

HENRY SCHEIN INC  
Form DEF 14A  
April 10, 2017

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of**  
**the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**HENRY SCHEIN, INC.**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
  
- (2) Aggregate number of securities to which transaction applies:
  
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
- (4) Proposed maximum aggregate value of transaction:
  
- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
  
- (2) Form, Schedule or Registration Statement No.:
  
- (3) Filing Party:
  
- (4) Date Filed:

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 31, 2017**

Dear Stockholder:

You are cordially invited to attend the 2017 Annual Meeting of Stockholders (the Annual Meeting ) of Henry Schein, Inc. (the Company or Henry Schein ), to be held at 11:00 a.m., on Wednesday, May 31, 2017 at the Melville Marriott Long Island, 1350 Old Walt Whitman Road, Melville, New York 11747.

The Annual Meeting will be held for the following purposes:

1. to consider the election of fifteen directors of the Company for terms expiring in 2018;
2. to consider and act upon a proposal to amend the Company s Section 162(m) Cash Bonus Plan to extend the term of the plan to December 31, 2021 and to re-approve the performance goals thereunder;
3. to consider the approval, by non-binding vote, of the 2016 compensation paid to the Company s Named Executive Officers (as defined in the proxy statement) (commonly known as a say-on-pay proposal);
4. to recommend, by non-binding vote, the frequency of future advisory votes on executive compensation (commonly known as a frequency of say-on-pay proposal);
5. to ratify the selection of BDO USA, LLP as the Company s independent registered public accounting firm for the fiscal year ending December 30, 2017; and
6. to transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

Only stockholders of record at the close of business on April 3, 2017 are entitled to notice of and to vote at the meeting or any adjournments or postponements thereof.

The Company is pleased to take advantage of the Securities and Exchange Commission rules that allow issuers to furnish proxy materials to their stockholders on the Internet. The Company believes the rules allow it to provide its stockholders with the information they need, while lowering the costs of delivery and reducing the environmental impact of the Annual Meeting. Accordingly, stockholders of record at the close of business on April 3, 2017 will receive a Notice Regarding the Availability of Proxy Materials and may vote at the Annual Meeting and any adjournment or postponement of the meeting.

To assure your representation at the Annual Meeting, you are urged to cast your vote, as instructed in the Notice Regarding the Availability of Proxy Materials, over the Internet or by telephone as promptly as possible. You may also request a paper proxy card to submit your vote by mail, if you prefer. Any stockholder of record attending the Annual Meeting may vote in person, even if he or she previously voted over the Internet, by telephone or returned a

completed proxy card.

Whether or not you expect to attend the meeting in person, your vote is very important. Please cast your vote regardless of the number of shares you hold. I believe that you can be proud, excited and confident to be a stockholder of Henry Schein. I look forward to discussing our plans for the Company's future at the Annual Meeting, and I hope to see you there.

*STANLEY M. BERGMAN*

Chairman and Chief Executive Officer

Melville, New York

April 10, 2017

**135 DURYEА ROAD**  
**MELVILLE, NEW YORK 11747**

**PROXY STATEMENT**

The Board of Directors of Henry Schein, Inc. (the "Company") has fixed the close of business on April 3, 2017 as the record date for determining the holders of the Company's common stock, par value \$0.01, entitled to notice of, and to vote at, the 2017 Annual Meeting of Stockholders (the "Annual Meeting"). As of that date, 79,723,892 shares of common stock were outstanding, each of which entitles the holder of record to one vote. The Notice of Annual Meeting, this proxy statement and the form of proxy are being made available to stockholders of record of the Company on or about April 10, 2017. A copy of our 2016 Annual Report to Stockholders is being made available with this proxy statement, but is not incorporated herein by reference.

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of common stock entitled to vote is necessary to constitute a quorum in connection with the transaction of business at the Annual Meeting. Abstentions and broker non-votes (*i.e.*, proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owner or other persons entitled to vote shares as to a matter with respect to which the brokers or nominees do not have discretionary power to vote) are counted as present for purposes of determining the presence or absence of a quorum for the transaction of business.

At the Annual Meeting, a "FOR" vote by a majority of votes cast is required for the election of directors (Proposal 1). A "FOR" vote by a majority of votes cast means that the number of shares voted "FOR" exceeds the number of votes "AGAINST". Abstentions and broker non-votes shall not constitute votes "FOR" or votes "AGAINST" a director, and thus will have no effect on the outcome of Proposal 1. Proposals 2, 3 and 5 each require the affirmative "FOR" vote of the holders of a majority of the outstanding shares of common stock present in person or represented by proxy and entitled to vote on the matter. Broker non-votes will have no effect on the outcome of Proposals 2, 3 and 5, but abstentions will have the same effect as a vote "AGAINST" each such proposal. With respect to the frequency of say-on-pay proposal (Proposal 4), the alternative receiving the greatest number of votes (every one year, two years or three years) will be the frequency that stockholders approve. Abstentions and broker non-votes will have no effect on the outcome of Proposal 4.

We will pay all expenses of this proxy solicitation. In addition to this proxy solicitation, proxies may be solicited in person or by telephone or other means (including by our directors or employees without additional compensation). We will reimburse brokerage firms and other nominees, custodians and fiduciaries for costs incurred by them in distributing proxy materials to the beneficial owners of shares held by such persons as stockholders of record.

If your shares of common stock are registered directly in your name with the Company's transfer agent, you are considered, with respect to those shares, the stockholder of record. In accordance with rules and regulations adopted by the Securities and Exchange Commission ("SEC"), instead of mailing a printed copy of our proxy materials to each stockholder of record, we may furnish proxy materials to our stockholders on the Internet. If you received a Notice

Regarding the Availability of Proxy Materials (the Notice of Internet Availability ) by mail, you will not receive a printed copy of these proxy materials. Instead, the Notice of Internet Availability will instruct you as to how you may access and review all of the important information contained in these proxy materials. The Notice of Internet Availability also instructs you as to how you may submit your proxy on the Internet. If you received a Notice of Internet Availability by mail and would like to receive a printed copy of our proxy materials, including a proxy card, you should follow the instructions for requesting such materials included in the Notice of Internet Availability.

If your shares are held in an account at a brokerage firm, bank, broker-dealer or other similar organization, then you are the beneficial owner of shares held in street name, and the Notice of Internet Availability was forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account.

If you are a participant in the Company's 401(k) Plan and own shares of the Company's common stock in your 401(k) Plan account as of the record date, you will receive, with respect to the number of shares held for your 401(k) Plan account as of the record date, a proxy card that will serve as a voting instruction to the trustee of the 401(k) Plan with respect to shares held for your account. Unless the proxy card is signed and returned, shares held in your 401(k) Plan account will not be voted.

Shares of common stock held in a stockholder's name as the stockholder of record may be voted in person at the Annual Meeting. Shares of common stock held beneficially in street name may be voted in person only if you obtain a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares.

Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the Annual Meeting. If you are a stockholder of record, you may vote by submitting a proxy electronically via the Internet, by telephone or if you have requested a paper copy of these proxy materials, by returning the proxy card or voting instruction card. If you hold shares beneficially in street name, you may vote by submitting voting instructions to your broker, trustee or nominee.

Whether or not you are able to attend the Annual Meeting, you are urged to complete and return your proxy or voting instructions, which are being solicited by the Company's Board of Directors and which will be voted as you direct on your proxy or voting instructions when properly completed. In the event no directions are specified, such proxies and voting instructions will be voted FOR the nominees for election to the Board of Directors, FOR the proposal to amend the Company's Section 162(m) Cash Bonus Plan, FOR the say-on-pay proposal, FOR once every one year with respect to the frequency of say-on-pay proposal and FOR the ratification of BDO USA, LLP ( BDO USA ) as the Company's independent registered public accountants for the fiscal year ending December 30, 2017 and in the discretion of the proxy holders as to other matters that may properly come before the Annual Meeting.

You may revoke or change your proxy or voting instructions at any time before the Annual Meeting. To revoke your proxy, send a written notice of revocation or another signed proxy with a later date to the Corporate Secretary of the Company at Henry Schein, Inc., 135 Duryea Road, Melville, New York 11747 before the beginning of the Annual Meeting. You may also automatically revoke your proxy by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not in and of itself constitute revocation of a proxy. To revoke your voting instructions, submit new voting instructions to your broker, trustee or nominee; alternatively, if you have obtained a legal proxy from your broker or nominee giving you the right to vote your shares, you may attend the Annual Meeting and vote in person. All shares represented by a valid proxy received prior to the Annual Meeting will be voted.

## PROPOSAL 1

### ELECTION OF DIRECTORS

The Board of Directors has approved the fifteen persons named below as nominees for election at the Annual Meeting to serve as directors until the 2018 Annual Meeting of Stockholders and until their successors are elected and qualified. Each director will be elected by the vote of the majority of the votes cast with respect to that director's election, where a majority of the votes cast means that the number of shares voted FOR a director must exceed the number of votes cast AGAINST that director. Any executed proxies returned to the Company will be voted for the election of all of such persons except to the extent instructed otherwise with respect to one or more of such persons. All of the nominees for director currently serve as directors and were elected by the stockholders at the 2016 Annual Meeting of Stockholders. All of the nominees have consented to be named and, if elected, to serve. In the event that any of the nominees is unable or declines to serve as a director at the time of the Annual Meeting, the proxies may be voted in the discretion of the persons acting pursuant to the proxy for the election of other nominees. Set forth below is certain information, as of April 3, 2017, concerning the nominees:

Name	Age	Position
Barry J. Alperin	76	Director
Lawrence S. Bacow, Ph.D.	65	Director
Gerald A. Benjamin	64	Executive Vice President, Chief Administrative Officer, Director
Stanley M. Bergman	67	Chairman, Chief Executive Officer, Director
James P. Breslawski	63	President of Henry Schein, Inc., Chief Executive Officer of Henry Schein Global Dental Group, Director
Paul Brons	75	Director
Joseph L. Herring	61	Director
Donald J. Kabat	81	Director
Kurt P. Kuehn	62	Director
Philip A. Laskawy	76	Director
Mark E. Mlotek	61	Executive Vice President, Chief Strategic Officer, Director
Steven Paladino	60	Executive Vice President, Chief Financial Officer, Director
Carol Raphael	74	Director
E. Dianne Rekow, DDS, Ph.D.	72	Director
Bradley T. Sheares, Ph.D.	60	Director

**BARRY J. ALPERIN** has been a director since 1996. Mr. Alperin, who is retired, served as Vice Chairman of Hasbro, Inc. from 1990 through 1995, as Co-Chief Operating Officer of Hasbro from 1989 through 1990 and as Senior Vice President or Executive Vice President of Hasbro from 1985 through 1989. He was a director of Hasbro from 1985 through 1996. Prior to joining Hasbro, Mr. Alperin practiced law in New York City for 20 years, dealing with corporate, public and private financial transactions, corporate mergers and acquisitions, compensation issues and securities law matters. The Company values Mr. Alperin's financial expertise and his extensive experience in corporate and securities laws and corporate governance matters. Additionally, as the Company continues to grow through strategic acquisitions, the Board of Directors values Mr. Alperin's experience leading Hasbro's mergers and acquisitions and global expansion efforts. Mr. Alperin currently serves as a director of Fiesta Restaurant Group, Inc. (and is Chairman of its finance committee and a member of its audit committee and nominating and governance committee) and Jefferies Group LLC, a global investment banking firm and a subsidiary of Leucadia National Corporation (and a member of its audit committee, compensation committee and corporate governance and nominating committee). Mr. Alperin is also a director of privately held corporations Weeks Marine, Inc., a marine construction company, and Sterling Drive Ventures, Inc., and a general partner of Sterling Drive Ventures L.P., a



holding company for the Rodan Group, an injection molder of plastic parts. During the past five years, Mr. Alperin served on the Board of Directors of The Hain Celestial Group, Inc. He currently serves as a trustee and member of the Executive Committee of The Caramoor Center for Music and the Arts, President Emeritus and a Life Trustee of The Jewish Museum in New York City and is a past President of the New York Chapter of the American Jewish Committee where he also served as Chair of the audit committee of the national organization.

**LAWRENCE S. BACOW, PH.D.** has been a director since 2014. Dr. Bacow is currently Leader-in-Residence at the Center for Public Leadership at Harvard's Kennedy School of Government. Dr. Bacow is also a member of the Harvard Corporation, the fiduciary oversight board of Harvard University, where he chairs the finance committee. From 2001 to 2011, Dr. Bacow was the 12th President of Tufts University, where he oversaw all seven of the University's schools, including its School of Dental Medicine, School of Medicine and the Cummings School of Veterinary Medicine. In addition, he served on the Board of Trustees and as a member of the executive committee of Tufts Medical Center. Following Tufts, Dr. Bacow served as President-in-Residence in the Higher Education Program at Harvard's Graduate School of Education for three years. Earlier in his career, Dr. Bacow spent 24 years on the faculty at the Massachusetts Institute of Technology, where he held the Lee and Geraldine Martin Professorship of Environmental Studies. He also served as the elected Chair of the MIT Faculty and subsequently as Chancellor, one of the Institute's two most senior

academic officers. The Company values Dr. Bacow's extensive experience as a leader in academia and public service. He brings an important perspective to our Board of Directors, having overseen the training of every customer group we serve, namely dentists, physicians and veterinarians. Dr. Bacow also brings to the Company impeccable credentials and broad-based management expertise. As a lawyer and economist whose research focuses on environmental policy, Dr. Bacow's passion for the environment complements our long-standing commitment to global corporate responsibility. In addition to serving on our Board, Dr. Bacow is on the Board of Overseers of TIAA-CREF, a national financial services organization, and is a director of Liquidnet Holdings, Inc., a global institutional trading network, and Loews Corporation, serving on the audit committee of both Boards. Dr. Bacow is a Fellow of the American Academy of Arts and Sciences and the recipient of five honorary degrees. During the past five years, Dr. Bacow served as a director of Boston Properties, Inc., a publicly traded real estate investment trust.

**GERALD A. BENJAMIN** has been with the Company since 1988, in his current position as Executive Vice President and Chief Administrative Officer since 2000 and a director since 1994. He is also a member of our Executive Management Committee. Prior to holding his current position Mr. Benjamin was Senior Vice President of Administration and Customer Satisfaction from 1993 to 2000. Mr. Benjamin was Vice President of Distribution Operations from 1990 to 1992 and Director of Materials Management from 1988 to 1990. Before joining the Company in 1988, Mr. Benjamin was employed for 12 years at Estée Lauder, Inc. in various management positions, where his last position was Director of Materials Planning and Control. Mr. Benjamin brings experience to the Company's Board of Directors in the areas of global services, human resources, operations and leadership. Mr. Benjamin directs our Global Services functions in North America, South America, Europe, Asia, Australia and New Zealand. These functions include all aspects of the supply chain (distribution, inventory management and transportation for over four million square feet of distribution space), human resources (for nearly 21,000 employees in 33 countries), information services, customer services, security and financial operations.

**STANLEY M. BERGMAN** has been with the Company since 1980, including as our Chairman and Chief Executive Officer since 1989 and as a director since 1982. He is also a member of our Executive Management Committee. Mr. Bergman held the position of President of the Company from 1989 to 2005. Mr. Bergman held the position of Executive Vice President from 1985 to 1989 and Vice President of Finance and Administration from 1980 to 1985. Mr. Bergman brings to the Company's Board of Directors management and leadership experience. Mr. Bergman is a well-known, highly regarded leader in the global health care industry. He has expansive knowledge of the health care industry and macro-economic global conditions, maintains strategic relationships with chief executives and other senior management in the health care industry throughout the world and brings a unique and valuable perspective to the Board of Directors. During his tenure, Mr. Bergman has led the Company from sales of \$600 million in 1995 to \$11.6 billion in 2016. Mr. Bergman serves as a board member or advisor for numerous institutions, including New York University College of Dentistry, the University of Pennsylvania School of Dental Medicine, the Columbia University Medical Center, Hebrew University, Tel Aviv University, the University of the Witwatersrand Fund, the World Economic Forum's Health Care Governors and the Business Council for International Understanding. Mr. Bergman is also a member of the boards of numerous charitable organizations and active with philanthropic causes and social responsibility activities. Mr. Bergman is a Certified Public Accountant.

**JAMES P. BRESLAWSKI** has been with the Company since 1980, in his current position as President of Henry Schein, Inc. since 2005 and as a director since 1992. He is also a member of our Executive Management Committee and the Chief Executive Officer of our Henry Schein Global Dental Group. Mr. Breslawski held the position of Executive Vice President and President of U.S. Dental from 1990 to 2005, with primary responsibility for the North American Dental Group. Between 1980 and 1990, Mr. Breslawski held various positions with us, including Chief Financial Officer, Vice President of Finance and Administration and Corporate Controller. Mr. Breslawski is responsible for the Company's Global Dental business. Mr. Breslawski brings to the Company's Board of Directors management and leadership experience. The Board of Directors is aided by Mr. Breslawski's understanding of the health care business and his keen business acumen, leadership ability and interpersonal skills. Mr. Breslawski has served as Chairman of the Board of the American Dental Trade Association, Chairman of the Board of the Dental

Trade Alliance Foundation and President of the Dental Dealers of America. He is also a member of the Leadership Council, School of Dental Medicine at Harvard University, a former board member of the Dental Life Network (formerly the National Foundation of Dentistry for the Handicapped), a former member of the Board of Governors for St. John's University and a former trustee of Long Island University. Mr. Breslawski is also a Certified Public Accountant.

**PAUL BRONS** has been a director since 2005. Between 1994 and 2002, Mr. Brons served as an executive board member of Akzo Nobel, N.V. From 1965 to 1994, Mr. Brons held various positions with Organon International BV, including President from 1983 to 1994 and Deputy President from 1979 to 1983. From 1975 to 1979, Mr. Brons served as the General Manager of the OTC operations of Chefaro, and from 1965 to 1975 in marketing and general management functions for Organon in various Middle East and Latin American countries. Both Organon and Chefaro operated within the Akzo Nobel group. Mr. Brons brings to the Company's Board of Directors knowledge of the human and animal health pharmaceutical industry (a part of our medical and animal health businesses) and experience with international business operations and relations. The Board of Directors is also aided by Mr.

Brons' knowledge of European business culture and his strategic focus on European health care issues. Mr. Brons was honored in 1996 by Her Majesty the Queen with the decoration of Knight of the Order of Lion of the Kingdom of the Netherlands, the country's highest civilian order, conferred for his meritorious achievements for Akzo Nobel and other international activities. During the past five years, Mr. Brons served as a member of the Board of Directors of Almirall S.A, an international pharmaceutical company.

**JOSEPH L. HERRING** has been a director since May 2016. From 2005 to 2015, Mr. Herring served as Chief Executive Officer of Covance Inc., a drug development services company, and as Chairman of the Board of Directors of Covance from 2006 until its acquisition by Laboratory Corporation of America, Inc. in 2015. Mr. Herring previously served in several executive roles with Covance, including President and Chief Operating Officer, President of Early Development Services and Corporate Vice President and General Manager for its North American Preclinical Operations. Prior to joining Covance, Mr. Herring held a variety of senior leadership positions with Caremark International and American Hospital Supply Corporation over the course of his 19 years with the combined companies. The Company's Board of Directors values Mr. Herring's more than 35 years of experience in the healthcare industry. Mr. Herring also brings to the Company's Board of Directors comprehensive knowledge in pharmaceuticals, management, sales and corporate governance matters. Mr. Herring currently serves on the nonprofit board for University Medical Center of Princeton and previously served on the board of the Association of Clinical Research Organizations, of which he served as chairman. During the past five years, Mr. Herring served as a director of Covance Inc. and Team Health Holdings Inc.

**DONALD J. KABAT** has been a director since 1996. Mr. Kabat was the Chief Financial Officer of Central Park Skaters, Inc. from 1992 to 1995 and the President of D.J.K. Consulting Services, Inc. from 1995 to 2006. From 1970 to 1992, Mr. Kabat was a partner in Andersen Consulting (now known as Accenture PLC Ireland), where he practiced a broad array of specialty services including organization, profit improvement, process re-engineering and cost justification studies. With his prior experience as a Certified Public Accountant and partner at a global accounting firm, Mr. Kabat brings to the Company's Board of Directors strong skills in corporate finance, accounting and risk management. During his consulting career with Andersen Consulting, Mr. Kabat helped launch an entirely new practice specialty called Change Management Services, which focused on human resource management encompassing methods to maintain continuous alignment of strategy, operations, culture and rewards. He was the recipient of the Bravos award for outstanding contribution to the Change Management practice. He has made numerous speeches, written articles and contributed chapters to specialized books (e.g., *Budgeting: Key to Planning and Control; Management Controls for Professional Firms and The Change Management Handbook*). Mr. Kabat also serves on the boards, and chairs committees, of several not-for-profit organizations.

