

Special Report

Hurricanes Katrina and Rita

Six Month Update

DIRECT RELIEF BY THE NUMBERS

(Through February 10, 2006)

\$0 amount of Katrina/Rita contributions spent on administration or fundraising. Direct Relief maintains a strict policy of using 100 percent of all hurricane contributions exclusively for direct hurricane expenditures. The organization is absorbing all administrative costs associated with the hurricane response.

1.5 million courses of treatment specifically requested medicines, supplies, and medical equipment provided through 86 shipments to Alabama, Arkansas, Louisiana, Mississippi, and Texas

\$3.3 million cash grants made to 31 clinics, hospitals, and associations

\$4.5 million cash received to aid hurricane victims

\$12.5 million wholesale medical in-kind donations received to specifically send to the regions affected by Hurricanes Katrina and Rita. Additional product already in Direct Relief's warehouse was authorized for use in the Gulf

\$26.1 million (wholesale value) medical resources furnished specifically requested by end user health professionals

\$29.5 million direct aid provided in the form of donated medical products and cash grants

76.8 percentage of hurricane funds expended to date

Hurricanes Katrina and Rita ravaged coastal communities throughout the Gulf Coast in August and September 2005, affecting over one million people and resulting in the largest national disaster in U.S. history.

Nearly 60 years of experience and intense ongoing activity related to the December 2004 tsunami informed Direct Relief's response to this complex emergency. We have learned that the best responders immediately and over the long run are usually people who live in the affected areas. We also have seen the recurring dilemma that local leaders and organizations doing the best work during high-profile emergencies are rarely the best at raising funds during the period of intense media coverage when people give so generously to help.

Our support efforts have been aimed at both the major anchor facilities that provide specialized services and the network of safety-net clinics that play the key role of caring for people who have little money and no insurance. Both types of facilities have undergone tremendous strain from surging patient visits, lack of revenue and, in many cases, storm-related damage.

Direct Relief did not solicit funds in connection with the hurricanes, but we pledged to devote our existing internal resources to the recovery effort. We adopted a strict policy, as we had following the tsunami, to dedicate 100 percent of all funds received for hurricane assistance to the direct delivery of aid in the region while absorbing all administrative and existing internal staff costs. Our policies have enabled all new disaster relief resources to

be leveraged to bolster the excellent local organizations and people that have the highest stake and most knowledge of the local situation on the ground.

The \$4.5 million in cash contributions that Direct Relief has received may seem small against the reported billions of private contributions and government pledges. However, **we consider each contribution** to our organization a wonderful expression of trust and compassion. We also know that those who give expect us to use the money or material in the most efficient, productive

way possible to help victims.

Overall, Direct Relief has furnished over \$3.3 million in cash grants from the total of \$4.5 million in total hurricane contributions received.

These targeted investments

complement the infusion of \$26.1 million wholesale of essential medical resources – all of which were specifically requested by end-user health professionals.

This report outlines Direct Relief's response, analysis, priorities, detailed expenditure of funds, and the dozens of partnerships formed to help during the six months following the landfall of hurricane Katrina in August 2005.

We are accountable to more than 5,000 generous people who entrusted their money to our organization, to the many companies who donated essential material and services, and to the people living in the hurricane-affected areas for whose benefit these resources have been received. We wish to express our deepest thanks and pledge our commitment to help in the most productive way possible.





The Common Ground Free Clinic was established soon after Katrina in response to the lack of medical assistance available to the low-income communities that remained in New Orleans. Run by a rotating base of 20 volunteer health practitioners and 6 physicians from around the country, Common Ground has had 10,000 patient visits since it opened.

Dozens of physician offices were destroyed along the Mississippi coast line during Katrina. Dr. McNair was able to assist in finding temporary offices for dozens of physicians and Direct Relief provided essential medicine and supplies for their patients.



SUPPORTING LOCAL LEADERS

Direct Relief recognizes that local groups, local institutions, and local people have always carried the load of work in their communities – that’s true everywhere in the world. It has been Direct Relief’s privilege to work with a number of community leaders along the Gulf Coast who have made heroic efforts, inspiring their communities and Direct Relief.

