

Bernadine Healy, M.D. President and Chief Executive Officer

June 19, 2001

Ms. Pat Powers
Member, Board of Governors
American Red Cross
95 Elizabeth Street
Apartment 112
Delaware, OH 43015

Dear Ms. Powers:

Thank you for your letter. It was good to see you at Convention.

The 2001 Sagan National Colloquium sounds quite interesting. Please send any additional information to my office.

Thank you for everything you've done for the American Red Cross.

Warm regards,



Bernadine Healy, M.D. President and Chief Executive Office

June 19, 2001

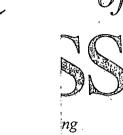
Mr. William W. George Chairman of the Board Medtronic, Inc. 710 Medtronic Parkway, N.E. -Minneapolis, MN §5432-5604

Dear Mr. George:

Thanks for sending the *Pioneer Press* article! And congratulations on your retirement. The lives that have been improved by Medtronic technology and products over the past decade are a wonderful legacy.

The Red Cross is lucky to have you. All the best.

Warm regards,



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after the CEO has
ere more than 10 years
did during the CEO's

years," he says.
sets up a clear
le for succession. Let's le for succession. Let's take a guy like Art Collins — 53 years old, an outstanding individual. He could be CEO company, as far as I'm led. He knew the dates, had a clear sense of e had a chance to step

result: a smooth transiledtronic announced the of the baton to Collins honths ago.

ng his tenure at mic, George has earned tation as a builder. The

ny has grown explosive-ecome the world's lead-ker of medical devices.

6-15-01 6:40 p.m.

TO: KATE BERRY, NATIONAL HQ - AMERICAN RED CROSS

FROM: BILL GAGLIANO

Kate,

I have received Dr. Healy's fox and draft memo concerning the Health Benefits Plan. The memois fine. I have two comments, however.

#1 Can we include some statement-perhaps in the penultimate paragraph - that the Action Team and the Bob will need to keep the interests of the Organization as a whole first in mind.

#2 The second paragraph indicates that the Achon Team will "recommend a clear course of action: My question s: to whom will such recommendation be made? To the full Bob? To the HR Committee? To Senior Mgt.? Should this be clarified in the memo, or do we proposely want to keep this instated? I so not mind the latter, however I do believe that the Bob will have to Ultimately approve any recommendation given the history of the mandate. The memo suggests as much in the last sentence of that paragraph.

Thanks for the good work on thus tough issue. There is no need to forward any further draft. I will be back in Cleveland on 6-21. My secretary (arlene, 216-902-8850) will know where to reach me between now & then. Best regards.

18, rue Léon Jost, 75017 PARIS Téléphone 01 46 22 60 70 - Téléfax 01 47 63 01 01







To:

Chapter Executives

Date:

June 14, 2001

From:

Bernadine Healy, M.D.

Subject:

Health Benefits Plan

President and CEO

Thank you for your expressions of concern over problems with our current *Health Benefits Plan* at Convention. We understand that these problems are troubling to many chapters and that your concerns may well be the tip of the iceberg. We also have problems of compliance, with 17 chapters holding out as non-participants in a Board of Governors mandated plan while some chapters who "played by the rules" are in a system they want to escape. Meanwhile, some chartered units are pleased with the plan and are alarmed that any tinkering may disadvantage them. On top of this, it is estimated that 200 chapters do not offer any health plan for their employees at all. Clearly, we have a problem.

To that end, we are creating a *Health Benefits Action Team* that will include field leadership as well as corporate leadership to assess the situation, identify options for improvement, and recommend a clear course of action. Jim Krueger and Kate Berry will head the effort. Two members of the Board of Governors, the Chair of the Human Resources Committee, E.R. Mitchell, and its Vice Chair, Bill Gagliano, will provide Board liason. Insofar as Board Policy speaks to the past and present health benefits plans, Board input will be important to this effort.

Many of you have already volunteered to participate in this process and have been contacted to provide advice or to be invited to participate on the *Action Team*. If you are interested in providing input and have not yet offered, please do. It is warmly welcome.

The Action Team will examine many issues including the meaning of mandated national participation, the potential to permit chapters to opt out if they demonstrate that they will provide employees access to alternative health benefits, and the implications of shifting from mandatory to voluntary participation of field units.

I must add a brief word of caution: there are no perfect health plans – in terms of cost, coverage, ease of use, service or choice. Our goals are to do the best in each of these categories with flexibility so each unit and its employees can choose the right balance among these variables. We will communicate our progress as we move along.

Bernadine Healy, M.D. President and CEO

cc:

Executive Management
Regional Executive Officers
Mr. David McLaughlin and the Board of Governors

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### American Red Cross

National Headquarters Office of the President

430 17th Street, N.W. & Washington, DC 20006 & 202/639-3292 & Fax: 202/783-3432

### Facsimile Transmission

TO

Name ..... E.R. Mitchell

Company ..... E.R. Mitchell & Company

Location.....Atlanta, GA

Phone Number ...... 404.505.1200

From Fax I

Fax Number .........404.505.8805

Name ...... Dr. Healy Voice Number ......202.639.3959

### Message or comment ...

We plan to send this out within a few days, please call Kate with any comments.

### American Red Cross

### National Headquarters Office of the President

430 17th Street, N.W. & Washington, DC 20006 & 202/639-3292 & Fax: 202/783-3432

#### Facsimile Transmission

To

Name ......E.R. Mitchell

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Location......Atlanta, GA

Phone Number ......404.505.1200

From

Fax Number ......404.505.8805

Name ......Dr. Healy Voice Number .....202.639.3959

### Message or comment ...

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Date and time of transmission: June 15, 2001 (8:42AM)

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# Help Can't Wait

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# American Red Cross

# National Headquarters Office of the President

430 17th Street, N.W.K Washington, DC 20006 & 202/639-3292 & Fax: 202/783-3432

# Facsimile Transmission

To

From

Name ..... David McLaughlin

Company.....The Aspen Institute

Location.....New London, NH

Phone Number ...... 603/526-2220 Fax Number ......603/526-7324

Name ......Bernadine Healy, MD Voice Number ......202/639-3959

Message or comment ...

We plan to send this out within a few days, please call Kate with any comments.

# American Red Cross

## National Headquarters Office of the President

430 17th Street, N.W. & Washington, DC 20006 & 202/639-3292 & Fax: 202/783-3432

# Facsimile Transmission To Name ......David McLaughlin Company.....The Aspen Institute Location.....New London, NH Phone Number ......603/526-2220 From Fax Number ......603/526-7324 Name ......Bernadine Healy, MD Voice Number ......202/639-3959 Message or comment ... We plan to send this out within a few days, please call Kate with any comments.

Date and time of transmission: June 15, 2001 (8:47AM)

Number of pages: [Number of Pages Including Cover Sheet] (Including this cover page.)

# Help Can't Wait

## American Red Cross

## National Headquarters Office of the President

430 17th Street, N.W. & Washington, DC 20006 & 202/639-3292 & Fax: 202/783-3432

## Facsimile Transmission

70

Name .....Bill J. Gagliano

Company......Ulmer & Berne LLP

Location.....Cleveland, OH

Phone Number ...... 216.621.8400

From

Fax Number ......216.621.7488

Name ......Dr. Healy

Voice Number ......202.639.3959

### Message or comment ...

We plan to send this out within a few days, please call Kate with any comments.

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Date and time of transmission: June 15, 2001 (8:41AM)

Number of pages: [Number of Pages Including Cover Sheet] (Including this cover page.)

# Help Can't Wait



Bernadine Healy, M.D. President and Chief Executive Officer

June 13, 2001

Dr. Kenneth Olden Director National Institutes of Environmental Health Sciences P.O. Box 12233 Research Triangle Park, NC 27709

Dear Dr. Olden:

Welcome to the American Red Cross Board of Governors. I am pleased that you have agreed to join us as we enter our third century of service to the American people.

I look forward to your input and perspective during your upcoming term and thank you again for agreeing to serve the Red Cross.

All the best.

Look formal

Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Chris Allen President Family Road Care Centers 19440 Bretton Drive Detroit, MI 48223

> Thanks In all your work on the "Clara Chechluft" the great.

Dear Mr. Allen:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

This is an exciting time for the American Red Cross. Thank'you for your leadership and for your commitment to our organization. All the best.

\_Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Steven J. Bredehoeft, M.D.
Medical Director
Transfusion Services
Duke University Medical Center
Box 2928, Erwin Road
Durham, NC 27710

Dear Dr. Bredehoeft:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

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Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

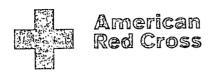
Mr. Fred Buck Buck & Associates 1750 Burgundy Road Encinitas, CA/92024

Dear Mr. Buck:

If was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

This is an exciting time for the American Red Cross. Thank you for your leadership and for your commitment to our organization. All the best. 



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Emma C. Chappell, Ph.D.

P.O. Box 43581

Philadelphia, PA 19106

Thank to all

Dear Dr. Chappell:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

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Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Douglas H. Dittrick President & CEO Douglas Communications Corporation II 317 Godwin Avenue Midland Park, NJ 07432

Dear Mr. Dittrick:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross — we had the opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future.

Welcome to our Board of Governors! I look forward to continuing the frank and open dialogue we enjoyed at Convention. In addition to your official Board orientation, I hope you'll schedule informal visits to my office at Red Cross Square anytime you happen to be in Washington. Also, feel free to call me here or at home anytime.

This is an exciting time for the American Red Cross. Thank you for your leadership. All the best.

Enclosure



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Ms. Kathryn A. Forbes
Executive Vice President & Chief Financial Officer
eTec
401 South 2nd Avenue, Suite 100
Phoenix, AZ 85003

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Dear Ms. Førbes:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

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This is an exciting time for the American Red Cross. Thank'you for your leadership and for your commitment to our organization. All the best.

-Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Bill J. Gagliano Partner Ulmer & Berne LLP 1300 East 9th Street, Suite 900 Cleveland, OHJ 44114-1583

Dear Nir. Gagliano:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

This is an exciting time for the American Red Cross. Thank you for your leadership and for your commitment to our organization. All the best.

-Warm regards



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Kevin E. Gallagher President Uniformed Firefighters Association of Greater New York 204 East 23rd Street New York, NY 10010

Dear Mr, Gallagher:

We missed the

I'm sorry that I missed you at our 2001 National Convention. Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to seeing you at the October Board meeting, and continuing our frank and open dialogue then.

This is an exciting time for the American Red Cross. Thank you for your leadership and for your commitment to our organization. All the best.

Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. William W. George Chairman of the Board Medtronic, Inc. 4900 IDS Center 80 South 8th Street Minneapolis, MN 55402

Dear Mr. Jeorge:

I'm sorry that I missed you at our 2001 National Convention. Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to seeing you at the October Board meeting, and continuing our frank and open dialogue then.

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Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Warm regards

Lee A. Goldstein, O.D. 120 North Indian Hill Boulevard Claremont, CA 91711

Dear Dr. Goldstein:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

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Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Ms. Karen K. Goodman Executive Director Civic Entrepreneurs Organization 121 South Meramec, 9th Floor St. Louis, MO 63105

Dear Ms. Goodman:

Thank do!

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

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Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Robert N. Grant
Partner
Grant & Gordon
525 University Avenue, Suite 1325
Palo Alto, CA 94301

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Dear Mr. Grant:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

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Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Frederick H. Grein, Jr. Hutchins, Wheeler & Dittmar 101 Federal Street Boston, MA 02410

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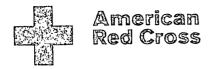
Dear Mr. Grein:

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Warm rogards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. William F. Grinnan, Jr.
President
The Republic of Texas Restaurants, Inc.
429 East Commerce Street
San Antonio, TX 78205

Thus See Am

Dear Mr. Grinnan:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

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Warm regards



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Ms. Carol Ann Haake 2237 East Spring Hill Road Springfield, MO 65804

Dear Ms. Haake:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

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Warm regards.



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Gray W. Harrison, Jr., MG AUS (Ret.) 259 Eastbrooke II Jackson, MS 39216-4716

Dear Mr/Harrison:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

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Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Susan Hassmiller, Ph.D., R.N., F.A.A.N. Senior Program Officer The Robert Wood Johnson Foundation Route 1 and College Road, East Princeton, NJ 08543

Dear Dr. Hassmiller:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross — we had the opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future.

Welcome to our Board of Governors! I look forward to continuing the frank and open dialogue we enjoyed at Convention. In addition to your official Board orientation, I hope you'll schedule informal visits to my office at Red Cross Square anytime you happen to be in Washington. Also, feel free to call me here or at home anytime.

This is an exciting time for the American Red Cross. Thank you for your leadership. All the best.

Warm regards,

Enclosure



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Edward A. "Buzz" Heidt President & CEO The Penrod Company 2809 South Lynnhaven Road, Suite 350 Virginia Beach, VA 23452-6700

Dear Mr. Heidt:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

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Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Ms. Joyce N. Hoffman Vice President & Corporate Secretary The Principal Financial Group 711 High Street Des Moines, IA 50392-0300

Dear Ms. Hoffman:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross — we had the opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future.

Welcome to our Board of Governors! I look forward to continuing the frank and open dialogue we enjoyed at Convention. In addition to your official Board orientation, I hope you'll schedule informal visits to my office at Red Cross Square anytime you happen to be in Washington. Also, feel free to call me here or at home anytime.

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Enclosure



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Ms. Judith Richards Hope
Partner
Paul, Hastings, Janofsky & Walker LLP
1299 Pennsylvania Avenue, N.W., 10th Floor
Washington, QC 20004

Dear ivis. Hope:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

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Warra regards,

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Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Mannie L. Jackson
Harlem Globetrotters International, Inc.
400 East Van Buren Street, Suite 300
Phoenix, AZ 85004
WCCN N

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Dear Mr. Jackson:

I'm sorry that I missed you at our 2001 National Convention. Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to seeing you at the October Board meeting, and continuing our frank and open dialogue then.

This is an exciting time for the American Red Cross. Thank you for your leadership and for your commitment to our organization. All the best.

₩ārm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Erik E. Joh President & Attorney Erik Edward Joh, P.A. 4600 North Ocean Boulevard Boynton Beach, FL 33435

Confrance

Dear Mr. Joh. Mc

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

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\_Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Ambassador James R. Jones Manatt, Phelps & Phillips, LLP 1501 M Street, N.W., Suite 700 Washington, DC 20005

Dear Ambassador Jones:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

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Bernadine Healy, M.D.
President and
Chief Executive Officer

June 4, 2001

Ms. Patricia A. Kennedy 1701 Gough Street San Francisco, CA 94109

Dear Ms. Kennedy:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

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Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Joshua Lederberg, Ph.D.
Sackler Foundation Scholar
The Rockefeller University
Mail Stop 174
1230 York Avenue
New York, NY 10021-6399

Dear Dr. Lederberg:

I'm sorry that I missed you at our 2001 National Convention. Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to seeing you at the October Board meeting, and continuing our frank and open dialogue then.

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Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Ms. Helen Shores Lee Arthur D. Shores Law Center Building 413 North 16th Street Birmingham, AL 35203

Dear Ms. Lee:

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It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

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Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Michael A. Leven Chairman and CEO U.S. Franchise Systems, Inc. 13 Corporate Square Atlanta, GA 30329

Dear Mr. Leven:

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Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Rex K. Linder Senior Partner Heyl, Royster, Voelker & Allen 124 S.W. Adams Street, Suite 600 Peoria, IL 61602

Dear Mr Linder:

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-Warm-regards,

Sugara



National Headquarters 430 17th Street, N.W. Washington, DC 20006

Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Peter T. Loftin Chairman and COO BTI TELECOM CORPORATION 4300 Six Forks Road Raleigh, NC 27609

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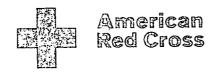
Dear Mr. Loftin:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

This is an exciting time for the American Red Cross. Thank'you for your leadership and for your commitment to our organization. All the best.

\_Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Michael J. Mawdsley Corporate Safety Officer Interstate Roofing, Inc. 15065 S.W. 74th Avenue Portland, OR 97224

Dear Mr. Mawdsley:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

This is an exciting time for the American Red Cross. Thank'you for your leadership and for your commitment to our organization. All the best.

Thankyn do

Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Allen W. Mathies, M.D. 314 Arroyo Drive South Pasadena, CA 91030

Dear Dr. Mathies:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross — we had the opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future.

Welcome to our Board of Governors! I look forward to continuing the frank and open dialogue we enjoyed at Convention. In addition to your official Board orientation, I hope you'll schedule informal visits to my office at Red Cross Square anytime you happen to be in Washington. Also, feel free to call me here or at home anytime.

This is an exciting time for the American Red Cross. Thank you for your leadership. All the best.

Warm regards,

Enclosure



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Ms. Catherine B. Miller

P.O. Box 7

Sheffield, MA 01257\_

Dear Ms/Miller:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

This is an exciting time for the American Red Cross. Thank you for your leadership and for your commitment to our organization. All the best.



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. E.R. Mitchell, Jr.
President & CEO
E.R. Mitchell & Company
1045 Research Center, Suite A
Atlanta Drive
Atlanta, GA 30331

Dear Mr. Mitchell:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

This is an exciting time for the American Red Cross. Thank you for your leadership and for your commitment to our organization. All the best.

Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. James T. Morris Chairman and CEO IWC Resources Corporation P.O. Box 1220 Indianapolis, IN 46206

Dear Mr. Morris:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

This is an exciting time for the American Red Cross. Thank'you for your leadership and for your commitment to our organization. All the best.



Bernadine Healy, M.D.
President and
Chief Executive Officer

June 4, 2001

Mr. Richard M. Niemiec Blue Cross and Blue Shield of Minnesota P.O. Box 64560 St. Paul, MN 55146-0560

Dear Mr. Niemiec:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross — we had the opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future.

Welcome to our Board of Governors! I look forward to continuing the frank and open dialogue we enjoyed at Convention. In addition to your official Board orientation, I hope you'll schedule informal visits to my office at Red Cross Square anytime you happen to be in Washington. Also, feel free to call me here or at home anytime.

This is an exciting time for the American Red Cross. Thank you for your leadership. All the best.

Enclosure



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Ross H. Ogden President TAMARIX, Inc. P.O. Box 4657 Greenwich, CT 06831-8657

Dear Mr. Ogden:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross — we had the opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future.

Welcome to our Board of Governors! I look forward to continuing the frank and open dialogue we enjoyed at Convention. In addition to your official Board orientation, I hope you'll schedule informal visits to my office at Red Cross Square anytime you happen to be in Washington. Also, feel free to call me here or at home anytime.

This is an exciting time for the American Red Cross. Thank you for your leadership. All the best.

Englacure

Walan Koss



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Abe Pollin
Chairman of the Board & CEO
Washington Sports & Entertainment
MCI Center
60 F Street, N.W.
Washington, DC 20004

Bost Iron

Dear Mr Pollin:

I'm sorry that I missed you at our 2001 National Convention. Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to seeing you at the October Board meeting, and continuing our frank and open dialogue then.

This is an exciting time for the American Red Cross. Thank you for your leadership and for your commitment to our organization. All the best.

Warm regards.



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Ms. Pat M. Powers 95 Elizabeth Street, #112 Delaware, OH 43015

It was to see

Dear Ms. Powers:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

This is an exciting time for the American Red Cross. Thank you for your leadership and for your commitment to our organization. All the best.

-Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Eddy M. Quijano Adams and Reese, L.L.P. 19th Floor, North Tower 451 Florida Street Baton Rouge/DA 70801

Dear Mr. Quijano:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

This is an exciting time for the American Red Cross. Thank you for your leadership and for your commitment to our organization. All the best.

( )



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Jay Rodriguez President Hafif Family Foundation 265 West Bonita Avenue Claremont, CA 91711

Dear Mr. Rødriguez:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

This is an exciting time for the American Red Cross. Thank you for your leadership and for your commitment to our organization. All the best.

Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

General Henry H. Shelton Chairman Joint Chiefs of Staff Washington, DC 20318-0001

Dear General Shelton:

It was wonderful to see you during Red Cross Convention in Charlotte. You have provided a great deal of support to our organization over the years, and your words on behalf of Norm Augustine were a fitting tribute as he steps down from our Board of Governors after nearly a decade.

The American Red Cross is grateful for its strong partnership with our nation's armed forces. Thank you for your service to our nation and to our organization.

All the best.

Sincerely.



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Ms. Nancylee A. Siebenmann 336 Trailridge Road, S.E. Cedar Rapids, IA 52403

Thanks Suffer do for your all you had hose the

Dear Ms. Siebenmann:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

This is an exciting time for the American Red Cross. Thank you for your leadership and for your commitment to our organization. All the best.

Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Joe Taller

6519 Turnberry Lane, S.E.

Olympia, WA 98501

Dear Mr. Paller:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

This is an exciting time for the American Red Cross. Thank you for your leadership and for your commitment to our organization. All the best.