**KURT P. KUEHN** has been a director since May 2016. Mr. Kuehn was Chief Financial Officer of United Parcel Service, Inc. (UPS), a global leader in logistics, from 2008 until 2015. Prior to his appointment as CFO, Mr. Kuehn was Senior Vice President Worldwide Sales and Marketing, leading the transformation of the sales organization to improve the global customer experience. Mr. Kuehn was UPS's first Vice President of Investor Relations, taking the company public in 1999 in one of the largest IPOs in U.S. history. Since he joined UPS as a driver in 1977, Mr. Kuehn's UPS career included leadership roles in sales and marketing, engineering, operations and strategic cost planning. Mr. Kuehn is also a director at NCR Corporation (and is Chair of its audit committee and a member of its executive committee). Mr. Kuehn brings to the Company's Board of Directors extensive experience with distribution logistics, and as the CFO of UPS for eight years, comprehensive knowledge in corporate finance and accounting. Additionally, the Board of Directors values Mr. Kuehn's insights in strategic cost planning and the needs of global customers.

**PHILIP A. LASKAWY** has been a director since 2002 and has served as our Lead Director since 2012. Mr. Laskawy joined the accounting firm of Ernst & Young LLP (now known as EY LLP) in 1961 and served as a partner in the firm from 1971 to 2001, when he retired. Mr. Laskawy served in various senior management positions at Ernst & Young, including Chairman and Chief Executive Officer, to which he was appointed in 1994. Mr. Laskawy currently serves

on the Board of Directors of Lazard Ltd. (and is Chairman of its audit committee and is a member of its compensation committee) and Loews Corporation (and is a member of its audit committee). As a Certified Public Accountant with over 50 years of experience, Mr. Laskawy brings to the Company's Board of Directors exceptional skills in corporate finance and accounting, corporate governance, compliance, disclosure and international business conduct. Mr. Laskawy served on the American Institute of Certified Public Accountants to review and update rules regarding auditor independence. In 2006 and 2007, he served as Chairman and Vice Chairman of the International Accounting Standards Committee Foundation, which was created by the Securities and Exchange Commission and sets accounting standards in more than 100 countries, and he served as a member of the 1999 Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees. During the past five years, Mr. Laskawy served on the Board of Directors of General Motors Corporation and was the Non-Executive Chairman of Federal National Mortgage Association (Fannie Mae).

**MARK E. MLOTEK** has been with the Company since 1994, in his current position as our Executive Vice President and Chief Strategic Officer since 2012 and as a director since 1995. He is also a member of our Executive Management Committee. Mr. Mlotek was Senior Vice President and subsequently Executive Vice President of the Corporate Business Development Group between 2000 and 2012. Prior to that, Mr. Mlotek was Vice President, General Counsel and Secretary from 1994 to 1999. Prior to joining the

Company, from 1989 to 1994, Mr. Mlotek was a partner in the law firm of Proskauer Rose LLP, the Company's principal law firm and one of the largest firms in the nation, specializing in mergers and acquisitions, corporate reorganizations and tax law. As the Company continues to grow through strategic acquisitions, the Board of Directors values Mr. Mlotek's extensive legal, merger and acquisition and business development experience as well as his drive for innovation and his entrepreneurial spirit. Mr. Mlotek also manages the Company's important supplier partnership arrangements and global strategic planning function.

**STEVEN PALADINO** has been with the Company since 1987, in his current position as our Executive Vice President and Chief Financial Officer since 2000 and as a director since 1992. He is also a member of our Executive Management Committee. Prior to holding his current position, from 1993 to 2000, Mr. Paladino was Senior Vice President and Chief Financial Officer, from 1990 to 1992, he served as Vice President and Treasurer and, from 1987 to 1990, he served as Corporate Controller. Before joining us, Mr. Paladino was employed as a Certified Public Accountant for seven years, most recently with the international accounting firm of BDO Seidman LLP (now known as BDO USA, LLP). Mr. Paladino brings to the Company's Board of Directors extensive financial, accounting and industry expertise and a strong, credible reputation within the financial industry. Mr. Paladino's responsibilities with the Company include the corporate oversight and strategic direction of business units as well as direct responsibility for corporate financial services. These corporate financial services include financial reporting, financial planning, treasury, investor relations, internal audit and taxation. Mr. Paladino also has responsibility for Henry Schein Financial Services (which provides financial business solutions to our customers) and also works with the Corporate Business Development Group on mergers and acquisition activities. Mr. Paladino's skills in corporate finance and accounting, the depth and breadth of his exposure to complex financial issues and his long-standing relationships with the financial community are valued by the Board of Directors. Mr. Paladino currently serves on the Board of Directors of MSC Industrial Direct Co., Inc. (and is a member of its audit committee and compensation committee).

**CAROL RAPHAEL** has been a director since 2012. Ms. Raphael currently serves as a Senior Advisor for Manatt Health Solutions, the interdisciplinary policy and business advisory division of Manatt, Phelps & Phillips, L.L.P., a leading law firm in the United States. Ms. Raphael served as the President and Chief Executive Officer of the Visiting Nurse Service of New York from 1989 to 2011. Prior to the Visiting Nurse Service of New York, Ms. Raphael held executive positions at Mt. Sinai Medical Center and in New York City government. Ms. Raphael has served on the Federal Bipartisan Commission on Long Term Care, the Medicare Payment Advisory Commission (MedPAC), the New York State Medicaid Redesign Team and was an Advanced Leadership Fellow at Harvard University. She is the Chair of the Board of the Long Term Quality Alliance and a board member of the New York eHealth Collaborative, which is implementing a statewide, standardized platform for the exchange of health information. She chaired the National Quality Forum's Post-Acute, Long Term Care and Hospice Workgroup, which brought together stakeholders to recommend quality measures as federal programs move to public reporting and value based purchasing. She is co-chair of its Attribution Committee and a member of its All-Cause Admissions and Readmissions Standing Committee. She also co-chaired the West Health Advisory Council on Emergency Department to Home-Based Healthcare. As a nationally recognized industry leader, Ms. Raphael brings to the Company's Board of Directors extensive knowledge and experience in health policy, economics, management, clinical services, home healthcare and new models of integrated care (particularly for chronically ill and long term care populations). Ms. Raphael's strategic insights into the health care needs of an aging population and her invaluable experience advancing the adoption of health information technology is valued by the Company, especially in connection with its strategic plan for growth and innovative solutions. Ms. Raphael currently serves on several non-profit boards including the Primary Care Development Corporation, the Medicare Rights Center, the SCAN Foundation, Commonwealth Care Alliance and in 2016 completed her term as Chair of the national AARP board. Ms. Raphael is also a member of several advisory boards including the Harvard School of Public Health's Policy and Management Executive Council, the New York City Age-Friendly Commission, the New York State Quality Advisory Committee and Honor Technology, Inc.'s Advisory Board. Ms. Raphael co-edited the book *Home Based Care for a New Century*, was a Visiting Fellow at the King's Fund in the United Kingdom and was listed in Crain's New York Business 50 Most Powerful Women in 2009.

***E. DIANNE REKOW, DDS, PH.D.*** has been a director since 2014. Dr. Rekow was Dean of the Dental Institute at King's College London and Professor of Orthodontics from 2012 through 2016. From 2002 to 2012, Dr. Rekow was a Professor of Orthodontics at New York University (NYU), during which time she was Senior Vice Provost of Engineering Technology at NYU (from 2008 to 2012) and was Provost of Polytechnic Institute of NYU (from 2009 to 2012). Dr. Rekow has been President of both the International Association for Dental Research and the American Association of Dental Research and, from 2000 to 2011, was an American Dental Association Consultant to the Council on Scientific Affairs. In 2012, she was elected to the Faculty of Dental Surgery of the Royal College of Surgeons (England). Dr. Rekow is an internationally known authority on the performance of new materials and products for use in aesthetic and restorative dentistry and was one of the early pioneers in digital dentistry, capitalizing on her engineering education and industry experience. Dr. Rekow's team has also carried out research into the use of bio-engineered tissue to facilitate bone replacement in people who have been disfigured by disease or developmental defects. Dr. Rekow holds a number of patents in the dental field and is the author of, or contributor to, more than one hundred publications. Dr. Rekow brings to the Company's Board of Directors extensive experience with dental product development and knowledge of innovative clinical dental

practices. Additionally, the Board of Directors values Dr. Rekow's insights into the needs of future dental practitioners and the global dental industry.

**BRADLEY T. SHEARES, PH.D.** has been a director since 2010. Dr. Sheares served as Chief Executive Officer of Reliant Pharmaceuticals, Inc., from January 2007 through its acquisition by GlaxoSmithKline plc in December 2007. Prior to joining Reliant, from 2001 until 2006, Dr. Sheares served as President of U.S. Human Health for Merck & Co. As a member of Merck's management committee, Dr. Sheares had responsibility for formulating global business strategies, operations management and the development and implementation of corporate policies. He is also a director of Honeywell International (and is a member of its management development and compensation committee and retirement plan committee) and is a director and Chairman of the compensation committee of The Progressive Corporation. As the former Chief Executive Officer of Reliant Pharmaceuticals and with 20 years in the pharmaceutical industry (part of our medical and animal health businesses), Dr. Sheares brings to the Company's Board of Directors extensive health care knowledge and experience in sales, marketing, brand management, research and development, complex regulatory and legal issues, risk management and mergers and acquisitions. As a director of other public companies, Dr. Sheares has been involved in succession planning, compensation, employee management and the evaluation of acquisition opportunities. During the past five years, Dr. Sheares served as a director of Covance Inc.

Each director will be elected by the vote of the majority of the votes cast with respect to that director's election, where a majority of the votes cast means that the number of shares voted FOR a director must exceed the number of votes cast AGAINST that director.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE PROPOSED NOMINEES FOR DIRECTOR.**



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## CORPORATE GOVERNANCE

### **Board of Directors Meetings and Committees**

During the fiscal year ended December 31, 2016 ( fiscal 2016 ), the Board of Directors held seven meetings. The Board of Directors has an Audit Committee, Compensation Committee, Nominating and Governance Committee and a Strategic Advisory Committee. During fiscal 2016, the Audit Committee held four meetings, the Compensation Committee held six meetings, the Nominating and Governance Committee held three meetings and the Strategic Advisory Committee held three meetings. During fiscal 2016, each director attended at least 75% of the meetings of the Board of Directors and 100% of the meetings of the committees on which such directors served. Each of the committees of the Board of Directors acts pursuant to a separate written charter adopted by the Board of Directors.

### ***Independent Directors***

The Board of Directors has affirmatively determined that Messrs. Alperin, Brons, Herring, Kabat, Kuehn and Laskawy, Ms. Raphael, Drs. Bacow, Rekow and Sheares and former directors Norman S. Matthews and Dr. Louis W. Sullivan (whose terms of office ended following the 2016 Annual Meeting of Stockholders) are independent, as defined under Rule 5605(a)(2) of The NASDAQ Stock Market ( NASDAQ ).

Independent directors, as defined under NASDAQ s Rule 5605(a)(2), meet at regularly scheduled executive sessions without members of Company management present.

### ***Audit Committee***

The Audit Committee currently consists of Messrs. Kabat (Chairperson), Alperin, Kuehn and Laskawy. All of the members of the Audit Committee are independent directors as defined under NASDAQ s Rule 5605(a)(2) and 5605(c)(2)(A). The Board of Directors has determined that each of the members of the Audit Committee is an audit committee financial expert, as defined under the rules of the Securities and Exchange Commission ( SEC ) and, as such, each satisfy the requirements of NASDAQ s Rule 5605(c)(2)(A).

The Audit Committee oversees (i) our accounting and financial reporting processes, (ii) our audits and (iii) the integrity of our financial statements on behalf of the Board of Directors, including the review of our consolidated financial statements and the adequacy of our internal controls. In fulfilling its responsibility, the Audit Committee has direct and sole responsibility, subject to stockholder approval, for the appointment, compensation, oversight and termination of the independent registered public accounting firm for the purpose of preparing or issuing an audit report or related work. Additionally, the Audit Committee oversees those aspects of risk management and legal and regulatory compliance monitoring processes, which may impact our financial reporting (including financial accounting and reporting risks, as well as cyber-security risks) and reviews conflict of interest and related party transactions. The Audit Committee has the authority to retain, terminate and set the terms of its relationship with any outside advisors who assist the committee in carrying out its responsibilities. The Audit Committee meets at least four times each year and periodically meets separately with management, internal auditors and the independent registered public accounting firm to discuss the results of their audit or review of the Company s consolidated financial statements, their evaluation of our internal controls, the overall quality of the Company s financial reporting, our critical accounting policies and to review and approve any related party transactions (as defined by applicable regulations). We maintain procedures for the receipt, retention and the handling of complaints, which the Audit Committee established. The Audit Committee operates under a charter available on our Internet website at [www.henryschein.com](http://www.henryschein.com), under the Our Company Corporate Governance caption.

### ***Compensation Committee***

The Compensation Committee currently consists of Messrs. Alperin (Chairperson) and Kabat and Dr. Sheares. The Compensation Committee reviews and approves (i) all incentive and equity-based compensation plans in which officers or employees may participate, (ii) the Company's employee and executive benefits plans, and all related policies, programs and practices and (iii) arrangements with executive officers relating to their employment relationships with the Company, including, without limitation, employment agreements, severance agreements, supplemental pension or savings arrangements, change in control agreements and restrictive covenants. In addition, the Compensation Committee has overall responsibility for evaluating and approving the Company's compensation and benefit plans, policies and programs. Each member of the Compensation Committee is an independent director as defined under NASDAQ's Rule 5605(a)(2) and 5605(d)(2)(A), non-employee director as defined under the SEC's rules and outside director as defined under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). The Compensation Committee may form subcommittees, consisting of members of the Committee, and delegate authority to such

subcommittees as it deems appropriate. The Compensation Committee operates under a charter available on our Internet website at [www.henryschein.com](http://www.henryschein.com), under the "Our Company Corporate Governance" caption.

#### *Use of Outside Advisors*

In making its determinations with respect to executive compensation, the Compensation Committee has historically engaged the services of an independent compensation consultant, Pearl Meyer & Partners ( "Pearl Meyer"). Pearl Meyer has also assisted the Compensation Committee with several special projects, including advice on director compensation. Pearl Meyer does no other work for the Company.

The Compensation Committee retains Pearl Meyer directly, and Pearl Meyer reports directly to the Compensation Committee. However, in carrying out its assignments and during the course of providing services to the Compensation Committee, Pearl Meyer may interact with Company management when necessary and appropriate in order to obtain relevant compensation and performance data for the executives and the Company. In addition, Pearl Meyer may seek input and feedback from Company management regarding Pearl Meyer's work product and analysis prior to presenting such information to the Compensation Committee in order to confirm Pearl Meyer's understanding of the Company's business strategy or identify data questions or other similar issues, if any.

The Compensation Committee, with the assistance and independent advice from Pearl Meyer, annually reviews competitive compensation data prepared by Willis Towers Watson, a professional services/human resources consulting company which provides a number of services to the Company.

The Compensation Committee has the authority to retain, terminate and set the terms of its relationship with any outside advisors who assist the committee in carrying out its responsibilities.

#### *Nominating and Governance Committee*

The Nominating and Governance Committee currently consists of Messrs. Laskawy (Chairperson) and Alperin and Drs. Bacow and Sheares. The purpose of the Nominating and Governance Committee is to identify individuals qualified to become Board of Directors members, recommend to the Board of Directors the persons to be nominated by the Board of Directors for election as directors at the annual meeting of stockholders, determine the criteria for selecting new directors and oversee the evaluation of the Board of Directors. In addition, the Nominating and Governance Committee reviews and reassesses our corporate governance procedures and practices and recommends any proposed changes to the Board of Directors for its consideration. The Nominating and Governance Committee has the authority to retain, terminate and set the terms of its relationship with any outside advisors who assist the committee in carrying out its responsibilities. All of the members of the Nominating and Governance Committee are independent directors as defined under NASDAQ's Rule 5605(a)(2). The Nominating and Governance Committee operates under a charter available on the Company's Internet website at [www.henryschein.com](http://www.henryschein.com), under the "Our Company Corporate Governance" caption.

The Nominating and Governance Committee will consider for nomination to the Board of Directors candidates suggested by stockholders, provided that such recommendations are delivered to the Company in the manner described under "Stockholder Communications" below, together with the information required to be filed in a proxy statement with the SEC regarding director nominees and each such nominee's consent to serve as a director if elected, no later than the deadline for submission of stockholder proposals. Our policy is to consider nominations to the Board of Directors from stockholders who comply with the procedures set forth in the Company's Amended and Restated Certificate of Incorporation, as amended, for nominations at the Company's Annual Meeting of Stockholders and to consider such nominations using the same criteria it applies to evaluate nominees recommended by other sources. To date, we have not received any recommendations from stockholders requesting that the Nominating and Governance Committee consider a candidate for inclusion among the Committee's slate of nominees in the Company's proxy

statement.

In evaluating director nominees, the Nominating and Governance Committee currently considers the following factors:

the needs of the Company with respect to the particular talents, expertise and diversity of its directors;

the knowledge, skills, reputation and experience of nominees, in light of prevailing business conditions and the knowledge, skills and experience already possessed by other members of the Board of Directors;

familiarity with businesses similar or analogous to the Company; and

experience with accounting rules and practices, and corporate governance principles.

The Nominating and Governance Committee, in accordance with its charter, seeks to create a Board of Directors that is strong in its collective knowledge and has a diversity of not only skills and experience, but also diversity in gender, culture and geography. The Nominating and Governance Committee assesses the effectiveness of its diversity and other policies by annually reviewing the nominees for director to the Company's Board of Directors to determine if such nominees satisfy the Company's then-current needs. The Nominating and Governance Committee may also consider such other factors that it deems are in the best interests of the Company and its stockholders. The Nominating and Governance Committee determined that the nominees for election at the Annual Meeting to serve as directors satisfy the Company's current needs as well as regulatory requirements.

The Nominating and Governance Committee identifies nominees by evaluating the current members of the Board of Directors willing and eligible to continue in service. Current members of the Board of Directors with skills and experience that are relevant to the Company's business and who are willing and eligible to continue in service are considered for a recommendation to re-nominate, balancing the value of continuity of service by existing members of the Board of Directors with that of obtaining a new perspective. If any member of the Board of Directors does not wish to continue in service or if the Nominating and Governance Committee or the Board of Directors decides not to re-nominate a member for re-election, the Nominating and Governance Committee identifies the desired skills and experience of a new nominee, and discusses with the Board of Directors suggestions as to individuals that meet the criteria. In addition, the Nominating and Governance Committee has the authority to retain third party search firms to evaluate or assist in identifying or evaluating potential nominees.

With the goal of increasing the effectiveness of the Board of Directors and its relationship to management, the Nominating and Governance Committee evaluates the performance of the Board of Directors as a whole. The evaluation process, which occurs at least annually, includes a survey of the individual views of all directors, which are then shared with the full Board of Directors. In addition, each of the committees of the Board of Directors performs a similar annual self-evaluation.

#### ***Strategic Advisory Committee***

The Strategic Advisory Committee currently consists of Dr. Rekow (Chairperson), Messrs. Brons, Herring and Laskawy, Ms. Raphael and Drs. Bacow and Sheares. The purpose of the Strategic Advisory Committee is to provide advice to the Board of Directors and to our management regarding the monitoring and implementation of our corporate strategic plan, as well as general strategic planning. All of the members of the Strategic Advisory Committee are independent directors as defined under NASDAQ's Rule 5605(a)(2). The Strategic Advisory Committee operates under a charter available on our Internet website at [www.henryschein.com](http://www.henryschein.com), under the "Our Company Corporate Governance" caption.

#### ***Board of Directors Leadership Structure***

Since 1989, the Company has employed a traditional board leadership model, with our Chief Executive Officer also serving as Chairman of our Board of Directors. We believe this traditional leadership structure benefits our Company. A combined Chairman/CEO role helps provide strong, unified leadership for our management team and Board of Directors. Our customers, stockholders, suppliers and other business partners have always viewed our Chairman/CEO as a visionary leader in our industry, and we believe that having a single leader for the Company is good for our business.

