

SPECIAL REPORT

HURRICANES KATRINA AND RITA

One Year Update

DIRECT RELIEF BY THE NUMBERS

(Through July 31, 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.

1.66 million courses of treatment of specifically requested medicines, supplies, and medical equipment provided through 95 shipments to Alabama, Arkansas, Louisiana, Mississippi, and Texas

\$4 million cash grants made to 34 clinics, hospitals, and associations

\$4.77 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.

\$26.8 million (total wholesale value) medical resources furnished

\$30.8 million direct aid provided in the form of donated medical products and cash grants

87.8 percentage of hurricane funds expended to date

After almost 60 years in humanitarian assistance, Direct Relief International has learned that, in crises, those who do the best work in hard-hit areas are the people who live there. The dilemma is that rarely are these people and organizations the best at fundraising during the key period of heightened media attention when money is given. They are too busy doing the essential work.

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 natural disaster in U.S. history.

Direct Relief's 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.

We did not solicit funds in connection with the hurricanes, but we pledged to devote our existing internal resources to the recovery effort. Direct Relief adopted a strict policy, as we had following the tsunami, to dedicate 100 percent of all funds received for hurricane assistance to the delivery of direct 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 situation on the ground.

Overall, Direct Relief has furnished over \$4 million in cash grants from the total of \$4.77 million in total hurricane contributions received. These targeted

investments complement the infusion of \$26.8 million wholesale of essential medical resources – all of which were specifically requested by end-user health professionals.



We are accountable to more than 5,920 generous people and companies who entrusted their money to our organization, to the many healthcare 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.

Direct Relief 
INTERNATIONAL
healthy people. better world. since 1948.

In-Kind Donors

We thank the following 53 companies whose generosity has enabled us to help provide 1.66 million courses of treatment to front-line health facilities along the Gulf Coast.

3M Pharmaceuticals
Abbott
Aearo Company
Alcon Laboratories, Inc.
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.
Forest Laboratories, Inc.
FNC Medical Corporation
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

Healthcare companies offered support to address the crisis in the initial days after Katrina and Rita struck, and, with the support of FedEx, Direct Relief was able to establish medical supply lines to clinics serving thousands of people each day. BD (Becton, Dickinson & Co.) employees worked weekends to arrange shipments of supplies for persons with diabetes; Johnson & Johnson released its previously donated medicine contributions for international programs to care for patients in the Gulf; Abbott, in anticipation of Hurricane Rita, initiated a plan with Direct Relief to pre-position highly-needed medications and medical supplies to be deployed on an urgent basis; Pfizer deployed a team of its corporate supply-chain experts to help ensure proper controls in a chaotic situation; Bristol-Myers Squibb provided essential drugs (primarily antibiotics) that were desperately needed in the region; and even the most basic supplies were needed including tongue depressors, baby wipes, and stethoscopes that were provided by Amsino International and Omron Healthcare, Inc.



Direct Relief provided essential medicines and supplies to 66 nonprofit clinics, hospitals, and shelters throughout the Katrina and Rita affected region.

These private activities have enabled Direct Relief to infuse over \$26 million in corporate-furnished medicines and supplies through 66 nonprofit clinics, hospitals, and shelters. Such extraordinary partnerships with medical product manufacturers and distributors enabled Direct Relief to respond in a fast, efficient, and targeted way. Fifty-three pharmaceutical and medical supply companies made contributions to assist in the response. Without such generosity from health industry leaders, Direct Relief would not be in a position to provide the medical material assistance to the Gulf. It would also have been unable to maximize the contribution of citizens and companies across the globe to assist in the rebuilding of the health care infrastructure.

