, Net

Other expense, net, for the three months ended September 30, 2017 and September 24, 2016 was as follows (in thousands):

	September 30, 2017	September 24, 2016	Variance $	Variance %
Interest income	$ 4,793	$ 3,141	$ 1,652	52.6%
Interest expense	(13,428)	(7,488)	(5,940)	(79.3)
Other, net	(194)	(199)	5	2.5
Other expense, net	$ (8,829)	$ (4,546)	$ (4,283)	(94.2)

Other expense, net increased $4.3 million to $8.8 million for the three months ended September 30, 2017 from the comparable prior year period. Interest income increased by $1.7 million primarily due to increased investment and late fee income. Interest expense increased $5.9 million primarily due to increased borrowings and higher interest rates under our bank credit lines and interest expense related to a financing arrangement entered into during the first quarter of 2017 in Brazil.

Income Taxes

For the three months ended September 30, 2017, our effective tax rate was 29.0% compared to 28.9% for the prior year period. The difference between our effective tax rates and the federal statutory tax rates primarily relates to state and foreign income taxes and interest expense.

Net Income

Net income increased $5.7 million, or 3.9%, for the three months ended September 30, 2017, compared to the prior year period due to the factors noted above.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 24, 2016

Net Sales

Net sales for the nine months ended September 30, 2017 and September 24, 2016 were as follows (in thousands):

	September 30, 2017	% of Total	September 24, 2016	% of Total	Increase $	Increase %
Health care distribution (1):						
Dental	$ 4,372,055	47.8%	$ 4,005,468	47.4%	$ 366,587	9.2 %
Animal health	2,586,850	28.3	2,415,290	28.6	171,560	7.1
Medical	1,861,074	20.4	1,716,590	20.3	144,484	8.4
Total health care distribution	8,819,979	96.5	8,137,348	96.3	682,631	8.4
Technology and value-added services (2)	323,510	3.5	313,386	3.7	10,124	3.2
Total	$ 9,143,489	100.0%	$ 8,450,734	100.0%	$ 692,755	8.2

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

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

The $692.8 million, or 8.2%, increase in net sales for the nine months ended September 30, 2017 includes an increase of 8.4% in local currency growth (5.0% increase in internally generated revenue and 3.4% growth from acquisitions) partially offset by a decrease of 0.2% related to foreign currency exchange.

The $366.6 million, or 9.2%, increase in dental net sales for the nine months ended September 30, 2017 includes an increase of 8.9% in local currency growth (2.6% increase in internally generated revenue and 6.3% growth from acquisitions) as well as an increase of 0.3% related to foreign currency exchange. The 8.9% increase in local currency sales was due to an increase in dental consumable merchandise sales growth of 10.5% (2.4% increase in internally generated revenue and 8.1% growth from acquisitions), as well as an increase in dental equipment sales and service revenues of 3.6% (3.0% increase in internally generated revenue and 0.6% growth from acquisitions).

The $171.6 million, or 7.1%, increase in animal health net sales for the nine months ended September 30, 2017 includes an increase of 8.2% in local currency growth (6.9% internally generated revenue and 1.3% growth from acquisitions) partially offset by a decrease of 1.1% related to foreign currency exchange. The growth in internally generated animal health revenue is affected by the revenue for certain products being recognized on a gross basis in 2017 that had been recognized on an agency basis in the prior year. When excluding the effects of this change, internally generated revenue grew by 6.6%.

The $144.5 million, or 8.4%, increase in medical net sales for the nine months ended September 30, 2017 is the result of an increase of 8.5% in local currency growth (8.4% increase in internally generated revenue and 0.1% growth from acquisitions) partially offset by a decrease of 0.1% related to foreign currency exchange.

The $10.1 million, or 3.2%, increase in technology and value-added services net sales for the nine months ended September 30, 2017 includes an increase of 4.0% in local currency growth (3.6% internally generated revenue and 0.4% growth from acquisitions) partially offset by a decrease of 0.8% related to foreign currency exchange.

Gross Profit

Gross profit and gross margin percentages by segment and in total for the nine months ended September 30, 2017 and September 24, 2016 were as follows (in thousands):

	September 30, 2017	Gross Margin %	September 24, 2016	Gross Margin %	Increase $	Increase %
Health care distribution	$ 2,286,863	25.9%	$ 2,163,217	26.6%	$ 123,646	5.7%
Technology and value-added services	211,284	65.3	203,769	65.0	7,515	3.7
Total	$ 2,498,147	27.3	$ 2,366,986	28.0	$ 131,161	5.5

For the nine months ended September 30, 2017, gross profit increased $131.2 million, or 5.5%, from the comparable prior year period. As a result of different practices of categorizing costs associated with distribution networks throughout our industry, our gross margins may not necessarily be comparable to other distribution companies. Additionally, we realize substantially higher gross margin percentages in our technology segment than in our health care distribution segment. These higher gross margins result from being both the developer and seller of software products and services, as well as certain financial services. The software industry typically realizes higher gross margins to recover investments in research and development.

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

Health care distribution gross profit increased $123.6 million, or 5.7%, for the nine months ended September 30, 2017 compared to the prior year period. Health care distribution gross profit margin decreased to 25.9% for the nine months ended September 30, 2017 from 26.6% for the comparable prior year period. The decline in gross profit margin was attributable to lower margins experienced in each of our operating segments within the health care distribution segment. Our lower margin medical and animal health businesses have been growing at a faster rate than our higher margin dental product sales, resulting in overall gross profit margins being impacted. As a result of extending multi-year contracts with key Dental Support Organizations, our gross profit margins have been negatively impacted. Our gross profit margins were also negatively impacted by our European dental business, particularly in Germany. The overall increase in our health care distribution gross profit is attributable to a $86.8 million gross profit increase from growth in internally generated revenue and $91.6 million is attributable to acquisitions. These increases were partially offset by a $54.8 million decline in gross profit due primarily to the effects of foreign exchange on revenues and the decrease in the gross margin rates.