We also believe that strong, independent Board of Director leadership is a critical aspect of effective corporate governance. Accordingly, in 2012, the Board of Directors amended the Company's Corporate Governance Guidelines and designated Mr. Laskawy to serve as Lead Director. As specified in our Corporate Governance Guidelines the role and duties of the Lead Director include:

presiding at all executive sessions of the independent directors and calling meetings of the independent directors;

acting as a liaison among the members of the Board of Directors, Chief Executive Officer and management;

coordinating information sent to the Board of Directors;

coordinating meeting agendas and schedules for the Board of Directors to assure that there is sufficient time for discussion of all agenda items;

conferring with the Chief Executive Officer, as appropriate; and

being available for consultation with our stockholders, as appropriate.  
(See Corporate Governance Guidelines set forth below.)

We believe that a single leader serving as Chairman and Chief Executive Officer, together with an experienced Lead Director, is the best governance model for our Company and our stockholders.

Our Board of Directors' committees, each comprised solely of independent directors and each with a separate Chairperson, are the Audit, Compensation, Nominating and Governance and Strategic Advisory Committees. The Audit Committee oversees the accounting and financial reporting processes, legal and compliance matters relating to financial reporting and the Company's risk management processes. The Compensation Committee oversees the annual performance evaluation of our Chairman/CEO and senior management. The Nominating and Governance Committee monitors matters such as the composition of the Board of Directors and its committees, Board performance and best practices in corporate governance and is also responsible for overseeing succession planning. The Strategic Advisory Committee oversees and monitors the implementation of our corporate strategic plan as well as general strategic planning.

Our directors bring a broad range of leadership experience to the boardroom and regularly contribute to the thoughtful discussion involved in effectively overseeing the business and affairs of the Company. The atmosphere of our Board of Directors is collegial, all Board members are well engaged in their responsibilities, and all Board members express their views and consider the opinions expressed by other directors. We do not believe that appointing an independent Board Chairman would improve the performance of the Board of Directors.

The Board of Directors is responsible for selecting the Chairman/CEO. The Chairman/CEO establishes the agenda for each meeting of the Board of Directors (in coordination with the Chairperson of the Nominating and Governance Committee/Lead Director) and presides at Board of Directors and stockholders' meetings. The Chairperson of the Nominating and Governance Committee/Lead Director takes input from the other independent directors when setting the agenda for the independent sessions.

On an annual basis, as part of our governance review and succession planning, the Nominating and Governance Committee evaluates our leadership structure to ensure that it remains the optimal structure for our Company and our stockholders. We recognize that different board of directors' leadership structures may be appropriate for companies with different histories and cultures, as well as companies with varying sizes and performance characteristics. We believe our current leadership structure where our Chief Executive Officer serves as Chairman of the Board of Directors, our Board is comprised of experienced independent directors, including a Lead Director, our Board committees are comprised solely of independent directors and our independent directors hold regular meetings in executive session is most appropriate and remains the optimal structure for our Company and our stockholders and has contributed to our Company's compounded growth rates for sales and net income since becoming a public company in 1995.

#### ***Board of Directors' Role in Oversight of Risk***

Risk oversight is provided by a combination of our full Board of Directors and by the Board's committees (the Audit, the Compensation, the Nominating and Governance and the Strategic Advisory Committees, each of which is made up entirely of independent directors). The Audit Committee takes the lead risk oversight role, focusing primarily on risk management related to monitoring and controlling the Company's financial risks (*i.e.*, the Committee oversees those aspects of risk management and legal and regulatory compliance monitoring processes, which may impact the Company's financial reporting) including financial accounting and reporting risks as well as cyber-security risks. The Compensation Committee focuses primarily on human capital matters such as executive compensation plans and executive agreements. The Nominating and Governance Committee focuses on succession planning, director nomination criteria and candidate identification as well as on evaluation of our corporate governance procedures and practices including performance evaluation of our Board of Directors and executive management. Finally, the Strategic Advisory Committee focuses primarily on the Company's strategic and business development plans including the risks associated with those plans.

The Company's Executive Management Committee has responsibility to oversee and actively manage material risks to the Company (including, without limitation, strategic, development, business, operational, human, financial and regulatory risks) as an integral part of the Company's business planning, succession planning and management processes. Members of the management team provide quarterly reports to the Audit Committee on select risk management topics and the Chairperson of the Audit Committee reports on these topics to the full Board of Directors.

The Company's management has a longstanding commitment to employing and imbedding sound risk management practices and disciplines into its business planning and management processes throughout the Company to better enable achievement of the Company's strategic, business, operational, financial and compliance objectives as well as to achieve and maintain a competitive advantage in the marketplace.



## **Stockholder Communications**

Stockholders who wish to communicate with the Board of Directors may do so by writing to the Corporate Secretary of the Company at Henry Schein, Inc., 135 Duryea Road, Melville, New York 11747. The office of the Corporate Secretary will receive the correspondence and forward it to the Chairperson of the Nominating and Governance Committee/Lead Director or to any individual director or directors to whom the communication is directed, unless the communication is unduly hostile, threatening, illegal, does not reasonably relate to the Company or its business or is similarly inappropriate.

Our policy is to encourage our Board of Directors members to attend the Annual Meeting of Stockholders and all of the directors attended the 2016 Annual Meeting of Stockholders.

## **Corporate Governance Guidelines**

The Board of Directors has adopted Corporate Governance Guidelines, a copy of which is available on our Internet website at [www.henryschein.com](http://www.henryschein.com), under the Our Company Corporate Governance caption. Our Corporate Governance Guidelines address topics such as (i) role of the Board of Directors, (ii) director responsibilities, (iii) Board of Directors composition, (iv) definition of independence, (v) lead director, (vi) committees, (vii) selection of Board of Directors nominees, (viii) orientation and continuing education of directors, (ix) executive sessions of independent directors, (x) management development and succession planning, (xi) Board of Directors compensation, (xii) attendance of directors at the Annual Meeting of Stockholders, (xiii) Board of Directors access to management and independent advisors, (xiv) annual evaluation of Board of Directors and committees, (xv) submission of director resignations and (xvi) communicating with the Board of Directors.

Among other things, the Company's Corporate Governance Guidelines provide that it is the Board of Directors' policy to periodically review issues related to the selection and performance of the Chief Executive Officer. At least annually, the Chief Executive Officer must report to the Board of Directors on the Company's program for management development and on succession planning. In addition, the Board of Directors and Chief Executive Officer shall periodically discuss the Chief Executive Officer's recommendations as to a successor in the event of the sudden resignation, retirement or disability of the Chief Executive Officer.

The Company's Corporate Governance Guidelines also provide that it is the Board of Directors' policy that, in light of the increased oversight and regulatory demands facing directors, directors must be able to devote sufficient time to carrying out their duties and responsibilities effectively.

## **Code of Ethics**

In addition to our Worldwide Business Standards applicable to all employees, we have adopted a Code of Ethics for Senior Financial Officers that applies to our Chief Executive Officer, Chief Financial Officer, Controller (if any) and Vice President of Corporate Finance, or persons performing similar functions. The Code of Ethics is posted on our Internet website at [www.henryschein.com](http://www.henryschein.com), under the Our Company Corporate Governance caption. We will disclose on our website any amendment to, or waiver of, a provision of the Code of Ethics for Senior Financial Officers, or persons performing similar functions.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table presents certain information regarding beneficial ownership of our common stock (excluding restricted stock units) as of April 3, 2017 (unless otherwise noted below) by (i) each person we know is the beneficial owner of more than 5% of the outstanding shares of common stock, (ii) each director of the Company, (iii) each nominee for director of the Company, (iv) our Chief Executive Officer, our Chief Financial Officer and each of the other three most highly paid executive officers serving as of December 31, 2016 (the Named Executive Officers ) and (v) all directors and executive officers as a group.

<u>Names and Addresses</u> <sup>1</sup>	<u>Shares Beneficially Owned</u>	
	<u>Number</u>	<u>Percent of</u>
Barry J. Alperin <sup>2</sup>	27,759	*
Lawrence S. Bacow, Ph.D. <sup>3</sup>	2,790	*
Gerald A. Benjamin <sup>4</sup>	28,215	*
Stanley M. Bergman <sup>5</sup>	512,372	0.64%
James P. Breslawski <sup>6</sup>	71,504	*
Paul Brons <sup>7</sup>	9,168	*
Joseph L. Herring <sup>8</sup>	767	*
Donald J. Kabat <sup>9</sup>	18,785	*
Kurt P. Kuehn <sup>10</sup>	1,000	*
Philip A. Laskawy <sup>11</sup>	27,254	*
Mark E. Mlotek <sup>12</sup>	13,051	*
Steven Paladino <sup>13</sup>	53,384	*
Karen Prange <sup>14</sup>	21,672	*
Carol Raphael <sup>15</sup>	7,106	*
E. Dianne Rekow, DDS, Ph.D. <sup>16</sup>	5,578	*
Bradley T. Sheares, Ph.D. <sup>17</sup>	14,579	*
T. Rowe Price Associates, Inc. <sup>18</sup>	4,512,188	5.66%
BlackRock, Inc. <sup>19</sup>	5,565,144	6.98%
FMR LLC <sup>20</sup>	7,241,934	9.08%
The Vanguard Group, Inc. <sup>21</sup>	7,721,795	9.69%
Directors and Executive Officers as a Group (26 persons) <sup>22</sup>	950,484	1.19%

\* Represents less than 0.5%.

<sup>1</sup> Unless otherwise indicated, the address for each person is c/o Henry Schein, Inc., 135 Duryea Road, Melville, New York 11747.

<sup>2</sup> Represents (i) 16,123 shares owned directly and over which Mr. Alperin has sole voting and dispositive power, (ii) outstanding options to purchase 2,898 shares that either are exercisable or will become exercisable within 60 days, (iii) 4,757 shares held in Mr. Alperin's Non-Employee Director Deferred Compensation Plan account and (iv) 3,981 restricted stock units that vested but, per Mr. Alperin's election, the payment date has been deferred. Additionally, Mr. Alperin holds 1,084 restricted stock units that vest more than 60 days from April 3, 2017.

<sup>3</sup> Represents (i) 370 shares owned directly and over which Dr. Bacow has sole voting and dispositive power and (ii) 2,420 restricted stock units that vested but, per Dr. Bacow's election, the payment date has been deferred. Additionally, Dr. Bacow holds 1,084 restricted stock units that vest more than 60 days from April 3, 2017.

<sup>4</sup> Represents (i) 25,329 shares owned directly and over which Mr. Benjamin has sole voting and dispositive power and (ii) 2,886 shares held in a 401(k) Plan account. Additionally, Mr. Benjamin holds 31,310 restricted stock units that vest more than 60 days from April 3, 2017.

<sup>5</sup> Represents (i) 20,257 shares that Mr. Bergman owns directly and over which he has sole voting and dispositive power, (ii) 487,642 shares over which Marion Bergman, Mr. Bergman's wife, has shared voting and dispositive power as co-trustee of the Bergman Family 2010 Trust 2, (iii) 17 shares owned by Mr. Bergman's wife over which Mr. Bergman has shared voting and dispositive power and (iv) 4,456 shares held in a 401(k) Plan account. Additionally, Mr. Bergman holds 95,502 restricted stock units that vest more than 60 days from April 3, 2017.

<sup>6</sup> Represents 71,504 shares owned directly and over which Mr. Breslawski has sole voting and dispositive power. Additionally, Mr. Breslawski holds 33,496 restricted stock units that vest more than 60 days from April 3, 2017.

<sup>7</sup> Represents (i) 7,851 shares owned directly and over which Mr. Brons has sole voting and dispositive power and (ii) 1,317 restricted stock units that vested but, per Mr. Brons' election, the payment date has been deferred. Additionally, Mr. Brons holds 1,084 restricted stock units that vest more than 60 days from April 3, 2017.

<sup>8</sup> Represents 767 shares held indirectly over which Mr. Herring and his wife are co-trustees for the benefit of himself and his wife and over which Mr. Herring has shared voting and dispositive power. Additionally, Mr. Herring holds 2,123 restricted stock units that vest more than 60 days from April 3, 2017.

<sup>9</sup> Represents (i) 9,206 shares held indirectly over which Mr. Kabat and his wife are co-trustees for the benefit of his wife and over which Mr. Kabat has shared voting and dispositive power, (ii) outstanding options to purchase 7,898 shares that either are exercisable or will become exercisable within 60 days and (iii) 1,681 shares held in Mr. Kabat's Non-Employee Director Deferred Compensation Plan account. Additionally, Mr. Kabat holds 1,084 restricted stock units that vest more than 60 days from April 3, 2017.

<sup>10</sup> Represents 1,000 shares owned directly and over which Mr. Kuehn has sole voting and dispositive power. Additionally, Mr. Kuehn holds 2,123 restricted stock units that vest more than 60 days from April 3, 2017.

<sup>11</sup> Represents (i) 14,466 shares held in Mr. Laskaway's Non-Employee Director Deferred Compensation Plan account and (ii) 12,788 restricted stock units that vested but, per Mr. Laskaway's election, the payment date has been deferred. Additionally, Mr. Laskaway holds 1,084 restricted stock units that vest more than 60 days from April 3, 2017.

<sup>12</sup> Represents (i) 11,008 shares owned directly and over which Mr. Mlotek has sole voting and dispositive power and (ii) 2,043 shares held in a 401(k) Plan account. Additionally, Mr. Mlotek holds 29,418 restricted stock units that vest more than 60 days from April 3, 2017.

<sup>13</sup> Represents (i) 50,048 shares owned directly and over which Mr. Paladino has sole voting and dispositive power and (ii) 3,336 shares held in a 401(k) Plan account. Additionally, Mr. Paladino holds 31,310 restricted stock units that vest more than 60 days from April 3, 2017.

<sup>14</sup> Represents 21,672 shares of restricted common stock held directly by Ms. Prange and over which she has sole voting power.

<sup>15</sup> Represents 7,106 shares owned directly and over which Ms. Raphael has sole voting and dispositive power. Additionally, Ms. Raphael holds 1,084 restricted stock units that vest more than 60 days from April 3, 2017.

<sup>16</sup> Represents (i) 1,517 shares owned directly and over which Dr. Rekow has sole voting and dispositive power, (ii) 1,388 shares held in Dr. Rekow's Non-Employee Director Deferred Compensation Plan account and (iii) 2,673 restricted stock units that vested but, per Dr. Rekow's election, the payment date has been deferred. Additionally, Dr. Rekow holds 1,084 restricted stock units that vest more than 60 days from April 3, 2017.

<sup>17</sup> Represents 14,579 restricted stock units that vested but, per Dr. Sheares' election, the payment date has been deferred. Additionally, Dr. Sheares holds 1,084 restricted stock units that vest more than 60 days from April 3, 2017.

<sup>18</sup> The principal office of T. Rowe Price Associates, Inc. ( "Price Associates" ) is 100 East Pratt Street, Baltimore, Maryland 21202. The foregoing information regarding the stock holdings of Price Associates and its affiliates is based on an amended Schedule 13G filed by Price Associates with the SEC on February 7, 2017.

<sup>19</sup> The principal office of BlackRock, Inc. is 55 East 52<sup>nd</sup> Street, New York, New York 10055. The foregoing information regarding the stock holdings of BlackRock, Inc. is based on an amended Schedule 13G filed by BlackRock, Inc. with the SEC on January 24, 2017.

<sup>20</sup> The principal office of FMR LLC is 245 Summer Street, Boston, Massachusetts 02210. The foregoing information regarding the stock holdings of FMR LLC and its affiliates is based on an amended Schedule 13G filed by FMR LLC with the SEC on February 14, 2017.

<sup>21</sup> The principal office of The Vanguard Group, Inc. ( Vanguard ) is 100 Vanguard Blvd., Malvern, Pennsylvania 19355. The foregoing information regarding the stock holdings of Vanguard is based on an amended Schedule 13G filed by Vanguard with the SEC on February 13, 2017.

<sup>22</sup> Includes (i) with respect to all directors and Named Executive Officers, (a) 731,417 shares, directly or indirectly, beneficially owned, including restricted common stock, (b) 35,013 shares held in 401(k) Plan accounts and in Non-Employee Director Deferred Compensation Plan accounts, as applicable, (c) outstanding options to purchase 10,796 shares that either are exercisable or will become exercisable within 60 days and (d) 37,758 restricted stock units held by non-employee directors where such units vested but, per their election, the payment date was deferred and (ii) with respect to all executive officers that are not Named Executive Officers or directors, (a) 120,623 shares, directly or indirectly, beneficially owned, including restricted common stock, (b) 5,749 shares held in 401(k) Plan accounts and (c) outstanding options to purchase 9,128 shares that either are exercisable or will become exercisable within 60 days. Additionally, (i) all directors and Named Executive Officers collectively hold 233,954 restricted stock units that vest more than 60 days from April 3, 2017, (ii) all executive officers that are not Named Executive Officers or directors collectively hold 128,405 restricted stock units that vest more than 60 days from April 3, 2017.

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## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Our executive officers and directors are required under the Securities Exchange Act of 1934 (the Exchange Act ) to file reports of ownership of common stock of the Company with the SEC. Copies of those reports must also be furnished to the Company. Based solely on a review of the copies of reports furnished to the Company and written representations that no other reports were required, the Company believes that during fiscal 2016 the executive officers and directors of the Company timely complied with all applicable filing requirements, except that two Form 4s (each disclosing one purchase transaction) filed by Mr. Herring were filed late.

## COMPENSATION DISCUSSION AND ANALYSIS

### Executive Summary

The Company's executive compensation program consists of four main components: (i) base salary; (ii) annual incentive compensation opportunity; (iii) long-term equity-based awards; and (iv) benefits and perquisites. As described below, annual and long-term performance-based awards represent a major portion of total compensation for the Named Executive Officers. The combination of these four components of our executive compensation program is designed to balance Company annual operating objectives and earnings performance with longer-term Company stockholder value creation goals.

**Base Salary.** The Compensation Committee annually reviews and approves base salary for the Named Executive Officers.

**Annual Incentive Compensation.** The components of the Company's annual incentive compensation (*i.e.*, bonuses under the PIP (as defined below) and the Company's 162(m) Cash Bonus Plan) are set by the Compensation Committee annually and are designed to reward the achievement of pre-established performance goals.

Each executive officer's PIP bonus (other than Mr. Bergman's) is based on the following three weighted components:

the Company's corporate financial (*i.e.*, EPS) goal, as may be adjusted as described below;

the executive officer's specific business unit financial goals; and

the executive officer's individual performance goals.

Mr. Bergman's annual incentive compensation (paid under the Company's 162(m) Cash Bonus Plan and PIP) is based on the following three weighted components:

the Company's corporate financial (*i.e.*, EPS) goal;

the average performance of the Company's other executive officers with respect to their respective business unit financial goals under the PIP; and

the average performance of the Company's other executive officers with respect to their respective individual performance goals under the PIP.

**Long-Term Equity-Based Awards.** The Company allocates long-term equity-based awards in the form of restricted stock/units that generally cliff vest at the end of four years for time-based awards and at the end of three years for performance-based awards.

Named Executive Officers receive 65% of their equity-based awards in the form of performance-based restricted stock/units and 35% of their awards in the form of time-based restricted stock/units, except for Mr. Bergman who receives 100% of his equity-based awards in the form of performance-based restricted stock/units (other than a special grant made to Mr. Bergman on May 25, 2016 in connection with the renewal of his employment agreement which was 50% performance-based and 50% time-based).

Awards of performance-based restricted stock/units granted to participants, including the Named Executive Officers, are tied to the Company's earnings per share, subject to any potential required adjustments as described below. When the Company successfully achieves its target EPS, participants, including the Named Executive Officers, are paid at target levels. When the Company's performance exceeds the target EPS, participants, including the Named Executive Officers, receive additional shares with respect to their awards of restricted stock/units up to a 200% maximum payout. (With respect to the awards of performance-based restricted stock/units granted in 2017, the maximum payout was reduced to 150%.) When the Company's

performance does not meet the target EPS, shares paid to participants, including the Named Executive Officers, are reduced or eliminated.

**Benefits and Perquisites.** The Company provides a program commensurate with competitive practices that is generally consistent with the benefits provided to other employees. The Company does not provide any tax gross-ups to our executive officers (other than for relocation expenses). See Compensation Structure Pay Elements Details Benefits and Perquisites set forth below.