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Ms. Gloria W. White 545 Del Price Court St. Louis, MO <u>6</u>3124-1912

I hope grad !!

Dear Ms White:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

This is an exciting time for the American Red Cross. Thank you for your leadership and for your commitment to our organization. All the best.

Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

Mr. Maurice Worth 115 Doral Court Fayetteville, GA 30215

Mayerica Dear Mr. Worth:

It was a pleasure seeing you at our 2001 National Convention. What a wonderful celebration of the entire American Red Cross.

Our Convention provided an opportunity to reflect on our organization's splendid history and experience and affirm, together, our vision for the future. I look forward to continuing the frank and open dialogue we enjoyed at Convention.

This is an exciting time for the American Red Cross. Thank you for your leadership and for your commitment to our organization. All the best.

Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

The Honorable Joe M. Allbaugh Director Federal Emergency Management Agency 500 C Street, S.W., Suite 828 Washington, DC 20472

Dear Director Allbaugh:

Welcome to the American Red Cross Board of Governors. We were very pleased to learn of your appointment by President Bush as a Government member of our Board. As the American Red Cross enters its third century of service to the American people, the challenges are exciting and diverse. As an introduction to this great organization, we have enclosed copies of our annual report and our Strategic Plan.

We look forward to your input and perspective during your upcoming term and thank you again for agreeing to serve the Red Cross. Dr. Healy's office will be in touch about arranging a visit to further introduce you to the American Red Cross.

All the best.

Sincerely,

Bernadine Healy, M.D.

President and CEO

David T. McLaughlin

Chairman



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

The Honorable Richard Lee Armitage Deputy Secretary of State U.S. State Department 2201 C Street, N.W. Washington, DC 20520

Dear Mr. Armitage:

Welcome to the American Red Cross Board of Governors. We were very pleased to learn of your appointment by President Bush as a Government member of our Board. As the American Red Cross enters its third century of service to the American people, the challenges are exciting and diverse. As an introduction to this great organization, we have enclosed copies of our annual report and our Strategic Plan.

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All the best.

Sincerely.

Bernadine Healy, M.D.

President and CEO

David T. McLaughlin

Chairman



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

The Honorable Donald L. Evans Secretary of Commerce U.S. Department of Commerce 1401 Constitution Ave, N.W. Washington, DC 20230

Dear Secretary Evans:

Welcome to the American Red Cross Board of Governors. We were very pleased to learn of your appointment by President Bush as a Government member of our Board. As the American Red Cross enters its third century of service to the American people, the challenges are exciting and diverse. As an introduction to this great organization, we have enclosed copies of our annual report and our Strategic Plan.

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All the best.

Sincerely

Bernadine Healy, M.D.

President and CEO

Enclosures

David T. McLaughlin

Chairman



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

The Honorable Roderick R. Paige Secretary of Education U.S. Department of Education 600 Independence Ave, S.W. Washington, DC 20202-0100

Dear Secretary Paige:

Welcome to the American Red Cross Board of Governors. We were very pleased to learn of your appointment by President Bush as a Government member of our Board. As the American Red Cross enters its third century of service to the American people, the challenges are exciting and diverse. As an introduction to this great organization, we have enclosed copies of our annual report and our Strategic Plan.

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All the best.

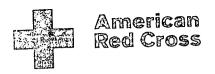
Sincerely,

Bernadine Healy, M.D.

President and CEO

David T. McLaughlin

Chairman



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

The Honorable Anthony J. Principi Secretary of Veterans Affairs Department of Veterans Affairs 810 Vermont Ave., N.W. Washington, DC 20420

Dear Secretary Principi:

Welcome to the American Red Cross Board of Governors. We were very pleased to learn of your appointment by President Bush as a Government member of our Board. As the American Red Cross enters its third century of service to the American people, the challenges are exciting and diverse. As an introduction to this great organization, we have enclosed copies of our annual report and our Strategic Plan.

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All the best.

Sincerely,

Bernadine Healy, M.D.

President and CEO

David T. McLaughlin

Chairman



Bernadine Healy, M.D. President and Chief Executive Officer

June 4, 2001

The Honorable Tommy G. Thompson Secretary of Health and Human Services U.S. Department of Health and Human Services Room 615F Hubert H. Humphrey Building 200 Independence Ave., S.W. Washington, DC 20201

Dear Secretary Thompson:

Welcome to the American Red Cross Board of Governors. We were very pleased to learn of your appointment by President Bush as a Government member of our Board. As the American Red Cross enters its third century of service to the American people, the challenges are exciting and diverse. As an introduction to this great organization, we have enclosed copies of our annual report and our Strategic Plan.

We look forward to your input and perspective during your upcoming term and thank you again for agreeing to serve the Red Cross. Dr. Healy's office will be in touch about arranging a visit to further introduce you to the American Red Cross.

All the best.

<del>S</del>incerely,

Bernadine Healy, M.D.

President and CEO

David T. McLaughlin

Chairman

# DAVID T. MCLAUGHLIN

| TO:                 | FROM: Betsy Marcello                |
|---------------------|-------------------------------------|
| Dr. Bernadine Healy |                                     |
| COMPANY: ARC        | 6/1/2001                            |
| PAX NUMBER:         | TOTAL NO. OF PAGES INCLUDING COVER: |
| 202-783-3432        | 2                                   |
| PHONE NUMBER:       |                                     |
| 202-639-3292        |                                     |

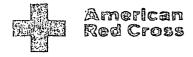
Please let me know if there is a problem with the receiving or legibility of this fax.

Betsy Marcello Phone: 603.526.2220 Fax: 603.526.7324

FYI -

ORION SAPETY PRODUCTS
THE GALLERY, SUITE 205
46 NEWPORT RD.
NEW LONDON, NIL 03257

TELEPHONE: (603) 526 - 2220 FAX: (603) 526 - 7324



June 1, 2001

Dr. Astrid Heiberg
President, International Federation of Red Cross/
Red Crescent Societies
P.O. Box 372
CH - 1211 Geneva 19 Switzerland

Dear Corles

Responding to your suggestion that some of our Governors and some of your Board members might meet in New York on 28 June 2001, we would be pleased to do this as it is important that there be a full discussion and understanding of our respective positions on the issues before us. I understand, however, that you and Dr. Healy have a meeting in Washington next week, and Dr. Healy suggested that I might join that meeting as a first step for me in this process.

If this is agreeable to you, I will determine the date through Dr. Healy's office. With regard to the possible New York meeting, it is my understanding that several of your Board members will be attending and that it would be most convenient for them to hold the meeting there. If this is the case, we will try to accommodate this, or, in the alternative, we would be delighted to host you and them for the meeting at the Red Cross headquarters in Washington.

Please let me know what is your pleasure. I look forward to meeting you.

DAVID T. MCLAUGHLIN

46 Newport Road, Suite 205 New London, New Hampshire 03257

Tel: (603) 526 - 2220 / Pax: (603) 526 - 7324

## Henderson, Barbara

From: Gagliano, Bill [bgagliano@ulmer.com]
Sent: Tuesday, April 29, 2003 12:13 PM

fo: Evans, Marsha; Elcano, Mary; Morisi, Andrea; David T. McLaughlin; Grein, Frederick;

Henderson, Barbara, Prevatte, Carolyn

Cc: hawkins@dinslaw.com; PPowers@midohio.net
Subject: Phone Call from Cleveland Plain Dealer reporter

I just received a call (unannounced - - so I was stuck) from Sabrina Eaton a DC based reporter for the Cleveland Plain Dealer (our morning daily paper). The paper is planning to run a follow up story to the Atlanta Constitution's article on Dr. Healy's severance as reported on the 990.

She claimed that she has left several messages for Phil Zepeda without response. I gave her Chuck Connor's name. She seemed to have more information than what was in the Atlanta article, and some of her information gave the wrong impression.

In response to her questions about why Marty has asked for an independent consultant to do a comp study and whether it was related to concerns about Healy's departure, I stated the following:

- 1. That good governance, whether for non-profits or for-profits, involves periodic review of compensation and benefits, and should involve the engagement of outside consultants. (She asked but I did not identify Mercer.) I told her we follow good governance principles.
- 2. I stated that the BoG has for several years (including prior to Healy's departure) engaged outside consultants for comp and other issues. I believe that to be true.
- 3. When asked what we do with the consultants advice, I stated that like any board we listen to the consultants, satisfy ourselves that the information is based on good market data and make our decisions accordingly. She also asked when the consultant's report to Marty would be done. I said that I do not know what Marty had requested. The reporter did not seem to be asking specifically about a comp study done for purposes of the Gov. Committee's exec comp function, so I did not mention that.
  - 4. I refused to make any direct comment about Healy's departure, the nature of the compensation, board approval or the board reaction. I stated that we did not feel it is appropriate to discuss the circumstances of Dr. Healy's departure. I also stated that I could not and would not speak for other board members. I also stated that I was not a member of the Executive Committee at the time of her departure, so I could not reply in any event to the approval process.
  - 5. She said that Dan Borochoff of the Institute of Philanthropy told her that he found it deceiving for a non-profit to grant deferred comp to an employee because it does not become public until after the departure of the person. She asked for my reaction. I said I would not respond to an isolated comment of Mr. Borochoff. I told her that we make decisions to attract the best people to the Red Cross that we can afford.
  - 6. She asked for Marty's salary or where she could find it. I told her I did not have that information off the top of my head and therefore could not respond.
- .7. She asked for the Chairman's name, where he was from and his contact information. I gave David's name since that is on the web, that he lives in NH but all contacts go thru HQ in DC.
- 8. She asked for the names and cities of other Ohio board members. Because that info is available, I gave Pat's and Mike's names and cities, but no contact information.

Hopefully, I did not say too much. Please forward this to Communications & Marketing.

Jlmer & Berne LLP
1300 East Ninth Street, Suite 900
Cleveland, Ohio 44114
direct (216) 902-8845



031-490

National Headquarters 430 17th Street, N.W. Washington, DC 20006

Dr. Healy Kate Brian

David T. McLaughlin Chairman Jerry

August 17, 2001

Monsieur Armand de Mestral Canadian Red Cross/National Office 170 Metcalfe St., Suite 300 Ottawa, Ontario Canada K2P 2P2

Dear Mr. de Mestral,

I regret that I will not be able to attend your annual meeting this fall, but unfortunately, I have a scheduling conflict that will keep me from accepting your gracious invitation. While I would enjoy being with you to learn more about your organization and mission, perhaps we could schedule another time when we might have more time together to review our respective challenges and opportunities.

I wish you great success with your Annual Meeting, and look forward to meeting you in the not too distant future.

Regards,

David T. McLaughlin

DTM: In

bcc: B. Healy



Richard L. Armitage Deputy Secretary of State Department of State 2201 C Street, NW Washington, DC 20520

Dear Mr. Armitage,

Please / 8124 cc Jan Gerry Mike Brian National Headquarters 430 17th Street, N.W. Washington, DC 20006

Bernadine Healy, M.D. President and Chief Executive Officer August 23, 2001

Thank you for your letter of August  $6^{th}$ . We also look forward to your participation on our Board of Governors.

The American Red Cross also supports a diplomatic approach, and agrees there are other options, that can lead to admission of Magen David Adom (MDA) into the Movement. Any approach must have clear endpoints and a "diplomatic approach" cannot be allowed to go on for another 50 years.

Although the American Red Cross is open to many options, it is important to note that grandfathering or waivers have been used to allow 25 new Red Crescent societies to become members of the Movement since 1949. At that time, the 1949 Geneva Conventions limited use of non-Red Cross emblems to the countries that had adopted them before 1949. Participants in this diplomatic conference expressed their sincere hopes that the few societies then using other emblems would soon agree to use the red cross.

It is clear that the Federation was meant to be all-inclusive. President Woodrow Wilson summarized this belief well in a 1919 letter to Henry Davidson, then President of the American Red Cross. He wrote, "This war has taught us many lessons, some of them not yet appreciated, but the great outstanding lesson is that of the obligation of man, no matter of what nationality, to his fellow man throughout the world." President Wilson also stated that any nation accepted into the League of Nations should automatically be admitted to the Federation.

Exclusion of MDA is an issue of American values -- not an issue about the State of Israel. American support for an organization that continues to exclude a humanitarian society for political reasons raises questions about American Red Cross principles.

SFC-ARC-A000582

Sincerety

We welcome your willingness to continue looking for other ways to achieve MDA's membership in the Movement. To that end, we are exploring a variety of promising options that I would be pleased to share with you as they develop.

We'll be there.

Copies: Kate, Brian, Jan, Gerry, Miche



Bernadine Healy, M.D. President and Chief Executive Officer

August 22, 2001

Mr. Abe Pollin 2 Goldsboro Court Bethesda, MD 20817

Dear Mr. Pollin:

The Disaster Relief Fund of the American Red Cross is vital to our ability to provide immediate aid in times of disaster. Whenever and wherever disaster strikes, the Red Cross is there. We respond in those first critical hours when all seems hopeless to the victims of a major life catastrophe, when it is most crucial for them to know that they are not alone.

Thank you for your generous gift in support of American Red Cross disaster relief. With your help we are able to provide vital aid in many different forms, including medical supplies, meals, shelter, financial assistance and even mental health services to disaster survivors across the country.

During times of disaster such as the devastating flooding caused by Tropical Storm Allison, a community inevitably comes together. And the American Red Cross is the community: it is your neighbors, friends and coworkers, volunteering their time to help during an emergency. You have stepped forward to ensure that critical resources are there to support future disaster relief efforts. You offered your hand in support to disaster victims nationwide. I greatly appreciate your generosity and admire your commitment to provide for others in their time of need.

Since the time of Clara Barton, the American Red Cross has promised the American people to respond quickly and diligently when and where we are needed. You have made it possible for us to keep this sacred promise in the future.

Sincerely,

Our best -



#### **American Red Cross**

National Headquarters
Office of the President and CEO

To:

Board of Governors

Date:

August 20, 2001

From:

Dr. Bernadine Healy

Subject:

Senior Vice President for Human

Resources and Organization

Development

I am delighted to announce that effective today Stanley H. Davis is joining the American Red Cross as senior vice president of Human Resources and Organization Development, reporting to me. Mr. Davis is an accomplished human resources executive with more than 30 years of experience in privately held and publicly traded companies. A skilled executive who addresses tough business challenges, he has initiated aggressive strategies to significantly improve organizational performance through innovative human resources programs. As an effective partner with senior management, Mr. Davis uses a collaborative approach to build consensus on objectives and creates the organizational culture to support the mission of the organization. One of Mr. Davis' strengths is that he is as comfortable and effective in the boardroom as he is in the field. Mr. Davis also brings to the American Red Cross considerable community service experience and a personal commitment to humanitarian missions.

Mr. Davis began his career at LTV Steel moving to the Norton Company in labor relations and as a human resources generalist. Later he was recruited to General Electric where he had an impressive record of accomplishments in labor relations, employee relations and organization development. Mr. Davis was vice president of human resources for the Rowe/Brandt Group and was promoted to senior vice president of human resources and organization development of Rowe International. In 1991, Mr. Davis joined Triangle Wire & Cable as vice president of human resources. He joins us most recently from Huffy Corporation where he was vice president of human resources and organization development.

For the American Red Cross, Mr. Davis will provide leadership and expertise to implement one of our top strategic priorities—focus on people. He will help ensure that we attract, retain and develop top talent to fulfill our mission to prevent and relieve human suffering; offer competitive compensation and benefits; and build a healthy, rewarding, performance-oriented culture.

Please join me in welcoming Mr. Davis to this vital position at the American Red Cross. He will have offices at Jefferson Park and at the 17<sup>th</sup> Street building. His contact information will be available shortly.

08/14/01 TUE 18:49 FAX 202 639 3266

ARC MARKETING

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### American Red Cross

National Headquarters
Office of the President and CEO

To:

Board of Governors

Date:

August 14, 2001

From:

Dr. Bernadine Healy

Subject:

New Development Leadership

Team

Please join me in thanking Jennifer Dunlap for all she has done for the American Red Cross and wishing her well as she takes on a new challenge. Jennifer has been a key member of the executive management team. Her major accomplishments include creating an organization-wide appreciation for fundraising, building the systems to support effective disaster fundraising and putting in place a field fundraising infrastructure.

In the past 18 months, Jennifer has also provided leadership on the feasibility study and early preparations as we get ready to launch the Third Century Campaign, which is so vital to the future of the American Red Cross. Having completed more than five years of successful development activities for the American Red Cross, Jennifer has elected to leave the organization to pursue the establishment of her own private development consulting practice. It is with gratitude that we wish Jennifer all the best in her future endeavors. Her last day with the American Red Cross will be Friday, August 17, 2001.

Given the strategic importance of the Third Century Campaign, I am excited to announce the new leadership team for Development. As Senior Vice President for Integrated Growth and Development reporting directly to me, Skip Seitz will step into the leadership position on an interim basis. In this capacity, Mr. Seitz will lead and coordinate organization-wide fundraising, providing initial leadership for the Biomedical Services component of the campaign and corporate fundraising. He joined the American Red Cross one year ago with over 25 years of experience in sales, marketing, product management and corporate development with an emphasis on building, managing and mentoring sales and marketing organizations. As an integrator, he will collaborate with business leaders at headquarters and in the field to energize the team around resource generation in support of our mission to prevent and relieve human suffering.

-Michael Farley, chapter executive from the American Red Cross St. Louis Area Chapter, will become Vice President for Chapter Fundraising. In this new role, Mr. Farley will lead fundraising for all chapter programs including the chapter component of the Third Century Campaign. Mr. Farley will also serve on the Third Century Campaign management team which will give direction to the entire campaign effort.

08/14/01 TUE 18:49 FAX 202 639 3266

ARC MARKETING

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Michael joined the American Red Cross in 1995 and has been the Chief Executive Officer of the American Red Cross St. Louis Area Chapter since 1997. Mr. Farley has a strong fundraising background, having been Director of Major Gifts for the University of Missouri, Vice President for Development for the Grand Center Arts District and Director of Development for the Oregon Art Institute.

The Development leadership transition is now underway. Please join me in welcoming both Skip and Michael to their important new roles which take effect immediately.



Bernadine Healy, M.D. President and Chief Executive Officer August 10, 2001

Mr. Eddy M. Quijano Adams and Reese, L.L.P. 19th Floor, North Tower 451 Florida Street Baton Rouge, LA 70801

Dear Mr. Qvijano:

This letter provides an update on several major strategic efforts.

## Disaster Relief

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Thank you for all you do for the American Red Cross. I look forward to your thoughts on these and other issues.

Warm regards,

Enclosures



Bernadine Healy, M.D. President and Chief Executive Officer August 10, 2001

The Honorable Anthony J. Principi Secretary of Veterans Affairs U.S. Department of Vetrans Affairs 810 Vermont Avenue, N.W. Washington, DC 20420

Dear Secretary Principi:

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**Enclosures** 

SFC-ARC-A000592

Warm regards



Bernadine Healy, M.D. President and Chief Executive Officer August 10, 2001

Ms. Pat M. Powers 95 Elizabeth Street, #112 Delaware, OH 43015

Dear Ms. Powers:

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**Enclosures** 



Bernadine Healy, M.D. President and Chief Executive Officer August 10, 2001

Dr. Kenneth Olden
Director
National Institutes of Environmental
Health Sciences
P.O. Box 12233
Research Triangle Park, NC 27709

Dear Dr. Olden:

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SFC-ARC-A000598



Bernadine Healy, M.D. President and Chief Executive Officer August 10, 2001

Mr. Ross H. Ogden 22 Cedarwood Drive Greenwich, CT 06830-3905

Dear Mr. Ogden:

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Warm regards,

**Enclosures** 



Bernadine Healy, M.D. President and Chief Executive Officer August 10, 2001

Mr. Richard M. Niemiec Blue Cross Blue Shield of Minnesota P.O. Box 64560 St. Paul, MN 55416-0560

Dear Mr. Niemiec.

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Mr. David T. McLaughlin The Gallery 46 Newport Rd., Suite 205 New London, NH 03257

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Enclosures

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SFC-ARC-A000606

Warm regards.

# Donate Blood To Save A Life

By Bernadine Healy, M.D.

American Red Cross President and CEO

A 42-year old lymphoma patient requires 30 platelet and whole blood transfusions to complete his treatment, a 30-year-old gunshot victim needs 80 units of blood to survive; a 25-year-old car accident victim consumes over 100 units of blood in 24 hours. Could any of these people be you or your loved ones?

When patients need blood it must be there, whether for children in neo-natal intensive care units, those undergoing cancer chemotherapy, trauma or accident victims or as backup to routine surgery. Blood must be safe, screened and tested, and ready when it is needed.