Technology and value-added services gross profit increased $7.5 million, or 3.7%, for the nine months ended September 30, 2017 compared to the prior year period. Technology gross profit margin increased to 65.3% for the nine months ended September 30, 2017 from 65.0% for the comparable prior year period. The increase in gross profit in our technology and value-added services segment was attributable to $6.3 million growth in internally generated revenue. Acquisitions accounted for the remaining $1.2 million increase of gross profit within our technology and value-added services segment for the nine months ended September 30, 2017 compared to the prior year period.

Selling, General and Administrative

Selling, general and administrative expenses by segment and in total for the nine months ended September 30, 2017 and September 24, 2016 were as follows (in thousands):

	September 30, 2017	% of Respective Net Sales	September 24, 2016	% of Respective Net Sales	Increase $	Increase %
Health care distribution	$ 1,765,585	20.0%	$ 1,665,644	20.5%	$ 99,941	6.0%
Technology and value-added services	114,384	35.4	113,939	36.4	445	0.4
Total	$ 1,879,969	20.6	$ 1,779,583	21.1	$ 100,386	5.6

Selling, general and administrative expenses increased $100.4 million, or 5.6%, to $1,880.0 million for the nine months ended September 30, 2017 from the comparable prior year period. The $99.9 million increase in selling, general and administrative expenses within our health care distribution segment for the nine months ended September 30, 2017 as compared to the prior year period was attributable to $79.9 million of additional costs from acquired companies, and $20.0 million of additional operating costs. As a percentage of net sales, selling, general and administrative expenses decreased to 20.6% from 21.1% for the comparable prior year period.

As a component of selling, general and administrative expenses, selling expenses increased $42.0 million, or 3.8%, to $1,146.2 million for the nine months ended September 30, 2017 from the comparable prior year period. As a percentage of net sales, selling expenses decreased to 12.5% as compared to 13.1% for the comparable prior year period.

As a component of selling, general and administrative expenses, general and administrative expenses increased $58.4 million, or 8.7%, to $733.8 million for the nine months ended September 30, 2017 from the comparable prior year period. As a percentage of net sales, general and administrative expenses remained consistent at 8.0%.

Other Expense, Net

Other expense, net, for the nine months ended September 30, 2017 and September 24, 2016 was as follows (in thousands):

	September 30, 2017	September 24, 2016	Variance $	Variance %
Interest income	$ 13,204	$ 10,045	$ 3,159	31.4%
Interest expense	(37,056)	(21,982)	(15,074)	(68.6)
Other, net	489	3,206	(2,717)	(84.7)
Other expense, net	$ (23,363)	$ (8,731)	$ (14,632)	(167.6)

Other expense, net increased $14.6 million to $23.4 million for the nine months ended September 30, 2017 from the comparable prior year period. Interest income increased $3.2 million primarily due to increased investment and late fee income. Interest expense increased $15.1 million primarily due to increased borrowings and higher interest rates under our bank credit lines and interest expense related to a financing arrangement entered into during the first quarter of 2017 in Brazil. Other, net decreased by $2.7 million primarily due to investment proceeds received in the first quarter of 2016.

Income Taxes

For the nine months ended September 30, 2017 and September 24, 2016, our effective tax rate was 26.3% and 29.0%. The difference between our effective tax rate and the federal statutory tax rate for both periods primarily relates to the adoption of Accounting Standards Update No. 2016-09, "Stock Compensation" (Topic 718) in the first quarter of 2017, as well as state and foreign income taxes and interest expense for both periods. See Note 10 "Income Taxes" in the Notes to Consolidated Financial Statements. The 2016 effective tax rate was further affected by a federal tax audit settlement which reduced our income tax expense by approximately $4.5 million in the period.

Net Income

Net income increased $47.9 million, or 11.9%, for the nine months ended September 30, 2017, compared to the prior year period due to the factors noted above.

Liquidity and Capital Resources

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

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

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

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

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

Net cash provided by operating activities was $307.5 million for the nine months ended September 30, 2017, compared to $378.1 million for the comparable prior year period. The net change of $70.6 million was primarily attributable to changes in net working capital, partially offset by an increase in net income.

Net cash used in investing activities was $320.8 million for the nine months ended September 30, 2017, compared to $179.8 million for the comparable prior year period. The net change of $141.0 million was primarily due to increased payments for equity investments and business acquisitions.

Net cash provided by financing activities was $16.1 million for the nine months ended September 30, 2017, compared to net cash used in financing activities of $198.3 million for the comparable prior year period. The net change of $214.4 million was primarily due to increased net borrowings from debt, decreased repurchases of common stock and decreased acquisitions of noncontrolling interests in subsidiaries.

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

	September 30, 2017	December 31, 2016
Cash and cash equivalents	$ 79,879	$ 62,381
Working capital	1,345,382	1,022,134
Debt:		
Bank credit lines	$ 631,865	$ 437,476
Current maturities of long-term debt	17,247	65,923
Long-term debt	907,592	715,457
Total debt	$ 1,556,704	$ 1,218,856

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

Accounts receivable days sales outstanding and inventory turns

Our accounts receivable days sales outstanding from operations decreased to 41.7 days as of September 30, 2017 from 41.9 days as of September 24, 2016. During the nine months ended September 30, 2017, we wrote off approximately $5.8 million of fully reserved accounts receivable against our trade receivable reserve. Our inventory turns from operations remained consistent at 5.4 as of September 30, 2017 compared to comparable prior year period. Our working capital accounts may be impacted by current and future economic conditions.

Bank Credit Lines

On April 18, 2017, we entered into a new $750 million revolving agreement (the “Credit Agreement”). This facility, which matures in April 2022, replaced our $500 million revolving credit facility, which was scheduled to mature in September 2019. The interest rate is based on the USD LIBOR plus a spread based on our leverage ratio at the end of each financial reporting quarter. The Credit Agreement provides, among other things, that we are required to maintain maximum leverage ratios, and contains customary representations, warranties and affirmative covenants. The Credit Agreement also contains customary negative covenants, subject to negotiated exceptions on liens, indebtedness, significant corporate changes (including mergers), dispositions and certain restrictive agreements. As of September 30, 2017 and December 31, 2016, the borrowings on this revolving credit facility and the prior credit facility were $175.0 million and $65.0 million, respectively. As of September 30, 2017 and December 31, 2016, there were $11.7 million and $13.0 million of letters of credit, respectively, provided to third parties under the credit facility and the prior credit facility.