EXTRAORDINARY GENEROSITY

Companies and Individuals who have contributed over \$50,000

Abbott Fund
Allergan Foundation
The Antioch Company
Bradlees Stores, Inc.
Crescent City Relief Fund, Inc.
Dodge & Cox
ExxonMobil Corporation/
ExxonMobil Foundation/
Ellen DeGeneres Show
Infinium Capital Management
Mayo Clinic

McCormick Tribune Foundation
Mercury
The Cynthia & George Mitchell Foundation
Montecito Union School
The PRASAD Project
Rose Hills Foundation
San Francisco Foundation
Mr. Michael Scott
Six Furlongs, LLC
The Sixty Four Foundation

HELPING PATCH THE SAFETY NET

“ Direct Relief has been a bright ray through dark days of chaos and despair. They are to be applauded for their initiative reaching out to grassroots community-based organizations to not only provide critically-needed resources to rebuild lives, but also infusing us all with a renewed sense of hope and energy. Since I’ve seen first-hand how Direct Relief strategically finds the gaps directing funds efficiently and effectively, I’m proud to now be a Direct Relief donor supporting their work around the globe. ”

Valerie Keller
CEO Acadiana Outreach Center, Inc.

Overall, Direct Relief has furnished over \$4 million in cash grants from the total of \$4.7 million in total hurricane contributions received. These targeted investments complement the infusion of \$26.8 million wholesale of essential medical resources – all of which were specifically requested by end-user health professionals.

As the emergency relief phase slowed, Direct Relief renewed its commitment to safety-net providers. Cash grants focused on the provision of medical supplies and services as a top priority. Grant funds were used to cover replacement costs of destroyed medical equipment and supplies, assist in transportation programs to increase availability of medical services to those living in trailer communities, and support the creation of new medical staff positions needed to treat the influx of patients.

In the months following the hurricanes, Direct Relief has remained dedicated to its original partners and has expanded cash assistance to support clinic construction and rehabilitation, financial assistance programs to help people rebuild their lives, mental health programs, and uninsured patient bill reimbursement. These efforts occur alongside continued material aid being delivered from pharmaceutical and medical manufacturing companies to those in greatest need.

Acadiana Outreach Center

Direct Relief financed the Transitional Recovery Action Center for Katrina (T.R.A.C.K.), a unique program created by Acadiana Outreach Center in Lafayette, Louisiana to assist displaced families devastated by Katrina and Rita transition from destitution and dependence to self-sufficiency and stability in an organized systematic approach. T.R.A.C.K. focuses on supporting displaced families in their efforts to find housing, employment, and transportation, while addressing their physical and mental health needs. Over 680 households affected by Katrina were offered services through T.R.A.C.K. In addition, 253 supportive services were provided for mental health care and counseling, 227 supportive services were provided for medical and prescription support and 189 evacuees benefited from transportation funds. Direct Relief provided \$100,000 to cover the costs of health care needs not met by any other federal, state or local resource, funded staff directly engaged in providing services to evacuees (the majority of staff being evacuees themselves), and provided supplies to support the displaced.

Acadiana Outreach Center employed Katrina evacuees to support displaced families through the Center’s unique T.R.A.C.K. program.



PHOTO: Bernadet Saul

“ You have no idea what the Direct Relief grant meant to our organization. It has made it possible to stabilize and further extend the help we provide. ”

Jewell Lowe
Executive Director
Southwest Louisiana
Education and Referral
Center/232-HELP/211

KATRINA AND RITA FACTS

\$75 billion estimated
Katrina property damage

\$9.4 billion estimated Rita
property damage

23 percentage of
unemployment of displaced
Katrina evacuees – 278,000
workers

\$107 billion federal aid
provided to the Gulf Coast
states

Sources: *USA Today*, *The
Times-Picayune*, and Brookings
Institution

*Thousands of volunteers from across the
country have assisted the recovery efforts
along the Gulf Coast.*

Reuben T. Morris Wellness Foundation

In the wake of Hurricane Katrina, Dr. Alfred McNair and the Reuben T. Morris Wellness Foundation became an immediate resource for a network of 180 physicians and other medical professionals to respond to the devastation and medical needs along the Mississippi coast. Through Dr. McNair's efforts over the course of several months, Direct Relief provided five shipments totaling more than \$5 million consisting of pharmaceuticals, medical and personal care supplies. The support provided access to critically-needed items that Dr. McNair's network utilized to provide care to thousands of patients.