We all expect blood to be there for us, but barely a fraction of those who can give do. Yet sooner or later virtually all of us will face a time of great vulnerability in which we will need blood. And that time is all too often unexpected.

From its beginning, the American Red Cross has formed a community of service, of generous, strong and decent people bound by beliefs beyond themselves. The honor, spirit and resources of the American people comes forth with neighbors helping neighbors in need - during earthquakes, floods, fires, storms -- and also for the deeply personal and often quiet disasters that require a gift of blood.

This summer, as we share time with family and friends, think of the health of our citizens of today and tomorrow. Please call 1-800 GIVE LIFE to schedule an appointment to give blood.

The Red Cross calls upon dedicated blood donors to give more often and reaches out to a new generation of donors. If for some reason you can't give blood, please encourage a friend or loved one to do so on your behalf. By so doing you can save a life.

# Background Talking Points on Topics Recently in the News

Introduction: Variant Creutzfeldt-Jakob disease (vCJD) is a rapidly progressive, degenerative neurologic disease caused by a new infective agent called a prion. This deadly human pathogen emerged six years ago in Great Britain and has killed more than one hundred people. It is believed that the disease is caused by human consumption of meat and meat products infected with bovine spongiform encephalophathy (BSE) or "mad cow disease." Although hundreds of thousands of cattle have been slaughtered, it is estimated that tens of thousands of animals incubating BSE have entered the human food chain.

# "Theoretical" Risk of vCJD

- You may have heard it said that the risk of vCJD transmission through blood is "theoretical" – but it is only theoretical because we don't have a blood test
- The FDA believes the risk is real enough to impose guidance in 1999 that
  excludes blood donors who had spent 6 months in the U.K.; similar bans
  have been placed in Canada, Japan, Hong Kong, Australia, Israel, and
  Europe. Some of these countries have expanded the ban to include
  donors who have spent time in Europe.
- FDA implemented this donor exclusion despite concerns about the availability of blood and despite limited information about the disease, because they determined that the need to reduce risk of exposure to vCJD through blood transfusions outweighed any other concerns
- At that time, it was believed that the disease was contained within the U.K., but in late 2000 it became clear the epidemic had spread (both in cattle and people) into Europe
- We know the infectious agent, a prion, is present in blood in infected animals and is carried by lymphocytes (white blood cells) before signs of the disease are present -- animal models have shown transmission of vCJD through blood
- Due to the spread of the disease beyond Great Britain, concerns about blood safety, the limited information about the disease's patterns of transmission, and the lack of a blood test, the FDA appropriately opened the discussion of expanding the existing blood donor exclusion in January 2001

- The USDA has banned all beef imports from the United Kingdom and Europe – beginning in 1989 from the U.K., and expanding in 1997 to include all of Europe.
- In 1999, the FDΛ excluded donors who had spent 6 months cumulative in the U.K. from 1980 to 1996
- In June 2001, an expert advisory committee to the FDA voted that the agency should defer donors who have: spent any cumulative period of 3 months or more in the U.K. from 1980-1996; spent more than 5 years cumulative in any European country except the U.K. from 1980-1996; received a blood transfusion in the U.K. from 1980 to the present.
- The ARC position was in process before the June 2001 meeting of the FDA advisory panel. The recommendation from the panel is very close to the American Red Cross deferral.

# Impact of vCJD Deferral on Blood Supply

- Blood shortages have been a chronic cyclical challenge for the American medical system. Virtually every year, several times a year, the industry goes out on urgent appeal because of intermittent low supplies. Unless we do things differently, we will inevitably face a real crisis.
- Whenever donor exclusions have been considered to protect blood safety, concerns about the implications for the availability of blood are an issue

   this has been true since the early years of the AIDS epidemic
- Some people have raised concerns about the impact of an expanded vCJD deferral on the availability of blood, particularly in New York City, where 25% of the blood is imported from Europe
- Analysis performed by an FDA researcher (a long time employee of the Red Cross) indicated that the 3-month U.K. and 6-month European deferral may result in an estimated 8% reduction in the eligible donor population
- The Red Cross has been willing to "go first" on these deferrals and test
  the capacity of the system -- and the donors -- to respond while
  implementing the ARC proposal which has been thoroughly reviewed by
  the FDA
- Our recent market research indicates that the deferral of long-term travelers to Europe and Great Britain, may result in an estimated 3-4% reduction in the eligible donor population overall

 The American Red Cross is making every effort to assure blood availability in the face of donor exclusions including:

Organized campaign of direct mail, telemarketing and advertising Double red cell collections

Mobilizing our chapter network

- We have no choice but to make needed investments in supply generation
   This goes beyond vCJD. Almost every year, several times a year, the
   blood industry declares a blood availability "crisis." Every year
   increases in need are greater than increases in supply
- The American Red Cross is also prepared to provide assistance to ensure blood availability in New York City. We already provide New York City with 60,000 units of blood per year. Based on our results over the next 6 months we will be able to estimate how much additional help is possible.

# vCJD Donor Exclusion is a Temporary Measure

- The exclusion of donors for potential exposure to vCJD is a temporary measure, albeit crude, to minimize risk
- When more information and/or a blood test is available, pending FDA approval, we hope we can eliminate this geographic exclusion

## American Red Cross Price Increases

Introduction: The American Red Cross recently raised prices for blood products. The price increases ranged from 10-35% nationwide and were effective July 1, 2001. The increases were needed to ensure that prices cover the cost of providing safe blood and reflect important technological advances such as leukoreduction and nucleic acid testing.

- Over the past five years, costs have increased at three times the rate of our price increases, which have been substantially below medical inflation
- Providing blood below cost to hospitals over time has contributed not only to our growing debt but just as importantly, has limited us in paying competitive salaries to a trained medical work force; keeping up with new technologies, physical infrastructure and information systems; and investing adequately in the research vital to any health care enterprise

- The cost to recruit blood donors, screen and collect blood donations, extensively test blood using the latest technology, and distribute it locally and nationally has far outpaced price increases
- · When prices go up, customers are unhappy
- On several occasions over the past decade the American Red Cross planned to increase prices to meet these requirements but reversed those decisions because of pressure from hospitals
- This makes it especially difficult for us and our hospital customers to face the price increases that are vitally needed now
- The price increases are far below those seen in hospital pharmacies which have risen 2 to 3 times the rate of blood costs
- It is not possible to run a business when you sell your products below your cost
- The price hike seems steeper because the impact of universal leukoreduction is being felt now (about \$30 per unit of blood).
   Implementation of Universal Leukoreduction, an innovation for patient safety, was announced over 2 years ago but implementation was delayed in many sites because of cost.
- Our recent price increases are <u>not</u> related to the expanded exclusion of blood donors as a result of the spread of vCJD (the timing is coincidental)

## Universal Leukoreduction

Introduction: Leukoreduction removes potentially harmful white blood cells which increase the risk of transfusion reactions, and post-operative infection, and carry certain transmissible viruses (such as cytomegalovirus), and cause the body to produce antibodies against blood components

- Although one hospital admission may not demonstrate the consequences
  of long-term antibody sensitization caused by white blood cells, this can
  seriously compromise a patient's future well being. (For example, for
  many cancer patients who often need many blood transfusions, antibodies
  lead to destruction of transfused blood cells in subsequent transfusion.)
- The FDA Blood Products Advisory Committee and the HHS Blood Safety and Availability Committee both recently recommended implementation of universal leukoreduction
- Many other nations have mandated universal leukoreduction as a safety precaution for several years (Canada, United Kingdom, Switzerland,

- Japan, Ireland, Austria, Germany, Norway, France, New Zealand, Portugal, and the United Arab Emirates)
- There has been opposition among some hospitals and physicians to universal leukoreduction due to its cost. Universal leukoreduction has been driven by leading blood bank physicians at Johns Hopkins, NIH, and other respected institutions.
- The American Red Cross has planned for well over 2 years to move to universal leukoreduction because it is best for patients and we have communicated our position on this broadly to our customers and others in the blood banking community



Bernadine Healy, M.D. President and Chief Executive Officer August 10, 2001

Dr. Allen W. Mathies 314 Arroyo Drive South Pasadena, CA 91030

Dear Dr. Mathies:

This letter provides an update on several major strategic efforts.

## Disaster Relief

The American Red Cross received Congressional recognition for relief work during Tropical Storm Allison, which struck Texas and Louisiana in June. Members of the Texas Congressional Delegation introduced a resolution which recently passed the House, and several Members of Congress commended the superb work of the American Red Cross. Congressman Skelton and Congresswoman Jackson-Lee memorialized Sharon Mateja, the Red Cross volunteer whose life was sacrificed in her effort to help.

Raging wildfires have charred thousands of acres in the western United States, forcing residents from their homes in Wyoming. While visiting the Bridger-Teton Branch of the Greater Wyoming Chapter and taking part in a series of fundraising events in Jackson, Wyoming, David McLaughlin and I attended an Incident Command Briefing and assessed fire damage by helicopter.



## Biomedical Services

Our blood enterprise is an extraordinary labor of love for Red Crossers. One of our most important strategic challenges right now is to dramatically grow the blood supply. We have an obligation to do so, and Ramesh Thadani and his team are working very hard to this end. Motivating people to donate blood and ensuring adequate, responsive operational capacity to collect blood from as many people as possible is a core focus. The reality is we have not put adequate resources into the donor enterprise.

We are underway with a concerted effort to shift to a more proactive, affirmative approach to strategically positioning the organization and building public awareness. One example of this effort is the enclosed opinion/editorial piece. This piece was distributed by Knight-Ridder after the July 4<sup>th</sup> holiday and sent to newspapers by regional communicators and has appeared in the Roanoke Times, Atlanta Journal Constitution, Charleston Gazette, Dominion Post and Cleveland Plain Dealer.

In Alabama, Keith Jordan, the region's communications manager, provided the opinion/editorial to major media, board members, blood drive sponsors and large universities. The piece was also provided to a radio station that sponsored a blood drive and provided coverage to generate participation. Mr. Jordan commented: "The radio coverage was some of the best we have seen in Alabama. The DJs were well informed and were able to push our messages because of the oped and our other information and backgrounders. The response for this small community was phenomenal – it was one of the best drive totals ever in Gadsden, Alabama."

The 1-800-GIVE-LIFE number is an important tool to help us achieve the needed results. We have been very successful in driving calls – for the week of July 12-18 this year we were up 74% over the same period last year with over 27,300 calls this year compared to 15,700 last year. We must ensure that every call results in the collection of a unit of blood.

# A Powerful Strategic Partnership – Woodmen of the World

Recently, I spoke at a national conference for a vital American Red Cross partner – Woodmen of the World. Sam Tidwell, our chapter executive in Omaha, has cultivated an excellent, mutually rewarding relationship with this organization. Their employees have served as disaster volunteers at the national level – nearly 1,500 Woodmen on 140 Disaster Action Teams last year – as well as providing crucial material support to our relief operations and generous financial contributions to the Annual Disaster Giving Program. In my speech, I called upon the Woodmen of the World to become blood donors as well. And they made yet another generous gift to the American Red Cross – 33 automated external defibrillators ready for deployment to disaster sites all across the country.

#### Magen David Adom

passed by the House, withholds funding of the administrative portion of U.S. contributions (roughly \$8 million of over \$100 million) to the ICRC, until the ICRC allows MDA to participate in its activities. Last week, Senator Clinton and Senator Fitzgerald held a press conference to announce that they had signatures from over 50 of their colleagues in the Senate from both parties on letters to the Federation, ICRC and State Department calling for immediate and full recognition of MDA.

## **Board-CEO** Round Table

Recently, we initiated the Board-CEO Round Table as a process of face-to-face communication and knowledge building on major issues. All Board of Governors members will be part of this forum. It is literally a round-table interactive opportunity for Board of Governors members -- especially those who do not serve on the Executive Committee -- to spend time at national headquarters and informally participate in the thinking on the full range of Red Cross issues. The first Round Table was held in July. Gloria White was a superb chair of the meeting insisting on full participation. We had robust discussion of many topics, including communication, the role of a board member, what it means to be one Red Cross, the organization's financial position, audit and compliance issues, the resolutions process, health benefits, blood collections, the Third Century Campaign and more. The discussion was productive and we have received great feedback on the inaugural session.

Thank you for all you do for the American Red Cross. I look forward to your thoughts on these and other issues.

Enclosures

SFC-ARC-A000615

M<del>arm</del> regards



Bernadine Healy, M.D. President and Chief Executive Officer August 10, 2001

Mr. E.R. Mitchell, Jr. E.R. Mitchell & Company 1045 Research Center, Suite A Atlanta Drive Atlanta, GA 30331

Dear Mr. Mitchell.

This letter provides an update on several major strategic efforts.

## Disaster Relief

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We'll be there.

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Thank you for all you do for the American Red Cross. I look forward to your thoughts on these and other issues.

Warm regara

Enclosures

We have bead

your HP

SFC-ARC-A000618



David T. McLaughlin Chairman

030 - 585

Dr. Healy Kate

August 10, 2001

Ms. Rebecca Rimel President The Pew Charitable Trusts 2005 Market Street, Suite 1700 Philadelphia, Pa 19103

## Dear Rebecca:

I enjoyed visiting with you last week, and was delighted to see how much progress the Trust has made under your leadership. At a time when many of your other Foundation associates seem to be looking at the world from 30,000 feet, you have brought real relevance to your agenda. While there is a downside to service delivery mechanisms, there is even more downside to being too risk adverse.

Your thoughtful challenge to have the Red Cross rethink its concepts for disaster relief provisions, through the development of a "war chest" and to review our asset deployment, was very helpful. I am grateful for your willingness to consider helping us plan and analyze these concepts and will be back in touch with you at an appropriate time.

In the interim, all of us appreciate your continued support of the Southeastern Pennsylvania Chapter. Frank and his associates do a terrific job, thanks to you and the many others who cannot resist his enthusiasm or the cause that they serve.



David T. McLaughlin

DTM: In

Cc: Frank Donaghue

bcc: F. Donaghue

B. Healy, MD /

J. Dunlap

J. Krueger

Together, we can save a life



Bernadine Healy, M.D. President and Chief Executive Officer

August 10, 2001

Mr. Rex K. Linder American Red Cross Board of Governors Heyl Royster Voelker & Allen Suite 600 124 S.W. Adams Street Peoria, IL 61602-1352

Dear Mr Linder:

Thank you for your kind letter.

I'm glad you agree we did the right thing by responding to the AHA head-on. We will continue this kind of open communication. Understandably, no one likes price increases, but the patient must be our number one concern—and leukoreduced blood is without question safer.

Thank you for your leadership and for your commitment to the American Red Cross. I look forward to seeing you in October.

All the best.

Devel Committe

Warm regards,

We'll be there.



Bernadine Healy, M.D. President and Chief Executive Officer

August 9, 2001

Sincere)

Ms. Kathryn A. Forbes 5706 North Central Avenue Phoenix, AZ 85012

Dear Kate:

Please accept my sincere condolences on the passing of your father. I want you to know you are in my prayers. I mourn with you his passing, but also celebrate his life and all the good that flowed from it. May God bless and be with you during this difficult time.



Bernadine Healy, M.D. President and Chief Executive Officer

August 8, 2001

Ms. Pat Kennedy American Red Cross Board of Governors 1701 Gough Street San Francisco, CA 94109-4419

Dear Ms. Kennedy:

Thank you for everything you did to help make the Wyoming trip a success. The breathtaking natural beauty in Jackson Hole was an ideal backdrop to discuss the Third Century Campaign and the future of the American Red Cross.

This is a very exciting time for the American Red Cross as we face new challenges in communities throughout the United States and around the world. Thanks for your leadership and for your commitment to the American Red Cross.

We'll be there.



Bernadine Healy, M.D. President and Chief Executive Officer

August 7, 2001

arm regard

Kenneth Olden, Ph.D.
Director
National Institute of Environmental Health Sciences
National Institutes of Health
P.O. Box 12233
Research Triangle Park, NC 27709-2233

Dear Dr. Olden:

Thank you for sending me the first Environmental Health Perspectives in Chinese. What a great way for NIEHS to help people in China learn more about health and the environment. Thanks for including the American Red Cross advertisement.

All the best.

We'll be there.



Bernadine Healy, M.D. President and Chief Executive Officer

August 7, 2001

Mr. Robert L. Dilenschneider The Dilenschneider Group Inc. MetLife Building 200 Park Avenue, 26<sup>th</sup> Floor New York, NY 10166-0018

Dear Mr. Dilenschneider:

Thanks for sending me Congressman Bob Ney's proclamation and your speech. I like your description of the opportunities Americans have for giving back. You make a great point about the joy that results from giving.

Thank you for your service on the American Red Cross Board of Governors. All the best.

029-459 Dr. Healy Kate

# Facsimile Transmittal

Date: August 6, 2001

ADAMS AND REESE LLP

The law firm for today's Gulf South

Bank One Centre, 19th Floor 451 Florida Street Baton Rouge, Louisiana 70801

Telephone: (225) 336-5200 Facsimile: (225) 336-5220 Firm Internet: info@arlaw.com

To: Bernadine Healy, M.D.

E. M. Quijano

Re:

From:

Board of Governors Nominations

Process

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No. Pages: 3

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ADAMS AND REESE 980-75 File Number



Member, Board of Governors Reply To:

Eddy M. Quijano
ADAMS AND REESE LLP
Bank One Centre, 19th Floor
451 Florida Street
Baton Rouge, L.A 70801
Telephone (225) 336-5200
quijanoem@arlaw.com

August 6, 2001

By FACSIMILE AND U. S. MAIL

Anna Maria Larsen Larsen Consulting 1682 Sand Lily Dr. Golden, CO 80401

Re: Board of Governors Nominations Process

### Dear Anna Maria:

David McLaughlin, Chairman, Board of Governors, appointed me to chair a Task Force of approximately 5-6 people to review and make recommendations regarding the Board of Governors' nominations process. The purpose of the Task Force will be to increase the number and improve the quality of nominations to the Board of Governors. I'd like you to serve on the Task Force and will telephone you to provide additional information regarding this undertaking.

The formation of the Task Force results from recommendations to improve the process the Board of Governors' Executive Committee received from (1) the 2001 Nominations Committee; and (2) several members of the Board of Governors. Although the Task Force will use the foregoing recommendations to begin its work, those recommendations only serve as a starting point. The Task Force has the latitude to present its own recommendations to the Executive Committee.

The Board of Governors' Executive Committee set an ambitious timeline for the Task Force to report its findings and recommendations ("Report"). The Report is scheduled for discussion at the September 13, 2001 meeting of the Executive Committee to permit the Board of Governors to consider the Report's

Anna Maria Larsen August 6, 2001 Page 2

recommendations for the 2002 nominations process. Thus, I expect the Task Force to conduct several conference calls within the next 30 days to complete the process. As soon as I complete the roster of members who will serve on the Task Force, I'll send you the roster and background information for each member; some ideas to commence our work; and schedule a series of conference calls.

Please telephone Ruth Sorrells at (202) 639-3930 or me if you have any questions prior to my contacting you by telephone.

Very truly yours,

BOARD OF GOVERNORS

E. M. Quijano First Vice Chairman

EMQ/anh

cc: David T. McLaughlin

Chairman, Board of Governors

Bernadine Healy, M.D. President and CEO

Ruth Sorrells

Deputy Corporate Secretary

029-859

American Red Cross National Headquarters 430 17th Street, N.W. Washington, DC 20006

In Healy Kate

Member, Board of Governors Reply To:

Eddy M. Quijano ADAMS AND RESE LLP Bank One Centre, 19th Floor 451 Florida Street Baton Rouge, LA 70801 Telephone (225) 336-5200 quijanoem@arlaw.com

August 6, 2001

By Facsimile and U.S. Mail

Joseph Pereles 10801 Pear Tree Lane - Suite 376 St. Louis, MO 63074

Re: Board of Governors Nominations Process

## Dear Joseph:

David McLaughlin, Chairman, Board of Governors, appointed me to chair a Task Force of approximately 5-6 people to review and make recommendations regarding the Board of Governors' nominations process. The purpose of the Task Force will be to increase the number and improve the quality of nominations to the Board of Governors. I'd like you to serve on the Task Force and will telephone you to provide additional information regarding this undertaking.