As of September 30, 2017 and December 31, 2016, we had various other short-term bank credit lines available, of which $456.9 million and $372.5 million, respectively, were outstanding. At September 30, 2017 and December 31, 2016, borrowings under all of our credit lines had a weighted average interest rate of 2.09% and 1.61%, respectively.

Private Placement Facilities

On September 15, 2017, we increased our available private placement facilities with three insurance companies to a total facility amount of $1 billion, and extended the expiration date to September 15, 2020. These facilities are available on an uncommitted basis at fixed rate economic terms to be agreed upon at the time of issuance, from time to time through September 15, 2020. The facilities allow us to issue senior promissory notes to the lenders at a fixed rate based on an agreed upon spread over applicable treasury notes at the time of issuance. The term of each possible issuance will be selected by us and can range from five to 15 years (with an average life no longer than 12 years). The proceeds of any issuances under the facilities will be used for general corporate purposes, including working capital and capital expenditures, to refinance existing indebtedness and/or to fund potential acquisitions. The agreements provide, among other things, that we maintain certain maximum leverage ratios, and contain restrictions relating to subsidiary indebtedness, liens, affiliate transactions, disposal of assets and certain changes in ownership. These facilities contain make-whole provisions in the event that we pay off the facilities prior to the applicable due dates.

The components of our private placement facility borrowings as of September 30, 2017 are presented in the following table (in thousands):

Date of Borrowing	Amount of Borrowing Outstanding	Borrowing Rate	Due Date
September 2, 2010	$ 100,000	3.79%	September 2, 2020
January 20, 2012	50,000	3.45	January 20, 2024
January 20, 2012 (1)	35,714	3.09	January 20, 2022
December 24, 2012	50,000	3.00	December 24, 2024
June 2, 2014	100,000	3.19	June 2, 2021
June 16, 2017	100,000	3.42	June 16, 2027
September 15, 2017	100,000	3.52	September 15, 2029
Less: Deferred debt issuance costs	(250)		
	$ 535,464		

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

U.S. Trade Accounts Receivable Securitization

We have a facility agreement with a bank, as agent, based on the securitization of our U.S. trade accounts receivable that is structured as an asset-backed securitization program with pricing committed for up to three years. On June 1, 2016, we extended the expiration date of this facility agreement to April 29, 2019 and increased the purchase limit under the facility from $300 million to $350 million. On July 6, 2017, we extended the expiration date of this facility agreement to April 29, 2020. The borrowings outstanding under this securitization facility were $350.0 million and $350.0 million as of September 30, 2017 and December 31, 2016, respectively. At September 30, 2017, the interest rate on borrowings under this facility was based on the asset-backed commercial paper rate of 134 basis points plus 75 basis points, for a combined rate of 2.09%. At December 31, 2016, the interest rate on borrowings under this facility was based on the asset-backed commercial paper rate of 101 basis points plus 75 basis points, for a combined rate of 1.76%.

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

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

Long-term debt

Long-term debt consisted of the following:

	September 30, 2017	December 31, 2016
Private placement facilities	$ 535,464	$ 342,857
U.S. trade accounts receivable securitization	350,000	350,000
Note payable to bank at a weighted-average interest rate of 21.37% at December 31, 2016	-	47,957
Various collateralized and uncollateralized loans payable with interest, in varying installments through 2022 at interest rates ranging from 2.56% to 12.90% at September 30, 2017 and ranging from 2.56% to 12.90% at December 31, 2016	33,994	35,150
Capital lease obligations payable through 2029 with interest rates ranging from 0.84% to 19.79% at September 30, 2017 and ranging from 1.38% to 19.15% at December 31, 2016	5,381	5,416
Total	924,839	781,380
Less current maturities	(17,247)	(65,923)
Total long-term debt	$ 907,592	$ 715,457

Stock Repurchases

From June 21, 2004 through September 30, 2017, we repurchased $2.5 billion, or 52,431,816 shares, under our common stock repurchase programs, with $425.0 million available as of September 30, 2017 for future common stock share repurchases.

On September 15, 2017, our Board of Directors authorized the repurchase of up to an additional $400.0 million in shares of our common stock.

Redeemable Noncontrolling Interests

Some minority shareholders in certain of our subsidiaries have the right, at certain times, to require us to acquire their ownership interest in those entities at fair value. Accounting Standards Codification Topic 480-10 is applicable for noncontrolling interests where we are or may be required to purchase all or a portion of the outstanding interest in a consolidated subsidiary from the noncontrolling interest holder under the terms of a put option contained in contractual agreements. The components of the change in the Redeemable noncontrolling interests for the nine months ended September 30, 2017 and the year ended December 31, 2016 are presented in the following table:

	September 30, 2017	December 31, 2016
Balance, beginning of period	$ 607,636	$ 542,194
Decrease in redeemable noncontrolling interests due to redemptions	(40,638)	(72,729)
Increase in redeemable noncontrolling interests due to business acquisitions	25,209	58,172
Net income attributable to redeemable noncontrolling interests	35,398	48,760
Dividends declared	(22,566)	(32,973)
Effect of foreign currency translation gain (loss) attributable to redeemable noncontrolling interests	7,961	(2,652)
Change in fair value of redeemable securities	124,747	66,864
Balance, end of period	$ 737,747	$ 607,636

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

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

Critical Accounting Policies and Estimates

There have been no material changes in our critical accounting policies and estimates from those disclosed in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2016.