In addition to the provision of medical care, Dr. McNair addressed the serious concern of the possible exodus among medical professionals from the Gulf region. Direct Relief issued Dr. McNair a grant of \$82,061 in order to assist his efforts to keep medical professionals in the region. With this grant, Dr. McNair purchased 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 additional 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.

Gulf Coast Health Center, Inc.

Gulf Coast Health Center Inc. (GCHC) is a non-profit community health center founded in 1989 to care for citizens of Southeast Texas and Western Louisiana. After Katrina and Rita, GCHC cared for thousands of evacuees, many of whom suffered from chronic health conditions and psychological stress. The strategic location of the four health centers allowed for large numbers of hurricane victims to easily access primary care and mental health services after the storms. With Direct Relief's assistance (\$184,918), 14,629 clients were served following Hurricane Rita. Following Rita, GCHC invested a portion of Direct Relief funds in 13 state-of-the-art exam tables to increase the capacity of the clinic sites to care for patients throughout nine neighboring counties in Southeast Texas

and five parishes in Southwest Louisiana. Remaining funds were invested in an Electronic Medical Record (EMR) system that will improve the standard of care and will increase the organization's capacity to respond quickly and effectively to future disasters.



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 local 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.

Building Healthy Communities

Direct Relief funds (\$150,000) supported Building Healthy Communities, a network of Louisiana's rural hospitals that works to improve the healthcare infrastructure of rural communities. Funds were distributed to three member hospitals that cared extensively for hurricane evacuees. These hospitals have invested funding in information technology systems which will allow them to electronically compile and immediately access all information stored in radiology – increasing the efficiency of the department and strengthening the overall quality of patient care.

East Jefferson General Hospital

East Jefferson (EJGH) was one of the few hospitals that was able to remain open during Katrina, providing critical health services to thousands of evacuees. The hospital stepped up its relief efforts and distributed over 2,100 meals to community members. Direct Relief awarded a grant of \$165,495 to EJGH for the purchase of 6,678 Hepatitis A vaccination kits for hospital patients, staff, and community members. EJGH also administered 26,545 vaccines and boosters.



PHOTO: Touro Hospital

Emergency workers at Touro Hospital soon after Katrina struck. Direct Relief granted Touro \$250,000 to stabilize its operations through the replacement of equipment and contaminated lab supplies.

Southwest Louisiana Education and Referral Center/232-HELP/211

Southwest Louisiana Education and Referral Center, or 232-HELP, was established in 1965 as the State of Louisiana's first information and referral (I & R) center for health and social services. In the aftermath of Hurricanes Katrina and Rita, 232-HELP responded to calls from over 21,000 evacuees. The organization expanded their office hours to 12 hours per day, 7 days per week and added additional phone lines to deal with the influx of calls. Staff assisted the evacuees in finding shelter, locate missing relatives, and directing them to all types of health services. Direct Relief grant funds (\$100,000) have supported all of 232-HELP's in-house programs and services to ensure that they will be available to all displaced and resident hurricane victims for the long-term.

“ Our efforts and planning with Direct Relief's support have been directed to making a difference in enhancing lives and improving the delivery of health care, but I would be remiss if I neglected to say that this entire region needs additional support. ”

Stanley Maher
Executive Director, East Jefferson General Hospital Foundation

DIRECT RELIEF INTERNATIONAL ENGAGED AT THE NATIONAL LEVEL

“Among the many possible roles that charities can play, our experience has shown that we and other colleague groups can infuse resources directly and fast into areas that are overlooked and play an important supporting role to people and groups who live there and know what to do.”

Thomas Tighe
Direct Relief International
President & CEO

Texas Pharmaceutical Blue Ribbon Task Force

Direct Relief CEO Thomas Tighe was a participant in the “Pharmaceutical Blue Ribbon Task Force” meeting convened by the Texas Department of State Health Services in July. Direct Relief was one of four dozen public and private institutions invited to attend the meeting in recognition of the significant role that each had played in response to Hurricanes Katrina and Rita with regard to the provision of pharmaceuticals, pharmacy services, and medical supplies. Direct Relief was the only out-of-state nonprofit organization invited.