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Joseph Pereles August 6, 2001 Page 2

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BOARD OF GOVERNORS

E. M. Quijano First Vice Chairman

EMQ/cmh

cc:

David T. McLaughlin Chairman, Board of Governors

Bernadine Healy, M.D. President and CEO

Ruth Sorrells
Deputy Corporate Secretary



Member, Board of Governors

Reply To:

0 29-859

Eddy M. Quijano
ADAMS AND REESE LLP
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451 Florida Street
Baton Rouge, LA 70801
Telephone (225) 336-5200
quijanoem@arlaw.com

August 6, 2001

By Facsimile and U.S. Mail

Ross Ogden, President TAMARIX, INC. P.O. Box 4657 Greenwich, CT 06831-8657

Re: Board of Governors Nominations Process

### Dear Ross:

David McLaughlin, Chairman, Board of Governors, appointed me to chair a Task Force of approximately 5-6 people to review and make recommendations regarding the Board of Governors' nominations process. The purpose of the Task Force will be to increase the number and improve the quality of nominations to the Board of Governors. I'd like you to serve on the Task Force and will telephone you to provide additional information regarding this undertaking.

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Ross Ogden, President August 6, 2001 Page 2

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BOARD OF GOVERNORS

E. M. Quijago

First Vice Chairman

EMQ/cmh

cc: David T. McLaughlin

Chairman, Board of Governors

Bernadine Healy, M.D. President and CEO

**Ruth Sorrells** 

Deputy Corporate Secretary



029-859

Member, Board of Governors Reply To:

Eddy M. Quijano ADAMS AND REESE LLP Bank One Centre, 19th Floor 451 Florida Street Baton Rouge, LA 70801 Telephone (225) 336-5200 quijanoem@arlaw.com

August 6, 2001

By Facsimile and U.S. Mail

Mary DeKuyper National Chair of Volunteers 430 17<sup>th</sup> Street, NW Washington, D.C. 20006

Re: Board of Governors Nominations Process

Dear Mary:

David McLaughlin, Chairman, Board of Governors, appointed me to chair a Task Force of approximately 5-6 people to review and make recommendations regarding the Board of Governors' nominations process. The purpose of the Task Force will be to increase the number and improve the quality of nominations to the Board of Governors. I'd like you to serve on the Task Force and will telephone you to provide additional information regarding this undertaking.

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Mary DeKuyper August 6, 2001 Page 2

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EMQ/cmh

cc: David T. McLaughlin

Chairman, Board of Governors

Bernadine Healy, M.D. President and CEO

Ruth Sorrells

**Deputy Corporate Secretary** 

Page 1 of 1

Dr. Healy

# Pearson, Terry A.

From: Eddy Quijano [quijanoem@arlaw.com]

Sent: Monday, July 30, 2001 12:26 PM

To: David T. McLaughlin; Frederick Grein; Kate Forbes; Healy Dr. Bernadine

Subject: New Orleans Executive Committee Meeting

I reiterate the invitation I extended last Firday to conduct a Fall, Winter or Spring Executive Committee Meeting in "The Big Easy". I'm confident the cost will not be any greater than it is in conducting the meeting in DC unless we need lots of staff. Both the Southwest regional Committee and the National Chapter Services Leadership have conducted meetings there. They've crunched the numbers.

There is a person in my office who handles such matters and who can coordinate with Joan and Leola regarding hotel bookings, food service, etc.

Let me know. Incidentally, I'll pre-arrange for ExComm members to be released on their own recognizance should anyone get carried away in the French Quarter Thursday evening.

Laissez les bons temps roulez!

E. M. Quijano ADAMS AND REESE LLP 225.336.5200 (W) 225.336.5220 (Fax) quijanoem@arlaw.com



To:

Board of Governors Members

Date:

August 6, 2001

From:

Kate Berry

Subject:

Boston Globe Article

Executive Vice President External Affairs and

Chief of Staff

Attached you will find a copy of an article from *The Boston Globe* that Fred Grein shared with Dr. Healy. She wanted to share the article and her response to Mr. Grein with the full Board of Governors.

This material was supposed to be provided to you several weeks ago. Recently, we learned that all of you had not received it. Although the information is no longer as timely, we still thought it may be of interest. I apologize for the delay for those of you who did not receive this information until now.

Attachment

## Healy, Dr. Bernadine

From:

Healy, Dr. Bernadine

Sent:

Thursday, July 12, 2001 9:17 PM

To:

'Grein, Frederick'

Subject:

#### Dear Fred:

The Boston Globe article is a good summary of the issues we face. A core issue is that we have neglected price for 10 years, A \$90.00 red cell price (\$120 leukoreduced) is way under our cost. We are subsidizing this region. These hospitals are ones I know well - and are more profitable than we are.

On the issue of leukoreduced - I know of no pharmaceutical that would be sold "impure" or with a known contaminant (i.e. Alien DNA in white blood cells; some viruses which hide in white blood cells) that could be easily removed.

As for "Mad Cow Disease" we do not have a blood test and we do not know who may be harboring this disease during its many year incubation. Screening donors who are at risk of getting its human form (geographic screening) and leukoreduction are the only things we can do.

These are complex issues until you think of the patient getting our blood.

Bernadine

---Original Message----

From: Grein, Frederick [mailto:FHG@hutch.com]

ent: Friday, July 06, 2001 8:47 AM

io: 'HealyB@usa.redcross.org'; 'dcml@kear.tds.net';

'bill.george@medtronic.com'; 'bheidt@thepenrodcompany.com'

Subject:

FYI: Today's Boston Globe has a front page article on ARC's blood price increase.

Fred

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# Hospitals face soaring blood prices

Red Cross rates hit region hard

By Liz Kowalczyk, Globe Staff, 7/6/2001

he American Red Cross this week hit hospitals with huge price increases for blood, doubling fees for some New England hospitals, where executives are scrambling to figure out how to pay for the 420,000 units of blood they buy for patients every year.

Having fallen \$335 million into debt and saying it has underpriced blood for years, the Red Cross is raising prices nationwide, but for complex reasons the increases in New England are among the steepest. Partners HealthCare, which includes Massachusetts General Hospital and SOARING BLOOD COSTS



Deborah Zollner looking for a blood pack at Mass General Hospital. Prices are likely to affect health care premiums. (Globe Staff/Dominic Chavez)

Brigham and Women's Hospital, has been paying either \$90 or \$120 per unit for red blood cells, the most commonly used blood product, depending on how it is processed. While Partners is still negotiating a new contract, the agency now wants to charge \$180 per unit for all red blood cells, Partners executives said.

"We're worried sick," said Dr. Eugene Berkman, medical director of New England Medical Center's blood bank, which is expecting double-digit increases as well. "It's difficult in this day and age to go down to administration and say 'I need an extra half-million for blood.' But right now, the Red Cross is the only supplier in town."

Since neither patients nor their medical insurance companies pay specifically for blood - it's woven into the overall hospital bill - they will not immediately feel the impact of the price increases. But along with prescription drugs, the climbing cost of blood will be one more factor that drives up health care costs and insurance premiums. The increases also could lead hospitals to adopt stricter controls over which patients receive blood.

SFC-ARC-A000637

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The Red Cross is raising blood prices during an already unsettled time for the organization, which collects and sells more than half of the nation's blood for transfusions. The nonprofit agency has adopted new rules to protect the blood supply from mad cow disease. Some doctors argue those rules are unnecessary and will disqualify thousands of donors at a time when the blood supply already is dangerously low.

Even the agency's decision to sell only a certain type of specially filtered red blood cells as of this summer - one of the reasons Red Cross executives cite for raising prices - is a source of controversy.

This filtering process, called leukocyte reduction, involves using a plastic filter to strain out the donor's white blood cells or leukocytes, which can cause fevers in some blood recipients and more serious reactions in the very ill. Cancer patients, for example, receive only leukocyte-reduced blood because they may develop antibodies to the white cells, hampering the effectiveness of subsequent blood transfusions. Canada and several European nations already require the filtering for all blood and a US Food and Drug Administration committee also has recommended it.

The process ads \$35 to the cost of a unit of blood, said Jacquelyn Fredrick, Red Cross senior vice president of biomedical services, and that cost can no longer be absorbed by the agency. The agency will no longer sell cheaper, nonfiltered red blood cells.

But many doctors say widespread filtering is unnecessary, since most patients have no reaction to donors' white blood cells. Massachusetts General Hospital recently completed a large randomized study of 3,000 patients to try to settle the question. Results will not be released until later this month, but one of the investigators said that after completing the study he doesn't believe all patients need leukocyte-reduced blood.

"It's very difficult to demonstrate a value to the patient," said Dr. Sunny Dzik, codirector of the MGH blood transfusion service. "And we don't have unlimited resources."

Fredrick said the Red Cross, which helped pay for the MGH trial, cannot rely on one study to determine policies.

She said that the agency has raised the price of blood for its 3,000 hospitals about 10 percent since 1996, while the agency's costs grew 27 percent.

While the agency has adopted a national pricing structure, it has left it up to regional offices to negotiate prices with their hospitals. Fredrick said that she has heard of increases ranging from 12 percent to 30 percent for red blood cells. The price of other products, such as platelets, will remain the same or decline slightly.

In New England, the average price of red blood cells is jumping from \$113 (nonfiltered) and \$143 (filtered) to \$189 (filtered), but larger hospitals will negotiate volume discounts. The new prices officially went into effect July 1, but many hospitals are still negotiating discounts.

The region does not have enough donors to support its medical industry and imports about 20 percent of its blood supply from the Midwest and other regions - a problem that is pushing up costs even more here as the regional Red Cross prepares for a massive donor recruitment effort.

Dr. Mary O'Neill, executive director of the Red Cross's New England blood services, said that the price increase will help the agency purchase four or five new bloodmobiles so it can drive to small companies and recruit volunteers. "We just have not been recovering our costs," said O'Neill, who said the region badly needs more donors.

Hospital executives said they don't have many other choices but to pay the increases.

The Catholic hospital network Caritas Christi, which includes St. Elizabeth Medical Center, said the price increase will cost the system \$1 million.

Partners estimates that the increase will cost the network more than \$4 million extra for red blood cells alone. "The problem is there may not be anywhere else to go," said Dr. Christopher Stowell, director of the MGH blood transfusion service.

America's Blood Centers, the network of independent community centers that competes with the Red Cross, are receiving dozens of calls from hospitals but cannot take on all Red Cross defectors, said spokeswoman Melissa McMillan. The network does not have a Massachusetts collection center and would require any hospital to which it sells to set up one. "We tell hospitals [that] if you're only looking for cheaper blood, we're not the answer for you. There's not enough to share," she said.

Liz Kowalczyk can be reached by e-mail at kowalczyk@globe.com.

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Bernadine Healy, M.D. President and Chief Executive Officer

August 3, 2001

Warm regards,

Mr. Michael A. Leven Chairman and CEO U.S. Franchise Systems, Inc. 13 Corporate Square, Suite 250 Atlanta, GA 30329

Dear Mr. Leven:

Thanks for sending me Greg Plank's letter recommending L. Kim Ross for a position at the American Red Cross. It was good to hear from you, and I hope this letter finds you well.

Ms. Ross certainly has an impressive background. Recruiting top talent is vital to any organization, including the American Red Cross, and I certainly appreciate you passing on candidates such as Ms. Ross who may have skills that fit with our mission.

I have forwarded Ms. Ross's resume to Carol Miller, Senior Director, Human Resources, Staffing and Employee Relations, and Gerald Jones, Vice President, International Services.

Thanks for your dedication to the American Red Cross and your service on our Board of Governors. All the best.

cc: Greg Plank Carol Miller Gerald Jones

## Pearson, Terry A.

From:

Eddy Quijano [quijanoem@arlaw.com]

Sent:

Wednesday, May 30, 2001 4:14 PM

To:

David T. McLaughlin

Cc:

Bernadine Healy; Jannie Spader

Subject:

Re: Dr. Astrid Heiberg

Importance: High

David:

I agree that we should accept Dr. Heiberg's invitation to meet to discuss our relationship and certain unresolved issues.

I recommend that Jon Huntsman as Chair, International Services Committee, be invited to attend the meeting. I'd also like to attend as Vice-Chair of both the Board of Governors and the International Services Committee. Parenthetically, I would be unable to meet on June 25th because a have tax trial that day. But I could be in NYC Monday evening June 25th and meet on either June 26th or 27th. Incidentally, we have an Executive Committee meeting scheduled on June 23rd.

I also recommend that a Board Member representing the interests of the Secretary of State be invited but only if State's position comports with ours. The prior position of the Secretary of State on MDA differed from the position of Management and the Board of Governors.

A conference call is an excellent idea to discuss a possible Agenda and other Board of Governors' members whose presence would be helpful in resolving the issues. I assume you will schedule the call.

cc: Mr. Jon Huntsman c/o Jannie Spader

"David T. McLaughlin" wrote:

#### nadine and Eddie:

Astrid Heiberg called me on 25<sup>th</sup> May, from the Middle East, to congratulate me on my responsibilities. She also advised me that she and some of her Board would be in York on 25-27<sup>th</sup> of June, to participate in an anti-AIDs program at the UN. She wanted now if it would be possible, for me and two or three other Board members, to meet and uss the relationship that we have and the issues that are on the table. inclination would be to have such a meeting, but would appreciate your counsel on the isability of the meeting and if we do proceed, the agenda we should follow and who uld attend.

haps we could set up a conference call soon, to discuss this as I told her that I would iew it with you and get back to her. nks.

е

E. M. Quijano ADAMS AND REESE LLP 225.336.5200 (W) 225.336.5220 (Fax) quijanoem@arlaw.com



Bernadine Healy, M.D. President and Chief Executive Officer

May 29, 2001

Mr. Jon M. Huntsman Chairman Huntsman Corporation 500 Huntsman Way Salt Lake City, UT 84108

Dear Mr. Huntsman:

It was great to see you at Convention. You were so helpful on many levels. The American Red Cross is lucky to have you on our Board — you are a great humanitarian, and a very kind and thoughtful person. I am most grateful to you on a personal level for everything that you have done for our organization.

All the best.

Warm regards,

p

#12902 BPH

/foll

5-29-01

Dear Dr. Healy + Convention staff.

Thanks so much for the beautiful flowers. They have brightened my home and serve as wonderful reminder of a great team effort for a wonderful organization. It was truly an honor and privilege to be of service as Convention Chair Narmest regards. Claime Rigerly



Bernadine Healy, M.D. President and Chief Executive Officer

May 29, 2001

Ms. Elaine Lyerly 106 Boyter Court Cramerton, NC 28032

Dear Ms. Lyerly:

you are.

Thank you and thank you to your tremendous team for all of your work. What a wonderful National Convention! Charlotte was a super host for our Red Cross family.

Our convention provided an opportunity to reflect on our splendid history and experience and affirm, together, our vision for the future. Thanks for being a part of this.

I appreciate your commitment to the American Red Cross. All the best.

Warm regards



Bernadine Healy, M.D. President and Chief Executive Officer

May 29, 2001

Warm regards.

Jehan Sadat, Ph.D. 9249 Woodglade Drive Great Falls, VA 22066

Dear Madame Sadat:

Thank you for your inspiring keynote address at the American Red Cross National Convention, and for taking the time to meet afterward. I enjoyed our discussion — the taped interview will be a valuable resource for us.

Our Convention provided an opportunity to reflect on our splendid history and experience and affirm, together, our vision for the future. Many attendees have remarked that your presentation was moving and inspirational, and gave them a greater appreciation for our international efforts. Your compassion for our organization is apparent, and we are truly grateful for your commitment and enthusiasm.

The American Red Cross will continue to find ways to enhance and improve our international presence in our efforts to save lives and give hope to millions of people all over the world. On behalf of the American Red Cross, I extend my compliments on all your humanitarian achievements.

Thanks for your commitment to the American Red Cross. All the best.



MAY 2 9 2001 12867

National Headquarters 430 17th Street, N.W. Washington, DC 20006

Member, Board of Governors Reply To:

Eddy M. Quijano ADAMS AND RESE LLP Bank One Centre, 19th Floor 451 Florida Street Baton Rouge, L.A 70801 Telephone (225) 336-5200

May 22, 2001

Juan Manuel Suárez del Toro Rivero President, Spanish Red Cross Rafael Villa, s/n 28023 EL PLANTIO MADRID, Spain

Dear Señor Suárez del Toro:

I sincerely enjoyed our conversation last Sunday morning at the AMERICAN RED CROSS Convention in Charlotte. Thank you for meeting with me and sharing your VISION for the Federation.

I will communicate the substance of our discussion to David McLaughlin, Chairman, Board of Governors, AMERICAN RED CROSS and Dr. Bernadine Healy, our President and Chief Executive Officer. I will also request Messrs. Gerry Jones and Brian Majewski to coordinate with Mercedes Babé regarding the matters we discussed.

Very truly yours,

Y

AMERICAN RED CROSS

E. M. Quijano
First Vice Chairman
Board of Governors

EMQ/cmh

c: Mr. David McLaughlin Chairman, Board of Governors

Bernadine Healy, M.D. President and CEO

Juan Manuel Suárez del Toro Rivero May 22, 2001 Page 2

> Mr. Jon M. Huntsman Chairman, International Service Committee Board of Governors

Mercedes Babé Director of International Cooperation-Department Spanish Red Cross

Mr. Gerry Jones

Mr. Brian Majewski

| DATE: 5/30/01  | REFERENCE NO: 12847  |
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| TO:  | ACTION TO BE TAKEN: DUE BY:  |
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| ☐ National Chair of Volunteers ☐ Corporate Secretary ☐ Chief Diversity Officer ☐ General Counsel ☐ SVP Development ☐ EVP Operations ☐ Human Resources ☐ SVP Chapter Services Network ☐ Chief Financial Officer ☐ EVP Biomedical Services ☐ Communications & Marketing ☐ Government Relations ☐ Global Safety & Security ☐ Historical Resources ☐ Corporate Strategy ☐ Corporate Strategy ☐ Historical Resources ☐ Corporate Strategy ☐ Corporate Strategy ☐ EVP External Affairs ☐ Director International Policy & Relations ☐ Officer External Affairs ☐ Policy Analyst | <ul> <li>□ Prepare reply for Dr. Healy's signature</li> <li>□ Reply directly. Provide copy of reply to President's office</li> <li>□ Provide comments and recommendations to</li></ul> |
| ☐ Scheduler ☐ Correspondent  | SFC-ARC-A000649  |

Return this routing slip with your completed document and background information.

Basic instructions: Please review the attached, coordinate and *complete* action. The only copies provided to others are indicated above. If additional copies are necessary for referral to your staff... you are responsible for routing and follow-up to ensure timely completion. If Dr Healy received a copy for comment, please be aware she *may* have specific instructions for you, which will follow. Please do not wait for her comments if attached item is urgent.



Bernadine Healy, M.D. President and Chief Executive Officer

May 29, 2001

Ms. Elaine Lyerly 106 Boyter Court Cramerton, NC 28032

pu are

Dear Ms. Lyerly:

Thank you and thank you to your tremendous team for all of your work. What a wonderful National Convention! Charlotte was a super host for our Red Cross family.

Our convention provided an opportunity to reflect on our splendid history and experience and affirm, together, our vision for the future. Thanks for being a part of this.

I appreciate your commitment to the American Red Cross. All the best.

Warm regards



Bernadine Healy, M.D. President and Chief Executive Officer

March 28, 2001

General Henry H. Shelton Chairman Joint Chiefs of Staff Washington, DC 20318-0001

Dear General Shelton:

Thank you for your kind note. I am sorry that you were unable to attend the Chairman's Dinner on March 3 — we honored Chairman Augustine in a first-class manner.

Thank you for your service and dedication to the American Red Cross. All the best.

cc: Norm Augustine



Bernadine Healy, M.D. President and Chief Executive Officer

May 9, 2001

Steven J. Bredehoeft, MD, MPH Member, Board of Governors Medical Director, Transfusion Services Duke University Medical Center 7500 Hospital North Box 2928 Medical Center Durham, NC 27710

Dear Steve:

We look forward to seeing you next week either in Washington, DC or in Charlotte at the Convention. My office is in the process of arranging a meeting.

I have provided a document that we prepared for the FDA on our response to vCJD. You will see that we have delineated concrete approaches to addressing availability. Last week we had a very productive meeting with the FDA on the issue of the expanded donor deferral as well as our strategies for availability. I believe they were impressed with the thoughtfulness of our approach. I look forward to discussing this with you further.



Bernadine Healy, M.D. President and Chief Executive Officer

May 15, 2001

Ms. Helen Shores Lee Shores and Lee Attorneys at Law P.O. Box 10602 Birmingham, AL 35202-0622

Dear Helen:

Thanks for the suggested Board member.

As you know, there are very few at large positions, and I will consider Mr. Jones in the context of other potential candidates.

All the best.

We'll be there.

SFC-ARC-A000653

## Sylvester, Suzanne

From:

Morisi, Andrea

Sent:

Tuesday, May 01, 2001 9:01 PM

To: Cc: Sylvester, Suzanne

Subject:

Man, Joan Tracking 12231

Sensitivity:

Confidential

#### Suzanne:

here is the proposed response to BoG member Helen Shores Lee regarding recommendation of Dick Jones as an at large member. Joan will bring you the paperwork and research that was done on this request.

response to H.Lee re Dick Jone...