Accounting Pronouncement Adopted

In March 2016, the Financial Accounting Standard Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-09, “Stock Compensation” (Topic 718) (“ASU 2016-09”). ASU 2016-09 contains amended guidance for share-based payment accounting. We adopted the provisions of this standard during the first quarter of 2017.

Under ASU 2016-09, all excess tax benefits and tax deficiencies resulting from the difference between the deduction for tax purposes and the stock-based compensation cost recognized for financial reporting purposes are included as a component of income tax expense as of January 1, 2017. Prior to the implementation of ASU 2016-09, excess tax benefits were recorded as a component of additional paid in capital and tax deficiencies were recognized either as an offset to accumulated excess tax benefits or in the income statement if there were no accumulated excess tax benefits. The adoption of ASU 2016-09 reduced income tax expense by approximately $19.5 million for the nine months ended September 30, 2017.

The ASU clarifies the classification of certain share based payment activities within the statements of cash flow. We have elected to prospectively present the amount of excess tax benefits related to stock compensation as a component of cash flow from operating activities. Additionally, classification of all cash payments made to taxing authorities on an employees’ behalf when directly withholding shares for tax-withholding purposes, which was previously included as cash flows from operating activities, is now presented retrospectively as cash flows from financing activities within the statement of cash flows.

Recently Issued Accounting Standards

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under accounting principles generally accepted in United States ("U.S. GAAP"). The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

In August 2015, the FASB issued ASU No. 2015-14, "Revenue from Contracts with Customers", which deferred the effective date by one year to December 15, 2017 for interim and annual reporting periods beginning after that date. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period.

When effective, ASU 2014-09 will require us to use either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients; or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures).

Currently, we are nearing completion of our review of our various revenue streams within our two reportable segments: (i) health care distribution and (ii) technology and value-added services. We have gathered data to quantify the amount of sales by type of revenue stream and categorized the types of sales for our business units for the purpose of comparing how we currently recognize revenue to the new standard in order to quantify the impact of this ASU. We generally anticipate having substantially similar performance obligations under the new guidance as compared with deliverables and units of account currently being recognized. We intend to make policy elections within the amended standard that are consistent with our current accounting.

At this time, we believe that the largest impact of this ASU will occur within our technology and value-added services reportable segment. However, we do not currently believe that the impact will be material to this segment or to our consolidated financial statements.

This preliminary assessment is subject to change prior to adoption. We anticipate adopting this amended standard on a modified retrospective basis in our first quarter of 2018.

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

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles-Goodwill and Other" (Topic 350) ("ASU 2017-04"). ASU 2017-04 eliminates step two from the goodwill impairment test, thereby eliminating the requirement to calculate the implied fair value of a reporting unit. ASU 2017-04 will require us to perform our annual goodwill impairment test by comparing the fair value of our reporting units to the carrying value of those units. If the carrying value exceeds the fair value, we will be required to recognize an impairment charge; however, the impairment charge should not exceed the amount of goodwill allocated to such reporting unit. ASU 2017-04 is required to be implemented on a prospective basis for fiscal years beginning after December 15, 2019. We do not expect that the requirements of ASU 2017-04 will have a material impact on our consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, “Compensation-Stock Compensation (Topic 718), Scope of Modification Accounting” (“ASU 2017-09”). ASU 2017-09 clarifies guidance on determining which changes to the terms and conditions of share-based payment awards require an entity to apply modification accounting. ASU 2017-09 requires modification accounting if the fair value, vesting conditions, or equity or liability classification of the award is not the same immediately before and after a change to the terms and conditions of the award. ASU 2017-09 is required to be implemented on a prospective basis for fiscal years beginning after December 15, 2017. We do not expect that the requirements of ASU 2017-09 will have a material impact on our consolidated financial statements.

In August 2017, the FASB issued ASU No. 2017-12, “Derivatives and Hedging” (Topic 815) (“ASU 2017-12”), which simplifies the requirements for hedge accounting, more closely aligns hedge accounting with risk management activities and increases transparency of the scope and results of hedging activities. This ASU amends the presentation and disclosure requirements and changes how we can assess the effectiveness of our hedging relationships. This ASU will make more financial and nonfinancial hedging strategies eligible for hedge accounting. ASU 2017-12 is required to be implemented for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption of ASU 2017-12 is permitted in any interim period after the issuance of this ASU. We do not expect that the requirements of ASU 2017-12 will have a material impact on our consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our exposure to market risk from that disclosed in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2016.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this quarterly report as such term is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on this evaluation, our management, including our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures were effective as of September 30, 2017 to ensure that all material information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to them as appropriate to allow timely decisions regarding required disclosure and that all such information is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

Changes in Internal Control over Financial Reporting

The combination of continued acquisition integrations and systems implementations undertaken during the quarter and carried over from prior quarters, when considered in the aggregate, represents a material change in our internal control over financial reporting.

During the quarter ended September 30, 2017, we completed the acquisition of an animal health business in North America and dental businesses in Europe, Asia and Australia with approximate aggregate annual revenues of $157.0 million. In addition, post-acquisition integration related activities continued for our global dental, animal health and corporate commercial development Group businesses acquired during prior quarters, representing aggregate annual revenues of approximately $370.0 million. These acquisitions, the majority of which utilize separate information and financial accounting systems, have been included in our consolidated financial statements.

Also, during the quarter ended September 30, 2017, we completed multiple new system implementations and an existing system upgrade involving our US dental and medical and Canadian dental businesses having approximate aggregate annual revenues of $5.7 billion. This included the implementations of a new master data management system and e-commerce website, a new equipment system at selected dental equipment centers, and a new medical sales commission application as well as an upgrade to our central enterprise resource planning system.

All acquisition integrations and systems implementations involved necessary and appropriate change-management controls that are considered in our annual assessment of the design and operating effectiveness of our internal control over financial reporting.