Dr. Eduardo Sanchez, Commissioner of Health Services, kicked off the meeting with a synopsis of the State’s response to last year’s hurricanes, the findings that have emerged, and his desire to prepare for future incidents and smooth coordination among governmental, private, and nonprofit actors who played key roles.

In July, Direct Relief obtained a pharmacy license from the State of Texas to expedite future assistance in emergencies and enable the organization to provide pharmaceutical support to nonprofit clinics in Texas on an ongoing basis.

Tighe confirmed for the group that, much like other countries in which Direct Relief works, the vast majority of Texas’ health and medical resources are in private hands, and ensuring awareness of and communication with these entities is crucial during a disaster.

Gulf Coast Clinic Conference

In March, Direct Relief hosted a conference with the directors of the nonprofit clinic associations from Mississippi, Louisiana, and Texas, along with national clinic association leaders, to devise a plan among the network of safety-net clinics in the region to ease their collection of information and material needs.

After the hurricanes, Direct Relief applied its successful clinic-support program approach in California to the Gulf States by joining with the national associations of free clinics and community health centers and their statewide associations. The clinic association heads in the three states reported severe strains on their organizations caused by increased health needs, decreased net capacity in the health systems, and limited financial support from federal or state sources. According to state clinic directors, between **79 and 87 percent** of documented hurricane evacuee patients treated at their facilities were uninsured.



Reprinted with permission from Santa Barbara NewsPress

Leaders of Gulf State clinic associations met at Direct Relief in March to develop processes to improve planning, response, and information sharing in the wake of Katrina and Rita.

GOING FORWARD

Additional information on Direct Relief's contributions, its partners in the Gulf, and the results of their work together can be found on the Web at www.DirectRelief.org.

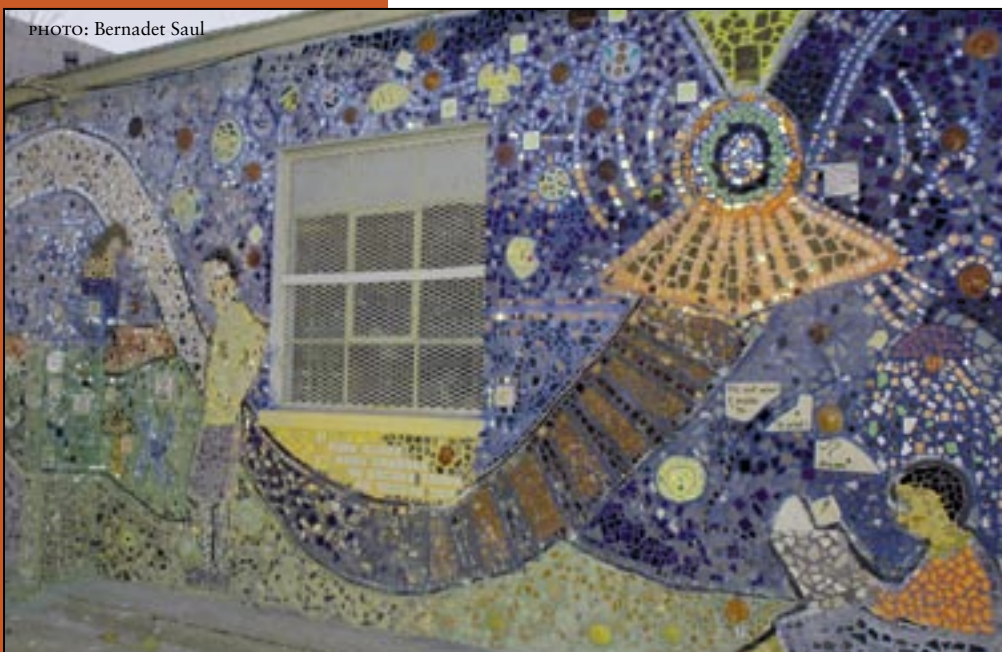
Direct Relief's expansive efforts to support clinics serving hurricane-affected patients in the Gulf grew out of our statewide efforts in California over the previous two years. In California, the Gulf States, and throughout the U.S., the network of nonprofit, community-based clinics serve as the health safety-net for people who are low-income and lack health insurance every day. As the hurricanes showed, these clinics also are natural and essential components of the health response in emergencies.

