Good afternoon and thank you for that kind introduction, Ani. It is a great pleasure to be part of the first annual USA India Business Summit, a timely event that underscores the tremendous opportunities for partnership between our two countries and an event that will become increasingly important as the bond between the United States and India grows even stronger. It also is a privilege to address this wide gathering of governmental officials, diplomats, educators, and representatives from many segments of industry.

I was most flattered to be invited to share my opinion with you today, especially after an unfortunate experience I had last weekend at an art gallery opening in New York City. I met the artist who asked me, “What’s your opinion of my painting?” I said, “It’s worthless.” He said, “I know, but I'd like to hear it anyway.” Today, I hope that you will find some worth in what I’m going to share.

The theme for my remarks is “U.S.-India Business Relations: The Road Ahead,” which admittedly is a very broad topic that would take us well beyond dessert if we looked at all facets that it implies. Instead, I am going to briefly share some thoughts of this subject from my perspective as the Chairman and CEO of a global Fortune 500 provider of health care products and services, who was born in South Africa, which, like India, is a member of the Commonwealth of Nations and a rapidly developing economy. Of the many promising sectors of U.S.-India collaboration, I am going to focus on health care and in particular, addressing the huge demand for health care needs in both countries and the related potential business opportunities, which are huge.

I don't want to take any political positions here today, but we in this country need to focus more on what's going on in the developing world. It is clear that with more than 80 percent of the world's population living in the developing world, and with economic development in the developing world fast out-pacing the growth rates of the United States, Japan, South Korea and Europe, we in the United States have to focus more of our future on the developing world and emerging markets. The question is, “where is the developing world?”

As a business person trained to examine and prioritize opportunities and focus on where the puck is going, it becomes clear that India has to be a critical focus for U.S. businesses. Almost 20 percent of the world's population is living in India, which is by far the world largest democracy with the largest middle class in the emerging economies. Of course there is China, Vietnam, Russia and Indonesia, which all present huge economic growth opportunities, but these countries do not have Westminster-style democracies held accountable to the people. India's government is clearly held accountable to its people, and India's military to its democratically-elected government –
a foundation for a long-term investment atmosphere. Certainly there is economic opportunity in Brazil and other parts of Latin America, in the oil-rich Middle East, and in South Africa and other parts of Africa, but none compares to the huge potential opportunity in India. I will offer my reasoning for this in my presentation, but first, let me share a bit with you about Henry Schein.

**Henry Schein and India**

Henry Schein is the largest provider of health care products and services to office-based physicians, dentists and veterinarians, serving more than 600,000 customers worldwide. This represents more than one million dentists, physicians and veterinarians. We offer more than 190,000 products, and in 2009, our sales reached a record $6.5 billion—a compound annual growth rate of 18 percent since we went public in 1995, which places us number 339 on the Fortune 500 list. We also are proud to have been included in Fortune’s list of the World’s Most Admired Companies for the past six years, and to be a member of the Nasdaq 100. Our Company includes more than 13,500 Team Schein Members, and we serve customers in probably every country on the globe with operations on the ground in 23 countries, primarily in North America, Europe, Australia and New Zealand. We also have operations in China, Hong Kong SAR and the Middle East.

Our Company has been the beneficiary of much of what Thomas Friedman described in his book, “The World is Flat.” We have had a team of software developers in Mumbai, India since 2003, and we successfully introduced into the U.S. market one of the first generic pharmaceutical injectables from India. India’s respect for and adherence to rule of law, in combination with its well-educated scientists, effectively positioned us to obtain prompt approval from the U.S. Food and Drug Administration for this injectable product, which was extremely well received in the U.S. medical marketplace. We clearly recognize India’s potential as a source for new products that we can offer our existing customers. Like so many in the world, Henry Schein has India clearly in our sights as a provider of products and services.

**A Personal Perspective**

From a personal perspective, I also have a longstanding affinity for the people of India. As children and young adults, my wife Marion and I were raised and educated in South Africa, and we immigrated to the United States in our mid-20s 35 years ago. My family’s business was located in South End, Port Elizabeth, one of the few truly multicultural communities in apartheid South Africa. My late father counted many business people of Indian origin among his neighbors and close business associates. I remember well visiting the local Indian Temple in South End with my Jewish youth group and being welcomed by the local Hindu community on route with delicious candy. Also one of Marion’s closest friends at medical school was a South African of Indian descent.