Limitations of the Effectiveness of Internal Control

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

On August 31, 2012, Archer and White Sales, Inc. ("Archer") filed a complaint against Henry Schein, Inc. as well as Danaher Corporation and its subsidiaries Instrumentarium Dental, Inc., Dental Equipment, LLC, Kavo Dental Technologies, LLC and Dental Imaging Technologies Corporation (collectively, the "Danaher Defendants") in the United States District Court for the Eastern District of Texas, Civil Action No. 2:12-CV-00572-JRG, styled as an antitrust action under Section 1 of the Sherman Act, and the Texas Free Enterprise Antitrust Act. Archer alleges a conspiracy between Henry Schein, Inc., an unnamed company and the Danaher Defendants to terminate or limit Archer's distribution rights. On October 1, 2012, Henry Schein filed a motion for an order: (i) compelling Archer to arbitrate its claims against Henry Schein; (2) staying all proceedings pending arbitration; and (3) joining the Danaher Defendants' motion to arbitrate and stay. On May 28, 2013, the Magistrate Judge granted the motions to arbitrate and stayed proceedings pending arbitration. On June 10, 2013, Archer moved for reconsideration before the District Court judge. On December 7, 2016, the District Court Judge granted Archer's motion for reconsideration and lifted the stay. Defendants have appealed the District Court's order, and that appeal is pending.

On August 1, 2017, Archer filed an amended complaint, adding Patterson and Benco as defendants, and alleging that Henry Schein, Inc., Patterson, Benco and Burkhart conspired to fix prices and refused to compete with each other for sales of dental equipment to dental professionals and agreed to enlist their common suppliers, the Danaher Defendants, to join a price-fixing conspiracy and boycott by reducing the distribution territory of, and eventually terminating, their price-cutting competing distributor Archer. Archer seeks injunctive relief, and damages in an amount to be proved at trial, to be trebled with interest and costs, including attorneys' fees, jointly and severally.

On October 30, 2017, Archer filed a second amended complaint under seal, to add additional allegations that it believes support its claims. The named parties and causes of action are the same as the August 1, 2017 amended complaint. Trial is currently scheduled for February 2018. We intend to defend ourselves vigorously against this action.

On August 17, 2017, IQ Dental Supply, Inc. ("IQ Dental") filed a complaint in the United States District Court for the Eastern District of New York, entitled IQ Dental Supply, Inc. v. Henry Schein, Inc., Patterson Companies, Inc. and Benco Dental Supply Company, Case No. 2:17-cv-4834. Plaintiff alleges that it is a distributor of dental supplies and equipment, and sells dental products through an online dental distribution platform operated by SourceOne Dental ("SourceOne"). SourceOne had previously brought an antitrust lawsuit against the Company, Patterson and Benco which the Company settled in the second quarter of 2017 and which is described in the Company's prior filings with the Securities and Exchange Commission.

IQ Dental alleges, among other things, that defendants conspired to suppress competition from IQ Dental and SourceOne for the marketing, distribution and sale of dental supplies and equipment in the United States, and that defendants unlawfully agreed with one another to boycott dentists, manufacturers and state dental associations that deal with, or considered dealing with, plaintiff and SourceOne. Plaintiff claims that this alleged conduct constitutes unreasonable restraint of trade in violation of Section 1 of the Sherman Act, New York's Donnelly Act and the New Jersey Antitrust Act, and also makes pendant state law claims for tortious interference with prospective business relations, civil conspiracy and aiding and abetting. Plaintiff seeks injunctive relief, compensatory, treble

and punitive damages, jointly and severally, and reasonable costs and expenses, including attorneys' fees and expert fees. We intend to vigorously defend ourselves against this action.

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

As of September 30, 2017, we had accrued our best estimate of potential losses relating to claims that were probable to result in liability and for which we were able to reasonably estimate a loss. This accrued amount, as well as related expenses, was not material to our financial position, results of operations or cash flows. Our method for determining estimated losses considers currently available facts, presently enacted laws and regulations and other factors, including probable recoveries from third parties.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in Part 1, Item 1A, of our Annual Report on Form 10-K for the year ended December 31, 2016.

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

Purchases of equity securities by the issuer

On August 16, 2017, we announced that our Board of Directors approved a 2-for-1 split of our common stock. Each Henry Schein, Inc. stockholder of record at the close of business on September 1, 2017 received a dividend of one additional share for every share held. Trading began on a split-adjusted basis on September 15, 2017 and has been retroactively reflected for all periods presented in this Form 10-Q.

Our share repurchase program, announced on June 21, 2004, originally allowed us to repurchase up to $100 million of shares of our common stock, which represented approximately 3.5% of the shares outstanding at the commencement of the program. As summarized in the table below, subsequent additional increases totaling $2.8 billion, authorized by our Board of Directors, to the repurchase program provide for a total of $2.9 billion of shares of our common stock to be repurchased under this program.

Date of Authorization	Amount of Additional Repurchases Authorized
October 31, 2005	$ 100,000,000
March 28, 2007	100,000,000
November 16, 2010	100,000,000
August 18, 2011	200,000,000
April 18, 2012	200,000,000
November 12, 2012	300,000,000
December 9, 2013	300,000,000
December 4, 2014	300,000,000
November 30, 2015	400,000,000
October 18, 2016	400,000,000
September 15, 2017	400,000,000

As of September 30, 2017, we had repurchased approximately $2.5 billion of common stock (52,431,816 shares) under these initiatives, with $425.0 million available as of September 30, 2017 for future common stock share repurchases.

The following table summarizes repurchases of our common stock under our stock repurchase program during the fiscal quarter ended September 30, 2017:

Fiscal Month	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Our Publicly Announced Program	Maximum Number of Shares that May Yet Be Purchased Under Our Program (2)
07/02/17 through 08/05/17	294,238	$ 91.54	294,238	1,377,198
08/06/17 through 09/02/17	851,356	85.82	851,356	576,207
09/03/17 through 09/30/17	286,052	87.40	286,052	5,183,494
	1,431,646		1,431,646	

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

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

ITEM 6. EXHIBITS

Exhibits.