To expand its support to the U.S. safety-net clinics, Direct Relief recently became a licensed pharmacy distributor or wholesaler in Texas, Louisiana, Mississippi, and New York. Direct Relief has been licensed by the California Board of Pharmacy for several decades. We also have applications pending in several other states. This status allows us to strengthen ongoing support to resource-strapped clinics and develop efficient channels for emergency response.

Direct Relief maintains constant communication with Gulf State clinic associations, national clinic associations, and is a member of several state emergency response associations. Direct Relief is working with several of its pharmaceutical donor companies to preposition emergency product in the event of another disaster and maintains a standing relationship with FedEx to assist in shipping and logistics.

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. In collaboration with the local health leaders, we are also forming plans to strengthen their ability to access medical material resources for the long-term, as tremendous needs remain and better systems will strengthen the response to future emergencies.



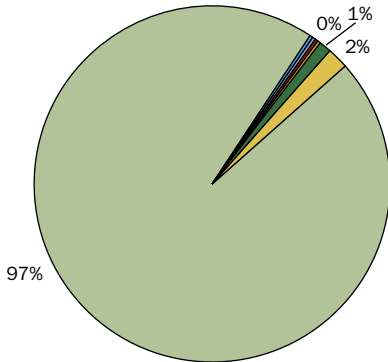
Acadiana Outreach Center led a community collaborative with a group of LSU architecture students to provide evacuees a therapeutic outlet through art by designing a mosaic and planting a community garden.

KATRINA/RITA EXPENDITURES

Over 87.8 percent of the \$4.77 million in hurricane relief funds have been expended through July 31, 2006.

Total Hurricane Cash Expenditures by Function

(\$4,189,982 expended through July 31, 2006)

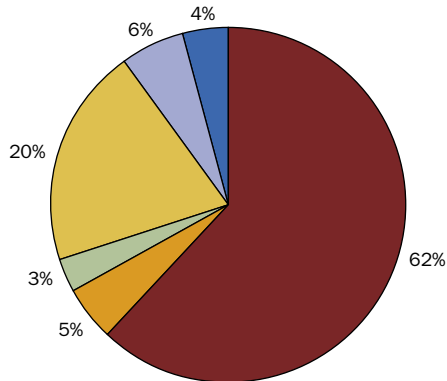


- Cash Grants: \$4,023,765
- Partner Conference & Planning Expenses: \$9,155
- Mail, Telephone, Printing and Copying: \$1,435
- Program Management-Salaries: \$20,446
- Program Management-Travel: \$10,031
- Transportation of Medical Aid: \$56,277
- Procurement of Medical Aid: \$68,873

Direct Relief spent no money on fundraising for the hurricanes and is absorbing 100 percent 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

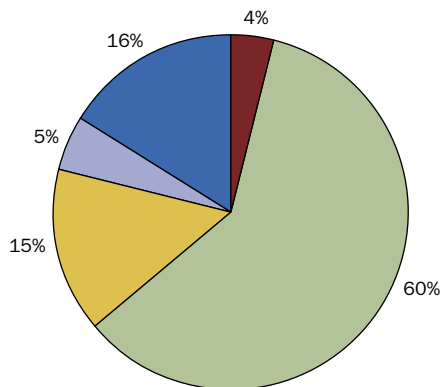
(\$4,023,765 in grants and medical procurement expended through July 31, 2006)



- Clinic Construction and Rehabilitation: \$113,000
- Emergency Operating Costs: \$806,050
- Financial Assistance Programs: \$259,000
- Mental Health Programs: \$143,125
- Provision of Health Services and Medical Equipment: \$2,497,126
- Uninsured Patient Bill Reimbursement: \$205,464

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

Allocation of Cash Grants and Medical Procurement by State



- Alabama: \$151,825
- Louisiana: \$2,411,398
- Mississippi: \$616,624
- Texas: \$184,918
- Total National Organizations: \$659,000

All financial information is unaudited.

Printing Donated by
Overnight Prints
www.overnightprints.com

healthy people. better world. since 1948.