William Bynum and Enterprise Corporation of the Delta (ECD)

Immediately following Katrina, ECD’s William Bynum played a key role connecting Direct Relief with an association of African American physicians and Dr. Alfred McNair. Among many other honors, Bynum was named Ernst & Young National Supporter of Entrepreneurship in 2002. ECD is a private, nonprofit community development financial institution that provides commercial financing, mortgage loans and technical assistance to support businesses, entrepreneurs, home buyers, community development projects, and healthcare providers including community health centers in economically distressed areas.

In response to Hurricane Katrina, ECD established a fund for targeted financial assistance to churches, clinics, and other community groups that were providing extensive support to displaced persons during the initial emergency phase. Direct Relief provided a \$250,000 grant to assist ECD with their targeted financial assistance. One particular low-interest loan to a reverend in New Orleans allowed him to refurbish a dozen apartments and rent them for a minimal cost so that some of his unemployed parishioners could return to the city.

Dr. Alfred McNair and Reuben T. Morris Wellness Foundation

Dr. Alfred McNair is a member of the Mississippi State Board of Health, manages a surgery center and digestive care facility, and serves as the President of a local association of African American physicians.

Following Hurricane Katrina the question of whether or not medical professionals would continue to practice in the Gulf area was a serious concern. This prompted Dr. McNair to address the increased flow of nurses and doctors from the Gulf to other parts of the United States. To assist Dr. McNair’s efforts to keep medical professionals in the area, Direct

Relief issued a grant to purchase a new medical passenger van to deliver supplies to clinics and physician’s offices and to shuttle patients to doctor’s appointments. The grant also allowed Dr. McNair to purchase essential drugs and supplies as well as provide a short-term financial cushion to nine local physicians who are renting homes or offices after being displaced by the hurricane. Direct Relief sent two shipments of medical aid worth \$2.8 million (wholesale) to replenish the inventories of many of the local doctors who lost their offices following the storm, allowing the doctors to continue providing care in temporary offices.

HELPING PATCH THE SAFETY NET

“Community and free clinics are the health safety-net for low-income people. That net has been ripped, and many more people have been pushed into dire economic circumstances and will need their services. We are doing all we can to make sure that these safety-net clinics can serve the people who need care.”

Thomas Tighe
Direct Relief President & CEO

Direct Relief provided medical and financial assistance to the pharmacy at Coastal Family Health Center's new clinic in Long Beach, Mississippi.

In 2003, Direct Relief initiated a clinic-support program in California as a response to the deep budget cuts in public health services and the growing number of residents without health insurance. Working through the network of licensed nonprofit clinics that serve as the health safety net, this program has furnished prescription medicines to facilities with dispensing privileges, over the counter medicines, and general supplies valued at more than \$13 million.

After the hurricanes, Direct Relief applied its successful approach in California to the Gulf states by joining with the national associations of free clinics and community health centers and their statewide associations. These clinics have experienced a significant increase in patient volumes, which strained their already precarious financial base. Recognizing the crucial role community health facilities play, Direct Relief focused its aid immediately to community clinics and shelters where many evacuees fled.

The National Association of Community Health Centers and the National Association of Free Clinics together represent more than 1,200 community based clinics throughout the U.S. These clinics play an essential role and have deep experience serving people without money or insurance, as the hurricanes both forced many people into such circumstances while causing a net loss in overall health-service capacity. These facts led Direct Relief to focus aid at these frontline clinics, providing both material aid to care for patients and financial assistance to conduct rapid assessments and cover increased expenses due to surging demand. Direct Relief has furnished cash grants of more than \$400,000 to the associations for allocation to their member clinics and to clinics directly.

The clinic associations' networks provided a clear view of how the hurricanes were affecting the demand for services among displaced people in Louisiana, Mississippi, and Texas. Through the networks, Direct Relief also was able to share efficiently and without duplication inventory lists, enabling clinics to request essential items and fill emergency needs.

Working through the established network of frontline clinics also allowed medicines and supplies to be provided to clinic teams as they expanded their services into temporary shelters that accepted evacuees in the initial weeks after the storm.