4.1	Amended and Restated Private Shelf Agreement dated September 15, 2017, by and among the Company, PGIM, Inc. and each Prudential affiliate which becomes party thereto. (Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed on September 18, 2017.)
4.2	Amended and Restated Master Note Facility dated September 15, 2017, by and among the Company, NYL Investors LLC and each New York Life affiliate which becomes party thereto. (Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed on September 18, 2017.)
4.3	Amended and Restated Master Note Purchase Agreement dated September 15, 2017, by and among the Company, Metropolitan Life Insurance Company, MetLife Investment Advisors Company, LLC and each MetLife affiliate which becomes party thereto. (Incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K filed on September 18, 2017.)
10.1	Amendment No. 4 to Receivables Purchase Agreement, dated as of June 1, 2016, by and among us, as performance guarantor, HSFR, Inc., as seller, The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as agent and the various purchaser groups party thereto.+
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.+
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.+
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.+
101.INS	XBRL Instance Document+
101.SCH	XBRL Taxonomy Extension Schema Document+
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document+
101.DEF	XBRL Taxonomy Definition Linkbase Document+
101.LAB	XBRL Taxonomy Extension Label Linkbase Document+
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document+

+ Filed herewith.

SIGNATURE

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

Henry Schein, Inc.
(Registrant)

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

Dated: November 6, 2017

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Exhibit 10.1

AMENDMENT NO. 4 TO RECEIVABLES PURCHASE AGREEMENT

This AMENDMENT NO. 4 TO RECEIVABLES PURCHASE AGREEMENT, dated as of July 6, 2017 (this "Amendment"), is entered into among HSFR, INC., a Delaware corporation, as seller (the "Seller"), THE PURCHASERS LISTED ON THE SIGNATURE PAGES HERETO (the "Purchasers"), THE PURCHASER AGENTS LISTED ON THE SIGNATURE PAGES HERETO (the "Purchaser Agents"), THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH, as agent (in such capacity, together with its successors and assigns in such capacity, the "Agent") for each Purchaser Group, and, solely with respect to Section 10, HENRY SCHEIN, INC. ("HS"), a Delaware corporation, as performance guarantor (the "Performance Guarantor").

BACKGROUND

The Seller, HS, as initial Servicer, Purchasers, Purchaser Agents and Agent are parties to a Receivables Purchase Agreement, dated as of April 17, 2013 (as amended by that certain Omnibus Amendment No. 1, dated as of July 22, 2013, that certain Omnibus Amendment No. 2, dated as of April 21, 2014, that certain Amendment No. 1 to Receivables Purchase Agreement, dated as of September 22, 2014, that certain Amendment No. 2 to Receivables Purchase Agreement, dated as of April 14, 2015, and that certain Amendment No. 3 to Receivables Purchase Agreement, dated as of June 1, 2016, and as further amended, restated, modified or supplemented through the date hereof, the "Receivables Purchase Agreement"). The parties are entering into this Amendment to amend or otherwise modify the Receivables Purchase Agreement.

AGREEMENT

1. Definitions. Capitalized terms are used in this Amendment as defined in Exhibit I to the Receivables Purchase Agreement.

2. Amendments. Each of the parties hereto (other than the Performance Guarantor) agrees that the Receivables Purchase Agreement is hereby amended as follows:

(a) Section 1.1(a) of the Receivables Purchase Agreement is hereby amended by replacing the text "or (iii) the aggregate of the Receivable Interests would exceed 100%." where it appears therein with the text "(iii) the aggregate of the Receivable Interests would exceed 100% or (iv) the Aggregate Invested Amount would exceed the Purchase Limit." in its place.

(b) Section 1.1(b) of the Receivables Purchase Agreement is hereby amended by (i) replacing the text "Purchase Limit Decrease Notice" where it appears therein with the text "Maximum Purchase Limit Decrease Notice" in its place, and (ii) replacing the text "Purchase Limit" in each instance it appears therein with the text "Maximum Purchase Limit" in its place.

(c) Clause "fifth" of Section 2.2(b) of the Receivables Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"***fifth,*** the balance, if any, to Seller or otherwise in accordance with Seller's instructions, provided that, after giving effect to any payment pursuant to this clause fifth,

(i) the aggregate of the Receivable Interests would be less than 100% and (ii) the Aggregate Invested Amount would be less than the Purchase Limit.".

(d) Section 5.3(l) of the Receivables Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"(l) Litigation. No injunction, decree or other decision has been issued or made by any Official Body that would, individually or in the aggregate, have a material adverse effect on a significant portion of its business operations or any portion of its business operations affecting the Receivables, and, to the knowledge of the Servicer, no threat by any Person has been made to attempt to obtain any such decision (i) as to which there is a reasonable likelihood of an adverse determination and (ii) that, if adversely determined, would, individually or in the aggregate, have a material adverse effect on a significant portion of its business operations or any portion of its business operations affecting the Receivables. No litigation, investigation or proceeding exists or, to the knowledge of the Servicer, is threatened in writing asserting the invalidity of this Agreement, seeking to prevent the consummation of the transactions contemplated by this Agreement, or seeking any determination or ruling that could reasonably be expected to materially and adversely affect (A) the performance of the Servicer of its obligations under this Agreement, or (B) the validity or enforceability of this Agreement or any material amount of such Receivables.".

(e) Exhibit I to the Receivables Purchase Agreement is hereby amended as follows:

(i) the following definitions are hereby incorporated in the appropriate alphabetical sequence:

"***Maximum Purchase Limit"*** means $350,000,000, as such amount may be reduced pursuant to Section 1.1(b) or increased pursuant to Section 1.1(c).

"Specified Cut-Off Date" means the last day of a Specified Calculation Period.

"Specified Calculation Period" means each accounting month specified in Part 2 of Exhibit XIV.

"Specified Settlement Date" means the 3rd Business Day after each Specified Settlement Reporting Date.

"Specified Settlement Reporting Date" means the 21st day immediately following the most recent Specified Cut-Off Date (or if such day is not a Business Day, the next succeeding Business Day thereafter).";

(ii) the definition of "Calculation Period" is hereby amended by replacing the text "on Exhibit XIV" where it appears therein with "in Part 1 of Exhibit XIV" in its place.