Of course, the whole non-violent movement traces its roots to South Africa and India. Mahatma Gandhi first practiced his concept of passive resistance in South Africa during the early part of the 20th century. Later, the means of bringing about non-violent change was embraced and foundational to Dr. Martin Luther King Jr. and the NAACP
here in the United States, and practiced by President Nelson Mandela and the ANC in South Africa.

After Marion and I graduated and moved to the United States, we maintained strong ties with the U.S. Indian community through our professional work. As a physician, Marion has numerous colleagues of Indian decent, including two associates in her medical practice, and through Henry Schein I work closely with Indian-American physicians and dentists, so we have been blessed with close relationships with the Indian community here in America. We, of course, also have a large number of Team Schein Members who trace their roots to the Indian subcontinent.

Marion and I also have a love for the opera, and indeed I am on the board of directors of the Metropolitan Opera House at Lincoln Center in New York City, which some would say is the leading opera house in the world. We were able to combine our love for opera and the Indian and South African people in 2008 when we funded the production of the Philip Glass opera Satyagraha at the Met, which covered the experience of Mahatma Gandhi in South Africa — the first time a full opera was performed in Sanskrit at the Met. Opera traces its routes to Germany, Austria, Italy and France. My parents left Germany as refugees for South Africa in 1936, and so this opera enabled us, through culture, to connect my family’s roots in Europe with New York, highlighting the historic 20th century Indian-South African lesson to the world about non-violent response to oppression.

The exposure to our friends’ ideas and their families of Indian decent enabled us to recognize, at a young age, some fundamental similarities that our cultures share — the importance of family values and the value that is placed on academic excellence, to name just two. This is the business and personal perspective that I bring to you today, and in this context, let’s briefly look at business relations between India and the United States.

The Great Potential of India

With 1.2 billion people, India is the world’s second-most-populous nation. It is the world’s largest democracy, and 400 million Indians went to the polls in 2009. There is an attractive and investor-friendly investment climate in the country. India has some of the most liberal and transparent policies on foreign direct investment among major developing world economies, and it has simplified foreign exchange controls. The country’s abundant highly skilled labor force provides enormous opportunities for potential investors.

India is the world’s tenth largest economy, and the fourth largest economy in the world in terms of purchasing power parity. It is the second fastest growing major economy after China. The IMF projects that the Indian economy will grow at 8.75 percent in 2010 and 8.5 percent in 2011 due to business confidence and resurgence in demand from the working class. It is expected to be the world’s third largest economy by 2030.

For a foreign business considering investment in the country, India is very attractive. India has a growing middle class that is increasing domestic consumption, and 55 percent of its population is below the age of 25. This economic growth and rising per capita income has resulted in high growth in the domestic market, which is the
prime growth engine for Indian economy. In 2008-09, imports grew at nearly 21 percent and exports grew at nearly 14 percent.

The Indian government’s highest priority for the proceeds of this growth and for foreign investment is the country’s infrastructure – the development of highways, ports, railways, airports, power and telecom. India urgently needs better roads to support its thriving economy, as it emerges as an economic power on the world stage. The Indian government has targeted construction of 4,400 miles of highway a year in an effort to make freight traffic more efficient while spreading wealth to India’s rural areas. Indian economists estimate that nearly 40 percent of India’s world-class agricultural products, such as mangoes and tomatoes, spoil because of delays getting them to market.

There also is an abundance of young people with a growing entrepreneurial culture. India’s median age is just 25.3 years, compared to 34.1 for China and 36.7 for the United States. To be sure there are huge obstacles to doing business in India. But if one takes the view that much of the wealth in the 21st century will be created in the developing world, then India, because of this great economic potential and largely business-friendly environment, has to be the top developing world investment destination.

U.S.-India Trade

Trade between the United States and India has more than doubled in the last five years, but the United States is no longer India’s biggest trading partner. Instead, China currently holds the number one position, followed by the United States and the UAE. The trade numbers between the United States and India are impressive, but there is significant room for growth. India is currently the United States’ 18th largest goods trading partner. U.S. goods and services trade with India totaled $66 billion in 2008, including $28.2 billion in exports and $37.8 billion in imports. The U.S. goods trade deficit increased more than 23 percent from 2007 to 2008.