Coastal Family Health Center

Direct Relief supported one of the main community health networks along the Mississippi Gulf Coast, Coastal Family Health Center (CFHC). CFHC lost four of its six clinics during Katrina and Direct Relief responded by funding a grant of \$93,000 to establish a replacement unit in Long Beach, Mississippi. Direct Relief provided the necessary equipment and supplies to CFHC so that it could restart its comprehensive healthcare services to its community. Merck Pharmaceuticals agreed to donate the modular building CFHC needed and the county-owned, Singing River Hospital paid for its transportation to the selected site.



“Because of Direct Relief’s donors we don’t have to turn terminally sick folks away during this very difficult time.”

Phyllis Embrey
CAGNO Director

KATRINA FACTS

\$75 billion estimated property damage

670,000 people who have not returned to their pre-Katrina homes. That’s 54% of the 1.25 million who said they had evacuated.

26.3 percentage of unemployment of Katrina evacuees who haven’t returned

2.5 million Gulf Coast households that have filed applications for FEMA assistance in all 50 states

2,508 people missing

1,417 total casualties

1,101 casualties in LA

238 casualties in MS

Sources: *USA Today* and *The Times-Picayune*

The Center provides quality primary health, dental, and optical care to the community, with an emphasis on caring for those who have limited resources. CFHC also assists their patients with transportation when they lack other means of receiving care. Five months after Katrina, CFHC, in coordination with a local Lutheran church, continues to maintain a tent-based medical facility that serves an estimated 200 patients per day from the surrounding area.

Lafayette Community Health Care Clinic

Located 136 miles from New Orleans, the Lafayette Community Health Care Clinic (LCHCC) became an essential resource for evacuees from Hurricane Katrina. LCHCC is a non-profit organization that provides quality outpatient healthcare for the eligible working uninsured and has been very successful in forging collaborative partnerships to address a wide range of community healthcare needs. In existence since 1993, it is the oldest free clinic in Louisiana. In the days following the hurricane, the city was in pandemonium as people struggled to cope with the devastation in New Orleans. As evacuees fled New Orleans, the clinic began to see an increasing number of patients in need of care. With a majority of the staff having evacuated, the clinic began to open its doors to treat what patients they could. Within two weeks of Katrina’s landfall, Direct Relief provided two shipments of essential antibiotics and first-aid kits to be distributed among the evacuees living in the shelters around the Lafayette area.

LCHCC also requested assistance to provide emergency dental services, care management for evacuees with chronic illnesses, and community pharmacy services. The clinic is continuing its relief activities related to both Katrina and Rita. They are also conducting assessments of health service needs and are attempting to expand their dental services to evacuees and additional residents.

CAGNO

Based in New Orleans, The Cancer Association of Greater New Orleans (CAGNO) has served, on average, 600 uninsured or underinsured cancer patients annually. CAGNO was founded in 1959 and was established to provide United Way with its own locally-based cancer agency. In the past 45 years, CAGNO has distributed prescription treatment and pain medications, educated hundreds of thousands of community members, and administered millions of dollars in cancer research grants.

Due to Katrina’s disruption of the medical supply line and the public transportation systems, CAGNO needed outside donations to re-supply its patient medications and get patients to and from their physicians offices. CAGNO also needed funding to purchase a number of vital medical and surgical supplies, along with nutritional supplements for its patients. Direct Relief assisted with funds to cover the costs of patient transportation and medications.

In-Kind Donors

We thank the following donors whose generosity has enabled us to help provide 1.5 million courses of treatment to front-line health facilities along the Gulf Coast.