(iii) the definition of "Commitment" is hereby amended by replacing the text "Purchase Limit" where it appears therein with the text "Maximum Purchase Limit" in its place;

(iv) the definition of "Purchase Limit" is hereby amended and restated in its entirety to read as follows:

"***Purchase Limit"*** means:

(i) for each Specified Calculation Period, solely to the extent Agent has not notified Seller prior to the Specified Settlement Reporting Date immediately succeeding such Specified Calculation Period that the Purchase Limit for such period shall be the Maximum Purchase Limit, the lesser of (x) the product of (A) 65.0% and (B) the aggregate Outstanding Balance of all Receivables as of the Specified Cut-Off Date immediately preceding such Specified Settlement Reporting Date and (y) the Maximum Purchase Limit; and

(ii) at all other times, the Maximum Purchase Limit.

References to the unused portion of the Purchase Limit shall mean, at any time, the Purchase Limit minus the then outstanding Aggregate Invested Amount.";

(v) the definition of "Purchase Limit Decrease Notice" is hereby amended and restated in its entirety to read as follows:

"***Maximum Purchase Limit Decrease Notice"*** has the meaning set forth in Section 1.1(b).";

(vi) the definition of "Scheduled Facility Termination Date" is hereby amended by replacing the date "April 29, 2019" where it appears therein with the date "April 29, 2020" in its place;

(vii) the definition of "Settlement Date" is hereby amended and restated in its entirety to read as follows:

"***Settlement Date"*** means (i) each Specified Settlement Date, (ii) the 2nd Business Day after each Settlement Reporting Date that is not a Specified Settlement Reporting Date and (iii) the Facility Termination Date."; and

(viii) the definition of "Settlement Reporting Date" is hereby amended and restated in its entirety to read as follows:

"***Settlement Reporting Date"*** means the 21st day immediately following the most recent Cut-Off Date (or if any such day is not a Business Day, the next succeeding Business Day thereafter), including each Specified Settlement Reporting Date, or such other days of any month as may be required, or as Agent or any Purchaser Agent may request, in connection with Section 8.5.".

(f) Section 1(e) of Exhibit II to the Receivables Purchase Agreement is hereby amended by replacing the text "and (iii) the aggregate of the Receivable Interests shall not exceed 100%" where it appears therein with the text "(iii) the aggregate of the Receivable Interests shall not exceed 100% and (iv) the Aggregate Invested Amount shall not exceed the Purchase Limit.

(g) Exhibit XIII to the Receivables Purchase Agreement is hereby amended and restated in its entirety in the form of Schedule 1 attached hereto.

(h) Exhibit XIV to the Receivables Purchase Agreement is hereby amended and restated in its entirety in the form of Schedule 2 attached hereto.

3. Representations and Warranties. The Seller hereby certifies, represents and warrants to the Agent, each Purchaser Agent and each Purchaser that on and as of the date hereof:

(a) each of its representations and warranties contained in Article V of the Receivables Purchase Agreement is true and correct, in all material respects, on and as of the date hereof; and

(b) no Termination Event or Unmatured Termination Event exists.

4. Conditions to Effectiveness. This Amendment shall become effective on the date (the "Effective Date") when each Purchaser Agent shall have received:

(a) counterparts of this Amendment duly executed by the other parties hereto;

(b) a copy of the resolutions of the Board of Directors of each Seller Party and Performance Guarantor certified by its Secretary authorizing such Person's execution, delivery and performance of this Amendment and the performance of its obligations under the Receivables Purchase Agreement (as amended by this Amendment); and

(c) counterparts of that certain Second Amended and Restated Fee Letter, dated as of the date hereof, duly executed by the parties thereto.

5. Ratification. This Amendment constitutes an amendment to the Receivables Purchase Agreement. After the execution and delivery of this Amendment, all references to the Receivables Purchase Agreement in any document shall be deemed to refer to the Receivables Purchase Agreement as amended by this Amendment, unless the context otherwise requires. Except as amended above, the Receivables Purchase Agreement is hereby ratified in all respects. Except as set forth above, the execution, delivery and effectiveness of this Amendment shall not operate as an amendment or waiver of any right, power or remedy of the parties hereto under the Receivables Purchase Agreement, nor constitute an amendment or waiver of any provision of the Receivables Purchase Agreement. This Amendment shall not constitute a course of dealing among the parties hereto at variance with the Receivables Purchase Agreement such as to require further notice by any of the Agent, the Purchaser Agents or the Purchasers to require strict

compliance with the terms of the Receivables Purchase Agreement in the future, as amended by this Amendment, except as expressly set forth herein. The Seller hereby acknowledges and expressly agrees that each of the Agent, the Purchaser Agents and the Purchasers reserves the right to, and does in fact, require strict compliance with all terms and provisions of the Receivables Purchase Agreement, as amended herein.

6. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, and each counterpart shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. Counterparts of this Amendment may be delivered by facsimile transmission or other electronic transmission, and such counterparts shall be as effective as if original counterparts had been physically delivered, and thereafter shall be binding on the parties hereto and their respective successors and assigns.

7. Governing Law. This Amendment shall be governed by, and construed in accordance with the law of the State of New York without regard to the principles of conflicts of law thereof (other than Sections 5-1401 and 5-1402 of the New York General Obligations Law).

8. Section Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment, the Receivables Purchase Agreement or any other Transaction Document or any provision hereof or thereof.

9. Transaction Document. This Amendment shall constitute a Transaction Document under the Receivables Purchase Agreement.

10. Ratification of Performance Undertaking. After giving effect to this Amendment and the transactions contemplated hereby, all of the provisions of the Performance Undertaking shall remain in full force and effect and the Performance Guarantor hereby ratifies and affirms the Performance Undertaking and acknowledges that the Performance Undertaking has continued and shall continue in full force and effect in accordance with its terms.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective officers hereunto duly authorized as of the day and year first above written.