#### Thanks

Andrea Morisi
Senior Counsel and Corporate Secretary
American National Red Cross
Office of General Counsel
National Headquarters
430 17th St, NW
Washington, DC 20006
(202) 639-3262
fax (202) 434-4057 or (202) 639-3700
MorisiA@usa.redcross.org

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# American Red Cross

National Headquarters 430 17th Street, N.W. Washington, DC 20006

Norman R.Augustine Chairman

May 14, 2001

Buzz Heidt President & CEO The Penrod Company 2809 S. Lynnhaven Road, Suite 350 Virginia Beach, Virginia 23452-6700

Dear Buzz,

Thank you for your letter updating me on the Chapter Services Committee's work evaluating the loss of small chapters due to rechartering requirements. Although it appears more data would be helpful, it's important to know that our service delivery continues to expand.

Thanks for your leadership on this and other issues, Buzz.

All best wishes.

Sincerely,

Norm Augustine

Buyy - I assume you wont mind if I share your until the Executive Committee.



**American Red Cross** 

Member, Board of Governors

National Headquarters 430 17th Street, N.W. Washington, DC 20006

May 7, 2001

Mr. Norman R. Augustine, Chairman American Red Cross National Headquarters 430 17<sup>th</sup> Street, N.W. Washington, DC 20006

Re: Your letter of September 22, 2000: My letter of September 26, 2000:

Dear Norm:

The Chapter Services Committee has reviewed ongoing rechartering requirements of SD-21. While there has been no significant negative impact on medium to large sized chapters, there has been a material reduction in small ill-equipped chapters and some negative fallout.

While this has been and continues to be, a difficult road, the organization is stronger for the process. Please find the attached summary report reflecting the sense of the Sub-Committee that worked on this issue and the Chapter Services Committee at large.

With respect to the Safe Schools Initiatives, we continue to oversee the development process and will advise in the near future.

Best regards,

Very truly yours.

Edward A. Heidt, Jr.

EAHjr:mfr

Enc.

CC:

Dr. Bernadine Healy, President/CEO

Mr. David T. McLaughlin

## SUBCOMMITTEE ON CHAPTER JURISDICTIONS REPORT

May 2001

The Subcommittee on Chapter Jurisdictions reviewed all Charter actions as recommended by the Regions and offered them for approval to the Chapter Services Committee. The number of chapters remaining at the conclusion of the February meeting was 1083. The Subcommittee also evaluated the field in view of data presented on the effects of SD21 and the rechartering process on small chapters. While little hard data is available for a baseline, the Subcommittee believes that anecdotal reporting supports the conclusion that services to the field have been retained or improved. While some volunteers have been lost due to acrimony over dechartering, most areas continue to support and recruit volunteers.

Several observations were shared with the Chapter Services Committee:

First, it is of utmost importance that hard data on volunteers be obtained. Though it would be a very large task, efforts should be made to develop a national volunteer database. Secondly, we have learned that when chapters lose their charter, the process is very difficult for them. Great sensitivity is needed in the process. Thirdly, there is an increasing burden on those remaining chapters to support the services. Little recognition has been given for this. It was suggested that some special designation or other incentive be given to these chapters.

The Certified Delivery Units have been a positive step. But marketing could make them more valued and recognized by the American Red Cross. This recognition could include a framed certificate with the assurance they can continue to be seen as a local presence. There could also be State Service Council local recognition, or from national, for the additional work taken on by a chapter. It was concluded that the key issue in evaluating the success of SD21 is whether services continue to be delivered, not how many chapters remain. We found that the services continue to expand and that volunteers continue to be there and to increase. Therefore, in summary, SD21 has been a positive strength to the American Red Cross!

Respectfully Submitted by Nancylee Siebenmann, Co-Chair



Bernadine Healy, M.D. President and Chief Executive Officer

May 9, 2001

Mr. David T. McLaughlin Honorary Trustee and President Emeritus The Aspen Institute The Gallery 46 Newport Road, Suite 205 New London, NH 03257

Dear David:

As follow up to some of our conversations on this issue, I am enclosing a document we prepared at the request of the FDA on our response to vCJD. You will see that we have delineated concrete approaches to addressing availability. Last week we had a very productive meeting with the FDA on the issue of the expanded donor deferral as well as our strategies for availability. I believe they were impressed with the thoughtfulness of our approach. I look forward to discussing this with you further.

P.S. I have also shared this material with Dr. Bredehoeft and my office is setting up a meeting with him.



Bernadine Healy, M.D. President and Chief Executive Officer

The Honorable Tommy G. Thompson Secretary Department of Health and Human Services 200 Independence Avenue, SW Washington, DC 20201

Dear Secretary Thompson:

I have received a copy of the April 26 letter addressed to you by Harvey J. Klein, M.D. regarding the issue of availability of blood in this country. Dr. Klein's letter is very thoughtful on the availability issue. We at the American Red Cross fully support his view that availability is a long-term problem that is merely exacerbated by the need to expand donor deferrals in response to VCJD. The inexorable increase in demand has not been matched by increased donations. We agree with Dr. Klein's observation that "the margin of safety" is only one-half of what it was one decade ago."

We at the Red Cross have been developing plans to deal with the availability issue for more than a year. In field testing that we have done, we know that the public responds to public awareness campaign with increased rates of donation. We also know that in times of national crisis there is more blood available than we can use.

As stated in my letter to Dr. Zoon of the FDA, and reinforced in our meeting with her last week, we are in the process of implementing our campaign to improve availability as we approach the initiation of our new donor deferral criteria in September. The public response to our efforts will be important information for all of us as we move forward.

We also fully agree with Dr. Klein's urging that we all implement expanded deferrals "in a manner and within a time frame that is designed to minimize any interruption in medical care to patients." The ARC program is carefully designed to do exactly that.

One suggestion that we made to Dr. Zoon is that the FDA use the ARC experience with expanded deferrals and phase the FDA standards for the industry after we have gained experience in our program to increase availability. I want to assure you that our data will be available to the government and the rest of the industry as we move forward.

Best Regards.

cc: Kathryn C. Zoon, Ph.D.

We'll be there.

SFC-ARC-A000659

# American Red Cross Responding to the Threat of vCJD

As the American Red Cross noted in our January 17, 2001 testimony to the Food and Drug Administration's (FDA) Transmissible Spongiform Encephalopathy Advisory Committee (TSEAC), the safety of the blood supply is our number one priority. We concur with the FDA that the current policies governing the deferral of blood donors who have resided in or traveled to the United Kingdom (effective: August 17, 1999) need to be expanded. Given the scientific uncertainty surrounding vCJD and the need to do everything possible to protect the blood supply, in mid-September 2001, the Red Cross will implement a prudent and cautious donor deferral policy. This policy was developed with serious consideration and deliberation involving leading scientists and epidemiologists from the U.S. and around the world. The Red Cross will defer:

- Donors who have spent time in the United Kingdom for a cumulative total of three months or more since 1980
- Donors who have spent time in any other European country for six months or more since
   1980
- Donors who have received a blood transfusion in the United Kingdom.

The Red Cross applauds the FDA and its advisory committees for the series of hearings on donor exclusion and blood availability in the face of this new pathogen. These forums are important to advance the science related to vCJD.

Provided below is the scientific rationale for our deferral policy and information on our activities to manage the risks associated with vCJD and to increase the availability of blood. In the wake of the spread of BSE in Europe, the American Red Cross has carefully weighed medical risk with the risk of donor loss.

## Scientific Rationale Defining the Hazard

There is tremendous scientific uncertainty about the hazard posed by vCID. The scientific rationale used by the Red Cross as the reason to further exclude donors is based on what is known at this time about the potential for transmission by blood.

- BSE has been shown to be transmitted through blood in laboratory experiments in animals.
- Most experts acknowledge that prions are found at very low levels in blood of infected animals, and this is a target for the development of a blood test.
- Prions incubate in lymph tissue before clinical symptoms develop (gut, appendix, tonsils, spleen, and lymph nodes) and are present in B lymphocytes.
- There is a long latency period for vCJD estimated to be 5 to 10 years or longer.
- There is no blood test for vCJD or BSE. Therefore, we do not know the extent of the animal or human reservoir for vCJD or BSE. Without a test it is impossible to determine whether the disease has or has not been transmitted by blood transfusion already.

#### Defining the Risk

The calculations with regard to risk reduction and donor loss provided by the FDA (Blood Donor Travel Deferrals to Reduce BSE Theoretical Risk: Efficiency at Various Donor Loss Cut-offs,

dated March 31, 2001) were based on research developed by Dr. Alan Williams while he was employed by the Red Cross. (Dr. Williams, an 18 year employee of the Red Cross, was recruited to CBER on March 3, 2001). The Red Cross used these same data in the course of developing our position on donor deferral for the January 2001 TSEAC meeting.

Dr. Williams' model is based on the recognized incidence of the disease in cattle. In the analysis, it has been estimated that a 3 year European and 18 months Department of Defense (DoD) deferral would result in a 4.8% donor loss with a 57.6% reduction in risk. A 6 months European and 3 months UK deferral will reduce risk by roughly 85% and could result in a donor loss of 8%. Thus, the Red Cross deferral will reduce risk by some 25 percentage points with an additional donor loss of slightly more than 3%.

Both the American Red Cross and the FDA recognize the donor exclusion must include European exposure. The current difference between the FDA and Red Cross is about the incremental donor loss of 3.3% and the tradeoff of the associated risk reduction, not a donor loss of 8%. Based upon the magnitude of the threat, we believe that our proposed deferral is cautious and prudent.

#### Availability

In our testimony before Congress in October 1999 and most recently before the HHS Advisory Committee on Blood Safety and Availability on April 20, 2000, the Red Cross outlined our commitment to make the needed financial and intellectual investment in blood availability as we have done for blood safety. As stewards of the blood supply, the Red Cross and other blood centers have the obligation to meet availability needs without compromising safety. We must increase the number of the eligible people who donate blood regularly.

As you know, blood availability has historically been a seasonal challenge and it is even more difficult as the geographical deferrals related to malaria have grown dramatically in the past several years. Further, at implementation the present UK deferral modeling predicted a 2.2% loss of current blood donors. The Red Cross has seen only a 0.13% loss. Our transition from ear sampling to finger sampling in August 2000 resulted in the immediate deferral of 6% of current donors. Due to the proactive planning prior to the implementation of that change, the Red Cross exceeded its collection goals in the subsequent months. These recent examples lead us to believe we can effectively recruit and replace deferred donors.

The American Red Cross is prepared to manage the risk of donor loss by developing a strategy to meet patient needs for blood that uses the latest technology; maximizes our existing donor base; effectively brings in new, particularly younger donors; and leverages our unique network of 1,100 Red Cross Chapters in communities nationwide.

The model is based upon reported levels of infectivity in cattle. We know that testing of cattle has been sportly, and the slaughter of cattle less than 2 years of age may be obscuring the occurrence of BSE during the incubation period. Further, it does not take into account the porous borders between European countries, and is therefore an underestimate of the number of people at risk exposures. These issues notwithstanding, the model provides a useful estimate of risk.

#### Leveraging Technology

- We are currently using double red blood cell collection technology in four of our regions and plan to implement this collection capability throughout our national system by the end of the year. This means one can collect two units of blood from a donor who meets certain characteristics, such as a hematocrit over 40. It is estimated that this technology will increase the number of units by 300,000 annually.
- The Red Cross has the know-how and is prepared to immediately expand our capacity to freeze red blood cells for type "O", "B" and Rh-negative donations enabling us to fully utilize all safe blood that is collected without loss due to expiration. The latest technology for freezing is currently under FDA review, awaiting final approval. We know currently that the Red Cross could freeze at least 25,000 units of "O" type blood per year.

## Maximize our Existing Donor Base

Our existing donor base of 4 million volunteer donors who gave blood this year is a precious resource, providing over 6 million donations annually. These donors currently donate an average of 1.7 times per year. By encouraging these people to donate 2 times per year, we could increase available units by 1.2 million donations. Starting next week, the Red Cross will begin sending letters to current and lapsed donors to remind them of the need for blood and encourage them to donate if they are eligible.

## Launch a National Campaign for New Blood Donors

The Red Cross is initiating a targeted public awareness campaign, using radio and television advertising and telemarketing to reach a new generation of volunteer blood donors. We have found consistently that our national donor appeal campaigns elevate blood donations for all blood banks -- American Red Cross and non Red Cross alike.

## Energize Red Cross Nationwide Chapter Network

Working with our 1,100 chapters, the Red Cross has the ability to mobilize volunteers in communities across the country. At our annual National Convention May 18 through 20, 2001 in Charlotte, NC, the importance of blood availability and the chapters' vital role in contributing to donor recruitment will be a focus.

#### Conclusion

It is important that the lessons learned by the blood banking community from the advent of HIV in the early 1980s inform our actions now with vCJD. Until we have a test and can better assess risk, donor exclusion by designated group is the only way to protect the blood supply. We believe this will be an interim action, hopefully soon eclipsed by scientific information. We are facing the hazard of vCJD entering the human blood supply. We have albeit crude measures of the risk that potential donors may have been exposed to contaminated beef and beef products. We believe that we can minimize that exposure risk and maintain the level of blood donations. It will not be easy but it is doable. If we are wrong in our more cautious deferral criteria, the only consequence will be a more determined and effective approach to blood collection. If we are correct, the consequence of a less cautious deferral policy cannot be corrected.

Blood Donor Travel Deferrals to Reduce BSE Theoretical Risk: Efficiency at Various Donor Loss Cut-offs
Alan E. Williams, Ph.D.
March 31, 2001

| <2.0% Donor Loss 18 mos. DoD                                    | % Risk Rdxn    | % Donor Loss | Efficiency<br>(% Risk Rdxn/% Loss) |
|---|----------------|--------------|------------------------------------|
| 10 Ven Tours  | <b>28.6</b> .  | 1.8          | 15.044                             |
| 10 Yrs. Europe  | 18.3           | 1.3          | 15.9**                             |
| 3 mos. UK   | 17.9           | 1.6          | 14.1                               |
| 2.0. 2.00-  |                | 1.0          | 11.2                               |
| 2.0 - 3.0% Donor Loss   |                |              |                                    |
| 5 yrs. Europe   | 26.6           | 2.1          |                                    |
| 10 yrs. Europe + UK 3 mos                                       | 36.2           | 2.9          | 12.7**                             |
| 4 yrs. Europe   | 27.3           | 2.5          | 12.5                               |
| 2.0   |                | ۷.2          | 10.9                               |
| 3.0 - 4.0% Donor Loss   | •              |              |                                    |
| 10 yrs Europe + 18 mos. DoD                                     | 46.9           | 2.1          |                                    |
| Dyrs Europe + 18 mos. DoD                                       | 55.2           | 3.1          | 15.1**                             |
| 3 mos UK + 18 mos, DoD  | 46.4           | 3.9          | 14.2                               |
| 5 yrs Europe + 3 mos UK   | 44.5           | 3.4          | 13.6                               |
|   | ,              | 3.7          | 12.0                               |
| 4.0 - 5.0 % Donor Loss  |                |              |                                    |
| 10 yrs Europe + 18 mos DoD + 3 mos UK                           | 647            |              |                                    |
| 4 yrs Europe + 18 mos DoD                                       | . Defric       | 4.7          | 13.8**                             |
| 3 yrs Europe + 18 mos DoD                                       | \$\$.9<br>53.6 | 4.3          | 13.0                               |
| 3 yrs Europe  | 57.6           | 4.8          | 12.0                               |
| 4 yrs Europe + 3 mos UK   | 47.0           | 4.1          | 11.5                               |
| 2 yrs Europe  | 45.2           | 4.1          | 11.0                               |
| 5.00 Dia 0.00   | 53.2           | 4.9          | 10.9                               |
| 5.0 - 6.0% Donor Loss   |                |              | 10.5                               |
| 5 Vrs Furane + 19 mas D. D                                      |                |              | • •                                |
| 5 yrs Europe + 18 mos DoD + 3 mos UK                            | 73.0           | 5.5          | 13.3**                             |
| 4 yrs Europe + 18 mos DoD + 3 mos UK<br>3 yrs Europe + 3 mos UK | 73.8           | 5.9          | 12.5                               |
| 2 Vrs Europe + 10 D   | 64.9           | <i>r</i> =   | 11.5                               |
| 2 yrs Europe + 18 mos DoD                                       | 59.1           |              | 11.2                               |
| 60-30W Dans   | -              |              | 11.2                               |
| 6.0 - 7.0% Donor Loss   |                |              |                                    |
| 3 yrs Europe + 18 mos DoD + 3 mos UK                            | 75.4           | 6.4          | 11,8**                             |
| ~ 3.00 TO DE + 12 MOS DOI) + 3 mos 175                          | ~~ ~           | < a'         |                                    |
| ~ yis curope + 3 mos UK   | 74.4           |              | 11.2                               |
| 1 уг Енгоре   | 70 A           | 6.5          | 10.9                               |
|   | •              |              | 9.8                                |
| 7.0 - 8.0% Donor Loss   | •              | •            |                                    |
| 1 yr Euro + 3 mos UK  | 84.4           | 8.1          |                                    |
| · · · · · · · · · · · · · · · · · · ·                           | •              | n·1          | 10.4**                             |

#### Notes:

- 1. Uk = 1.0; Europe = 0.1; DoD = 0.35
- 2. All intervals are considered as 1980-2001
- European deferrals ≤ 3 years encompass various portions of the theoretical DoD risk and donor loss.
   New DoD estimates of tour length were received 3/30/01. Proportion is now 17.7% < 6 mos; 12.4% 6-11 mos; 11.8% 12-17 mos; 17.2% 18-23 mos.; 10.7% 24-29 mos; 30.2% > 30 mos. (est @ 36 mos). The DoD contribution to overall BSE risk is now lower than in previous estimates.

# BSE Donor Deferral: Scenario # 2 SUMMARY (UK = 1; non-UK Europe = 0.1; DoD = 0.35)

| Deferral Options                             |  | ditional Donor loss<br>ven UK 6mos in place)                           | % BSE risk removed<br>(131,972 p-d total) | Efficiency<br>(% P-D removed/% loss) |
|--|--|--|---|--------------------------------------|
| 1.) 10 yrs. France '<br>(UK est. x 0.7 x 1.3 |  | 0.4%   | 5.5%                                      | 13.8                                 |
| 2.) 10 yrs. Portugal                         | .°80 – '01                               | 0.05%<br>K est x 0.1 x 1.313)  | 0.8%                                      | 16.0                                 |
| 3.) 10 yrs nou-UK/<br>(mirvey est yrs. X     | F/P Europe '80 - '(                      |  | 9.4%                                      | 10.4                                 |
| 4.) 1 yr. Non-UK 1<br>(est by 1-2 yr surv    |  | 3.8%<br>(2.9x 1.313)   | 31.6%                                     | 8.3                                  |
| 5.) 10 yr. Non-UK                            |  | 1.3 %  | 18.3%                                     | 14.1                                 |
| 6.) 6 months U.K.                            | '80 – '01                                | 0.7% *   | 0   | 0                                    |
| 7.) 1-2 yrs. UK '9                           |  | (2.2% ulready lost '80-96)<br>0.4% *<br>(1.2% x .313)                  | 0   | 0                                    |
| + (Post- 96 UK ris                           | k (assumed to be lo                      | 1.2% / 1.6% *<br>w) will be reduced 86%/ 93%/78% re                    | 17.9%/*<br>espectively by 6 ma/3 ma/1 y   |                                      |
|  | residence ≥ 18 mo.<br>(D                 | s. 1.8% oD/NHIS est. of donations; orrected for N/S Alps food sources) | 28.6%                                     | 15.9                                 |
| 10. 24 mos                                   | ≥ 24 mos.                                | 1.5  | 22.7%                                     | 15.1                                 |
| 11.) Europe (mod                             | eled from survey in<br>data are adjusted | nterval data - therefore #'s differ si<br>to include DoD deferrals.)   | ightly from interval-derived              | l estimates provided above)          |
|  | /1980-present                            | 6.5%   | 63.5%                                     | 9.8                                  |
|  | s/1980-present                           | 4.9%   | 53.2%                                     | 10.9                                 |
|  | s/1980-present                           | 4.1%   | 47.0%                                     | 11.5                                 |
| d.) 4 year                                   | s/1980-present                           | 2.5%   | 27.3%                                     | 10.9                                 |
|  | s/1980-present                           | 2.1%   | 26.6%                                     | 12.7                                 |
| f.) 10 yea                                   | rs/1980-present                          | 1.3%   | 18.3%                                     | 14.1                                 |

## **American Red Cross**

National Headquarters Office of the President

430 17th Street, N.W. H Washington, DC 20006 of 202/639-3292 of Fax: 202/783-3432

## Facsimile Transmission

To

Name ......Norman R. Augustine

Company.....Lockheed Martin Corporation

Location.....Bethesda, MD

Phone Number ......301/897-6185

From

Fax Number ......301/897-6028

Name .....Bernadine Healy, M.D.