3M Pharmaceuticals
Abbott
Aearo Company
Alcon Laboratories, Inc.
All Saints Greek Orthodox Church
Allergan, Inc.
American Health Products Corporation
Amsino International
Aramco Services Company
BD
Beaumont Products Inc.
Boehringer Ingelheim Cares Foundation
Bristol-Myers Squibb Company
Carlsbad Technology, Inc.
Cera Products, Inc.
Child Health Foundation
ConMed Corporation
Den-Mat Corporation
DreamWeaver Medical
Edgepark Surgical
Ethicon, Inc.
FNC Medical Corporation
Forest Laboratories, Inc.
Forest Pharmaceuticals, Inc.
Herban Essentials
Hi-Tech Pharmacal Company, Inc.
International Aid
Interplast
Invacare Supply Group
Johnson & Johnson
Johnson & Johnson Consumer Companies
Kendall Healthcare, Tyco
King Pharmaceuticals, Inc.
Martin Roth & Co.
McKesson Medical-Surgical
McNeil Consumer & Specialty Pharms.
Medical Action Industries
Merck & Company, Inc.
Miltex Instrument Company
Nexus Beauty Products
Omron Healthcare, Inc.
Pfizer Consumer Healthcare
Pfizer, Inc.
Sage Products, Inc.
Sandel Medical Industries, LLC
sanofi-aventis
Sappo Hill Soapworks
Schering-Plough Corporation
STADA Pharmaceuticals, Inc.
Taro Pharmaceuticals U.S.A., Inc.
Tyco Healthcare/Mallinckrodt
Vitamin Angel Alliance
Waldwick Plastics Corporation
Zimmer Orthopedic Surgical Products
Zooth, a Division of Gillette

CORPORATIONS STEP UP

Extraordinary partnerships with medical product manufacturers and distributors enabled Direct Relief to respond in a fast, efficient, and targeted way to the Gulf Coast hurricanes. Fifty-five pharmaceutical and medical supply companies made product contributions to assist the response.



Bristol-Myers Squibb

BMS Provides Nearly \$3 million Worth of Critically-Needed Drugs

Bristol-Myers Squibb (BMS) has provided over \$2.9 million (wholesale) of critically needed drugs (primarily antibiotics) to Direct Relief's partners in the Gulf Coast area since Hurricane Katrina struck. These medicines enabled patients to receive needed care at dozens of health facilities struggling to meet the increased patient load. From churches and food banks that set up clinics and shelters to existing community clinics and parish hospitals, BMS's support enabled Direct Relief to assist dedicated local people to help their neighbors in need. Direct Relief and BMS have worked together since 2001, and Direct Relief administers the "Medical Mission Box" program with BMS for physicians traveling to provide humanitarian care.



Helping all people
live healthy lives

Essential Diabetes Supplies Delivered Immediately to Louisiana

Direct Relief worked with New Jersey-based BD (Becton, Dickinson and Company) to deliver an emergency supply of diabetes-care products to a Louisiana clinic that had requested assistance. One week after Katrina struck, BD furnished the United Community Health Center in Eunice with an extensive array of syringes and pen needles, blood glucose meter strips, and other supplies needed by over 2,000 people with diabetes who were displaced by the hurricane. BD's partnership has been integral to Direct Relief's post-hurricane response, as it has been over the past ten years in Direct Relief's assistance and development efforts worldwide.



Pre-Positioning of Vital Medications and Supplies Prior to Rita Proved Invaluable

In anticipation of Hurricane Rita, Abbott initiated a plan with Direct Relief to pre-position highly needed medications and medical supplies to be deployed on an urgent basis. As a result, Direct Relief was able to deliver these medical resources on a specific-request basis to 38 partner frontline clinics within weeks. To date, Abbott has contributed more than \$573,000 (wholesale) worth of products to support the work of these critical yet vulnerable safety-net facilities in partnership with Direct Relief. Abbott's contributions have helped to provide 15,000 courses of treatment for patients displaced from and/or being sheltered in Mississippi, Louisiana, Texas, and Arkansas. In addition to product donations, the Abbott Fund provided a generous grant of \$150,000.



Direct Relief and partner FedEx responding to Hurricanes Katrina and Rita

Logistics and Transport Partnership Proves Vital to Hurricane Response

FedEx contributed intensive logistical support and transportation services valued at \$142,981 in support of Direct Relief's Gulf Coast Hurricane response effort from September 2005 through December 2005. FedEx enabled Direct Relief to scale its response and provide emergency supplies on an overnight basis to clinics managing through the crisis.

These contributions were over and above FedEx's ongoing assistance to provide monthly credit to support Direct Relief's health assistance programs domestically and internationally. Additional emergency support provided in calendar year 2005 included nearly \$100,000 of air freight costs to assist people in tsunami-affected communities in South Asia.