### Compensation Objectives and Strategy

The Company's executive officer compensation program is designed to attract and retain the caliber of officers needed to ensure the Company's continued growth and profitability, and to reward them for their performance, the Company's performance and for creating long-term value for stockholders. The primary objectives of the program are to:

align rewards with the achievement of performance that enhances stockholder value;

support the Company's strong team-based orientation;

encourage high potential team players to build a career at the Company; and

provide rewards that are cost-efficient, competitive with other organizations and fair to employees and stockholders.

The Company's executive compensation programs are approved and administered by the Compensation Committee of the Board of Directors. Working with management and outside advisors, the Compensation Committee has developed a compensation and benefits strategy that rewards performance, promotes appropriate conduct and reinforces a culture that the Compensation Committee believes will continue to drive long-term success for the Company thereby enhancing stockholder value.

The compensation program rewards team accomplishments while, at the same time, promoting individual accountability. The Company has a planning and goal-setting process that is fully integrated into the compensation system, intended to result in a strong relationship between individual efforts, business unit financial results and Company financial results with executive officer financial rewards.

A major portion of total compensation for our Named Executive Officers is placed at risk through annual and long-term incentives tied to the achievement of performance metrics. As shown in the Summary Compensation Table, in fiscal 2016, the sum of restricted stock/unit awards, annual incentive compensation (under the heading Non-Equity Incentive Plan Compensation in the Summary Compensation Table) and bonus, if any, represented between 75% and 86% of the total compensation for the Named Executive Officers. We believe that this combination of incentives has worked well for the Company and its stockholders as evidenced by, among other things, the Company's record net sales of approximately \$11.6 billion in fiscal 2016 (an increase of 8.9% over the prior fiscal year ended December 26, 2015 (fiscal 2015)), which consisted of 6.7% growth in internally generated sales and 1.5% growth from an extra week of sales in 2016, and 1.9% growth from acquisitions, offset by a 1.2% decline in reported sales related to foreign currency exchange) and growth in diluted EPS of 8.8% in fiscal 2016 over fiscal 2015.

We seek to provide competitive compensation that is commensurate with performance. We target compensation at the median of the market, and calibrate both annual and long-term incentive opportunities to generate less-than-median



awards when goals are not fully achieved and greater-than-median awards when goals are exceeded. (See Pay Levels and Benchmarking set forth below.)

We seek to promote a long-term commitment to the Company by our senior executives. We believe that there is great value to the Company in having a team of long-tenured, seasoned managers to enable us to capitalize on our growth strategies. Our team-focused culture and management processes are designed to foster this commitment. The vesting schedules attached to restricted stock/unit awards reinforce this long-term orientation.

### **Role of the Compensation Committee**

#### ***General***

The Compensation Committee provides overall guidance for our executive compensation policies and determines the amounts and elements of compensation for our executive officers, including the Named Executive Officers. The Compensation Committee's function is more fully described in its charter which has been approved by our Board of Directors. The charter is available on our Internet website at [www.henryschein.com](http://www.henryschein.com), under the Our Company Corporate Governance caption.

When considering decisions concerning the compensation of the Named Executive Officers (other than the Chief Executive Officer), the Compensation Committee asks for recommendations from Mr. Bergman, including his detailed evaluation of each executive's performance during the relevant fiscal year.

### ***Use of Outside Advisors***

In making its determinations with respect to executive compensation, the Compensation Committee has historically engaged the services of Pearl Meyer, an independent compensation consultant. For fiscal 2016, Pearl Meyer advised and consulted with the Compensation Committee with respect to certain executive compensation matters, including assisting it in its review and determination of the peer group companies used for benchmarking compensation. Pearl Meyer did not determine nor recommend the exact amount or form of executive compensation for any executive officer. Pearl Meyer has also assisted the Compensation Committee with several special projects, including advice on director compensation. Pearl Meyer does no other work for the Company.

The Compensation Committee retains Pearl Meyer directly, and Pearl Meyer reports directly to the Compensation Committee. However, in carrying out its assignments and during the course of providing services to the Compensation Committee, Pearl Meyer may interact with Company management when necessary and appropriate in order to obtain relevant compensation and performance data for the executives and the Company. In addition, Pearl Meyer may seek input and feedback from Company management regarding Pearl Meyer's work product and analysis prior to presenting such information to the Compensation Committee in order to confirm Pearl Meyer's understanding of the Company's business strategy or identify data questions or other similar issues, if any.

The Compensation Committee, with the assistance and independent advice from Pearl Meyer, annually reviews competitive compensation data prepared by Willis Towers Watson, a professional services/human resources consulting company which provides a number of services to the Company.

The Compensation Committee has assessed the independence of Pearl Meyer pursuant to the SEC and NASDAQ Stock Market rules taking into consideration each of the six independence factors established under such rules. The Compensation Committee's assessment affirmed the independence of Pearl Meyer with respect to executive compensation matters concluding that no conflict of interest exists that would prevent Pearl Meyer from serving as an independent consultant to the Compensation Committee. The Compensation Committee has the authority to retain, terminate and set the terms of its relationship with any outside advisors who assist the Compensation Committee in carrying out its responsibilities.

### ***The Role of Say-on-Pay Votes and Stockholder Feedback***

The Company provides its stockholders with the opportunity to cast an annual advisory vote on executive compensation (say-on-pay proposal). At the Company's annual meeting of stockholders held on May 31, 2016, 91.3% of the votes cast on the say-on-pay proposal at the meeting were in favor of the say-on-pay proposal. The Compensation Committee evaluated this result and, after consideration, concluded that the voting result reflects our stockholders' support of the Company's approach to executive compensation. The Company previously held discussions with, and obtained input from, certain of its stockholders regarding the performance metrics utilized in connection with the Company's annual incentive and equity-based compensation plans. Additionally, in 2016, following an analysis of compensation policies and practices and based on the results of the say-on-pay vote, the Compensation Committee determined that the Company's current approach to executive compensation is in the best interest of the Company and its stockholders and, therefore, did not make any change to its approach to executive compensation or make any significant changes to its executive compensation program from fiscal 2015. The Compensation Committee expects to continue to consider the outcome of the Company's say-on-pay votes and stockholder discussions when making future compensation decisions for the Named Executive Officers.

## **Compensation Structure**

### *Pay Element Overview*

The Company utilizes four main components of compensation:

*Base Salary* fixed pay that takes into account an individual's role and responsibilities, experience, expertise and individual performance;

*Annual Incentive Compensation* variable pay that is designed to reward attainment of annual business goals, with payout of target award goals generally expressed as a percentage of base salary;

*Long-Term Equity-Based Awards* stock-based awards including restricted stock/units; and

*Benefits and Perquisites* includes medical, dental, life, disability and travel insurance benefits, retirement savings, car allowances, executive health exams and, in the case of Mr. Bergman, certain additional services as described below.

### ***Pay Elements Details***

#### ***Base Salary***

The Compensation Committee annually reviews executive officer salaries and makes adjustments, as warranted, based on individual responsibilities and performance, Company performance in light of market conditions and competitive practice. Salary adjustments are generally approved and implemented during the first quarter of the calendar year (typically in March). In 2016, based on individual responsibilities and performance, the Company's performance and competitive market data with respect to base salary pay practices, the Compensation Committee increased the base salaries for the Named Executive Officers (other than Ms. Prange whose start date was May 17, 2016) by a weighted average of 3.0%.

#### ***Annual Incentive Compensation***

Annual incentive compensation for each of the Company's executive officers is determined and paid under the Performance Incentive Plan (PIP) for such year, although annual incentive compensation relating to financial performance goals for Mr. Bergman is determined and paid under the Section 162(m) Cash Bonus Plan.

#### **Components of the PIP**

The components of the PIP are designed to reward the achievement of pre-established corporate financial, business unit financial and individual performance goals. At the beginning of each year, the Chief Executive Officer recommends to the Compensation Committee which executive officers should participate in the PIP for that year and, following review and approval by the Compensation Committee, such officers are notified of their participation. The Chief Executive Officer recommends to the Compensation Committee the PIP's performance goals and target payout for executive officers (other than himself), subject to the Compensation Committee's review and approval, and sets such goals and target payout for participants who are not executive officers.

PIP targets and goals for 2016 for the Named Executive Officers were established at the beginning of 2016 (other than for Ms. Prange whose PIP targets and goals for 2016 were established as part of her letter agreement with a start date of May 17, 2016). For the Named Executive Officers (other than Mr. Bergman), the performance goals under the 2016 PIP were based on:

the Company's 2016 earnings per share measured against pre-established standards, as may be adjusted pursuant to the terms of the 2016 PIP (the 2016 Company Financial/EPS Target);

achievement of financial goals in their respective business units (Business Financial Goals); and

achievement of individual performance objectives (Individual Performance Goals).

2016 Company Financial/EPS Target

Under the 2016 PIP, the Compensation Committee may adjust the 2016 Company Financial/EPS Target for the following factors (which factors have been pre-established by the Compensation Committee):

acquisitions and new business ventures (based on the approved model) not initially considered when developing the target including:

- Ø the effect of accretion or dilution relating to unbudgeted acquisitions (or dispositions), but only for the first 12 months following the transaction (or shorter time period, if applicable);
- Ø any gain, loss or expense related to the disposal of a business or discontinued operations that was not previously considered when developing the PIP target;
- Ø unbudgeted professional fees and acquisition expenses related to closed acquisitions or dispositions; and

Ø unbudgeted professional fees and acquisition expenses relating to individual unclosed acquisitions or dispositions, where such fees and expenses exceed \$300,000, in which case all such fees and expenses (from the first dollar) shall be excluded;

certain capital transactions (including capital stock repurchases);

other changes in average outstanding shares (other than those resulting from capital transactions referred to above);

the financial impact, either positive or negative, of the changes in foreign exchange rates from the rates used in setting the budgeted EPS target for the fiscal year;

unforeseen events or circumstances affecting the Company;

changes in accounting principles or in applicable laws or regulations; and

restructuring costs incurred related to publicly announced restructuring plans and separately identified in the Company's periodic filings, to the extent the adjustment was not already contemplated in the goal.

Additionally, the Compensation Committee may further adjust the target for any other unforeseen event or other facts and circumstances beyond the control of the Company, by an amount equal to a reasonable estimate of the expected accretion or dilution, based on information provided to them by the executive officers. In the event the Compensation Committee makes adjustments in accordance with the preceding sentence, the Compensation Committee in its sole discretion will determine the PIP award payouts that correspond to the levels of achievement of the adjusted target. The Compensation Committee may award all or a portion of a PIP award upon the attainment of any goals (including the applicable predefined goals). The Compensation Committee or the Chief Executive Officer (solely with respect to non-executive officers) may also grant discretionary awards under the PIP.

In November and December 2015, the Compensation Committee undertook a review of the 2016 Company Financial/EPS Target used in our PIP awards. As part of this review, the Compensation Committee considered a number of factors including (i) market data for peer group companies with revenues between \$8 billion and \$15 billion and peer group companies practices and (ii) the advantages and disadvantages of potential performance metrics evaluated against the current performance objectives of the PIP. Following consideration of these factors, the Compensation Committee concluded, as further described below, that it was in the best interest of the Company and its stockholders to continue to use adjusted earnings per share as the metric for the portion of the PIP bonus that is based on the Company's performance.

The Compensation Committee believes adjusted EPS is appropriate for the portion of the PIP bonus that is tied to the Company's performance because such metric (i) is reflective of the key metric that the Board of Directors uses to assess the Company's performance, (ii) clearly summarizes the earnings generated for stockholders and focuses on return to the stockholders, (iii) is sufficiently different from our long-term equity plan metric because our long-term equity plan metric is a three-year cumulative earnings per share goal as opposed to a one-year goal and (iv) is a metric used by a significant number of our peer group companies as the performance factor for the company-performance portion of their annual incentive compensation plans.

Also, as stated above, our PIP for the Named Executive Officers (other than Mr. Bergman) is made up of the 2016 Company Financial/EPS Target, Business Financial Goals and Individual Performance Goals. The Compensation Committee believes that the Business Financial Goals and Individual Performance Goals (as described below) already take into account performance metrics factors (including, without limitation, measures such as pre-tax income, business unit expense, net sales and similar factors) and, therefore, the introduction of another performance metric for the 2016 Company Financial/EPS Target is not necessary as our executive officers are already incentivized with various financial goals appropriate for their respective profit centers or business units.

Finally, as evidenced by the Company's historical stock performance and financial results, using earnings per share to measure the portion of the PIP bonus that is based on the Company's performance has successfully driven value creation and, accordingly, has been an effective incentive for our executive officers.

Business Financial Goals and Individual Goals for Named Executive Officers (other than CEO)

The weight (expressed as a percentage of the PIP target payout) for each component of the PIP awards for the Named Executive Officers (other than Mr. Bergman) is as follows:

	2016 Company Financial/EPS Target	Business Financial Goals	Individual Performance Goals
<b>James P. Breslawski</b>			
President of Henry Schein, Inc. and Chief Executive Officer of Henry Schein Global Dental Group	30%	55%	15%
<b>Steven Paladino</b>			
Executive Vice President and Chief Financial Officer			
(Principal Financial Officer)	60%	20%	20%
<b>Gerald A. Benjamin</b>			
Executive Vice President and Chief Administrative Officer	40%	40%	20%
<b>Karen Prange</b>			
Executive Vice President of Henry Schein, Inc. and Chief Executive Officer of Global Animal Health, Medical and Dental Surgical Group	30%	55%	15%

Business Financial Goals and Individual Performance Goals vary for each Named Executive Officer as the goals reflect each executive's specific role and function. Financial measures included in such goals are calculated based on



generally accepted accounting principles and adjusted in a manner similar to adjustments made to the Company's EPS (as described below).

Business Financial Goals and Individual Performance Goals are designed to motivate executive officers to achieve challenging, but attainable goals for talented executives. The Compensation Committee sets the targets for PIP awards such that incentive compensation is paid at less-than-median of the market awards when Business Financial Goals or Individual Performance Goals are not fully achieved and greater-than-median awards when goals are exceeded. The maximum payout percentage under the PIP for the Named Executive Officers is 200% for the Company/Financial EPS Target, ranges from 130% to 200% for the Business Financial Goal (depending on the specific category of Business Financial Goal applicable to such Named Executive Officer) and is 115% for the Individual Performance Goals.

For each Named Executive Officer (other than Mr. Bergman whose annual incentive compensation is described below), the Business Financial Goals and Individual Performance Goals are as follows:

Mr. Breslawski:

*Business Financial Goals (55%).* This goal measures actual achievement against target of pre-tax income after capital charge attributable to the Global Dental Group.

*Individual Performance Goals (15%).* The key individual goals relate to overseeing, supporting and, where applicable, implementing: (i) strategies to maximize gross profit and reduce cost of sales; (ii) strategies to expand market share; (iii) global leadership initiatives; (iv) human capital strategic plans; (v) strategic planning and business development initiatives; and (vi) technological advancements.

Mr. Paladino:

*Business Financial Goals (20%).* These goals measure actual achievement against target of net income attributable to the Company's Financial Services Group and of the expense budget for the Company's Corporate Finance Group.

*Individual Performance Goals (20%).* The key individual goals relate to overseeing, supporting and, where applicable, implementing: (i) capital resource efficiencies; (ii) strategic partner initiatives; (iii) internal controls; (iv) accounting processes and tax planning; (v) financial reporting systems; (vi) investor relations; (vii) Financial Services Group key priorities; (viii)

human capital strategic plans; (ix) enhance optimization efforts among business units; and (x) information security enhancements.

Mr. Benjamin:

*Business Financial Goals (40%).* These goals measure actual achievement of targeted expense budgets for the Company's Global Services Group.

*Individual Performance Goals (20%).* The key individual goals relate to overseeing, supporting and, where applicable, implementing: (i) human capital strategic plans; (ii) key initiatives, including key supplier partner agreements and distribution center initiatives; (iii) succession planning; (iv) projects to advance global services business; (v) compensation matters; and (vi) social responsibility matters.

Ms. Prange:

*Business Financial Goals (55%).* This goal measures: (i) actual achievement against target of net sales and pre-tax income attributable to the Global Animal Health Group; (ii) actual achievement against target of net sales and pre-tax income after capital charge attributable to the U.S. Medical Group; and (iii) actual achievement against target of net sales and pre-tax income attributable to the Global Dental Surgical Group.

*Individual Performance Goals (15%).* The key individual goals relate to overseeing, supporting and, where applicable, implementing: (i) orientation and transition matters; (ii) business development matters; (iii) human capital strategic plans; (iv) U.S. Medical Group strategic planning; (v) Global Animal Health Group strategic planning; and (vi) Global Dental Surgical Group strategic planning.

#### 2016 PIP

In 2016, based on the Company's performance, growth versus the peer group, competitive market data with respect to pay practices and the Company's continued emphasis on paying for performance, the Compensation Committee increased the payout for achievement of the target goals under Mr. Bergman's 162(m) Plan and PIP, in the aggregate, by 4.8% and increased the payout for achievement of the PIP target goals for the Named Executive Officers (other than Mr. Bergman, and Ms. Prange's whose start date was May 17, 2016) by a weighted average of 2.8%.

In February 2016, the Compensation Committee set the 2016 Company Financial/EPS Target at \$6.60, excluding restructuring costs (net of income taxes), representing the target goal designed to result in a PIP award payout equal to 100%. This goal was set based on a pre-established weighted formula using specific components of EPS. Similar to previous years, the Compensation Committee completed a pre-defined process to adjust the goal based on adjustments authorized under the PIP. For the 2016 PIP, these adjustments included the impact of acquisitions, certain capital transactions (including capital stock repurchases) and the effects during fiscal 2016 of changes in foreign exchange rates. As a result of these adjustments, the Compensation Committee increased the 2016 Company Financial/EPS Target from \$6.60 to \$6.63. These adjustments were reviewed and approved by the Compensation Committee. During the first quarter of 2017, the Chief Executive Officer reviewed the relevant financial and operating performance achievements of the Company and its business units, as well as the individual performance of the participating officers (other than himself), against the PIP performance goals that had been previously established, and submitted proposed PIP payouts for the participating officers to the Compensation Committee for review and approval.

Our 2016 adjusted diluted EPS from continuing operations was \$6.61. After applying the pre-established weighted formula using specific components of EPS, this achievement resulted in a payout of 110.6% of the 2016 Company Financial/EPS Target portion of the PIP award set by the Compensation Committee under the 2016 PIP. PIP awards for the Named Executive Officers appear in the Summary Compensation Table in the column captioned Non-Equity Incentive Plan Compensation.

Additionally, in 2013, the Compensation Committee approved a clawback policy as part of the PIP whereby the Company has the right to recoup from the participant, including the Named Executive Officers, and the participant is required to repay to the Company, an amount equal to the PIP cash bonus paid to the participant if the participant engages in a competitive activity (as defined in the award agreement) or violates a non-disclosure, non-solicitation of employees or other restrictive covenant between the participant and the Company on or after the payment date but on or prior to the first anniversary of such payment date. This policy was effective beginning with the 2013 PIP.

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Annual Incentive Compensation for CEO

Mr. Bergman's annual incentive compensation for 2016 had two components:

pre-established performance goals set under the Company's Section 162(m) Cash Bonus Plan; and

pre-established performance goals set under the PIP.

Mr. Bergman's 2016 award under the Section 162(m) Cash Bonus Plan was based on the Company's 2016 Company Financial/EPS Target (weighted at 75% of his total award under both plans) and the average performance of the Company's other executive officers with respect to their Business Financial Goals (weighted at 12.5% of his total award under both plans). The same adjustments were made to the Company Financial/EPS Target component of the 162(m) Cash Bonus Plan as were made to the Company Financial/EPS Target component of the PIP, except, that with respect to the 162(m) Cash Bonus Plan, such adjustments were required to be made without discretion. Based on 2016 achievement levels, the Compensation Committee determined Mr. Bergman was entitled to a \$2,102,850 bonus under the Section 162(m) Cash Bonus Plan with respect to 2016 performance.

Mr. Bergman's 2016 award under the PIP was based on the average performance for Individual Performance Goals of the Company's other executive officers (weighted at 12.5% of his total award under both plans). Such bonus is designed to further motivate Mr. Bergman to facilitate the individual performance of the Company's executive officers and is consistent with the Company's strong team-based approach. The Compensation Committee determined Mr. Bergman was entitled to a \$273,680 bonus under the PIP with respect to 2016 performance.