HSFR INC.,
as Seller

By: /s/ Michael Amodio
Name: Michael Amodio
Title: Treasurer

Solely with respect to Section 10:

HENRY SCHEIN, INC.,
as Performance Guarantor

By: /s/ Michael Amodio
Name: Michael Amodio
Title: Treasurer

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH, as Purchaser Agent
for Victory Receivables Corporation

By: /s/ Luna Mills
Name: Luna Mills
Title: Managing Director

VICTORY RECEIVABLES CORPORATION,
as an Uncommitted Purchaser

By: /s/ David V. DeAngelis
Name: David V. DeAngelis
Title: Vice President

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH, as Related Committed Purchaser for Victory Receivables Corporation

By: /s/ Luna Mills
Name: Luna Mills
Title: Managing Director

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH,
as Agent

By: /s/ Luna Mills
Name: Luna Mills
Title: Managing Director

EXHIBIT XIII

FORM OF MAXIMUM PURCHASE LIMIT DECREASE NOTICE

_____, ____

The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Agent
1251 Avenue of the Americas, 12th Floor
New York, New York 10020-1104
Attention: Securitization Department
Telephone: (212) 782-6957
Facsimile: (212) 782-6448

[Address to each Purchaser Agent] – [PURCHASER AGENTS TO PROVIDE]

Ladies and Gentlemen:

Reference is hereby made to the Receivables Purchase Agreement, dated as of April 17, 2013 (as heretofore amended or supplemented, the "Receivables Purchase Agreement"), among HSFR, Inc., as Seller, Henry Schein, Inc., as Servicer, the various purchaser groups from time to time party thereto, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Agent. Capitalized terms used in this Maximum Purchase Limit Decrease Notice and not otherwise defined herein shall have the meanings assigned thereto in the Receivables Purchase Agreement.

This letter constitutes a Maximum Purchase Limit Decrease Notice pursuant to Section 1.1(b) of the Receivables Purchase Agreement. The Seller desires to decrease the Maximum Purchase Limit and respective Commitments of each Purchaser Group on _____, _____[1] to the following amounts:

(a) Maximum Purchase Limit: $_____

(b) Ratable Share of Each Purchaser Group:

The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch: $_____

[1] Notice must be given at least ten Business Days prior to the requested decrease, and must be in a minimum amount of $100,000,000.

Seller hereby represents and warrants as of the date hereof, and as of the date of this decrease, as follows:

(i) the representations and warranties contained in Section V of the Receivables Purchase Agreement are correct in all material respects on and as of such dates as though made on and as of such dates and shall be deemed to have been made on such dates; and

(ii) no event has occurred and is continuing, or would result from the decrease proposed hereby, that constitutes a Termination Event or an Unmatured Termination Event.

IN WITNESS WHEREOF, the undersigned has caused this Maximum Purchase Limit Decrease Notice to be executed by its duly authorized officer as of the date first above written.

HSFR, Inc.

By: _____
Name: _____
Title: _____

EXHIBIT XIV

CALCULATION PERIODS

Part 1 – Calculation Periods

2017				
	# of Weeks	**Month End**	**# of business days**	**# of Weeks in quarter**
January	5	2/4	24	
February	4	3/4	20	
March	4	4/1	20	13
April	4	4/29	20	
May	5	6/3	24	
June	4	7/1	20	13
July	5	8/5	24	
August	4	9/2	20	
September	4	9/30	19	13
October	5	11/4	25	
November	4	12/2	18	
December	4	12/30	19	13
	52		253	52

2018				
	# of Weeks	**Month End**	**# of business days**	**# of Weeks in quarter**
January	5	2/3	24	
February	4	3/3	20	
March	4	3/31	20	13
April	4	4/28	20	
May	5	6/2	24	
June	4	6/30	20	13
July	5	8/4	24	
August	4	9/1	20	
September	4	9/29	19	13
October	5	11/3	25	
November	4	12/1	18	
December	4	12/29	19	13
	52		253	52

2019				
	# of Weeks	**Month End**	**# of business days**	**# of Weeks in quarter**
January	5	2/2	24	
February	4	3/2	20	
March	4	3/30	20	13
April	4	4/27	20	
May	5	6/1	24	
June	4	6/29	20	13
July	5	8/3	24	
August	4	8/31	20	
September	4	9/28	19	13
October	5	11/2	25	
November	4	11/30	18	
December	4	12/28	19	13
	52		253	52

2020				
	# of Weeks	**Month End**	**# of business days**	**# of Weeks in quarter**
January	5	2/1	24	
February	4	2/29	20	
March	4	3/28	20	13
April	4	4/25	20	
May	5	5/30	24	
June	4	6/27	20	13
July	5	8/1	24	
August	4	8/29	20	
September	4	9/26	19	13
October	5	10/31	25	
November	4	11/28	18	
December	4	12/26	19	13
	52		253	52

2017			
	# of Weeks	**Month End**	**# of business days**
May	5	6/3	24
August	4	9/2	20
November	4	12/2	18

2018			
	# of Weeks	**Month End**	**# of business days**
February	4	3/3	20
May	5	6/2	24
August	4	9/1	20
November	4	12/1	18

2019			
	# of Weeks	**Month End**	**# of business days**
February	4	3/2	20
May	5	6/1	24
August	4	8/31	20
November	4	11/30	18

2020			
	# of Weeks	**Month End**	**# of business days**
February	4	2/29	20
May	5	5/30	24
August	4	8/29	20
November	4	11/28	18

EXHIBIT 31.1

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

I, Stanley M. Bergman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Henry Schein, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2017

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

EXHIBIT 31.2

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

I, Steven Paladino, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Henry Schein, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2017

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

EXHIBIT 32.1

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

In connection with the quarterly report on Form 10-Q of Henry Schein, Inc. (the "Company") for the period ending September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stanley M. Bergman, the Chairman and Chief Executive Officer of the Company, and I, Steven Paladino, Executive Vice President and Chief Financial Officer of the Company, do hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 6, 2017

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

Dated: November 6, 2017

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

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

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