CREATING MEDICAL SUPPLY LINES TO ANCHOR FACILITIES

Direct Relief's emergency response efforts are fast, but they also are conducted to strengthen the existing health infrastructure in affected areas. In any community, the existing health professionals and facilities are essential in both the immediate relief phase and thereafter. Direct Relief believes substantial long-term benefits are best accomplished when the infusion of resources are provided to those who will continue to provide health services long after the immediate crisis subsides. Direct Relief was able to support vital health linchpins in the Gulf Coast including the major hospitals in New Orleans and along the Mississippi coast that remained open during and after the disaster, as well as the major blood distributor in the region.

Touro Infirmary

Touro Infirmary, a non-profit hospital, has been embedded in the local community for over 150 years. Touro, currently the only hospital open for adults in the Greater New Orleans area has suffered tens of millions of dollars in damage from Katrina. In December, Direct Relief granted \$250,000 to stabilize Touro's operations through the replacement of equipment and contaminated lab supplies.

The Blood Center

Hurricane Katrina caused a significant disruption in the effectiveness of the main blood distribution center for Louisiana and Mississippi, and the organization was left with a \$2 million loss after the water receded. The Center was the major blood supplier in the region and provided blood to over 50 hospitals prior to Katrina. The Blood Center received a grant from Direct Relief for \$430,000 to help restart the provision of the blood supply to hospitals for critical surgeries, transfusions, cancer treatments, and other daily needs. Funds were used to help with reconstruction costs and to purchase specialized blood banking equipment including a plasma freezing system, cell processor, and an automated collection system to further ensure their capacity to serve as the primary blood supplier to the region.



Since Katrina and Rita, thousands of health practitioners have either volunteered or worked overtime to assist those affected by the hurricane.

Gulfport Memorial Hospital

Located in the hardest-hit area of the Gulf Coast, the Gulfport Memorial Hospital (GMH) withstood the brunt of the storm and was pressed into immediate action as a recovery/support base for the community. The hospital created a shelter for 800 persons and provided 1,500 displaced persons with free emergency prescription medications for the first two weeks after Katrina. One week after the hurricane, Direct Relief furnished two emergency shipments of pharmaceutical products valued at \$65,000 during this period and made an initial cash grant of \$50,000 to the hospital on September 9.

A second grant of \$65,000 enabled GMH to cover a portion of the expenses it incurred in the aftermath of the hurricane and to set up a medical call center that served Harrison and Hancock Counties. The call center received over 4,000 calls in the first three months. Specially trained operators provided information on available medical and pharmaceutical services, as well as assessing the medical staffing needs of rural and surrounding areas, matching them to available medical personnel.

“I don't know what we would have done if it wasn't for people like y'all. Donations from Direct Relief allowed the hospital to take care of its own employees and reach out to more members of our community.”

Cathy Wood, Director of Human Resources at GMH

A mural depicting the vibrant, diverse, and artistic legacy of New Orleans. Direct Relief provided funding to the New Orleans' Musicians Clinic for an additional nurse practitioner to care for musicians and their families who had been spread across the state. The Musicians Clinic utilizes a network of over 300 volunteer medical providers and two paid staff officials.



GOING FORWARD

Additional information, including a description of how much, where, for what purposes, and with what results money has been spent is published on the Direct Relief website – www.DirectRelief.org

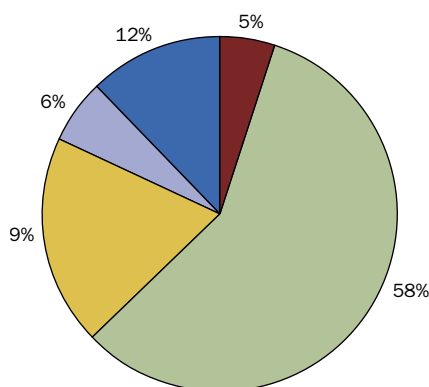
Over the past 58 years, Direct Relief International has worked to strengthen the health systems caring for people in vulnerable situations caused by emergencies, poverty, and, in many instances, both. In focusing on health, the goal is to give people the opportunity to lift themselves up and assist them in building productive lives.

Responding fast and appropriately to emergency situations such as Hurricanes Katrina and Rita is one important aspect of our work, but it is only part of our long-term commitment to people and communities around the world who need help on an ongoing basis.