Such calculations, under both the Section 162(m) Cash Bonus Plan and the 2016 PIP, resulted in a total bonus amount of \$2,376,530 for Mr. Bergman.

*Long-Term Equity-Based Awards*

The Company and the Compensation Committee believe that long-term equity-based awards are an important factor in aligning the long-term financial interest of the officers and stockholders. The Compensation Committee continually evaluates the use of equity-based awards and intends to continue to use such awards in the future as part of the design and administration of the Company's executive compensation program.

Type of Award - Restricted Stock/Units

Under the Company's long-term incentive program ( LTIP ), the current method of allocating the equity-based awards solely to restricted stock/units is designed to use fewer shares as compared to appreciation-based awards (such as stock options) while continuing to provide long-term incentives with a strong retention component to participants.

Vesting

Performance-based restricted stock/units generally vest 100% on the third anniversary of the grant date (three-year cliff vesting) and time-based restricted stock/units generally vest 100% on the fourth anniversary of the grant date (four-year cliff vesting), in each case provided that no termination of service had occurred (except that the grants provide for pro-rated or accelerated vesting if termination of employment is due to retirement (solely with respect to restricted stock units), death or disability, or change in control (as defined in the 2013 Stock Incentive Plan)). (See Pay Levels and Benchmarking set forth below.) For all participants under the 2013 Stock Incentive Plan, other than executive officers, the restricted stock/units are allocated as 50% performance-based awards and 50% time-based

awards. Mr. Bergman receives his awards of restricted stock/units as 100% performance-based awards (other than a special equity grant on May 25, 2016 in connection with the renewal of his employment agreement which was 50% performance-based to vest on December 31, 2019 and 50% time-based to vest on December 31, 2019). Executive officers (other than Mr. Bergman) generally receive 65% of their awards in the form of performance-based restricted stock/units and 35% of their awards in the form of time-based restricted stock/units.

Effective with LTIP awards granted on or after March 1, 2013, the Compensation Committee (i) eliminated the single trigger acceleration of restricted stock/units upon a change in control and provided that restricted stock/units granted on or after such date will vest automatically upon a participant's termination of employment without cause occurring within two years after the change in control and (ii) approved a clawback policy whereby the Company has the right to recoup from the participant, including the Named Executive Officers, and the participant is required to repay to the Company, an amount equal to the fair market value of the aggregate shares of restricted stock/units payable to the participant if the participant engages in a competitive activity (as defined in the award

agreement) or violates a non-disclosure, non-solicitation of employees or other restrictive covenant between the participant and the Company on or after the payment date but on or prior to the first anniversary of such payment date.

#### Grant Date

All grants are issued on the date they are approved by the Compensation Committee, except with respect to new hires where the grant date is a fixed date after the date on which such grant is approved by the Compensation Committee.

#### Performance Criteria

At the time the LTIP performance-based goal is set, it is substantially uncertain that the goal will be achieved. As the Company continues to grow, we continue to tie the performance goals to the Company's earnings per share at growth rates that we believe exceed market growth for the markets in which we operate and reflect economic conditions. The Compensation Committee set the target and maximum payout for performance-based restricted stock/unit awards at 100% and 200%, respectively. (With respect to the 2017 LTIP, the Compensation Committee reduced the maximum payout to 150%.)

In November and December 2015, the Compensation Committee undertook a review of the performance metrics used in our performance-based LTIP awards. As part of this review, the Compensation Committee considered a number of factors including (i) market data for companies with revenues between \$8 billion and \$15 billion and peer group companies practices and (ii) the advantages and disadvantages of potential performance metrics evaluated against the performance objectives of the LTIP. Following consideration of these factors, the Compensation Committee concluded that it was in the best interest of the Company and its stockholders to continue to use three-year cumulative earnings per share as the metric for the LTIP because such metric (i) is reflective of the key metric that the Board of Directors uses to assess the Company's performance, (ii) clearly summarizes the earnings generated for stockholders and focuses on return to the stockholders, (iii) is sufficiently different from our short-term incentive plan (*i.e.*, PIP) metric because our long-term equity plan metric is a three-year cumulative earnings per share goal as opposed to a one-year goal and (iv) is a metric used by a significant number of our peer group companies as the performance factor for their respective long-term equity plans.

Additionally, pursuant to the 2016 LTIP, the Compensation Committee is required to adjust the EPS performance goal for the following factors (which factors have been pre-established by the Compensation Committee):

acquisitions and new business ventures (based on the approved model) not initially considered when developing the target including:

- Ø the effect of accretion or dilution relating to unbudgeted acquisitions (or dispositions), but only for the first 12 months following the transaction (or shorter time period, if applicable);
- Ø any gain, loss or expense related to the disposal of a business or discontinued operations;
- Ø unbudgeted acquisition and professional fees and expenses related to closed acquisitions or dispositions incurred in the year of the acquisition or disposition, but only for that year; and

Ø unbudgeted acquisition and professional fees and expenses relating to individual unclosed acquisitions or dispositions, where such fees and expenses exceed \$300,000, in which case the effect of all such fees and expenses (from the first dollar) incurred in the year of the acquisition or disposition shall be excluded, but only for that year;

certain capital transactions (including capital stock repurchases);

other differences in budgeted average outstanding shares other than those resulting from capital transactions referred to above;

restructuring costs incurred related to publicly announced restructuring plans and separately identified in the Company's periodic filings, to the extent the adjustment was not already contemplated in the goal;

the financial impact, either positive or negative, of the changes in foreign exchange rates from the rates used in setting the three year performance goal; and

changes in accounting principles or in applicable laws or regulations.

Although some companies use relative total shareholder return as a performance metric, the Compensation Committee does not believe such metric is appropriate for the Company's circumstances at this time because such metric (i) does not clearly summarize the earnings generated for stockholders (*e.g.*, earnings per share), (ii) tends to reward stock price volatility and can penalize a company that has demonstrated consistency in long-term performance, (iii) is measured on a relative basis so it is highly dependent on the peer

group chosen and we believe a selection of an appropriate peer group would be difficult for the purpose of measuring relative total shareholder return due to size, types of businesses the Company is involved in, business differentials and consolidation of companies within the industry (*e.g.*, companies selected for the peer group at the beginning of the period may be merged into other companies by the end of the three-year period which may skew results), (iv) provides for payouts in negative return scenarios so long as the Company outperforms its peer group (*i.e.*, the executive may receive a high payout while stockholders are losing value) and (v) studies have shown that relative total shareholder return does not result in better performance.

As evidenced by the Company's historical stock performance and financial results, LTIP performance criteria of three-year cumulative earnings per share has been an effective incentive for our executive officers. For all the reasons stated above, the Compensation Committee believes it is in the best interest of the Company and its stockholders to use three-year cumulative earnings per share as the performance metrics for its long-term equity awards.

#### Performance-Based Restricted Stock/Unit Awards

During the first quarter of each calendar year, the Compensation Committee sets the three-year cumulative earnings per share as the target goal designed to result in a payout equal to 100% under the performance-based restricted stock/unit awards to be granted during such year. The Compensation Committee set the target goal for the awards granted in 2014, 2015 and 2016 by excluding restructuring costs. Accordingly, the actual results for fiscal 2016 applied to measure achievement of the target goals for awards granted in 2014, 2015 and 2016 exclude actual restructuring costs incurred in fiscal 2016. Similar to previous years, the Company completed a pre-defined process to adjust goals based on adjustments required under the LTIP. With respect to outstanding performance-based restricted stock/unit awards granted from 2014 to 2016, the goals were adjusted to account for the impact of acquisitions and certain capital transactions (including capital stock repurchases) that occurred in fiscal 2016. For restricted stock/unit awards granted in 2014 and 2015, the goal was adjusted for the effects during fiscal 2016 of a designated foreign exchange rate outside a pre-established range. For restricted stock/unit awards granted in 2016, the goal was adjusted for the effects of changes in foreign exchange rates during 2016 from the rates used in setting the three-year performance goal. Accordingly, the Compensation Committee reduced the three-year EPS performance goal for the performance-based restricted stock/units granted in 2014 and 2015 by 1.0% and 0.1%, respectively, and increased the three-year EPS performance goal for the performance-based restricted stock/units granted in 2016 by 0.9%. A substantial portion of the adjustments were attributable to the average Euro foreign exchange rate during 2016 being lower than the pre-established range in the 2014 and 2015 plans. The increase in the 2016 performance goal was primarily attributable to share buyback activity. These adjustments were reviewed and approved by the Compensation Committee.

In 2016, based on the Company's performance, growth versus the peer group, competitive market data with respect to pay practices and the Company's continued emphasis on paying for performance, the Company decided not to change the value of the 2016 LTIP restricted stock/unit awards for the Named Executive Officers as compared to the value of their awards in 2015.

On March 4, 2016, Mr. Bergman was granted 20,837 restricted stock units with a grant date fair value of \$3,500,000, Mr. Breslawski was granted 9,525 restricted stock units with a grant date fair value of \$1,600,000, and each of Messrs. Paladino and Benjamin was granted 8,930 restricted stock units with a grant date fair value of \$1,500,000. Each such grant was made under the Company's 2013 Stock Incentive Plan. Mr. Bergman's grant was 100% performance-based with three-year cliff vesting and the grants for Messrs. Breslawski, Paladino and Benjamin were 65% performance-based with three-year cliff vesting and 35% time-based with four-year cliff vesting.

Additionally, in order to induce Mr. Bergman to accept the terms of the amended and restated employment agreement (which included a three-year renewal of his employment term), on May 25, 2016, the Compensation Committee awarded Mr. Bergman two restricted stock unit awards under the Company's 2013 Stock Incentive Plan, with an



aggregate value of \$5,000,000 ( May 2016 RSU Awards ). One grant for 14,661 restricted stock units was awarded in the form of a performance-based restricted stock unit award and the other grant for 14,662 restricted stock units was awarded in the form of a time-based restricted stock unit award, each with a grant date of May 25, 2016. Except with respect to pro rata or full acceleration of the vesting of the May 2016 RSU Awards that will apply in the event of certain termination events, the performance-based award will become vested on December 31, 2019, subject to the achievement of performance goals and Mr. Bergman's continued employment through such date, and the time-based award will vest on December 31, 2019, subject to Mr. Bergman's continued employment through that date.

In connection with Ms. Prange joining the Company as an executive officer on May 17, 2016, she was granted a sign-on equity award of 7,289 restricted stock with a grant date fair value of \$1,300,000 on June 10, 2016. On June 10, 2016, Ms. Prange was also granted an equity award of 5,606 restricted stock with a grant date fair value of \$1,000,000 as her first annual equity grant under the Company's LTIP. Each such grant was made under the Company's 2013 Stock Incentive Plan with 65% of each grant being performance based with three-year cliff vesting and 35% being time-based with four-year cliff vesting.

On March 1, 2016, the 2013 LTIP performance-based awards vested. With respect to such awards, on March 1, 2013, the Compensation Committee set the three-year cumulative EPS at \$15.74, representing the target goal designed to result in an LTIP award payout equal to 100%. Similar to previous years, the Compensation Committee completed a pre-defined process to adjust the goal based on adjustments authorized under the 2013 LTIP. For the 2013 LTIP performance-based awards, the goal was adjusted to account for the impact of acquisitions, certain capital transactions (including capital stock repurchases) and for the effects of a designated foreign exchange rate outside a pre-established range. The three-year cumulative EPS target for the performance-based restrictive stock/units granted under the 2013 LTIP was \$15.75 (as adjusted) and the actual three-year cumulative EPS was \$15.69 (as adjusted). On March 1, 2016, such awards vested with an achievement of 99.6% of the EPS performance goal and a payout awarded in shares of Company common stock equal to 96.3% of the original number of shares/units underlying the award granted (based on target performance).

On February 27, 2017, the 2014 LTIP performance-based awards vested. With respect to such awards, on February 27, 2014, the Compensation Committee set the three-year cumulative EPS at \$16.92, representing the target goal designed to result in an LTIP award payout equal to 100%. Similar to previous years, the Compensation Committee completed a pre-defined process to adjust the goal based on adjustments authorized under the 2014 LTIP. For the 2014 LTIP performance-based awards, the goal was adjusted to account for the impact of acquisitions, certain capital transactions (including capital stock repurchases) and for the effects of a designated foreign exchange rate outside a pre-established range. The three-year cumulative EPS performance goal for the performance-based restrictive stock/units granted under the 2014 LTIP was \$16.63 (as adjusted) and the actual three-year cumulative EPS was \$17.74 (as adjusted). On February 27, 2017 such awards vested with an achievement of 106.7% of the EPS performance goal and a payout awarded in shares of Company common stock equal to 196.9% of the original number of shares/units underlying the award granted (based on target performance).

#### *Benefits and Perquisites*

The Company's executive compensation program also includes benefits and perquisites. These benefits include annual matching contributions of up to 7% of base salary to executive officers' 401(k) Plan accounts, annual allocations to the Company's Supplemental Executive Retirement Plan (SERP) accounts, health benefits, annual executive health physicals, automobile allowances and life insurance coverage. The Company also maintains a deferred compensation plan (the Deferred Compensation Plan) under which the Named Executive Officers may participate. The Company does not make any contributions to the Deferred Compensation Plan and all amounts outstanding under the Deferred Compensation Plan consist solely of participant contributions. The Company annually reviews these benefits and perquisites and makes adjustments as warranted based on competitive practices and the Company's performance.

A portion of the administrative services provided to Mr. Bergman has been determined to be non-business related and such portion is included in his taxable income as additional compensation. The administrative services include clerical and secretarial assistance designed primarily to minimize the amount of time Mr. Bergman devotes to administrative matters other than Company business, to provide opportunities for Mr. Bergman to undertake, among other things, philanthropic causes, social responsibility activities and non-business-related leadership roles. The Compensation Committee has approved these benefits and perquisites as a reasonable component of the Company's executive officer compensation program in light of historical and competitive market practices. (See the All Other Compensation column in the Summary Compensation Table.)

From time to time, the Company utilizes hourly leased aircraft to efficiently optimize management's time for business travel. If seating is available, the Company permits an executive's spouse or other guests to accompany the executive on the flight. In all cases, if the aircraft is used for personal purposes, the executive reimburses the Company the value of the personal usage of the aircraft at the greater of the imputed income under Securities and Exchange Commission rules and the SIFL value under Internal Revenue Service regulations.

***Pay Mix***

We utilize the particular elements of compensation described above because we believe that it provides a well-proportioned mix of secure compensation, retention value and at-risk compensation which produces short-term and long-term performance incentives and rewards without encouraging inappropriate risk-taking by our executive officers. By following this approach, we provide the executive a measure of security with a minimum expected level of compensation, while motivating the executive to focus on business metrics that will produce a high level of short-term and long-term performance for the Company and its stockholders, and long-term wealth creation for the executive, as well as reducing the risk of recruitment of top executive talent by competitors. The mix of metrics used for our annual incentive program (*i.e.*, the PIP and the Section 162(m) Cash Bonus Plan) and our annual LTIP likewise provides an appropriate balance between short-term financial performance and long-term financial and stock performance.

For executive officers, the mix of compensation is weighted heavily toward at-risk pay (performance-based annual incentives and long-term incentives). Maintaining this pay mix results fundamentally in a pay-for-performance orientation for our executives, which is aligned with our stated compensation philosophy of providing compensation commensurate with performance, while targeting pay at approximately the 50<sup>th</sup> percentile of the competitive market.

Our pay mix has resulted in a team of long-tenured, seasoned managers who we believe have a strong commitment to the Company's long-term performance.

### ***Pay Levels and Benchmarking***

Pay levels for executive officers are determined based on a number of factors, including the individual's roles and responsibilities within the Company, the individual's experience and expertise, the pay levels for peers within the Company, pay levels in the marketplace for similar positions and performance of the individual and the Company as a whole. The Compensation Committee is responsible for approving pay levels for the executive officers. In determining the pay levels, the Compensation Committee considers all forms of compensation and benefits.

The Compensation Committee assesses competitive market compensation using a number of sources. One of the data sources used in setting competitive market levels for the executive officers is the information publicly disclosed by a peer group of the Company, which is reviewed annually and may change from year to year. The peer group of companies is set by the Compensation Committee and consists of companies engaged in the distribution and/or manufacturing of healthcare products or industrial equipment and supplies. The Compensation Committee determines the peer group of companies based on the following considerations, among other things: (i) Standard Industrial Classification or SIC codes; (ii) Global Industry Classification System or GICS; (iii) companies identified by Hoover's, Inc. as our peer companies; (iv) companies listed as peers by our current list of peer companies; and (v) company size, including, among other things size by market capitalization, revenue and number of employees. Based on such analysis, the Compensation Committee determined the peer group of companies for fiscal 2016 to be AmerisourceBergen Corporation, Cardinal Health, Inc., Community Health Systems, Inc., DaVita Inc., Dentsply Sirona Inc., Fastenal Company, Laboratory Corp. of America Holdings, MSC Industrial Direct Co., Inc., Owens & Minor, Inc., Patterson Companies, Inc., Quest Diagnostic, Inc. and W.W. Grainger, Inc. At management's direction, Willis Towers Watson, a professional services/human resources consulting company, prepares the peer group analysis and comparative data for companies with revenues between \$8 billion and \$15 billion for the Company. This information is shared with the Compensation Committee and the Compensation Committee reviews such information with its independent compensation consultant, Pearl Meyer.

After consideration of the data collected on external competitive levels of compensation and internal relationships within the executive group, the Compensation Committee makes decisions regarding individual executives' target total compensation goals based on the need to attract, motivate and retain an experienced and effective management team.

Relative to the competitive market data, the Compensation Committee generally intends that the base salary, target annual incentive compensation and equity-based compensation for each executive will be at the median of the competitive market.

As noted above, notwithstanding the Company's overall pay positioning objectives, pay goals for specific individuals vary based on a number of factors such as scope of duties, potential for advancement, tenure, institutional knowledge and/or difficulty in recruiting a new executive. Actual total compensation in a given year will vary above or below the target compensation levels based primarily on the attainment of operating goals and the creation of stockholder value.

### ***Conclusion***

The level and mix of compensation that is finally decided upon by the Compensation Committee is considered within the context of both the objective data from our competitive assessment of compensation and performance, as well as discussion of the subjective factors as outlined above. The Compensation Committee believes that each of the compensation packages is within the competitive range of practices when compared to the objective comparative data even where subjective factors may have influenced the compensation decisions.

### **Post Termination and Change in Control**

The Company believes that a strong, motivated management team is essential to the best interests of the Company and its stockholders. To that end, we have an employment agreement with Mr. Bergman and we have had change in control agreements with the Named Executive Officers, other than Mr. Bergman, since 2003, which were amended in 2012 to, among other things, eliminate the gross-up for excise taxes imposed by Section 4999 of the Code. These agreements provide for certain payments to be made upon

termination of employment under certain circumstances, including if the executive's employment is terminated by the Company without cause or by the executive for good reason within two years following a change in control of the Company. (See Employment and Letter Agreements and Post Termination and Change in Control Arrangements under Executive and Director Compensation for a discussion of these agreements.) The Company does not provide any tax gross-ups to our executive officers (other than for relocation expenses).

### **Stock Ownership Policy**

The Board of Directors believes that, to align the interests of the executive officers and directors of the Company with the interests of the stockholders of the Company, the executive officers and directors should have a financial stake in the Company. The Nominating and Governance Committee adopted a policy requiring (i) the Company's Chief Executive Officer to own equity in the Company equal to a minimum of three times his annual base salary, (ii) each executive officer who reports directly to the Company's Chief Executive Officer to own equity in the Company equal to a minimum of three times such executive officer's annual base salary and (iii) each executive officer who does not report directly to the Company's Chief Executive Officer to own equity in the Company equal to a minimum of one times such executive officer's annual base salary. Newly appointed executive officers will have five years from the date of their appointment to comply with the Company's stock ownership policy. Upon request, the Nominating and Governance Committee may consider whether exceptions should be made for any executive officer on whom this requirement would impose a financial hardship or for other appropriate reasons as determined by the Nominating and Governance Committee. Equity includes: shares of any class of capital stock; shares of vested restricted stock; unexercised vested options; vested shares of common stock held in such executive officer's 401(k) Plan account; warrants or rights to acquire shares of capital stock; and securities that are convertible into shares of capital stock; provided that an amount equal to at least 20% of such executive officer's annual base salary must be owned by such executive officer in the form of shares of common stock. The Stock Ownership Policy for non-employee directors of the Company is set forth under Executive and Director Compensation Director Compensation for Fiscal 2016 Stock Ownership Policy.