India’s trade with the United States reflects the nature of India’s economic growth, which has been fueled largely by domestic consumption without disproportionate emphasis on export-oriented growth and investments. A rising Indian middle-class and this domestic consumption-led growth pattern should mean more investment and trade opportunities for the United States. However, the U.S. share of India’s exports has dropped from 21 percent in 2000-2001 to just 11 percent in 2008-09 as India’s trade with its Asian neighbors in particular has picked up. U.S. foreign direct investment in India was $16.1 billion in 2008, a 10.8 percent increase from 2007, and it is primarily concentrated in the information, manufacturing, and banking sectors. India foreign direct investment in the United States was $4.5 billion in 2008, up 60.4 percent from 2007, and it is primarily concentrated in the professional, scientific, and technical services sector.

A High Point for U.S.-India Relations

Today I would like to highlight six pillars that will fuel the U.S.- India health care growth trajectory: Great relations between the United States and India; the Indian pharmaceutical industry; India’s spirit of innovation and entrepreneurship; its leadership in education and manpower; the Indian diaspora; and demographic changes.
The establishment of a Bilateral Investment Treaty will help accelerate the pace of trade and investment still further, and U.S. Treasury Secretary Timothy Geithner’s visit to India in April underscored the tremendous opportunities that further economic partnership could hold for India and the United States. During that trip, a financial and economic partnership was signed between India’s Minister of Finance and Secretary Geithner that focuses on macroeconomic policy, financial sector reforms and infrastructure financing. While in India, Secretary Geithner said that India is an “indispensable partner in securing the future prosperity and security of the world,” that India has emerged “stronger and faster than most large economies,” and he praised India’s “dynamic entrepreneurial private sector.

Relations between the United States and India are at a high point now. The Obama administration has used the landmark nuclear deal that the two countries signed in 2008 as a foundation for improving ties and hopes of cooperation on other issues, such as climate change and combating terrorism. In November, the two countries announced the U.S.-India Green Partnership, which addresses energy security, food security and climate change.

As the world grapples with economic problems, India and the United States have a common vision for solutions that are rooted in two vibrant democracies. Both countries would like to see more transparent market regulatory regimes that are accountable to their people. Both would like to ensure that the World Trade Organization Doha round and the multilateral discussions on climate change are brought to conclusion in a democratic manner. And while Indian and U.S. solutions to these problems are sometimes different, the commitment to sustainable development and democracy are a constant theme for both countries.

Pharmaceutical Leadership

A second strength of India that appeals to a multinational health care company is the robust pharmaceutical industry that has become a world leader in generic drugs and is rapidly growing in R&D. India has become the preferred nation for pharmaceutical generation, with low charges for research and development, as well as the production of drugs. The workforce and technological proficiency of pharmaceutical companies in India ensures the continued growth of the industry on a global scale as well as within India. Pharmaceuticals are one of the top five goods imported from India into the United States at $2.2 billion in 2009. Led by Lupin Pharmaceuticals, Ranbaxy Laboratories, Dr. Reddy’s Laboratories, Cipla, Sun Pharmaceuticals, Aurobindo Pharma, GlaxoSmithKline, Zydus Cadila, Aventis Pharma, Ipca Laboratories and others, this sector now exceeds $3.1 billion.

India’s leadership in the generic pharmaceutical arena as well as emerging R&D is helping to reduce the price of pharmaceuticals in developing countries around the world and here in the United States. Generic pharmaceuticals is an area that is close to our heart. In the 1980s, Henry Schein was at the forefront of advancing legislation that would accelerate the availability of generic pharmaceuticals in the United States, and today we offer many pharmaceuticals products to our customers through an exclusive distribution relationship with Lupin Pharmaceuticals and other partners in that segment. Also, I’ve been privileged to work with the leadership of Jubilant Organosys, an Indian pharmaceutical and life-sciences company that is doing some exciting work in customer
research and manufacturing services, specialty pharmaceutical and generics, injectables, diagnostics, and nutrition ingredients.

Entrepreneurship and Education

Third, it is impossible to look at business in India and not be impressed by the spirit of innovation and true business and entrepreneurship that distinguishes the country and its people – a characteristic that India shares with the United States. These are the qualities that attract business to India to find new sources for innovative pharmaceutical products and medical devices that we can offer to our customers. At a recent India-Israel forum I attended in Tel Aviv, one panelist noted that in the area of medical devices Indian companies had reduced costs by as much as one tenth of those incurred by leading global manufacturers of health care products. This is the kind of innovation and efficiency we look for in our supplier partners.