Voice Number ......202/639-3292

## Message or comment ...

ear Norm-Date and time of transmission: May 11, 2001 (8:41AM) Number of pages: [Number of Pages Including Cover Sheet] (Including this cover

SFC-ARC-A000665

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# **American Red Cross**

National Headquarters Office of the President

430 17th Street, N.W. & Washington, DC 20006 & 202/639-3292 & Fax: 202/783-3432

To

## Facsimile Transmission

Name ......Norman R. Augustine Company.....Lockheed Martin Corporation

Location.....Bethesda, MD

From

Phone Number ......301/897-6185

Fax Number ...... 301/897-6028

Name ......Bernadine Healy, M.D.

Voice Number ......202/639-3292

Message or comment

ear Norm -SFC-ARC-A000666

## An Urgent Call for Donors

DATE

Dear [DONOR NAME],

Thank you for saving a life by donating a precious resource – your blood – to the American Red Cross. Through this generous gift, you helped someone in desperate need – an accident victim, a cancer patient, a child with sickle cell anemia or someone undergoing an organ transplant. Modern medicine could not be practiced without you.

America needs vou. The need for blood is always growing because more hospital patients are requiring blood in their treatments and therapies. Also, blood expires in 42 days so we must always replenish the supply. Sooner or later, you or a loved one will need blood. If you are eligible to donate blood, remember you can do so every two months. Call 1-800-GIVE LIFE today to schedule an appointment. There is virtually no risk in giving blood. And, if you have moved or need help finding the most convenient place to donate blood, we'll direct you to a nearby blood bank or Red Cross facility.

Ensuring the safety of blood for patients in need is our top priority. To protect America's blood supply, the Food and Drug Administration (FDA) sets safety standards. Under the FDA's oversight, the American Red Cross always screens blood donors and conducts up to 12 tests on every blood donation. We remove white blood cells – leukocytes – from whole blood because they can cause reactions in some patients when they are transfused. Ever vigilant in protecting the blood supply, the American Red Cross performs ongoing research to continually improve blood safety.

There are many reasons why people may not be eligible to give blood. Currently, Americans who spent a cumulative total of six months in the United Kingdom between 1980 and 1996 are not eligible to donate blood because of the very small risk that they may have been exposed to the human form of mad cow disease. Due to the recent spread of this disease in Europe, and the absence of a blood test, the American Red Cross is extending this exclusion until a test is available. The American Red Cross will be excluding people from donating blood who have spent a cumulative total of three months in the United Kingdom or six months elsewhere in Europe since 1980. This deferral also includes anyone who has received a blood transfusion in the United Kingdom. We estimate about 400,000 Red Cross blood donors may be temporarily excluded due to these new restrictions.

That's why I am writing to you today. <u>Blood is urgently needed.</u> Not just now, but <u>vear-round</u>. <u>Blood is only good for six weeks.</u> That's why America always needs blood — <u>especially from "type-O" donors whose blood can be safely transfused into virtually all <u>patients</u>. To ensure there is enough safe blood for patients nationwide, the Red Cross is encouraging blood donors like you to give more often (you can donate blood about every two months).</u>

Together, we can also recruit a new generation of blood donors. Only a fraction of the people who are eligible actually give blood. Please encourage an eligible family member or friend to the you in giving the gift of life.

if for any reason you are not eligible to donate blood, there are other ways you can help save a life. Volunteer to support a blood drive in your community. Or make a financial donation (see enclosed) to help continue American Red Cross efforts to ensure safe, available blood for patients in need. Remember, sooner or later we will all be patients.

Thank you for caring. Together, we can save a life.

Bernadine Healy, M.D. President and CEO

P.S. Visit us on the web at www.redcross.org, E-mail bloodquestions@usa.redcross.org or call toll-free 1-800-214-0441.



Bernadine Healy, M.D. President and Chief Executive Officer

May 7, 2001

The Honorable Tommy G. Thompson Secretary Department of Health and Human Services 200 Independence Avenue, SW Washington, DC 20201

Dear Secretary Thompson:

Recently we had a very constructive meeting with Dr. Zoon and her colleagues at the Food and Drug Administration (FDA). We were asked to meet with the FDA about our bovine spongiform encephalopathy (BSE) donor deferral policy aimed at screening out donors potentially infected with variant Creutzfeldt Jacob Disease (vCJD), the human form of BSE.

I have enclosed the material we provided to the FDA which includes our proposal, its rationale and our ongoing actions to increase blood donations to make up for donor loss.

Obviously we share with Dr. Zoon her concerns about blood availability and focused much of our discussion on our strategies to increase collections -- which will be difficult but doable. We also assured the FDA that wherever possible, we would be prepared to assist on a temporary basis those blood centers that have difficulties with whatever safety policies the FDA puts in place.

As always, I would be pleased to discuss these issues with you at any time.

Best regards.



Bernadine Healy, M.D. President and Chief Executive Officer

May 3, 2001

Mr. Edward A. "Buzz" Heidt, Jr. P.O. Box 2100 Virginia Beach, VA 23450

Dear Mr. Heidt:

Thank you for sending me a copy of your letter to Jan Lane. I appreciate everything you have done to help build Congressional support for the AFES appropriation. It would be great to meet with Representative Schrock.

All the best.

Warm regards,

Bac man

We'll be there.

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ce on Heavy

Kata

Edward A. Heidt, Jr. P.O. Box 2100 Virginia Beach, VA 23450 (757) 498-0186

April 19, 2001

Ms. Jan Lane, Vice President Government Relations American Red Cross - National Headquarters 430 17<sup>th</sup> Street, N.W. Washington, DC 20006

Dear Jan:

I recently had lunch with Ed Schrock and had the opportunity to discuss the American Red Cross in general and more specifically, the AFES program.

I've enclosed both my hand delivered correspondence to him and his response.

Ed can and will be a great supporter of the ARC. As a veteran, he understands first hand the value which is provided by the American Red Cross.

I have suggested that the next time I am in Washington and our schedules mesh, that we visit ARC Headquarters concluding with a visit to Bernadine Healy.

Best regards,

Very truly yours,

Edward A. Heidt, Jr.

EAHjr:mfr Enc.

cc: Bernadine Healy, MD., President/CEO



### CONGRESSMAN ED SCHROCK

April 17, 2001

Mr. Edward A. Heidt, Jr.
President/CEO
The Penrod Company
2809 South Lynnhaven Parkway, Suite 350
Virginia Beach, Virginia 23452

Dear Buzz,

I'm writing to let you know how much I appreciate getting together with you last week to discuss the American Red Cross Armed Forces Emergency Services program and issues facing your successful business located here in Virginia Beach.

You have my pledge that I will support efforts to fund the AFES program in the upcoming Defense Authorization Bill for FY 2002.

The stories you told about your company's encounters with federal agencies were incredible. They serve to reinforce my belief that it is critical for Congress to closely monitor the actions of federal agencies and their employees. We cannot let them forget that they are accountable to the American people – the same people whose taxes pay their salaries.

Please feel free to call on me if I can be of assistance to you or if you would like to share your thoughts on matters before Congress.

Sincerely,

Ed Schrock

Member of Congress



The PENROD Company

2809 S. Lynnhaven Rd. • Suite 350 • Virginia Beach, VA 23452 • Ph (757) 498-0186
Post Office Box 2100 • Virginia Beach, VA 23450 • FAX (757) 498-1075
email penrod@thepenrodcompany.com • WWW http://www.thepenrodcompany.com

April 10, 2001

The Honorable Edward Schrock 128 Cannon House Office Bldg. Washington, DC 20515-4602

Dear Ed:

In the 106<sup>th</sup> Congress, the American Red Cross was awarded a \$9.4 million matching grant for fiscal year 2002 to continue Armed Forces Emergency Services programs. This matching grant was authorized under provisions contained in the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001. Because this service is not budgeted by the Department of Defense, we must rely on support from Congress to insert a line item in the annual appropriations bills. I am writing to request your assistance in making this funding a reality in the Defense Appropriations Bill for FY 2002.

Chartered by Congress in 1905, the American Red Cross is entrusted to deliver emergency messages and provide vital services for military members and their families, 24 hours a day, 365 days a year, in times of peace and war. These emergency messages provide military personnel and their commanders with fast, reliable information to help make decisions regarding emergency leave, compassionate reassignment and dependency discharge. Every day members of the U.S. military and their families rely on the Red Cross for counseling, financial assistance and health and safety training. Last year, we assisted a half million military family members with emergency communications, and provided access to financial assistance for more than 12,000 families.

Through the 40,000 Red Cross volunteers serving in local communities and on more than 100 military sites here and around the world, we provide a caring presence to service men and women separated from their families. With funding from this grant, the Red Cross will be able to continue these vital services to the men and women in uniform when they need us most.

We take pride in tracing the founding of this nation's premier humanitarian organization to the actions taken by Clara Barton to deliver life saving care to our men and women on the battlefield. With your support, we will continue to have an opportunity to serve more people in more ways than ever before.

Best regards,

Very truly yours,

Edward A. Heidt, Jr. President/CEO

EAHJr:mfr



March 23, 2001

Edward A. Heidt, Jr.
President and CEO
The Penrod Company
2890 South Lynnhaven Road, Suite 350
Virginia Beach, VA 23452

Dear Buzz:

As promised, enclosed are the informational brochure on our Armed Forces Emergency Services program (AFES), and some background on Representative Schrock. I have also enclosed a draft letter that we will be using to advance the AFES appropriation, which provides you with the key messages that we want to get across to the House Appropriations Committee supporting this funding. The "Guide to Our Services" is a general information piece on all Red Cross services, which we use as a leave behind during most of our visits on the Hill.

Please don't hesitate to call if you have any questions or need further information in support of your meeting with Representative Schrock.

With kindest regards,

Vice President

Government Relations

Enclosures



Bernadine Healy, M.D. President and Chief Executive Officer

May 3, 2001

Mr. Edward A. "Buzz" Heidt, Jr. P.O. Box 2100 Virginia Beach, VA 23450

Dear Mr. Heidt:

Thank you for sending me a copy of your letter to Jan Lane. I appreciate everything you have done to help build Congressional support for the AFES appropriation. It would be great to meet with Representative Schrock.

All the best.

( ')



Bernadine Healy, M.D. President and Chief Executive Officer

April 30, 2001

Mr. Carl F. Pascarella President and CEO Visa U.S.A., Inc. P.O. Box 8999 San Francisco, CA 94128

I lode fragal.

Dear Mr. Pascarella,

As your term on our Board of Governors comes to a close, we thank you for the dedication you have shown to our mission. We are honored that you have agreed to continue helping the American Red Cross as a member of our corporate advisory council. This group of distinguished business leaders will guide us as we ensure that the Red Cross has the resources necessary to meet the future needs of those we serve.

Your experience and insights will continue to be a wonderful contribution.

Sincerely,

We'll be there.

APR 1 0 2001 pr. Heavy

JEROME

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Chairman Board of Trustees
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EDWARD BURKE
Fire Marshal Representative

cc Kate andrea

Miretightern Andrick

OF GREATER NEW YORK Local 94 I.A.F.F. AFL-CIO

204 EAST 23rd STREET, NEW YORK, N.Y. 10010 (212) 683-4832

...

April 6, 2001

Dr. Bernadine Healy, M.D. President & CEO American Red Cross 430 17<sup>th</sup> Street NW. Washington, DC 20006

Dear Dr. Healy:

KEVIN E. GALLAGHER

MICHAEL A. CARTER

Recording Secretary. LAD. 126

THOMAS LaMACCHIA

WILLIAM F. MIRRO

**THOMAS MANLEY** 

Sergeant-at-Arms

ENG 280

ENG. 36

LAD 49

LAD. 113

President

Treasurer

Vice-President

It is with regret that I have to inform you that I will be unable to attend your National Convention which is scheduled in North Carolina from May 17th to May 20th.

As International Vice President for the International Association of Fire Fighters I will be participating in our Executive Session in Anaheim, California from May 14<sup>th</sup> through May 19<sup>th</sup>. I have asked the General President permission to leave our session early so that I may attend the ARC National Convention. Unfortunately our agenda in California requires my full attention thus making it impossible for me to participate in North Carolina.

I apologize for any inconvenience this may cause to you as well as to the members of my respective committees (Chapter Services and Public Support). I await your directions as to how I can keep abreast of what transpires at the National Convention.

I hope you understand that this is beyond my control and I would be happy to come to Washington DC after the Convention to be updated and to offer any assistance you may need from me as your labor representative.

I am hope you will have a wonderful and rewarding experience in North Carolina and I am looking forward to speaking with you in the not so distant future.

Respectfully,

KEVIN GALLAGHER

President





Bernadine Healy, M.D. President and Chief Executive Officer

April 9, 2001

Dr. and Mrs. William V. Lewis, Jr. 141 South Highland Drive Pittston, PA 18640

Dear Dr. and Mrs. Lewis:

**Enclosures** 

Congratulations on the birth of your daughter, Mary Madelaine. What a joyous occasion to welcome a new life into the world.

I look forward to another energetic Red Crosser as Mary grows! In the meantime, enjoy the gifts as a reminder of her Red Cross family.

We'll be there.

SFC-ARC-A000678

Schaffner, Jeffrey

From:

Pearson, Terry A. Sent:

Wednesday, April 04, 2001 8:53 AM To:

Schaffner, Jeffrey Subject: FW: It's A Girt!!!

Jeffrey,

Please draft a congratulations letter from Dr. Healy to William (Bill) V. Lewis, Jr (Board of Governor member). He and his wife, Mary Ellen just had a baby girl.

Dr. & Mrs. William V. Lewis 141 South Highland Drive Pittston, PA 18640

I'm sure Dr. Healy would like to get this out today. What's the status on the William Scott letter?

----Original Message----

The Lewis Family is pleased to welcome Miss Mary Madelaine Lewis born at 2:25 pm Tuesday, April 3, 2001 7 lbs 10 oz. - 20 inches tall Obviously, statistics that she can use in the 2024 Miss America Competition!

#### AMERICAN RED CROSS

OFFICE OF THE PRESIDENT

DĀTE RÉFÉRENCE NO 3/26/01

ACTION TO BE TAKEN:

| External to President's Office | External | to Pre | esident' | 's O | ffice |
|--------------------------------|----------|--------|----------|------|-------|
|--------------------------------|----------|--------|----------|------|-------|

|     | National Chair of Volunteers              |   |
|-----|---|---|
|     | Corporate Secretary                       |   |
|     | Chief Diversity Officer                   |   |
|     | General Counsel                           |   |
|     | SVP Development                           |   |
|     | EVP Operations                            |   |
|     | Human Resources                           |   |
|     | SVP Chapter Services Network              |   |
|     | Chief Financial Officer                   |   |
|     | EVP Biomedical Services                   | ĺ |
|     | Communications & Marketing                |   |
|     | Government Relations                      |   |
|     | Global Safety & Security                  |   |
| ۵   | Historical Resources                      |   |
|     | Corporate Strategy                        |   |
| Int | ternal to President's Office              |   |
| d   | EVP External Affairs                      |   |
|     | Director International Policy & Relations |   |
|     | Officer External Affairs                  |   |
|     | Policy Analyst                            |   |

Scheduler

Correspondant

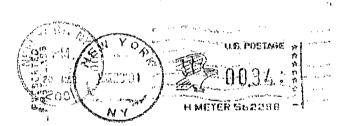
|          | Prepare reply for Dr. Healy's signature   |
|----------|---|
| ū        | Reply directly. Provide copy of reply to President's office                                 |
|          | Provide comments and recommendations to   |
|          | For action as you deem appropriate. Please inform us of action by                           |
| ū        | No action necessary. This is for your information only.                                     |
|          |   |
| <u> </u> | Coordinate action with  |
| <b>T</b> | Copy to Dr Healy for info or comment  |
|          | Advance courtesy copy provided to   |
|          | Kate-<br>Looking at the calendar-<br>I believe Dr. Lederberg is<br>referring the full Board |
|          | meetings SFC-ARC-A000686  |
|          |   |

Return this routing slip with your completed document and background information.

Basic instructions: Please review the attached, coordinate and complete action. The only copies provided to others are indicated above. If additional copies are necessary for referral to your staff... you are responsible for routing and follow-up to ensure timely completion. If Dr Healy received a copy for comment, please be aware she may have specific instructions for you, which will follow. Please do not wait for her comments if attached item is urgent.

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Dr. JOshua Lederberg 2-11268-238 RAYMOND AND BEVERLY SACKLER FOUNDATION LABORATORY The Rockefeller University 1230 York Avenue New York, NY 10021



Dr. Bernadine Healy President and Chief Executive Officer American Red Cross 430 17th STreet NW Washington, D.C. 20006





Bernadine Healy, M.D. President and Chief Executive Officer

March 26, 2001

Mr. Michael A. Leven Chairman and CEO U.S. Franchise Systems, Inc. 13 Corporate Square Suite 250 Atlanta, GA 30329

Dear Mike:

Congratulations on being recognized by the UJA- Federation of New York for your work as an outstanding industry leader and someone who has dedicated himself to helping people. You have certainly earned the honor.

The American Red Cross has benefited from your voluntary leadership and guidance over the last seven years as a member of the American Red Cross Board of Governors, former Chairman of the Biomedical Services Board, and member of our Executive Committee. You have helped our organization accomplish a great deal toward our mission to prevent and relieve human suffering.

I appreciate your commitment to the Red Cross, thank you for your dedication, and congratulate you on this award.

We'll be there.

Mr. Michael A. Leven
Add
City, ST zip

Dear Mike:

Congratulations on being recognized by the UJA- Federation of New York for your work as an outstanding industry leader and someone who has dedicated himself to helping people. You have certainly earned the honor.

The American Red Cross has benefitted from your voluntary leadership and guidance over the last seven years as a member of the American Red Cross Board of Governors, former Chairman of the Biomedical Services Board, and member of our Executive Committee. You have helped our organization accomplish a great deal toward our mission to prevent and relieve human suffering.

I appreciate your commitment to the Red Cross, thank you for your dedication, and congratulate you on this award.

Best wishes,

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Bernadine Healy, M.D. President and Chief Executive Officer

May 4, 2001

Susan Hassmiller, Ph.D., R.N., F.A.A.N. Senior Program Officer The Robert Wood Johnson Foundation P.O. Box 2316 Princeton, NJ 08543-2316

Dear Dr. Hassmiller:

I recently spoke with a colleague of mine – Brother William Geenen. He has asked me to write a letter of introduction that would enable him to speak to you by telephone or a meeting if that seems appropriate. Knowing his work and your interests, I do this happily. Brother Geenen has started a wonderful project in Florida focusing on the elderly.

In 1973, Brother Geenen saw a need for elder care in five counties in southwest Florida. He lobbied for passage of a bill in the state legislature allowing doctors with medical licenses in other states to volunteer their time and expertise. Today, The Senior Friendship Centers provide a network of services for older adults – to meet their needs and concerns about loneliness, health, and isolation, in at atmosphere that emphasizes dignity and fosters independence.

Senior centers in Sarasota, Venice, and five other Florida satellite sites had nearly 135,000 participants in 1999. The centers provide Medicare/ Medicaid assistance, legal advice, exercise and dance classes, social outings, massage therapy and other activities for elderly people. The program also provides in-home services, transportation, and dental and medical care to elderly residents of southwest Florida.

Ironically, the problem is the program's success – and the overwhelming need for the services it provides. Brother Geenen's program has grown to include 200 employees and 1,400 volunteers – serving a population of 7 million people. Dr. C. Everett Koop has visited the clinics several times, and so has Bob Windham. Currently, construction is underway on a 12,000 square-foot building – The Center for Healthy Aging, in Sarasota – to better serve its clients' needs. The program is so popular that clients wait in line for hours to see a volunteer doctor.

The center is in need of a \$2.5 million in funding and provides many of the services the Robert Wood Johnson Foundation supports. They have collected 40 percent of their fundraising goal. I told Brother Geenan that I would pass the information about this program on to you and to Ruby Hearn, Senior Vice President, and ask that you take a look at the program as a possible candidate for a grant or other gift. He would like to submit a proposal but would appreciate talking to someone at the Foundation before doing so.

If I can provide any further information, please don't hesitate to contact me directly, Sue. All the best.