Further, as a guideline, executive officers may only sell up to one-half of the equity value above the ownership requirement. Also, an executive officer's equity in the Company may not be sold until the executive officer satisfies the Company's Stock Ownership Policy.

All executive officers are in compliance with the Company's Stock Ownership Policy.

The Company also prohibits hedging or other derivative transactions by its executive officers and prohibits pledging of Company stock by its executive officers.

In December 2016, following a benchmarking analysis and recommendation for approval by the Compensation Committee, the Nominating and Governance Committee revised the Stock Ownership Policy for executive officers to (i) increase the Company's Chief Executive Officer's minimum equity ownership requirement from a minimum of three times his annual base salary to a minimum of six times, (ii) increase the minimum equity ownership requirement for each executive officer who does not report directly to the Company's Chief Executive Officer from a minimum of one times such executive officer's annual base salary to a minimum of two times, (iii) provide that executive officers who do not report directly to the Company's Chief Executive Officer will have two years from December 13, 2016 (the effective date of the amended Stock Ownership Policy) to comply with the two times annual base salary minimum equity ownership requirement and (iv) clarify that compliance with the Stock Ownership Policy will be reviewed annually and executive officers are not expected to purchase shares to offset any subsequent decreases in the Company's stock price after satisfying the Stock Ownership Policy but may not sell during the subsequent guideline years until in compliance.

### **Incentive Compensation Recoupment (Clawback) Policy**

On March 1, 2016, upon recommendation of the Compensation Committee, the Board of Directors adopted a clawback policy, effective as of February 1, 2016, to allow the Company to recoup cash and equity incentive compensation awarded or granted after the policy's effective date to Named Executive Officers and other executive officers designated by the Board of Directors. In the event a restatement of the Company's financial statements is required due to material noncompliance with any accounting requirements, the recoupment applies to incentive compensation earned during the prior three-year period that is in excess of the amount that would have been paid or awarded had such incentive compensation been calculated based on the restatement results. The policy applies regardless of fault in the circumstances leading to the restatement.

## **Impact of Tax and Accounting**

As a general matter, the Compensation Committee considers the various tax and accounting implications of compensation vehicles employed by the Company.

When determining amounts of long-term incentive grants to executives and employees, the Compensation Committee examines the accounting cost associated with the grants. Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, grants of options, restricted stock/units and other share-based payments result in an accounting charge for the Company. The accounting charge is equal to the fair value of the instruments being issued. For restricted stock/units, the cost is equal to the fair value of the stock on the date of grant multiplied by the number of shares/units granted. Nearly all equity grants since March 2009 have been awards of restricted stock/units. For options, the cost is equal to the Black-Scholes value on the date of grant multiplied by the number of shares or units granted. This expense is amortized over the requisite service period, or vesting period of the instruments. The Compensation Committee is mindful of the fact that, with respect to options, the accounting charge is not reversible should the option expire with a market price less than the exercise price. Additionally, the Compensation Committee may grant compensation that does not constitute performance-based compensation under Section 162(m) of the Code if it considers it appropriate and in the best interest of the Company. Grants under the Company's Section 162(m) Cash Bonus Plan, option grants and awards of performance-based restricted stock/units are generally intended to be performance-based under Section 162(m) of the Code; although grants under the PIP are tied to the Company's performance and these are not intended to meet the requirements under Section 162(m) of the Code.

Section 162(m) of the Code generally prohibits any publicly held corporation from taking a federal income tax deduction for compensation paid in excess of \$1,000,000 in any taxable year to certain Named Executive Officers. Exceptions are made for qualified performance-based compensation, among other things. It is the Compensation Committee's policy to maximize the effectiveness of our executive compensation plans, however, the Compensation Committee reserves the right to make adjustments that may result in the payment of non-deductible compensation.

## **COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management and based on the review and discussions, the Compensation Committee recommended to the Company's Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the Company's annual report on Form 10-K.

### **THE COMPENSATION COMMITTEE**

Barry J. Alperin, Chairperson  
Donald J. Kabat  
Bradley T. Sheares, Ph.D.



## EXECUTIVE AND DIRECTOR COMPENSATION

### Executive Officers

Our executive officers and their ages and positions as of April 3, 2017 are:

Name	Age	Position
Gerald A. Benjamin	64	Executive Vice President, Chief Administrative Officer, Director
Stanley M. Bergman	67	Chairman, Chief Executive Officer, Director
James P. Breslawski	63	President of Henry Schein, Inc. and Chief Executive Officer of Henry Schein Global Dental Group, Director
Michael S. Ettinger	55	Senior Vice President, Corporate & Legal Affairs, Chief of Staff and Secretary
James A. Harding	61	Senior Vice President and Chief Technology Officer
Peter McCarthy	57	President, Global Animal Health Group
Lorelei McGlynn	53	Senior Vice President, Global Human Resources and Financial Operations
David C. McKinley	64	Chief Commercial Officer of Henry Schein, Inc. and President of Corporate Commercial Development Group
Bob Minowitz	58	President, International Dental Group EMEA Region
Mark E. Mlotek	61	Executive Vice President, Chief Strategic Officer, Director
Steven Paladino	60	Executive Vice President, Chief Financial Officer, Director
Karen Prange	53	Executive Vice President of Henry Schein, Inc. and Chief Executive Officer of Global Animal Health, Medical and Dental Surgical Group
Michael Racioppi	62	Senior Vice President, Chief Merchandising Officer
Paul Rose	59	Senior Vice President, Global Supply Chain
Bridget A. Ross	52	President, Global Medical Group
Walter Siegel	57	Senior Vice President and General Counsel

The biographies for Messrs. Benjamin, Bergman, Breslawski, Mlotek and Paladino follow the table listing our directors under Proposal 1 Election of Directors set forth above. Biographies for our other executive officers are:

**MICHAEL S. ETTINGER** has been with the Company since 1994, and in his current position as Senior Vice President, Corporate & Legal Affairs, Chief of Staff and Secretary since 2015. He is also a member of our Executive Management Committee. Mr. Ettinger oversees all activities in the legal and regulatory functions, the work of the Company's global communications team, government relations, and the operations of the Office of the CEO, including Henry Schein Cares, the Company's global corporate social responsibility program. In addition, Mr. Ettinger manages the Company's corporate secretary function. Prior to his current position, Mr. Ettinger served as Senior Vice President, Corporate & Legal Affairs and Secretary from 2013 to 2015; Corporate Senior Vice President, General Counsel & Secretary from 2006 to 2013; Vice President, General Counsel and Secretary from 2000 to 2006; Vice President and Associate General Counsel from 1998 to 2000 and Associate General Counsel from 1994 to 1998. Before joining the Company, Mr. Ettinger served as a senior associate with Bower & Gardner and as a member of the Tax Department at Arthur Andersen.

**JAMES A. HARDING** has been with the Company since 2000, and in his current position as Senior Vice President and Corporate Chief Technology Officer since 2005. He is also a member of our Executive Management Committee. Mr. Harding is responsible for ensuring that information technology remains a competitive advantage for the Company, internally and externally. In this capacity, Mr. Harding leads our Global Practice Solutions Group, as well as the Global Information Services function. Mr. Harding was formerly Chief Information Officer at Olsten Corporation, a leading health care and staffing services company. Prior to Olsten, Mr. Harding worked for 20 years at Mobil Oil Corporation in various capacities including Chief Information Officer of the America's Marketing & Refining Division and Director of Global IT Architecture.

**PETER MCCARTHY** has been with the Company since 2010, and in his current position as President, Global Animal Health Group since 2015. He is also a member of our Executive Management Committee. In his current position, Mr. McCarthy oversees our animal health business, which spans 19 countries, including the United States, Australia, New Zealand, Canada, Malaysia, and 14 countries in Europe. Prior to holding his current position, Mr. McCarthy was President, Henry Schein International Animal Health from 2012 to 2015 and President, Henry Schein Animal Health, Europe from 2010 to 2012. Prior to joining the Company, Mr. McCarthy was employed with Schering-Plough Animal Health (now Merck Animal Health), serving as Senior Director, Global Operations and General Manager, China. Mr. McCarthy also worked at Wyeth/American Cyanamid for 14 years, helping to grow the human pharmaceutical business.

**LORELEI MCGLYNN** has been with the Company since 1999, and in her current position as Senior Vice President, Global Human Resources and Financial Operations since 2013. She is also a member of our Executive Management Committee. Since joining Henry Schein, Inc. in 1999, Ms. McGlynn has served as Vice President, Global Human Resources and Financial Operations from 2008 to 2013, Chief Financial Officer, International Group and Vice President of Global Financial Operations from 2002 to 2008 and Vice President, Finance, North America from 1999 to 2002. Through these various roles with the Company, Ms. McGlynn attained significant global experience at Henry Schein's operations around the world. In her current position, Ms. McGlynn is responsible for managing the Company's Global Human Resources function, including recruiting, organizational development, compensation, benefits and employee relations. In addition, Ms. McGlynn oversees Henry Schein's Accounts Payable, Accounts Receivable, Payroll and Financial Inventory departments. In addition to managing day-to-day Global Human Resources and Financial Operations, Ms. McGlynn leads and participates in numerous special projects, such as system integrations, software implementations, due diligence, Team Schein Member communications and global best practices. Prior to joining the Company, Ms. McGlynn served as Assistant Vice President of Finance at Adecco Corporation. Ms. McGlynn is a Senior Professional in Human Resources (SPHR Certified).

**DAVID C. MCKINLEY** has been with the Company since 2005, and in his current position as Chief Commercial Officer of Henry Schein, Inc. and President of the Corporate Commercial Development Group since 2016. He is also a member of our Executive Management Committee. In his current position, Mr. McKinley is responsible for coordinating and leveraging the Company's global brand and customer solutions across all of Henry Schein's businesses. In his role as President, Corporate Commercial Development Group, he is also responsible for certain specialty businesses. Before assuming his current position, Mr. McKinley served as President, Medical Group from 2008 to 2016. The Company's Medical Group serves physician offices, clinics, ambulatory surgery centers, clinical laboratories and other alternate care market segments. Previously, Mr. McKinley was President of Henry Schein Practice Solutions from 2006 to 2008 and the President of Dental Prosthetic Solutions from 2005 to 2006. Prior to joining the Company, Mr. McKinley served as the Group Executive for Olympus Medical North America, a market leader for medical and surgical instruments, endoscopes and imaging systems, and as General Manager for the Bard Urology and Bard Germany businesses. Mr. McKinley currently serves as Chairman of the Health Industry Distributors Association (HIDA) Education Foundation.

**BOB MINOWITZ** has been with the Company since 1986, and in his current position as President, International Dental Group since 2012, with a focus on Europe, the Middle East and Africa (the EMEA region) since 2016. He is also a member of our Executive Management Committee. Before assuming his current position, Mr. Minowitz held a number of key roles with increasing responsibility throughout the Company, including President, Henry Schein European Dental Group from 2009 to 2012, President, Henry Schein Western Europe, Middle East and Pacific Regions from 2006 to 2009, Managing Director, Henry Schein U.K. Holdings, President Henry Schein Western Europe from 2004 to 2006 and President Henry Schein Europe from 2001 to 2004. Mr. Minowitz has played a key role in establishing Henry Schein's international operations, from the Company's initial European expansion in The Netherlands in 1990 and Spain in 1991, to more recent growth across Europe, Asia and Australasia. Throughout his career with Henry Schein, Mr. Minowitz has lived and worked in several countries throughout Europe. Prior to joining Henry Schein, Mr. Minowitz was a Senior Internal Auditor at Bristol-Myers Company.

**KAREN PRANGE** has been with the Company since 2016 as Executive Vice President of Henry Schein, Inc. and Chief Executive Officer of the Global Animal Health, Medical and Dental Surgical Group. She is also a member of the Company's Executive Management Committee. Before assuming her current position in May 2016, Ms. Prange was Senior Vice President and President, Urology and Pelvic Health at Boston Scientific Corporation since 2012, and a member of its Executive Committee. Previously, she held various positions of increasing responsibility for 17 years at Johnson & Johnson, most recently as General Manager of the Micrus Endovascular and Codman Neurovascular businesses, helping to grow various medical device businesses. Ms. Prange has a significant track record in delivering results through strategic change, market development, and global product innovation and commercialization. She is a member of The Committee of 200, an invitation-only membership organization of the world's most successful women

entrepreneurs and corporate innovators.

**MICHAEL RACIOPPI** has been with the Company since 1992, and in his current position as Senior Vice President, Chief Merchandising Officer since 2008. He is also a member of our Executive Management Committee. Prior to holding his current position, Mr. Racioppi served as President of the Medical Group from 2000 to 2008 and Interim President from 1999 to 2000, and Corporate Vice President from 1994 to 2008, with primary responsibility for the Medical Group, Marketing and Merchandising departments. Mr. Racioppi served as Senior Director, Corporate Merchandising from 1992 to 1994. He currently serves on the board of National Distribution and Contracting and he previously served on the board of the Healthcare Distribution Management Association and the Health Industry Distributors Association (HIDA). Before joining the Company, he was employed by Ketchum Distributors, Inc. as the Vice President of Purchasing and Marketing.

**PAUL ROSE** has been with the Company since 2001, and in his current position as Senior Vice President, Global Supply Chain since 2013. He is also a member of our Executive Management Committee. Prior to holding his current position, Mr. Rose held a number of key roles with increasing responsibility throughout the Company, including serving as Vice President, Global Supply Chain from 2008 to 2013, Vice President, Global Inventory Management from 2004 to 2008 and Vice President, Inventory Management, North America from 2001 to 2004. As Senior Vice President of Global Supply Chain, Mr. Rose is directly responsible for distribution, inventory and product mix to support the Company's Global Dental, Medical, Animal Health and Lab businesses. Mr. Rose's team generates over \$7 billion in product purchases each year and maintains a robust level of inventory that enables the Company to service its customers with product fill rates of over 98% on a global basis. He is also responsible for working with the Company's senior management team to establish and implement Worldwide Supply Chain procedures and guidelines. In addition to his Global Supply Chain responsibilities, he manages the Company's Inventory Management team, which includes Purchasing and Product Data Management. Mr. Rose also manages the Global Distribution Services, Inbound and Outbound Transportation, EDI and Supplier Partnership Program. Additionally, he manages the Company's Global Sourcing Team. He has also served on the Health Industry Distributions Association (HIDA) Supply Chain Advisory Council and as the National Wholesale Druggists' Association's Pharmaceutical Market Committee Chairman.

**BRIDGET A. ROSS** has been with the Company since February 2017 as President, Global Medical Group. She is also a member of our Executive Management Committee. Ms. Ross is responsible for overall leadership of the Global Medical Group, including strategic direction, management and business performance. In partnership with her team, she is responsible for the group's sales, marketing, operations, business development and technology solutions. Before joining us, Ms. Ross was Vice President of Commercial Operations, North America for Johnson & Johnson's Medical Devices Group. During her 28-year career at Johnson & Johnson, Ms. Ross held roles including Global President of Acclarent, Inc. and Global President for Ethicon's Women's Health & Urology, both Johnson & Johnson Medical Device companies. Ms. Ross has served on the Health Sector Advisory Council at Duke University's Fuqua School of Business and represented Johnson & Johnson on the Executive Board of Inspire Medical Systems, Inc.

**WALTER SIEGEL** has been with the Company since 2013 as Senior Vice President and General Counsel. He is also a member of our Executive Management Committee. Mr. Siegel directs the Company's worldwide legal and regulatory functions and activities, advising the Company on a broad range of legal and regulatory matters affecting various business units, including, among other things, mergers and acquisitions, litigation, intellectual property, SEC reporting and regulatory diligence and compliance. He also manages input from outside counsel on corporate and litigation matters, and oversees and participates in drafting a broad range of commercial documents and contracts between the Company's business units (and affiliates) and third parties. Mr. Siegel brings to the Company a diverse and wide background of legal expertise, including mergers and acquisitions, partnerships, securities, litigation and regulatory matters. From 2005 to 2012, Mr. Siegel held positions of increasing responsibility, including Senior Vice President, General Counsel and Secretary, for Standard Microsystems Corporation, a publicly traded global semiconductor company.

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**Summary Compensation Table for Fiscal 2016, Fiscal 2015 and Fiscal 2014**

Principal Executive Officer	Year	Salary (\$)	Bonus <sup>1</sup> (\$)	Stock Awards <sup>2</sup> (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation <sup>3</sup> (\$)	Change in	All Other Compensation (\$)
							Pension Value and Nonqualified Deferred Compensation Earnings (\$)	
<b>Mr. Michael J. O'Connell</b>	2016	\$1,342,385	\$0	\$8,500,000 <sup>4</sup>	\$0	\$2,376,530	\$0	\$376,067 <sup>5</sup>
	2015	\$1,353,308	\$0	\$3,500,000	\$0	\$2,746,867	\$0	\$397,428
	2014	\$1,268,846	\$0	\$2,750,000	\$0	\$2,509,175	\$0	\$341,670
<b>Mr. Robert J. Pinski</b>	2016	\$698,769	\$100,000	\$1,600,000	\$0	\$610,715	\$0	\$84,886 <sup>6</sup>
	2015	\$704,692	\$0	\$1,600,000	\$0	\$765,619	\$0	\$83,526
	2014	\$661,423	\$100,000	\$1,100,000	\$0	\$562,524	\$0	\$79,492
<b>Mr. Jeffrey A. Sussman</b>	2016	\$551,308	\$0	\$1,500,000	\$0	\$813,184	\$0	\$69,307 <sup>6</sup>
	2015	\$555,962	\$0	\$1,500,000	\$0	\$844,114	\$0	\$66,983
	2014	\$521,231	\$60,000	\$1,000,000	\$0	\$625,544	\$0	\$64,901
<b>Mr. Jeffrey A. Sussman</b>	2016	\$551,308	\$25,000	\$1,500,000	\$0	\$769,691	\$0	\$72,283 <sup>6</sup>
	2015	\$555,962	\$0	\$1,500,000	\$0	\$824,589	\$0	\$69,993
	2014	\$521,231	\$75,000	\$1,000,000	\$0	\$590,940	\$0	\$67,721
<b>Mr. Jeffrey A. Sussman</b>	2016	\$410,000	\$400,000 <sup>7</sup>	\$2,300,000 <sup>8</sup>	\$0	\$879,789	\$0	\$287,021 <sup>6</sup>

<sup>1</sup> Represents additional incentive compensation (*i.e.*, bonus) that was awarded at the discretion of the Compensation Committee, except with respect to Ms. Prange in which case such amount represents a sign-on bonus in accordance with her letter agreement.

<sup>2</sup> Represents restricted stock/units valued based on the aggregate grant date fair value of the award computed in accordance with FASB ASC Topic 718. The amounts shown in the table above do not necessarily reflect the actual value that may be realized by the Named Executive Officer upon vesting. Information regarding assumptions made in valuing the stock awards can be found in Note 16 of the Notes to Consolidated Financial Statements included in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the SEC on February 21, 2017. The maximum payout percentage for the 2016 LTIP awards of performance-based restricted stock units is 200% and the maximum payout percentage for the 2016 LTIP awards of time-based restricted stock units is 100%. (For Mr. Bergman such amount equals \$14,500,000, for Mr. Breslawski such amount equals \$2,640,000, for Messrs. Benjamin and Paladino such amount equals \$2,475,000 and for Ms. Prange such amount equals \$3,795,000.)

<sup>3</sup> Represents annual incentive compensation (*i.e.*, bonus) paid under the PIP, or with respect to Mr. Bergman, under the Company's Section 162(m) Cash Bonus Plan and the PIP. See Compensation Structure Pay Elements Details Annual Incentive Compensation under the Compensation Discussion and Analysis for a description of the PIP and the Section 162(m) Cash Bonus Plan.

<sup>4</sup> Includes a performance-based restricted stock unit award (three-year cliff vesting) with a grant date fair value of \$3,500,000 granted on March 4, 2016 in connection with the Company's annual equity grant under its LTIP. Also includes a restricted stock unit award granted on May 25, 2016 with a grant date fair value of \$5,000,000 granted in connection with the three-year renewal of Mr. Bergman's employment agreement with half awarded in the form of a performance-based restricted stock unit award and the other half awarded in the form of a time-based restricted stock unit award, with each such award scheduled to vest on December 31, 2019.