We recognize that even more than large companies, it will be small and medium-sized enterprises in the health care arena and other sectors that will drive economic growth in India and the United States in the coming years. These small and medium enterprises face unique challenges in terms of market access and regulatory issues in foreign markets. It is incumbent on our two countries to foster an environment that is conducive for these enterprises to be grow, flourish and compete.

Fourth is the strength of India in technology and education. India has the third largest scientific and technical manpower in the world. The country’s 162 universities award 4,000 doctorates and 35,000 post-graduate degrees, and the Council of Scientific and Industrial Research runs 40 research laboratories which have made some significant achievements in the areas of biotechnology, electronics, atomic energy and oceanography. As I mentioned earlier, I was impressed early on by the value that my friends of Indian origin and their families place on education. The United States has been a huge beneficiary of the Indian educational system through immigration to this country.

That pursuit of excellence is seen in education for the health care professions. According to the American Association of Physicians of Indian Origin, or AAPI, although Americans who trace their roots to the Indian subcontinent constitute less than one percent of the population of the United States, they constitute 10-12 percent of the student body in medical schools in the United States. In fact, no other country has exported as many physicians as India. More than 50,000 physicians of Indian origin practice in the United States – one of every 20 U.S. doctors. Indian health care professionals and U.S. primary care Indian health care professionals, including physicians and nurses who are part of a larger International Medical Graduate group, play an invaluable role in advancing primary care in the United States. Primary care is central to health but it faces a severe physician shortage. International Medical Graduates, including Indians, have helped alleviate this stress. According to the American College Board of Physicians 2007 report, International Medical Graduates filled approximately 44 percent of the internal medicine residency positions.

At Henry Schein, we have had the privilege of working very closely with several organizations representing Indian health care professionals, most notably AAPI and the Indian Dental Association in New York and Los Angeles. Through working with these
organizations, we have come to appreciate their members’ commitment to providing quality health care, their entrepreneurial drive and expertise in practice management, their dedication to lifelong learning through continuing education, and their commitment to philanthropy and giving back to the community.

The Indian Diaspora and Demographic Changes

The United States has emerged as the most preferred educational destination for Indian students, and in 2009 an estimated 110,000 students from India were in the United States to pursue studies here. The well-educated Indian diaspora, which is accumulating wealth and power, will be able to play a growing role in advancing FDI and trade between India and the United States. This is similar to what we are seeing in the Chinese diaspora in Asia and the Jewish diaspora regarding Israel. This leads me to the biggest opportunity of them all.

Demographic changes in the United States also will work to India’s advantage. In 2008, Professor Jeremy Siegel, a leading financial expert from the Wharton School at the University of Pennsylvania, addressed our Company’s management team. He emphasized that the demographic changes in the United States would result in more older people from the baby boomer generation needing more services. He also predicted that these services could not come completely from Generation X, and there would be a shortage of manpower that will have to come from the developing world. Professor Siegel said that over the next few decades there would be a tremendous transfer of wealth between Baby Boomers and Gen X and between the Developed World and the Developing World. He predicted that India, because of its people’s education especially in the health care areas, would have a large role to play.

Private Sector Drivers in Health Care

Where the private sector has entered to supplement public sector efforts, there has been great progress. For example, there has been a boom in medical tourism for international patients who come to private hospitals in India to receive effective medical treatment at lower costs than in developed countries. It is estimated that the medical tourism market in India could reach $2.2 billion by 2012, and the Indian government has created special visas for medical tourism. Over 272,000 patients visited India for medical treatment in 2007, where they can save 60-95 percent of the total costs for medical treatment. This means that a liver transplant that might cost $500,000 in the United States could cost $40,000 in India. An MRI of the wrist that costs $1,600 in Hong Kong is just $155 in India. And neurosurgery in the United States might cost $29,000 compared to $8,000 in India.

Similarly there has been an increase in assisted living in India. Many people from developed countries are moving with their aging parents to India because they will be able to afford a higher level of care and better quality of life for their parents in their final years.