Warm regards,

cc: Ruby Hearn, Senior Vice President, Robert Wood Johnson Foundation

### **American Red Cross**

National Headquarters Office of the President

430 17th Street, N.W. of Washington, DC 20006 of 202/639-3292 of Fax: 202/783-3432

| · ·           | Facsimile Transmission               |
|---------------|--------------------------------------|
| То            | NameBrother William Geenen           |
|               | CompanyThe Senior Friendship Centers |
|               | Location,                            |
|               | Phone Number941/365-0722             |
| From          | Fax Number941/366-8247               |
|               |                                      |
|               | NameBernadine Healy, M.D.            |
|               | Voice Number202/639-3292             |
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Date and time of transmission: May 4, 2001 (12:52PM)

Number of pages: [Number of Pages Including Cover Sheet] (Including this cover page.)

# Help Can't Wait



Bernadine Healy, M.D. President and Chief Executive Officer

April 30, 2001

Sincerely,

Kenneth Olden, Ph.D.
Director
National Institute of Environmental Health Sciences
MD B2-01
P.O. Box 12233
Research Triangle Park, NG 27700 2223

Research, Triangle Park, NC 27709-2233

Dear Dr. Olden:

It was a pleasure seeing you recently and catching up. Thank you for sending me the synopsis of your career accomplishments.

Enclosed is a package of information pertaining to our Board of Governors. As we discussed, your expertise would be a great addition to the Board. Please take a look at the materials and call me with any questions.

All the best.

We'll be there.

SFC-ARC-A000687



Bernadine Healy, M.D. President and Chief Executive Officer

April 30, 2001

Mr. Abe Pollin c/o Pollin Properties 601 F Street, N.W. Washington, DC 20004

Dear Abe:

On behalf of the American Red Cross, thank you for you and Irene's generous contribution to the Disaster Relief Fund. Be assured, you are helping save and sustain lives.

Thank you for your commitment to our organization. We'll miss you at our annual convention board meeting. All the best.

Warm regards,

We'll be there.



Bernadine Healy, M.D. President and Chief Executive Officer

April 19, 2001

Richard M. Scrushy
Chairman of the Board,
Chief Executive Officer and President
HealthSouth
One HealthSouth Parkway
Birmingham, Alabama 35243

Dear Mr. Scrushy,

Thank you for your recent letter. I certainly understand family and professional commitments and appreciate your stepping aside so that another can be of service on the Board of Governors.

Thank you also for your respect and admiration for our fine organization. Support from individuals like you and companies like HealthSouth enable us to fulfill our mission to prevent and relieve human suffering.

All the best.

Sincerely

SFC-ARC-A000689



Bernadine Healy, M.D. President and Chief Executive Officer

April 16, 2001

The Honorable Joe Allbaugh Director FEMA 500 C Street, S.W. Washington, D.C. 20472

Dear Mr. Allbaugh,

Thanks for coming by Red Cross Square to discuss some of your initial challenges now that you are in the nation's capital. It was also a pleasure to be on the panel with you at the Hurricane Conference later that same day. It seems it may be a sign of things to come that we will see more of each other given the synergy between our organizations.

I would like to reiterate my suggestion that the American Red Cross and FEMA work together to develop a disaster mitigation plan to be unveiled in 60 to 90 days. If you would like to launch a joint task force to work on this, please call Jan Lane, Vice President, Government Relations, at (202) 639-3482.

All the best as you adjust to Washington. I look forward to our next meeting.

We'll be there.

SFC-ARC-A000690



Bernadine Healy, M.D. President and Chief Executive Officer

April 16, 2001

Mr. Jon M. Huntsman Vice-Chairman Huntsman Corporation 500 Huntsman Way Salt Lake City, UT 84108

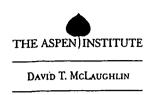
Dear Mr. Huntsman:

Congratulations on your nomination to be the Deputy United States Trade Representative with the rank of Ambassador Extraordinary and Plenipotentiary.

Your background and credentials will serve you well in such a visible and important position. As Ambassador to Singapore and as an Assistant Secretary in the Department of Commerce, you bring valuable operational experience to the office of the Trade Representative. Given your special expertise in Asian affairs, your views are especially important, as our relationships in that part of the world are indeed challenging and complex. Your fluency in Mandarin and knowledge of the Chinese culture and political systems provide insights and a nuanced approach to your responsibilities.

Again, congratulations, and we look forward to following your career in the new administration.

Sincerely,



President Emeritus

APR 122001
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12434
Genniqu
ec Dr. Henry
Kate

April 9, 2001

Mr. Michael Eisner
The Walt Disney Company
500 South Buena Vista Street
Burbank, CA 91521

Dear Michael,

I am grateful for your thoughtful letter of 4 April 2001. Dr. Healy and I will be guided by your review timetable and will look forward to working with Jody Dreyer. I recall meeting Jody when you were running your management seminar at the Institute. She is an impressive executive.

We appreciate your consideration and are anxious to determine how The Walt Disney Company and the American Red Cross can work together in a mutually beneficial manner.

Incidentally Peter Murphy, who I believe heads up your corporate planning, was an intern in my office when I was President of Dartmouth. What a terrific individual – he is fortunate to be with your organization at such an interesting time.

Warm regards and best wishes for a successful year.

The Gallery

Suite 205

46 Newport Road

New London, NH 03257

-РН 603.526.2220

FX 603.526.7324

Sincerel

David T. McLaughlin

DTM:lkn

cc: Dr. Bernadine Healy





Michael D. Fames

April 4, 2001

By fax: original by mail

Dear David.

First of all, let me extend my congratulations to you for your new post at The American Red Cross. With all the ongoing crises in the world, plus those that will no doubt continue to take us by surprise, you have a real challenge ahead of you!

I also appreciate that you thought to intuiduce me to Dr. Bernadine Healy during her upcoming visit to Los Angeles on April 24. Unfortunately, that date coincides with the company's board meeting in Florida, so I am not available for the meeting.

As it happens, however, I have recently named a new Senior Vice President for Corporate Public Service. Jody Dreyer. Jody is in the process of reviewing all of the company's charitable programs and partnerships. As part of her review, I understand that Jody will be contacting Dr. Healy in the near future to explore ways in which our two organizations can continue to work together. While I am confident that our partnership with the American Red Cross will continue and grow. I suggest we postpone any meeting until Jody has had an opportunity to present me with her findings.

In the meantime, I will keep my fingers crossed for your effortless confirmation. Again, you have my best wishes for success and satisfaction in this exciting new position.

Sincerely.

Michael D. Eisner

Mr. David T McLaughlin

The Gallery

46 Newport Road, Suite 205

New London, NH 03257

MDE:kw

cc: T.J. Baptie
Jody Dreyer

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SFC-ARC-A000693



Bernadine Healy, M.D. President and Chief Executive Officer

April 9, 2001

Steven J. Bredehoeft, MD, MPH Member, Board of Governors Medical Director, Transfusion Services Duke University Medical Center 7500 Hospital North Box 2928 Medical Center Durham, NC 27710

Margot S. Kruskall, MD
Director, Division of Laboratory and Transfusion
Medicine, Beth Israel Deaconess Medical Center
Associate Professor of Pathology and Medicine
Harvard Medical School
330 Brookline Avenue
Boston, MA 02215

Dear Drs. Bredehoeft and Kruskall:

Thank you for your recent letter regarding BSE/vCJD. The American Red Cross has an obligation to do what it believes is right, not necessarily to reach consensus within the blood services enterprise. In that context, we have moved to implement nucleic acid testing and universal leukoreduction without consensus. In fact, there was opposition to these technologies because of their additional cost, despite the positive impact on patients.

In the case of BSE/vCJD, there is enormous scientific uncertainty. Therefore, consensus is not possible, and judgement is required. You are absolutely right that more research is required including basic research, development of a diagnostic test, and intensified surveillance.

For your reference, I have attached an article I prepared for Science magazine at their request. Thank you again for your interesting letter.

Sincerely,

We'll be there.

SFC-ARC-A000694

# vCJD: Broad U.S. Response Required

n the United Kingdom, a deadly pathogen has jumped species—from sheep to cow to human—emerging about 5 years ago in two teenagers as a new variant form of Creutzfeldt-Jakob disease (vCJD). The cause: eating beef products contaminated with bovine spongiform encephalopathy (BSE) or "mad cow" disease. Rising panic pervades the United Kingdom and continental Europe as the number of people afflicted with vCJD approaches 100, and BSE peppers the continent. We see herds of cattle being slaughtered, ministries of health under fire, import restrictions on beef and human blood products within a "common market," meat sales collapsing, and a UK mandate that disposable instruments be used for tonsillectomies.

Public fear and scientific uncertainty surround this new human disease. Surely, there is no worse ending for a vigorous young person than a progressively moth-eaten brain, directing a many-month demise through stages of tremors, agitated depression, episodic psychosis, ataxia, motor and sensory loss, blindness, incontinence, dementia, and death. The culprit, discovered by Nobel laureate Stanley

Prusiner, is a mysterious infectious protein called a prion, which self-replicates without DNA or RNA. Prions are radically different from the bacteria, viruses, parasites, and fungi that medicine understands, and they can neither be detected premortem nor destroyed by sterilization.

Hovering silently within its victims for years, vCID hides in lymphoid tissue (tonsils, Peyers patches of the gut, lymph nodes, and spleen) and at some point within B lymphocytes, before its explosive assault on the brain. This long silence raises the specter of undetected transmission to others through contaminated surgical instruments or blood transfusion—a specter imputed from the involvement of lymphoid tissue and supported by several studies in animals. Susceptibility seems limited to people with a homozygous methionine at the 129 codon of their prion gene, but that is still some 40% of the population. We don't know how the infecting prion commands host prion proteins to misfold and replicate billions of times, how it spreads to the brain and incites amyloid deposition, or why it causes seemingly indiscriminate neuronal cell death. Without a blood test, scientists cannot predict whether human infection will be a small geographically contained event or a major global epidemic.

In the wake of this new human disease that so far has spared our continent, the U.S. Department of Agriculture and the Food and Drug Administration have instituted controls to minimize the risk of BSE entering our medicinals and our food chain. Blood centers are taking the necessary but crude step of excluding donors who have lived in places where BSE and/or vCJD have been identified. We must, however, do far more.

We must act now to combat this new human disease.

Urgently needed are simple and reliable blood tests for screening of humans and animals. This work is being conducted mostly in commercial laboratories, and success is estimated to be 2 years off. Meanwhile, surrogate markers could be life saving, as they would have been during the HIV epidemic before specific blood tests for the virus emerged. Methods to destroy infective prions and to sterilize potentially contaminated equipment are vital. The United States should expand its relatively small national surveillance center to better ascertain the presence of vCJD and BSE in suspected cases. Now is the time to establish well-designed banks of tissue from routine tonsillectomies, appendectomies, and lymph node dissections—as the United Kingdom and Switzerland are doing—to define and follow the prevalence of prions in the U.S. population.

Finally, resources must be mobilized strategically, substantially, and urgently by the National Institutes of Health (which invested less than \$14 million in prion research in fiscal year 2000) and the Centers for Disease Control to seek the basic, clinical, and public health knowledge that is unlikely to come from commercial laboratories. Major investment is needed to recruit and train talent and to set up dedicated biosafety laboratories, transgenic facilities, and research instrumentation. Throughout, we in the United States must learn from our colleagues in Europe who are ahead of us in facing this agricultural and public health crisis, and we must communicate in an open and measured way to the public we serve.

If these efforts turn out to be unnecessary, we have advanced medical science. If, however, they turn out to be needed, we will have taken steps none too soon.

Bernadine Healy

Bernadine Healy is president and chief executive officer of the American Red Cross, Washington, DC, and is a former director of the National Institutes of Health.



Bernadine Healy, M.D. President and Chief Executive Officer

April 3, 2001

Ms. Kathryn A. Forbes
Chairman, Audit Committee
American Red Cross
C/O eTec
401 South Second Avenue, Suite 100
Phoenix, Arizona 85003-2463

Mr. Norman R. Augustine Chairman American Red Cross 430 17th Street, NW Washington, DC 20006

Dear Kate and Norm:

In reference to the letter from Jack Campbell and myself to KPMG LLP dated October 2, 2000, I would like to provide an update. Very recently, the following information has come to my attention that is relevant to the assurances made in the above referenced letter and demonstrates that many of the controls presumed by you and senior management to be in place are not there.

- 1. A routine audit of the Hudson County Chapter in Jersey City, New Jersey identified financial mismanagement of a potentially criminal nature. A thorough investigation is underway.
- 2. Compensation information from chapters is voluntarily reported to headquarters. Headquarters does not have direct access to a complete record of this information. Therefore, we cannot assure the accuracy of the form 990 provided to the Internal Revenue Service. Furthermore, based on a recent meeting of the compensation subcommittee, we are not adequately addressing our exposure under the Taxpayer Bill of Rights legislation as we do not always know the compensation levels of our chapter employees or how it compares to market.
- 3. We do not routinely monitor government grant compliance nor do we sign off on institutional assurances for chapter submission for Federal money.

We'll be there.

SFC-ARC-A000696

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4. The external auditor (KPMG) engaged by the Corporation has not been overseeing the process of auditing chapters, the Headquarters review of the chapter external audit reports, or the periodic chapter audits done by our own internal audit team. Moreover, the KPMG reviews of our form 990 filings are inadequate. This appears to be a major business and legal risk, and would impact many of KPMG's certifications. On this issue, chapter boards engage external auditors at the local level and Headquarters does not have assurance that these audits are performed adequately. Most "reporting" is voluntary.

Other issues that have been festering and are widely known include the lack of accountability of chapters for annual performance; a reluctance of Headquarters to exercise hiring and firing authority over chapter executives; and a tendency of Headquarters to relegate its authority to an advisory role as it relates to chapters. We have limited organization-wide systems to ensure compliance.

We are the steward of the resources entrusted to us by the American public and have an obligation to address these issues urgently. With others in management, I continue to handle the Hudson County Chapter matter and am underway with plans to address system-wide vulnerabilities.

Sincerely,

cc: Mr. David T. McLaughlin, Board of Governors Mr. John D. Campbell, Chief Financial Officer





Ivational Headquarters Jefferson Park 8111 Gatehouse Road Falls Church,VA 22042-1203

October 2, 2000

KPMG LLP 2001 M Street, NW Washington, DC 20036

Ladies and Gentlemen:

We are providing this letter to confirm our understanding that your audit of the consolidated statement of financial position of the American Red Cross (including all 1200+ chapters, Blood Service Regions, headquarters operations and Boardman Indemnity Ltd.) (the "Organization") as of June 30, 2000, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, was conducted for the purpose of expressing an opinion as to whether these consolidated financial statements present fairly, in all material respects, the financial position of the Organization, and the changes in its net assets and its cash flows in conformity with generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with accounting principles generally accepted in the United States of America.

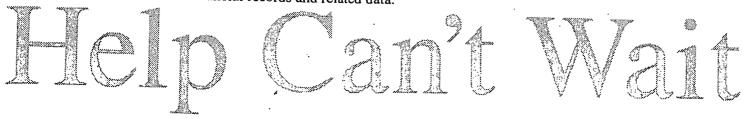
Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits:

- 1. The consolidated financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
- 2. We have made available to you:

SFC-ARC-A000698

All financial records and related data.



b. All minutes of the meetings of the Board of Governors, or summaries of actions of recent meetings for which minutes have not yet been prepared.

#### 3. There have been no:

- a. Instances of fraud involving management or employees who have significant roles in internal control.
- b. Instances of fraud involving others that could have a material effect on the financial statements.
- c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- d. Violations or possible violations of laws or regulations, the effects of which should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, other than disclosure of the Food and Drug Administration consent decree.

### 4. There are no:

- Unasserted claims or assessments that legal counsel has advised us are
  probable of assertion and must be disclosed in accordance with Statement of
  Financial Accounting Standards (SFAS) No. 5, Accounting for Contingencies.
- b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by SFAS No. 5.
- c. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- d. Events that have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the financial statements.
- e. Significant estimates and material concentrations known to management that are to be disclosed in accordance with the AICPA's Statement of Position (SOP) 94-6, Disclosure of Certain Significant Risks and Uncertainties.
- f. Significant common ownership or management control relationships requiring disclosure.
- g. Agreements to repurchase assets previously sold, including sales with recourse.

- 5. We believe that the effects of the uncorrected consolidated financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
- 6. The Organization has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 7. The Organization is responsible for the identification of and compliance with all aspects of laws, regulations, contracts, or grants that could have a direct and material effect on the basic financial statements or a Federal program in the event of noncompliance and has disclosed those aspects of laws, regulations, contracts, or grants to you.
- 8. The Organization has complied with all aspects of laws, regulations, contracts, grants and donor restrictions that would have a material effect on the financial statements in the event of noncompliance.
- 9. Management has identified all significant estimates used in the preparation of the financial statements.
- 10. The Organization has administered its employee benefit plans in accordance with the Employee Retirement Income Security Act of 1974 and applicable U.S. Department of Labor rules and regulations.
- 11. The following have been properly recorded or disclosed in the financial statements:
  - a. Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees.
  - b. Guarantees, whether written or oral, under which the Organization is contingently liable.
  - c. All assets and liabilities under the Organization's control.
  - d. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.
- 12. Provision, when material, has been made for:
  - a. Reduction of notes and accounts receivable to their estimated net realizable value.

- b. Losses to be sustained in the fulfillment of, or from inability to fulfill, any sales commitments.
- c. Losses to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.
- d. Losses to be sustained as a result of the reduction of excess or obsolete inventories to their estimated net realizable value, including proper allowances for blood and blood products inventory due to quarantine, or other situations that either prevent sale or full cost recovery of the inventory.
- e. Federal, state and local sales, use, payroll, property, or other non-income taxes.
- f. Accrual of chargebacks and credits due to customers at June 30, 2000.
- g. Losses to be sustained as a result of other-than-temporary declines in the fair value of investments.
- 13. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the financial statements:
  - a. Extent, nature, and terms of financial instruments with off-balance-sheet risk;
  - b. The amount of credit risk of financial instruments with off-balance-sheet credit risk and information about the collateral supporting such financial instruments; and
  - c. Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.
- 14. The Organization is responsible for determining the fair value of financial instruments as required by SFAS No. 107, Disclosures about Fair Value of Financial Instruments, as amended by SFAS No. 126, Exemption from Certain Required Disclosures about Financial Instruments for Certain Nonpublic Entities. The amounts disclosed in the financial statements represent the Organization's best estimate of fair value of financial instruments required to be disclosed under the Statement
- 15. The Organization was exempt from Federal income tax for the year ended June 30, 2000, under Section 501(c)(3) of the Internal Revenue Code as evidenced by our determination letter dated December 1938, a copy of which has been furnished to you. Based on our determination letter, we have been classified as a public charity, under provisions of Section 509(a) of the Internal Revenue Code. Since the date of

our determination letter, no changes have occurred in the form, purpose or activities of the Organization that would adversely affect our tax exempt status. Our returns (Forms 990 and 990T) have been examined by the Internal Revenue Service through June 30, 1993. Provision has been made, where material, for any Federal, state or local income taxes on unrelated business income.

- 16. There are no environmental remediation liabilities associated with the Organization's underground storage tanks.
- 17. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged within the materiality level except as noted in the financial statements with respect to Industrial Revenue Bond financing and related collateralized assets. All inventories were the property of the Organization and do not include any items consigned to it, any items billed to customers, or any items for which the liability has not been recorded.
- 18. Provision has been made for any material adjustments to long-lived assets, certain identifiable intangible assets and related goodwill in accordance with SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.
- 19. The financial statements disclose all of the matters of which we are aware that are relevant to the entity's ability to continue as a going concern, including significant conditions and events, and our plans.
- 20. Amounts classified as temporarily restricted net assets are subject to donor-imposed purpose or time restrictions which preclude us from expending such amounts as of June 30, 2000. Amounts classified as permanently restricted net assets are subject to donor-imposed or statutory restrictions which require these amounts to be held in perpetuity. Appreciation on investments of temporarily or permanently restricted net assets has been classified in accordance with relevant donor or statutory restrictions.
- 21. With regard to the Organization's investments, no events have occurred and no facts have been discovered after year-end with respect to such investments that would indicate a permanent diminution in the investments' value.
- 22. All sales transactions entered into by the Organization are final and there are no side agreements with customers, or other terms in effect, which allow for the return of merchandise, except for defectiveness or other conditions covered by the usual return policy.
- 23 The Organization has a reasonable basis for allocation of functional expenses.

- 24. The Organization complied with each of the financial covenants contained in its debt agreements at all times during fiscal year 2000.
- 25. We have made you aware of all promises to give, donated materials, and contributed services which should be recorded or disclosed in the notes of the financial statements. During FY 2000, contributed services revenue totaled approximately \$9 million primarily for disaster services, which has been disclosed in the notes to the financial statements. Conditional contributions received and not recorded in the financial statements were not material and were not disclosed.