With the remaining hurricane funds, Direct Relief will continue to invest in the key frontline health facilities in the affected areas serving hurricane victims. With the local health leaders, we also are forming plans to strengthen their ability to access medical material resources for the longer-term, as tremendous needs remain and better systems will help respond to future emergencies.

It is six months after Katrina, but only four months before the next hurricane season, and continued attention is urgently needed. Direct Relief will remain after the headlines fade and continue to help in the most efficient, productive way possible.

Thousands of volunteers from all across the country have assisted the recovery efforts along the Gulf Coast. At Coast Family Health Center in Long Beach, MS hundreds of health practitioner volunteers have maintained a tent-based facility serving 200 patients per day.



Cash Grants and Medical Procurement by State

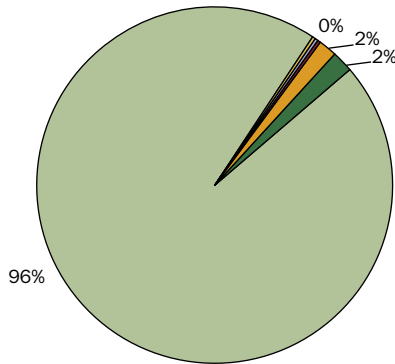
- Alabama: \$151,825
- Louisiana: \$1,974,805
- Mississippi: \$616,624
- Texas: \$184,918
- Total National Organizations: \$400,000

KATRINA/RITA EXPENDITURES

Over 76 percent of the \$4.5 million in hurricane relief funds expended through February 10, 2006

Total Hurricane Cash Expenditures by Function

(\$3,463,486 expended through February 10, 2006)

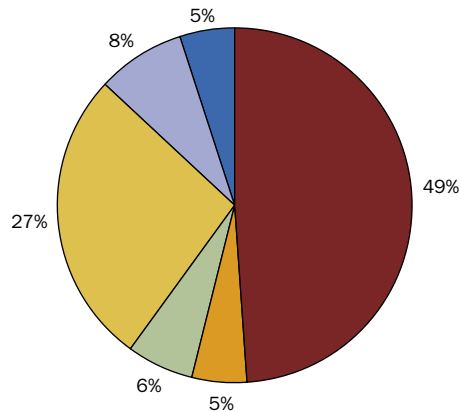


- Cash Grants: \$3,328,172
- Mail and Telephone: \$198
- Procurement Management-Travel: \$5,494
- Procurement Management-Salaries: \$5,725
- Procurement of Medical Aid: \$68,873
- Transportation of Medical Aid: \$55,025

Direct Relief spent no money on fundraising for the hurricanes and is absorbing 100% of all administration costs from other sources. Interest on unspent hurricane funds accrues to the hurricane account and may only be spent on direct hurricane expenses.

Allocation of Cash Grants and Medical Procurement by Purpose

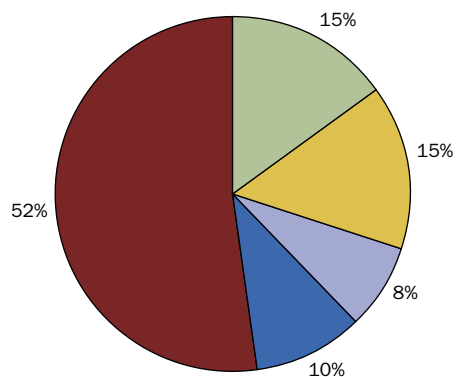
(\$3,328,172 in grants and medical procurement expended through February 10, 2006)



- Clinic Construction and Rehabilitation: \$193,000
- Emergency Operating Costs: \$913,111
- Financial Assistance Programs: 250,000
- Mental Health Programs: \$156,825
- Provision of Health Services and Medical Equipment: \$1,648,200
- Uninsured Patient Bill Reimbursement: \$167,036

A detailed summary of each grant is available on our website describing where, why, how much, for what purpose, and results of money spent.

Hurricane Relief Shipments by Facility Type



- Clinic: 44
- Distribution Center: 13
- Hospital: 13
- Shelter: 7
- Team: 9

All financial information is unaudited.

healthy people. better world. since 1948.