This surge in medical tourism is being made possible by massive growth in private hospitals across India. The private sector today provides 58 percent of the hospitals and 81 percent of the doctors in India. New hospitals are being developed by health care entrepreneurs, even in smaller towns. And this is giving Indian doctors the option of moving to more technologically advanced and lucrative practices. I have been
privileged to observe the leadership of Apollo Hospitals and Fortis Healthcare, two organizations that are quite literally redefining health care in India.

Another area of great opportunity lies in virtual health care services, where Indian health care practices remotely serve global patient needs, such as in radiology medical services.

To summarize, these are the six pillars that I believe will fuel the U.S.-India health care growth trajectory: Great relations between the United States and India; the Indian pharmaceutical industry; India's spirit of innovation and entrepreneurship; its leadership in education and manpower; the Indian diaspora; and demographic changes.

**Additional Areas for Health Care Growth**

Additionally, the quality of dentistry is at high standards in many of India’s major metropolitan areas, such as Mumbai, Delhi, Chennai and Bangalore. The Indian dental market is currently estimated to be $140 million and growing at 15 percent annually. Henry Schein Dental needs to be in India, and we recognize the enormous promise that India holds as a growing market of health care professionals that we can serve. In the dental arena, we already work with many multinational manufacturers that have operations in India, such as 3M, GC, Dentsply, Danaher, Nobel, Ivoclar and Coltene. We are constantly evaluating our opportunities as a distributor in India and are working on finding an ideal business partner in India who can help us serve this emerging market of great potential. Together we are confident that we can bring a valuable array of products and services to Indian health care professionals that they can use to build the success of their practices and improve the level of care they provide to Indian patients.

Sourcing medical equipment in India represents another promising opportunity within health care. Currently more than 65 percent of medical equipment in India is imported. However, engineering excellence, cost-effective labor, an increasing emphasis on intellectual property rights and a fast growing domestic market make India an ideal manufacturing base for medical equipment. A study commissioned by the Federation of Indian Chambers of Commerce & Industry and Ernst & Young predicted 15-20 percent growth for the Indian medical equipment market and estimated the market to reach $5 billion by 2012.

Telemedicine is yet another area of great progress and opportunity. Today there are approximately 120 telemedicine centers throughout India, and the government has made a major commitment to the growth of telemedicine throughout the country. Also, with less than 10 percent of the Indian population having some form of health insurance, the potential market for health insurance in India is huge. In addition, India has the fastest growing health care IT market in Asia, with an expected growth rate of 22 percent, followed closely by China and Vietnam. The great success of India’s major IT firms has provided incentives for students to invest in IT skills, creating an even larger pool of technology-skilled workers, and for domestic Indian firms to ramp up their own technology spending.

Private sector contributions could prove especially beneficial in developing and strengthening a health care infrastructure that is evenly distributed geographically and across all levels of care; in managing and operating health care facilities that are technically efficient and provide quality in a cost-effective manner; in building capacity
for educating health care professionals and staff; in creating third-party financing mechanisms; in establishing national and regional IT backbones and health data repositories for ready access to clinical information; and in developing a supply chain that makes medical equipment and supplies readily available at the point of care.

In addition, there is great opportunity for collaboration and partnership for United States institutions to export educational opportunities to India. India recently passed the Foreign Education Bill, which now permits foreign education providers to establish campuses in India and offer degrees. This presents a huge opportunity for U.S. universities to enter the education hungry Indian market. Harvard has set aside $60 million and Wharton $50 million for their foray into India.

The Path Forward is Partnership

The path forward for U.S.-India business relations will be a path of partnership. This includes the bilateral trading partnership that our governments are pursuing, which Secretary Geithner highlighted during his visit to India. It also means partnerships formed between individual U.S. and Indian companies to create mutually beneficial market expansion in our two countries. Obviously each of us here today has a strong interest in pursuing these types of partnerships.

The business opportunities facing the United States and India are enormous and diverse, as evidenced by the diversity of backgrounds represented here today. I come to you this afternoon with a very specific health care perspective on these opportunities, but am confident that the public-private partnership lessons we are learning in the health care arena are applicable to a wide range of industries. It is an exciting time to be a U.S. or Indian company looking to reach around the world to forge new business relationships and find even greater success. We look forward to working with many of you on the road ahead to establish these relationships and build mutual success.

Thank you for your kind attention. Now if there are any questions I will be happy to address them.