<sup>5</sup> Includes the following: (i) \$18,000 matching contribution under 401(k) Plan account; (ii) \$15,850 in excess life insurance premiums; (iii) \$75,967 in SERP contribution; (iv) \$3,018 in excess business travel insurance; (v) \$24,831 of personal commuting expenses for use of the Company's car service; (vi) \$196,422 for the cost of providing administrative services to Mr. Bergman; (vii) \$250 for the cost of providing telephone services; and (viii) \$41,729 in legal and filing fees incurred in connection with the negotiation of his amended and restated employment agreement. The amount totaling \$263,232 (under items (v), (vi), (vii) and (viii) above) was included on Mr. Bergman's W-2 as additional compensation for which he is



responsible for paying the applicable taxes. Pursuant to his employment agreement, Mr. Bergman is entitled to use of a Company automobile but Mr. Bergman did not use a Company automobile in fiscal 2016.

<sup>6</sup> For each of Messrs. Breslawski, Paladino and Benjamin and Ms. Prange, includes the following: (i) \$20,400 in automobile allowance (other than Ms. Prange whose amount was \$12,750 due to her start date of May 17, 2016); (ii) \$18,000 in matching contribution under 401(k) Plan account (other than Ms. Prange who was not eligible for a 401(k) matching contribution in 2016); (iii) \$978 in excess business travel insurance (other than Ms. Prange whose amount was \$607 due to her start date of May 17, 2016); (iv) \$10,819, \$5,562, \$8,538 and \$1,698, respectively, in excess life insurance premiums; (v) \$30,914, \$20,592, \$20,592 and \$0 (Ms. Prange was not eligible for a SERP contribution in 2016), respectively, in SERP contribution and (vi) \$3,775 each for executive health exam costs. Ms. Prange's additional compensation total also includes \$149,041 in relocation expenses and \$119,150 in tax gross-up related to such relocation expenses.

<sup>7</sup> Represents sign-on bonus that was paid on Ms. Prange's start date in accordance with her letter agreement.

<sup>8</sup> Represents sign-on restricted stock award with a grant date fair value of \$1,300,000, granted on June 10, 2016 in connection with Ms. Prange's letter agreement. Also represents a restricted stock award with a grant date fair value of \$1,000,000 granted on June 10, 2016 as her first annual equity grant under the Company's LTIP. Each such grant was made under the Company's 2013 Stock Incentive Plan with 65% of each grant being performance based (three-year cliff vesting) and 35% being time-based (four-year cliff vesting).

## **Employment and Letter Agreements and Post Termination and Change in Control Arrangements**

### ***Employment Agreement with the Chief Executive Officer***

The Company and Mr. Bergman entered into an amended and restated employment agreement which became effective as of December 31, 2016. The employment agreement, as amended and restated, is substantially similar to Mr. Bergman's prior employment agreement which was scheduled to expire on December 31, 2016, and includes the following revisions: (i) extending the term until December 31, 2019; (ii) clarifying certain provisions relating to relocation under the definition of "good reason" and the offset of health benefits where coverage from a subsequent employer is available; (iii) applying the restrictive covenants to the Company's affiliates (in addition to the Company) and restricting certain other activities; (iv) adding an acknowledgement that any incentive compensation paid will be subject to the Company's clawback policy, except that in the event of a change in control, only a clawback policy mandated by law or that recoups compensation due to certain types of misconduct will apply; and (v) providing for restricted stock unit awards described in greater detail below to entice Mr. Bergman to accept the terms of the amended and restated employment agreement.

The employment agreement provides for Mr. Bergman's continued employment as our Chairman of the Board of Directors and Chief Executive Officer until December 31, 2019, with successive one-year extensions, provided we give at least six months' notice of extension to Mr. Bergman, subject to his refusal within 90 days after notice of extension. The employment agreement, consistent with the prior employment agreement, sets Mr. Bergman's annual base salary at the annual rate of \$1,180,000, subject to increase from time to time. Mr. Bergman's current base salary is \$1,392,000. In addition, his employment agreement provides that the Compensation Committee will establish a target annual incentive compensation opportunity for Mr. Bergman which will be a percentage of base salary determined based on the achievement of performance goals. (See "Compensation Structure Pay Elements Details Long-Term Equity-Based Awards" under the Compensation Discussion and Analysis for a discussion on stock awards. See "Compensation Structure Pay Elements Details Annual Incentive Compensation" under the Compensation Discussion and Analysis for a discussion on non-equity incentive plan compensation.) It also provides that Mr. Bergman will be

entitled to participate in all benefit, welfare, perquisite, equity or similar plans, policies and programs generally available to our senior executive officers.

Pursuant to his employment agreement, if Mr. Bergman's employment with us is terminated (i) by us without cause, (ii) by Mr. Bergman for good reason, (iii) as a result of his disability or (iv) as a result of a non-renewal of the employment term by us, Mr. Bergman will receive all amounts then owed to him as salary and incentive compensation, a pro rata portion of the incentive compensation payable for the year of termination (based on actual achievement of performance goals), accrued and unpaid vacation pay, and all amounts or benefits accrued and owed to him or his beneficiaries under the then applicable benefit plans, programs and policies of the Company. In the event of Mr. Bergman's death, these amounts will be paid to Mr. Bergman's heirs or estate. In addition, in the event Mr. Bergman's employment is terminated for the reasons above, other than due to death, Mr. Bergman will receive, as severance pay, a lump sum equal to 200% of his then annual base salary plus 200% of his average annual incentive compensation paid or payable with respect to the immediately preceding three fiscal years, and a payment equal to the account balance or accrued benefit Mr. Bergman would have been credited with under each retirement plan maintained by us if we had continued contributions until the end of the year of the termination, less his vested account balance or accrued benefits under each retirement plan.

If Mr. Bergman's employment is terminated for any reason other than for cause or due to his death, Mr. Bergman shall also be entitled to an office comparable to that used by him prior to termination and related office support, including the services of one executive assistant until the last day of the second calendar year following his termination and, due to the deferred compensation rules under Section 409A of the Code, Mr. Bergman will receive a cash payment in lieu of office support benefits for the period from the last day of the second calendar year following his termination until the third anniversary of his termination. In addition, if Mr. Bergman's employment is terminated for any reason other than for cause or due to his death, Mr. Bergman shall be entitled to use of the Company's car service and, at Mr. Bergman's option, use of an automobile for a period of two years following his termination.

If Mr. Bergman resigns within two years following a change in control of the Company for good reason or if Mr. Bergman's employment is terminated without cause within two years following a change in control or during a specified period in advance of a change in control, Mr. Bergman will receive, as severance pay, in lieu of the foregoing, a pro rata portion of the annual incentive compensation payable for the year of termination (based on actual achievement of performance goals), 300% of his then annual base salary plus 300% of Mr. Bergman's incentive compensation paid or payable with respect to whichever of the immediately preceding two fiscal years of the Company ending prior to the date of termination was higher, and a payment equal to the account balance or accrued benefit Mr. Bergman would have been credited with under each retirement plan maintained by us if we had continued contributions thereunder until the end of the year of the termination, less Mr. Bergman's vested account balance or accrued benefits under each retirement plan upon a change in control, and all unvested outstanding options and shares of restricted stock shall become fully vested, except that in the case of a termination during a specified period in advance of a change in control, Mr. Bergman will receive a cash payment equal to the difference between the consideration paid in the change in control and the strike price of Mr. Bergman's forfeited options as of the date of termination as provided in his employment agreement.

In the event Mr. Bergman's employment is terminated for any reason other than for cause or due to his death following a change in control, Mr. Bergman shall also be entitled to an office comparable to that used by him prior to termination and related office support, including the services of one executive assistant until the last day of the second calendar year following his termination, and due to the deferred compensation rules under Section 409A of the Code, Mr. Bergman will receive a cash payment in lieu of office support benefits for the period from the last day of the second calendar year following his termination until the fourth anniversary of his termination. In addition, in the event Mr. Bergman's employment is terminated by us without cause, Mr. Bergman resigns for good reason or his employment term is not renewed following a change in control, Mr. Bergman shall be entitled to use of the Company's car service and, at Mr. Bergman's option, use of an automobile until the last day of the second calendar year following his termination, and due to the deferred compensation rules under Section 409A of the Code, Mr. Bergman will receive a cash payment in lieu of the transportation benefit for the period from the last day of the second calendar year following his termination until the third anniversary of his termination. If any amounts owed to Mr. Bergman in connection with a change in control of the Company are subject to the excise tax imposed by Section 4999 of the Code, we will cut-back such amounts to a safe harbor limit so that the excise tax is not triggered, unless the net after-tax value of the amounts due to Mr. Bergman after imposition of the excise tax would be greater (in which case no reduction will occur).

Unless his employment agreement is terminated for cause, we will continue the participation of Mr. Bergman and his spouse in the health and medical plans, policies and programs in effect with respect to our senior executive officers and their families after the termination or expiration of his employment agreement, with coverage for Mr. Bergman and his spouse continuing until their respective deaths which may be reduced by any health and medical benefits that Mr. Bergman and his spouse become eligible to receive under any health and medical benefit plans of any subsequent employer. Such health and medical coverage may be provided pursuant to a fully-insured replacement policy or annual cash payments to obtain a replacement policy.

Mr. Bergman is subject to restrictive covenants, including non-solicitation, non-diversion and non-compete provisions, while he is employed by us and for specified periods of time thereafter. Pursuant to such provisions in his employment agreement, Mr. Bergman shall not, directly or indirectly, engage in any activity competitive with the Company's business or recruit, solicit or induce (or attempt to recruit, solicit or induce) any employee of, or consultant to, the Company or any of its affiliates to terminate their employment with the Company or any of its affiliates, or divert (or attempt to divert) any person or entity from doing business with the Company or any of its Affiliates or induce (or attempt to induce) any person or entity from ceasing to be a customer or other business partner of the Company or any of its affiliates, during Mr. Bergman's employment term and (i) for one year thereafter if his employment is terminated (a) by us without cause, (b) by Mr. Bergman for good reason, or (c) as a result of his disability, or (ii) until the later of (a) the second anniversary of the expiration of his employment term and (b) his termination date if such termination is by us for cause or due to Mr. Bergman terminating his employment by giving 180 days' notice. We may, at our option, extend the initial one-year term of the non-compete described by clause (i) above for an additional year if we provide Mr. Bergman notice of such extension no later than 180 days prior to expiration of the term and we pay Mr. Bergman his annual base salary in effect on his date of termination. Mr. Bergman is also subject to confidentiality provisions.

In order to entice Mr. Bergman to accept the terms of the amended and restated employment agreement (which included a three-year renewal of his employment term), the Compensation Committee offered Mr. Bergman a grant of two restricted stock unit awards

under the 2013 Stock Incentive Plan, with an aggregate grant date fair value of \$5,000,000 split equally between the two awards, (29,323 total shares), and which became effective on May 25, 2016 (the 2016 RSUs), with one grant awarded in the form of a performance-based restricted stock unit award ( Performance-Based RSU Award ) and the other grant awarded in the form of a time-based restricted stock unit award ( Time-Based RSU Award ). Except with respect to pro rata vesting or full acceleration of the vesting of the 2016 RSUs as described below, the Performance-Based RSU Award will become vested on December 31, 2019, subject to the attainment of performance goals that were set by the Compensation Committee in writing on February 23, 2017 and Mr. Bergman's continued service through such date, and the Time-Based RSU Award will become vested on December 31, 2019, subject to Mr. Bergman's continued service through such date. In the event of Mr. Bergman's retirement, his resignation for good reason or termination by us without cause prior to December 31, 2019, a pro rata portion of the 2016 RSUs will vest as of Mr. Bergman's termination of employment, subject to the achievement of the performance target with respect to the Performance-Based RSU Award, with the remaining 2016 RSUs subject to the original vesting criteria and, in the case of Mr. Bergman's retirement, compliance with the restrictive covenants included in his employment agreement through December 31, 2019. In the event of Mr. Bergman's death or disability, or in the event Mr. Bergman's employment is terminated for any reason (other than by the Company for cause) within two years of a change in control of the Company, the 2016 RSUs will become fully vested, and, in the case of the Performance-Based RSU Award, without regard to the achievement of the performance target. Once vested, the 2016 RSUs will generally be settled within 30 days of the specified event except that upon certain terminations, the pro rata vested portion of 2016 RSUs will be settled on the six-month anniversary of termination of employment, with any remaining 2016 RSUs that vest on December 31, 2019 generally being settled within 30 days of December 31, 2019 or, if earlier, following a change in control.

***Letter Agreement with the Executive Vice President of the Company and Chief Executive Officer of Global Animal Health, Medical and Dental Surgical Group***

The Company and Ms. Prange entered into a letter agreement which became effective on her start date of May 17, 2016. The letter agreement sets Ms. Prange's annual base salary at \$650,000, subject to review from time to time, and provides that she is eligible for an annual target bonus of up to \$720,000, subject to her continued employment through the payment date. The target bonus for fiscal 2016 was paid in March 2017 and was guaranteed to be at least \$720,000. After fiscal 2016, her goals, objectives and bonus targets will be developed by the Company on an annual, ongoing basis and will be subject to the terms and conditions of the applicable bonus plan or program, provided that the target will be no less than the 2016 target bonus, unless reduced pursuant to a plan generally applicable to senior management employees. (See Compensation Structure Pay Elements Details Annual Incentive Compensation under the Compensation Discussion and Analysis for a discussion of non-equity incentive plan compensation.) She is also eligible to participate in the Company's LTIP under the 2013 Stock Incentive Plan beginning in 2016 with the first annual LTIP grant having an estimated grant date expected value of \$1,000,000. Such grant was made on June 10, 2016. Future eligibility to participate in the LTIP is subject to the sole discretion of the Compensation Committee. She is also entitled to participate in the Company's 401(k) plan and other benefit plans and programs, subject to the terms and conditions of the applicable plans and programs.

In connection with the hiring of Ms. Prange, the Company agreed to provide her with a sign-on bonus and sign-on LTIP grant. The letter agreement provides for a sign-on bonus divided into the following three installment payments, each subject to her continued employment up to the applicable date of each installment payment: (i) \$400,000, payable on her start date; (ii) \$800,000, payable on the first anniversary of her start date; and (iii) \$500,000, payable on the second anniversary of her start date. If she leaves for any reason within 12 months of any applicable installment payment dates for any reason other than her termination for good reason or the Company's termination of her employment without cause, she is obligated to reimburse the Company within 12 months of her termination for any and all installment payments made within the preceding 12 month period. The letter agreement also provides for the grant of a sign-on LTIP with a grant date expected value of \$1,300,000 in the form of restricted stock, subject to her continued employment on the grant date; 65% vests based on the achievement of performance goals determined by the

Compensation Committee and a three year cliff vesting schedule, subject to her continued active employment until the end of the three year period and 35% vests based on a four year cliff vesting schedule, subject to her continued active employment until the end of the four year period. Such grant was made on June 10, 2016.

Although Ms. Prange is employed by the Company on an at-will basis, if she is terminated by the Company without cause or she terminates with the Company for good reason, the letter agreement provides that, subject to her timely execution and non-revocation of the Company's customary release, she is entitled to receive as severance: (i) continued base salary for 12 months (except in the case of a good reason event that may only be triggered on or after the third anniversary of her start date, in which case the period is 18 months); (ii) subject to her timely election under COBRA, continued health coverage with a waiver of applicable COBRA premiums for the applicable severance period; (iii) a pro rata portion of any annual bonus at target level she would have earned from her termination date through the end of the severance period; (iv) full vesting of the sign-on LTIP grant; and (v) payment of any unpaid amounts of the sign-on bonus. If Ms. Prange is terminated due to disability, she is entitled to receive any unpaid, but earned annual bonus and sign-on bonus with respect to any such bonus relating to the year preceding the year in which she terminates due to disability and the pro rata portion of any such bonus for the year in which she terminates due to disability, provided, however, that she

was employed for at least 25% of such year. Simultaneous with her hire date, Ms. Prange entered into a change in control agreement that provides severance and other entitlements in certain instances in connection with a change in control of the Company. (See Employment and Letter Agreements and Post Termination and Change in Control Arrangements Named Executive Officers Other than the Chief Executive Officer. ) In such case, the severance provided under the letter agreement ceases or severance provided under the change in control agreement is reduced by severance amounts paid under the letter agreement.

The letter agreement also provides that Ms. Prange agrees and acknowledges that her cash and non-cash incentive compensation (other than her 2016 target bonus, sign-on bonus and sign-on LTIP, unless otherwise required by law) will be subject to the terms and conditions of the Company's incentive compensation recoupment (clawback) policy. In connection with the entering into of the letter agreement, Ms. Prange also agreed to the terms and conditions of a confidentiality and non-solicitation/non-compete agreement which, includes, among other things, confidentiality, non-solicitation, non-diversion and non-compete provisions while she is employed by us and for specified periods of time thereafter (generally, 12 or 18 months following termination).

#### ***Named Executive Officers Other than the Chief Executive Officer***

We have entered into change in control agreements with the Named Executive Officers, other than Mr. Bergman that provide that if the executive's employment is terminated by us without cause or by the executive for good reason within two years following a change in control of the Company, we will pay and provide the executive with (i) the executive's base salary (defined to include salary plus the executive's annual automobile allowance and the Company's contribution to the 401(k) Plan and SERP for the year prior to the change in control) through the termination date, (ii) severance pay equal to 300% of the sum of the executive's base salary (as defined in (i)) and target bonus, (iii) a pro rata annual incentive compensation based on actual achievement for the year in which termination occurs, (iv) immediate vesting of all outstanding options, restricted or deferred stock/unit awards and non-qualified retirement benefits, (v) elimination of all restrictions on any restricted or deferred stock/unit awards, (vi) settlement of all deferred compensation arrangements in accordance with the applicable plan and (vii) continued participation in all health and welfare plans for 24 months (provided that such coverage will terminate when the executive receives substantially equivalent coverage from a subsequent employer) at the same level of participation for each executive on the termination date, except that the health coverage may be provided pursuant to a fully-insured replacement policy or two annual cash payments to obtain a replacement policy. Notwithstanding the foregoing, if an executive's employment is terminated by us without cause or by the executive for good reason, in either case, (i) within 90 days prior to a change in control or (ii) after the first public announcement of the pendency of the change in control, the executive will be entitled to the benefits described above. In the event any payments to the executive become subject to the excise tax imposed by Section 4999 of the Code, we will cut-back such amounts to a safe harbor limit so that the excise tax is not triggered, unless the net after-tax value of the amounts due to the executive after imposition of the excise tax would be greater (in which case no reduction will occur).

Pursuant to the change in control agreements, the Named Executive Officers, other than Mr. Bergman (who is subject to restrictive covenants under his employment agreement as opposed to a change in control agreement), are also subject to restrictive covenants, such as confidentiality and non-disparagement provisions. Additionally, during each Named Executive Officer's employment and for a period of 24 months thereafter, each Named Executive Officer agreed that he or she will not, without the Company's prior written consent, solicit our employees for employment.

#### **Tax Gross-Up Provisions**

We do not provide any tax gross-ups to our executive officers (other than for relocation expenses).

#### **Compensation Policies and Practices as they Relate to Risk Management**

The Company conducted a risk assessment of its compensation policies and practices for all employees, including executive officers. The Compensation Committee reviewed the Company's risk assessment process and results and determined that our compensation programs are not reasonably likely to have a material adverse effect on the Company.



**Post Termination and Change in Control Calculations**

The amounts set forth in the table below represent amounts that would have been paid to the Named Executive Officers, pursuant to their employment/letter, change in control and equity award agreements, if such Named Executive Officers' employment was terminated on December 31, 2016 under the various scenarios set forth below or in connection with a change in control that occurred on such date.

Name and Principal Position;  Post Termination/Change in Control Scenario	Cash Payment	Continuation of Health/Welfare Benefits (present value)	Acceleration and Continuation of Equity Award <sup>1</sup>	Other Compensation	Excise Tax Gross-up <sup>2</sup>	Total Termination Benefits <sup>3</sup>
<b>Stanley M. Bergman</b>  Chairman and Chief Executive Officer  Principal Executive Officer)						
Company termination without cause	\$0	\$0	\$0	\$0	n/a	\$0
Resignation without good reason and not due to retirement	\$0	\$395,000	\$0	\$799,437	n/a	\$1,194,437
Company termination without cause, due to voluntary resignation for good reason or due to non-renewal of employment contract	\$9,985,579	\$395,000	\$15,931,219	\$893,404	n/a	\$27,205,201
Resignation due to retirement	\$0	\$395,000	\$15,931,219	\$799,437	n/a	\$17,125,655
Termination due to disability	\$9,985,579	\$395,000	\$22,447,686	\$799,437	n/a	\$33,627,701
Resignation for good reason or Company	\$14,644,286	\$395,000	\$26,377,818	\$1,356,094	n/a	\$42,773,198

Termination without cause within two years after the change in control or Company termination without cause within 90 days prior to a change in control or after the first public announcement of a pending change in control

Death of executive	\$2,376,530	\$183,000	\$22,447,686	\$0	n/a	\$25,007,216
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### Named Executive Officers, Other than CEO

Termination without cause, voluntary termination for good reason within two years following a change in control, within 90 days prior to change in control or after the first public announcement of a pending change in control

#### James P. Breslawski

President of Henry Schein, Inc. and

Chief Executive Officer of Henry Schein Global Dental Group

	\$5,324,964	\$37,746	\$5,172,401	\$0	n/a	\$10,535,110
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#### Steven Paladino

Executive Vice President and Chief Financial Officer (Principal Financial Officer)

	\$4,804,081	\$51,654	\$4,786,602	\$0	n/a	\$9,642,337
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#### Ronald A. Benjamin

	\$4,785,588	\$51,654	\$4,786,602	\$0	n/a	\$9,623,844
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Executive Vice  
 President and Chief  
 Administrative Officer

**Allen Prange**

Executive Vice  
 President of Henry  
 Schein, Inc. and Chief  
 Executive Officer of  
 Global Animal Health,  
 Medical and Dental  
 Surgical Group

\$5,050,989

\$51,654

\$1,956,300

\$0

n/a

\$7,058,944

Name and Principal Position; Post Termination/Change in Control Scenario	Continuation of Health/Welfare Benefits (present value)					Excise Tax Gross-up <sup>2</sup>	Total Termination Benefits
	Cash Payment	Health/Welfare Benefits (present value)	Acceleration and Continuation of Equity Award <sup>1</sup>	Other Compensation	Excise Tax Gross-up <sup>2</sup>		
Scenario for Disability							
<b>Thomas P. Breslawski</b> President of Henry Schein, Inc. and Chief Executive Officer of Henry Schein Global Animal Health Group	\$0	\$0	\$4,011,387 <sup>12</sup>	\$0	n/a	\$4,011,387	
<b>Thomas Paladino</b> Executive Vice President and Chief Financial Officer (Principal Financial Officer)	\$0	\$0	\$3,699,502 <sup>12</sup>	\$0	n/a	\$3,699,502	
<b>Richard A. Benjamin</b> Executive Vice President and Chief Administrative Officer	\$0	\$0	\$3,699,502 <sup>12</sup>	\$0	n/a	\$3,699,502	
<b>Thomas Prange</b> Executive Vice President of Henry Schein, Inc. and Chief Executive Officer of Henry Schein Animal Health, Medical and Dental Group	\$0 (death) \$720,000 (disability) <sup>13</sup>	\$0	\$922,982 <sup>12</sup>	\$0	n/a	\$1,642,982	
Termination without cause or due to involuntary termination							

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## n Prange

ative Vice  
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ative Officer of  
l Animal Health,  
cal and Dental  
cal Group

\$2,670,000

\$25,942

\$1,105,814

\$0

n/a

\$3,801,7

<sup>1</sup> Represents the value of restricted stock/units that would accelerate and vest, if any, on termination. In the case of time-based restricted stock/units, the value is calculated by multiplying the number of shares of restricted stock/units that accelerate by the per share closing price of common stock on December 31, 2016. In the case of performance-based restricted stock/units, the value is calculated by multiplying the number of shares of restricted stock/units granted on the grant date (*i.e.*, target award) by the per share closing price of common stock on December 31, 2016. No unvested options are held by the Named Executive Officers.

<sup>2</sup> We do not provide any tax gross-ups to our executive officers (other than for relocation expenses).

<sup>3</sup> Does not include the vested SERP amounts for the Named Executive Officers. Such vested amounts are paid following a termination of employment (subject to a six month delay in certain instances) or within 30 days following a change in control. Also does not include the amounts for the Named Executive Officers under the Company's Deferred Compensation Plan, all of which are fully vested and consist solely of participant contributions. Such vested amounts become payable upon a termination of employment as a result of death or disability in a lump sum cash payment within sixty days after such employment termination. Such vested amounts also become payable in a lump sum cash payment within 60 days following a change in control. (See Nonqualified Compensation for Fiscal 2016 tables for additional disclosure regarding these vested amounts.)

<sup>4</sup> The Company will have no further obligation to Mr. Bergman, except payment of his vested SERP and Deferred Compensation Plan account balances.

<sup>5</sup> Includes (i) health and welfare coverage for Mr. Bergman and his wife until death and (ii) use of the Company's car service, office space and administrative assistance provided to Mr. Bergman for two years (as well as a cash payment in lieu of office support services from the last day of the second calendar year following termination until the third anniversary of termination). Under his employment agreement, Mr. Bergman may resign without good reason and still be entitled to these benefits so long as he resigns upon providing 180 days prior written notice to the Company.

<sup>6</sup> Includes (i) annual incentive compensation payable for the year of termination based on achievement of performance goals, (ii) a make-up pension payment, calculated as the value of the excess of (a) the fully vested value of benefits to Mr. Bergman under existing retirement plans (including the Company's 401(k) and SERP plans), assuming additional credit for the period from the termination date through the immediately succeeding December 31 over (b) his vested accrued benefits as of the termination date (such excess, if any, the Make-Up Pension Payment), (iii) 200% current base annual salary, (iv) 200% average annual incentive compensation paid in the previous three years, (v) health and welfare coverage for Mr. Bergman and his wife until death and (vi) use of the Company's car service, office space and administrative assistance provided to Mr. Bergman for two years (as well as a cash payment in lieu of office support services from the last day of the second calendar year following termination until the third anniversary of

termination). Mr. Bergman is also entitled to receive full vesting of his November 2011 restricted stock unit award as of his termination date, as the performance target was achieved by such date (as certified by the Compensation Committee on February 23, 2017). Mr. Bergman is also entitled to receive pro rata vesting of his May 2016 performance-based restricted stock unit award as of his termination date, as well as continued vesting of such award following his termination date through December 31, 2019 based on achievement of the performance goal. As of

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December 31, 2016, the value of the pro rata vesting is \$2,224,220, and the present value of the full vesting after December 31, 2016 and until December 31, 2019 is \$2,175,563, in each case assuming the performance target is achieved. In addition, Mr. Bergman is entitled to receive pro rata vesting of his May 2016 time-based restricted stock unit award as of his termination date, as well as deemed vesting of such award on December 31, 2019. As of December 31, 2016, the value of the pro rata vesting is \$2,224,372, and the present value of full vesting after December 31, 2016 and until December 31, 2019 is \$2,175,711.

<sup>7</sup> Includes (i) health and welfare coverage for Mr. Bergman and his wife until death and (ii) use of the Company's car service, office space and administrative assistance provided to Mr. Bergman for two years (as well as a cash payment in lieu of office support services from the last day of the second calendar year following termination until the third anniversary of termination). Mr. Bergman is also entitled to receive full vesting of his November 2011 restricted stock unit award as of his termination date, as the performance target was achieved by such date (as certified by the Compensation Committee on February 23, 2017). Mr. Bergman is also entitled to receive pro rata vesting of his May 2016 performance-based restricted stock unit award as of his termination date, as well as continued vesting of such award following his termination date through December 31, 2019 based on achievement of the performance goal. As of December 31, 2016, the value of the pro rata vesting is \$2,224,220, and the present value of the full vesting after December 31, 2016 and until December 31, 2019 is \$2,175,563, in each case assuming the performance target is achieved. In addition, Mr. Bergman is entitled to receive pro rata vesting of his May 2016 time-based restricted stock unit award as of his termination date, as well as deemed vesting of such award on December 31, 2019. As of December 31, 2016, the value of the pro rata vesting is \$2,224,372, and the present value of full vesting after December 31, 2016 and until December 31, 2019 is \$2,175,711, subject to his compliance with restrictive covenants in his employment agreement.

<sup>8</sup> Includes (i) annual incentive compensation payable for the year of termination based on achievement of performance goals, (ii) pro rata vesting of all restricted stock/units granted in 2014, 2015 and 2016 from the date of grant through to the date of employment termination over 1,095 days, and with respect to the November 2011 restricted stock unit grant, the May 2016 performance-based restricted stock unit grant, and the May 2016 time-based restricted stock unit grant, full vesting of such awards as of employment termination date (with the May 2016 performance-based restricted stock unit vesting at target), (iii) 200% current base annual salary, (iv) 200% average annual incentive compensation paid in the previous three years, (v) health and welfare coverage for Mr. Bergman and his wife until death and (vi) use of the Company's car service, office space and administrative assistance provided to Mr. Bergman for two years (as well as a cash payment in lieu of office support services from the last day of the second calendar year following termination until the third anniversary of termination).

<sup>9</sup> Includes (i) a pro rata portion of the annual incentive compensation payable for the year of termination based on achievement of performance goals, (ii) 300% current base annual salary, (iii) 300% of highest annual incentive compensation paid in the previous two years, (iv) vesting of any unvested outstanding options and shares of restricted stock/units, (v) health and welfare coverage for Mr. Bergman and his wife until death, (vi) use of the Company's car service for two years (as well as a cash payment in lieu of such services from the last day of the second calendar year following termination until the third anniversary of termination), (vii) the Make-Up Pension Payment and (viii) office space and administrative assistance for two years (as well as a cash payment in lieu of such services from the last day of the second calendar year following termination until the fourth anniversary of termination). With respect to the acceleration and continuation of equity awards, this includes amounts payable on a resignation or a Company termination (other than for cause) within two years after a change in control. If any amounts owed to Mr. Bergman in connection with a change in control of the Company are subject to the excise tax imposed by Section 4999 of the Code, we will cut back such amounts to a safe harbor limit so that the excise tax is not triggered, unless the net after-tax value of the amounts due after imposition of the excise tax would be greater (in which case no reduction will occur).

<sup>10</sup> Includes (i) annual incentive compensation payable for the year of termination based on achievement of performance goals, (ii) pro rata vesting of all restricted stock/units granted in 2014, 2015 and 2016 from the date of grant through to the date of employment termination over 1,095 days, and with respect to the November 2011 RSU grant, the May 2016 performance-based restricted stock unit grant, and the May 2016 time-based restricted stock unit grant, full vesting of such award as of employment termination date (with the May 2016 performance-based restricted stock units vesting at target) and (iii) health and welfare coverage for Mr. Bergman's wife until death.

<sup>11</sup> Includes (i) annual incentive compensation payable for the year in which termination occurs based on achievement of performance goals, (ii) 300% current annual salary (defined to include salary plus the executive's annual automobile allowance and the Company's contribution to the 401(k) Plan and SERP plan for the full year preceding the change in control), (iii) 300% annual incentive compensation at target level in the year of termination, (iv) any unvested outstanding options and shares of restricted stock/units become fully vested (assuming performance-based restricted stock/units achievement at target level) and (v) health and welfare continuation of plans for 24 months following termination or until coverage with subsequent employer begins. If any amounts owed to Messrs. Breslawski, Paladino and/or Benjamin and/or Ms. Prange in connection with a change in control of the Company are subject to the excise tax imposed by Section 4999 of the Code, we will cut back such amounts to a safe harbor limit so that the excise tax is not triggered, unless the net after-tax value of the amounts due after imposition of the excise tax would be greater (in which case no reduction will occur).

<sup>12</sup> In the event of any termination of employment due to death or disability, the Named Executive Officers (other than Mr. Bergman, whose termination arrangement is discussed above) are entitled to 100% acceleration of their respective time-based restricted stock/units and pro rata vesting of their respective performance-based restricted stock/units granted in 2014, 2015 and 2016 (as applicable) from the date of grant through to the date of employment termination over 1,095 days.

<sup>13</sup> In the case of death, the cash payment to Ms. Prange's beneficiaries would be \$0. In the case of disability, Ms. Prange's letter agreement provides that she is entitled to receive any unpaid, but earned annual bonus and sign-on bonus with respect to: (i) any such bonus relating to the year preceding the year in which she terminates due to disability (*i.e.*, \$0 since Ms. Prange was not employed with the Company during 2015); and (ii) the pro rata portion of any such bonus for the year in which she terminates due to disability (*i.e.*, \$720,000 annual bonus, plus \$400,000 sign-on bonus), provided, however, that she was employed for at least 25% of such year. Disability payment amount has been reduced by the sign-on bonus amount (*i.e.*, \$400,000) Ms. Prange would have been required to repay the Company per the terms of her letter agreement described above.



<sup>14</sup> Includes (i) continued base salary for 12 months following termination, (ii) a pro rata portion of any annual bonus at target level Ms. Prange would have earned during the severance period, (iii) payment of any unpaid amounts of the sign-on bonus (*i.e.*, \$800,000 otherwise payable on May 17, 2017, and \$500,000 otherwise payable on May 17, 2018), (iv) the value of continued health coverage for 12 months following termination and (v) the value of restricted stock of Ms. Prange's sign-on LTIP that would accelerate and vest, if any, on termination (in the case of time-based restricted stock, the value is calculated by multiplying the number of shares of restricted stock that accelerate by the per share closing price of common stock on December 31, 2016 and in the case of performance-based restricted stock, the value is calculated by multiplying the number of shares of restricted stock granted on the grant date (*i.e.*, target award) by the per share closing price of common stock on December 31, 2016).

## **Other Information Related to Summary Compensation Table**

### ***Stock Awards and Option Awards***

See Compensation Structure Pay Elements Details Long Term Equity-Based Awards under the Compensation Discussion and Analysis for a discussion on stock awards and option awards.

### ***Non-Equity Incentive Plan Compensation***

See Compensation Structure Pay Elements Details Annual Incentive Compensation under the Compensation Discussion and Analysis for a discussion on non-equity incentive plan compensation.

### ***Change in Pension Value and Non-Qualified Deferred Compensation Earnings***

For employees of the Company, including Named Executive Officers, we do not maintain a qualified defined benefit plan.

We maintain a Supplemental Executive Retirement Plan for certain eligible participants who are not able to receive the full Company matching contribution under our 401(k) Plan due to certain Internal Revenue Service limits. The SERP provides for various vesting percentages based on service with the Company. Vesting will also occur upon a participant's death, disability or attainment of age 65 or upon a change in control, in each case, while employed. Investment return on the contributions is generally equal to the earnings and losses that would occur if 40% of the contributions were invested in the Company stock fund under our 401(k) Plan and 60% were invested equally among the other investment alternatives available under our 401(k) Plan. Effective January 1, 2014, the SERP was amended to allow participants to direct the hypothetical investments of their deferral accounts subject to certain restrictions applicable to investments in the Company stock fund. A participant's vested SERP benefit is paid following a termination of employment (subject to a six month delay in certain instances) or a change in control.

We also maintain a Deferred Compensation Plan pursuant to which our Named Executive Officers are eligible to participate. We do not make any contributions to the Deferred Compensation Plan and the amounts under the plan consist entirely of participant contributions and are fully vested. The amounts under the Deferred Compensation Plan may become payable during employment upon designated fixed payment dates or following a termination of employment (subject to a six month delay in certain instances) or a change in control of the Company.

### ***All Other Compensation***

See Compensation Structure Pay Elements Details Benefits and Perquisites under the Compensation Discussion and Analysis for a discussion on all other compensation.



**Grants of Plan-Based Awards for Fiscal 2016**

Principal	Type of Grant <sup>1</sup>	Grant Date	Estimated Potential Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards <sup>4</sup> Number of Shares of Stock or Units	All Other Option Awards <sup>5</sup> Number of Securities Underlying Options	Exercise or Base Price of Options (\$/Share)
			Threshold	Target	Maximum <sup>2</sup>	Threshold	Target	Maximum <sup>3</sup>			
	<b>162(m)</b>	n/a	\$114,570	\$1,925,000	\$3,781,335						
	<b>PIP</b>	n/a	\$0	\$275,000	\$316,250						
	<b>RS</b>	3/4/2016									
	<b>RS</b>	5/25/2016									
	<b>SO</b>	n/a				0	20,837	41,674	0		
						0	14,661	29,322	14,662		
	<b>PIP</b>	n/a	\$84,700	\$770,000	\$1,441,846	0	6,191	12,382	3,334	0	n/a
	<b>RS</b>	3/4/2016									
	<b>SO</b>	n/a									

<b>PIP</b>	n/a								
<b>RS</b>	3/4/2016	\$50,400	\$720,000	\$1,259,999	0	5,804	11,608	3,126	
<b>SO</b>	n/a								0 n/a

<b>PIP</b>	n/a								
<b>RS</b>	3/4/2016	\$144,000	\$720,000	\$1,130,400	0	5,804	11,608	3,126	
<b>SO</b>	n/a								0 n/a

<b>PIP</b>	n/a								
<b>RS</b>	6/10/2016	\$720,000	\$720,000	\$1,323,016		4,737	9,474	2,552	
<b>RS</b>	6/10/2016				0	3,643	7,286	1,963	
<b>SO</b>	n/a								0 n/a

<sup>1</sup> 162(m) means annual incentive compensation (*i.e.*, bonus) paid under the Company's Section 162(m) Cash Bonus Plan. PIP means annual incentive compensation (*i.e.*, bonus) paid under the Company's 2016 PIP. RS means performance-based restricted stock/unit awards made pursuant to the Company's 2013 Stock Incentive Plan. SO means options. See Compensation Structure Pay Elements Details Annual Incentive Compensation under the Compensation

Discussion and Analysis for a discussion on the PIP and the Section 162(m) Cash Bonus Plan.

<sup>2</sup> The maximum payout percentage under the PIP for the Named Executive Officers is 200% for the Company/Financial EPS Target, ranges from 130% to 200% for the Business Financial Goal (depending on the specific category of Business Financial Goal applicable to such Named Executive Officer) and is 115% for the Individual Performance Goals. The maximum payout percentage under the Section 162(m) Cash Bonus Plan is approximately 195%.

<sup>3</sup> The maximum payout percentage for the 2016 LTIP awards of performance-based restricted stock is 200%.

<sup>4</sup> Time-based restricted stock (four-year cliff) awarded in fiscal 2016 to Named Executive Officers (other than Mr. Bergman). Each of Mr. Bergman's restricted stock unit grants are 100% performance-based (3 year-cliff vesting), except for his May 25, 2016 award which was 50% performance-based and 50% time-based, with such awards to vest on December 31, 2019.

<sup>5</sup> None of the Named Executive Officers were awarded options in fiscal 2016.

<sup>6</sup> These amounts are valued based on the aggregate grant date fair value of the award determined in accordance with FASB ASC Topic 718. These amounts do not necessarily reflect the actual value that may be realized by the Named Executive Officer upon vesting. Information regarding assumptions made in valuing the stock awards can be found in Note 16 of the Notes to Financial Statements included in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the SEC on February 21, 2017.

<sup>7</sup> Represents Ms. Prange's sign-on LTIP grant in accordance with her letter agreement.

**Estimated Potential Payouts Under Non-Equity Incentive Plan Awards**

The PIP awards paid to the Named Executive Officers appear in the Summary Compensation Table in the column captioned Non-Equity Incentive Plan Compensation. The threshold, target and maximum amount of these PIP awards appear in the Grants of Plan-Based Awards Table in the column captioned Estimated Future Payouts Under Non-Equity Incentive Plan Awards.

**Estimated Future Payouts Under Equity Incentive Plan Awards, All Other Stock Awards and All Other Option Awards**

Awards of performance-based and time-based restricted stock/units granted to the Named Executive Officers appear in the Summary Compensation Table in the columns captioned Stock Awards. We did not grant Named Executive Officers options in fiscal 2016.

The threshold, target and maximum amount of the performance-based restricted stock/units appear in the Grants of Plan-Based Awards Table in the column captioned Estimated Future Payouts Under Equity Incentive Plan Awards.

**Exercise or Base Price of Option Awards**

We did not grant Named Executive Officers options in fiscal 2016.

**Outstanding Equity Awards at 2016 Fiscal Year-End**

<b>Name and Principal Position</b>	<b>Option Awards Number of Securities Underlying Unexercised Options (#) Exercisable</b>	<b>Stock Awards</b>
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