Very truly yours, American Red Cross

Bernadine Healy, MD, Rresident and Chief Executive Officer

Date Signed

John D. Campbell, Chief Financial Officer

Date Signed

#### American Red Cross Consolidated Summary of Unadjusted Differences June 30, 2000 (dollars in thousands)

|            |  | Impact of Differences on Financial Statement Captions (\$000's) - Increase (Decrease) |     |            |      |          |     |  |    |                |    |                       |    |                        |    |                            |  |
|------------|--|---|-----|------------|------|----------|-----|--|----|----------------|----|-----------------------|----|------------------------|----|----------------------------|--|
|            |  | Statement of Activities Period Affected   |     |            |      |          |     | Statement of Financial Position              |    |                |    |                       |    |                        |    |                            |  |
|            |  |   |     |            |      |          |     |  |    |                |    |                       |    |                        |    |                            |  |
|            | Description  | Current Year  |     | Prior Year |      | Total    |     | Net Assets                                   |    | Current Assets |    | Non-Current<br>Assets |    | Current<br>Liabilities |    | Non-Current<br>Liabilities |  |
| ,          | To report the recording of Pharming                                    | 1   | 201 |            |      | <i></i>  |     |  |    |                |    |                       |    |                        |    | <del></del>                |  |
| <f></f>    | investment in FY99 instead of FY00  To correct prior period adjustment | \$ (3,  | 89) | \$ 3,      | 389  | \$ -     | - - | <u> -                                   </u> | \$ | <del></del>    | \$ | · ·                   | \$ | •                      | \$ |                            |  |
|            | entries related to conversion of fixed                                 |   | 72  | •          | 072  | 1.00     |     | 1 000  |    |                |    |                       |    |                        |    |                            |  |
| <g></g>    | asset systems  To eliminate payable to Boardman                        | ( )   | 73) | ۷,         | 073  | 1,900    | +   | 1,900  |    |                |    | -                     |    | · · ·                  |    |                            |  |
| <18>       | by company 041 which is not  |   |     |            |      |          |     |  |    |                |    |                       |    |                        |    |                            |  |
|            | reflected as a receivable by<br>Boardman                               | 1,4   | 79  | •          |      | 1,47     | 9   | 1,479  |    | -              |    |                       |    | (1,479)                |    | ,                          |  |
| <51>       | To correct beginning net assets for non-scope chapters                 | (8,3  | 07) | 27,        | 762  | 19,45    | 5   | 19,455                                       |    | 19,455         |    | -                     |    | -                      |    |                            |  |
|            | Other insignificant passed audit differences (summarized)              |   | 20  | (          | 261) | (24      | 1)  | (241)  |    | 4,324          |    | 179                   |    | 5,247                  |    | (63                        |  |
| Total adju | ustments   | (10,3   | 70) | 32,        | 963  | 22,59    | 3   | 22,593                                       |    | 23,779         |    | 179                   |    | 3,768                  |    | (6:                        |  |
| Total Con  | solidation   | \$ (10,3  | 70) | \$ 32,     | 963  | \$ 22,59 | 3 : | \$ 22,593                                    | \$ | 23,779         | \$ | 179                   | \$ | 3,768                  | \$ | (61                        |  |



Bernadine Healy, M.D. President and Chief Executive Officer

March 28, 2001

General Henry H. Shelton Chairman Joint Chiefs of Staff Washington, DC 20318-0001

Dear General Shelton:

Thank you for your kind note. I am sorry that you were unable to attend the Chairman's Dinner on March 3 — we honored Chairman Augustine in a first-class manner.

Thank you for your service and dedication to the American Red Cross. All the best.

cc: Norm Augustine

We'll be there.

12231

# **FAX** Transmission Sheet

## Shores & Lee

FAX Number: (205) 328-3839 413 - 16th Street North Birmingham, Alabama 35203 Phone: (205) 323-1600

Date:

March 29, 2000

From:

Heleri Shore Lee

To:

Dr. Bernadine Healy.

Fax#:

(202) 783-3432

Company:

American Red Cross

Subject:

Board of Governors

If you should receive <u>\$4</u> page(s) including this cover sheet. If you do not receive all pages, please call <u>Virgil</u> at (205) 323-1600.

CONFIDENTIALITY NOTICE: The materials enclosed with this facsimile transmission are private and confidential. The information contained in the material is privileged and is intended only for the use of the individual's or entity(ies) named above. If you are not the intended recipient(s), be advised that unauthorized use, disclosure, copying, distribution or the taking of any action in reliance on the contents of this tele-copied information is strictly prohibited. If you have received this facsimile transmission in error, please immediately notify me by telephone to arrange for return of the forwarded document(s)

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P. O. BOX 10602

**BIRMINGHAM, AL 35202-0622** 

2053283839

# SHORES AND LEE

ATTORNEYS AT LAW

ARTHUR D. SHORES LAW CENTER BUILDING 413 - 16TH STREET, NORTH BIRMINGHAM, ALABAMA 35203-1928 (205) 323-1600 FAX (205) 328-3839

HELEN SHORES LEE ARTHUR SHORES LEE ARTHUR D. SHORES

1904 - 1996

March 29, 2001

Attn: Dr. Bernadine Healy American Red Cross

> Board of Governors Recommendation Re:

Dear Bernadine:

I would like to recommend H.L. "Dick" Jones to the Board of Governors as a member at large. I have known "Dick" for over nine years. I think he would make an excellent Board of Governors member.

Given our movement toward the Third Century Campaign, he has demonstrated his ability to raise money starting with his own employees. His employees contributed over one million dollars to the United Way last year.

I hope you will consider him as a Board of Governors member at large. Enclosed is a little synopsis of "Dick" and his business holdings.

Sincerely

HSL:vh

# H. L. "Dick" Jones President and Chief Executive Officer

#### Blue Cross and Blue Shield of Alabama

450 Riverchase Parkway East Birmingham, Alabama 35244 March 2001

Dick Jones joined Blue Cross and Blue Shield of Alabama in 1969 as Manager of the Montgomery District Office. Since that time, he has served as Director of Marketing. Vice President of Sales, Senior Vice President of Marketing and Chief Marketing Officer, and Executive Vice President. In March 1997, he was elected President and Chief Operating Officer. In July 1998, he became President and Chief Executive Officer.

A member of the Leadership Development Association of Blue Cross and Blue Shield of Alabama, Mr. Jones also currently serves on the Blue Cross and Blue Shield Association's Plan Performance and Financial Standards Committee, Federal Employee Program Board of Managers, and Government Programs Advisory Committee. He is on the Board of Directors of both the BCS Financial Corporation and Blue Cross and Blue Shield Association, as well as a member of the Executive Committee and Audit Committee of the latter. He serves as President of the Board of Directors of the Alabama Symphonic Orchestra; serves on the Board of Directors of United Way of Central Alabama, Birmingham Metropolitan Development Board, Bryant-Jordan Foundation, and Board of Trustees for Alabama Independent Colleges. Mr. Jones is on the University of Alabama at Birmingham's School of Business Advisory Board as well as a member of the South Regions Minority Business Council's CEO-President's Advisory Committee. He is a member of the Greater Alabama Council, Boy Scouts of America's Executive Board and served as chairman of their 2000 Friends of Scouting Campaign, and was the Corporate Chairman for the Juvenile Diabetes Foundation's 2000 Walk to Cure Diabetes. He was named Outstanding Sales and Marketing Executives of Birmingham.

A native of Portsmouth, Virginia, Mr. Jones is a graduate of Randolph-Macon College and a member of Kappa Sigma and Omicron Delta Kappa. He is married and the father of three.

PAGE 04

BLUE OROSS BLUE SHIELD Fax:12059855881

### Blue Cross Blue Shield of Alabama Financial Data

1.5 Billion Corporate Assets

13.0 Billion Corporate Revenue Including Medicare Operations

#### **National Business**

Medicare Hospital Operations

lowa South Dakota Alabama

Medicare Physicians

Alabama Georgia Mississippi

• Regional medicare Home Health Intermediary

Iowa

Missouri

North Dakota

South Dakota

Nebraska

Kansas

Montana Colorado

Wyoming

Pennsylvania

Utah

Maryland

Delaware

Virginia

West Virginia

District of Columbia

Employee Health Insurance for:

Uniroyal Nationwide

• Employee Health Insurance for nine:

Bell South Sates

- Employee Health Insurance for General Electric for 13 states
- Employee Health Insurance for International Paper/Champion for 9 states

Paul Hastings

Paul, Hastings, Janofsky & Walker LLP
1299 Pennsylvania Avenue, NW, 10th Floor, Washington, DC 20004-2400
telephone 202-508-9500 / facsimile 202-508-9700 / internet www.paulhastings.com

Atlanta / Costa Mesa / London / Los Angeles / New York / San Francisco / Stamford / Tokyo

March 20, 2001

202-508-9540

Bernadine Healy, M..D. President & CEO American Red Cross 430 ~ 17th Street, N.W. Washington, DC 20006

Dear Bernadine:

The American Red Cross board meeting on March 3rd was quite extraordinary. I was impressed by the level of candor, the dedication of the people in the room to the causes and goals of the Red Cross, and the sophistication of the outside consultants' reports which we heard and discussed. Now, of course, I have your good letter of March 13th. Being new to the team, I find that I am energized by the concepts of organizational and cultural revival, the dedication to financial transparency, and the determination to have a national team which is working together. You know that I will do whatever I can to be of assistance to achieve these goals.

I hope that we will have the chance to have coffee or lunch once in a while so that I can become more familiar with the plan to implement these new initiatives and therefore better positioned to be of help to the organization in achieving the essential goals you have established. In the meantime, I would very much like to visit a Red Cross operation in the greater Washington, DC area and would appreciate it if you or someone on your staff could let me know how that might best be arranged.

Congratulations. I think the new initiatives are launched and will reinvigorate this extraordinary organization.

With warmest personal regards,

Judith Richards Hope

SFC-ARC-A000710



National Headquarters 430 17th Street, N.W. Washington, DC 20006

Bernadine Healy, M.D. President and Chief Executive Officer

Ms. Catherine B. Miller 130 Root Lane (PO. Box 7) Sheffield, MA 01257

Dear Catherine:

Like many of you, I have been reflecting on the openness and candor of our discussion session on Saturday morning during the Board meeting. In many respects, I understand from many of you who shared your insights, that this was a watershed event.

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If you have suggestions or would like to discuss these issues, please call. Thank you for your hard work and commitment. I look forward to seeing you at Convention in Charlotte if not before

Warm regards,

P.S. I have enclosed two items for your reference: the summary from the small group reports and a recent editorial requested from me and published in <u>Science</u>.

bc: Norman R. Augustine

## Highlights from Discussion on Culture and Vision

#### What Our Culture Should Be:

- One Red Cross working together, helping each other
- Accountability
- Openness opportunities for two-way communication
- Mutual respect
- Trust
- Leadership
- Focus on humanitarian mission

### Vision for American Red Cross in 2010:

- One Red Cross shared mission, unified culture, mutual respect, meaningful partnerships
- One Board of Governors not separate Biomedical board
- Driven by strategy
- Integration of biomedical and chapters
- Recognized leadership in all we do
- Employer of choice
- Full FDA compliance
- Healthy financial position adequate margin for reinvestment
- Integrated embracing differences
- Fair allocation of burden and benefits
- Strong implementer
- Open, honest communication
- Accountability
- High tech and high touch

# vCJD: Broad U.S. Response Required

n the United Kingdom, a deadly pathogen has jumped species—from sheep to cow to human—emerging about 5 years ago in two teenagers as a new variant form of Creutzfeldt-Jakob disease (vCJD). The cause: eating beef products contaminated with bovine spongiform encephalopathy (BSE) or "mad cow" disease. Rising panic pervades the United Kingdom and continental Europe as the number of people afflicted with vCJD approaches 100, and BSE peppers the continent. We see herds of cattle being slaughtered, ministries of health under fire, import restrictions on beef and human blood products within a "common market," meat sales collapsing, and a UK mandate that disposable instruments be used for tonsillectomies.

Public fear and scientific uncertainty surround this new human disease. Surely, there is no worse ending for a vigorous young person than a progressively moth-eaten brain, directing a many-month demise through stages of tremors, agitated depression, episodic psychosis, ataxia, motor and sensory loss, blindness, incontinence, dementia, and death. The culprit, discovered by Nobel laureate Stanley

Prusiner, is a mysterious infectious protein called a prion, which self-replicates without DNA or RNA. Prions are radically different from the bacteria, viruses, parasites, and fungi that medicine understands, and they can neither be detected premortem nor destroyed by sterilization.

Hovering silently within its victims for years, vCJD hides in lymphoid tissue (tonsils, Peyers patches of the gut, lymph nodes, and spleen) and at some point within B lymphocytes, before its explosive assault on the brain. This long silence raises the specter of undetected transmission to others through contaminated surgical instruments or blood transfusion—a specter imputed from the involvement of lymphoid tissue and supported by several studies in animals. Susceptibility seems limited to people with a homozygous methionine at the 129 codon of their prion gene, but that is still some 40% of the population. We don't know how the infecting prion commands host prion proteins to misfold and replicate billions of times, how it spreads to the brain and incites amyloid deposition, or why it causes seemingly indiscriminate neuronal cell death. Without a blood test, scientists cannot predict whether human infection will be a small geographically contained event or a major global epidemic.

In the wake of this new human disease that so far has spared our continent, the U.S. Department of Agriculture and the Food and Drug Administration have instituted controls to minimize the risk of BSE entering our medicinals and our food chain. Blood centers are taking the necessary but crude step of excluding donors who have lived in places where BSE and/or vCJD have been identified. We must, however, do far more.



We must act now to combat this new human disease.

Urgently needed are simple and reliable blood tests for screening of humans and animals. This work is being conducted mostly in commercial laboratories, and success is estimated to be 2 years off. Meanwhile, surrogate markers could be life saving, as they would have been during the HIV epidemic before specific blood tests for the virus emerged. Methods to destroy infective prions and to sterilize potentially contaminated equipment are vital. The United States should expand its relatively small national surveillance center to better ascertain the presence of vCJD and BSE in suspected cases. Now is the time to establish well-designed banks of tissue from routine tonsillectomies, appendectomies, and lymph node dissections—as the United Kingdom and Switzerland are doing—to define and follow the prevalence of prions in the U.S. population.

Finally, resources must be mobilized strategically, substantially, and urgently by the National Institutes of Health (which invested less than \$14 million in prion research in fiscal year 2000) and the Centers for Disease Control to seek the basic, clinical, and public health knowledge that is unlikely to come from commercial laboratories. Major investment is needed to recruit and train talent and to set up dedicated biosafety laboratories, transgenic facilities, and research instrumentation. Throughout, we in the United States must learn from our colleagues in Europe who are ahead of us in facing this agricultural and public health crisis, and we must communicate in an open and measured way to the public we serve.

If these efforts turn out to be unnecessary, we have advanced medical science. If, however, they turn out to be needed, we will have taken steps none too soon.

**Bernadine Healy** 

Bernadine Healy is president and chief executive officer of the American Red Cross, Washington, DC, and is a former director of the National Institutes of Health.

SFC-ARC-A000713



Bernadine Healy, M.D. President and Chief Executive Officer

March 13, 2001

Dr. Emma C. Chappell P.O. Box 43581 Philadelphia, PA 19106

Dear Emma:

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Warm regards,

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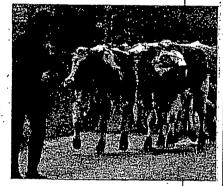
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Bernadine Healy is president and chief executive officer of the American Red Cross, Washington, DC, and is a former director of the National Institutes of Health.



Bernadine Healy, M.D. President and Chief Executive Officer

March 13, 2001

Mr. Eddy M. Quijano Adams and Reese, L.L.P. Bank One Centre 19<sup>th</sup> Floor, North Tower 451 Florida Street Baton Rouge, LA 70801

Dear Eddy:

farm regards,

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We'll be there.



Bernadine Healy, M.D. President and Chief Executive Officer

March 13, 2001

Mr. Frederick H. Grein, Jr. Hutchins, Wheeler & Dittmar 101 Federal Street Boston, MA 02110

Dear Fred:

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SFC-ARC-A000718



National Headquarters 430 17th Street, N.W. Washington, DC 20006

Bernadine Healy, M.D. President and Chief Executive Officer

Mr. Chris Allen President Family Road Care Centers 19440 Bretton Drive Detroit, Michigan 48223

Dear Chris:

Like many of you, I have been reflecting on the openness and candor of our discussion session on Saturday morning during the Board meeting. In many respects, I understand from many of you who shared your insights, that this was a watershed event.

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March 13, 2001

Steven J. Bredehoeft, M.D. Medical Director Transfusion Services. Duke University Medical Center Box 2928, Erwin Road Durham, North Carolina 27710

Dear Steve:

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National Headquarters 430 17th Street, N.W. Washington, DC 20006

Bernadine Healy, M.D. President and Chief Executive Officer

Mr. Fred A. Buck. Buck & Associates 1750 Burgundy Road Encinitas, CA 92024

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March 13, 2001

Dr. Emma C. Chappell P.O. Box 43581 Philadelphia, PA 19106

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Bernadine Healy, M.D. President and Chief Executive Officer

March 13, 2001

Ms. Kathryn A. Forbes 401 South 2nd Avenue, Suite 100 Phoenix, AZ 85003

Dear Kate:

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<del>larm re</del>gards,



Bernadine Healy, M.D. President and Chief Executive Officer

March 13, 2001

Mr. Bill J. Gagliano Partner, Ulmer & Berne LLP 1300 East Ninth Street, Suite 900 Cleveland, OH 44114-1583

Dear Bill:

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Warm regards,



Bernadine Healy, M.D. President and Chief Executive Officer

March 13, 2001

Mr. Kevin E. Gallagher President Uniformed Firefighters Association of Gr. New York 204 East 23rd Street New York, New York 10010

Dear Kevin:

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We'll be there.

SFC-ARC-A000725



National Headquarters 430 17th Street, N.W. Washington, DC 20006

Bernadine Healy, M.D. President and Chief Executive Officer

Ms. Catherine B. Miller 130 Root Lane (PO. Box 7) Sheffield, MA 01257

Dear Catherine:

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bc: Norman R. Augustine

### Highlights from Discussion on Culture and Vision

#### What Our Culture Should Be:

- One Red Cross working together, helping each other
- Accountability
- Openness opportunities for two-way communication
- Mutual respect
- Trust
- Leadership
- Focus on humanitarian mission

#### Vision for American Red Cross in 2010:

- One Red Cross shared mission, unified culture, mutual respect, meaningful partnerships
- One Board of Governors not separate Biomedical board
- Driven by strategy
- Integration of biomedical and chapters
- Recognized leadership in all we do
- Employer of choice
- Full FDA compliance
- Healthy financial position adequate margin for reinvestment
- Integrated embracing differences
- Fair allocation of burden and benefits
- Strong implementer
- Open, honest communication
- Accountability
- High tech and high touch

# vCJD: Broad U.S. Response Required

n the United Kingdom, a deadly pathogen has jumped species—from sheep to cow to human—emerging about 5 years ago in two teenagers as a new variant form of Creutzfeldt-Jakob disease (vCJD). The cause: eating beef products contaminated with bovine spongiform encephalopathy (BSE) or "mad cow" disease. Rising panic pervades the United Kingdom and continental Europe as the number of people afflicted with vCJD approaches 100, and BSE peppers the continent. We see herds of cattle being slaughtered, ministries of health under fire, import restrictions on beef and human blood products within a "common market," meat sales collapsing, and a UK mandate that disposable instruments be used for tonsillectomies.

Public fear and scientific uncertainty surround this new human disease. Surely, there is no worse ending for a vigorous young person than a progressively moth-eaten brain, directing a many-month demise through stages of tremors, agitated depression, episodic psychosis, ataxia, motor and sensory loss, blindness, incontinence, dementia, and death. The culprit, discovered by Nobel laureate Stanley

Prusiner, is a mysterious infectious protein called a prion, which self-replicates without DNA or RNA. Prions are radically different from the bacteria, viruses, parasites, and fungi that medicine understands, and they can neither be detected premortem nor destroyed by sterilization.

Hovering silently within its victims for years, vCJD hides in lymphoid tissue (tonsils, Peyers patches of the gut, lymph nodes, and spleen) and at some point within B lymphocytes, before its explosive assault on the brain. This long silence raises the specter of undetected transmission to others through contaminated surgical instruments or blood transfusion—a specter imputed from the involvement of lymphoid tissue and supported by several studies in animals. Susceptibility seems limited to people with a homozygous methionine at the 129 codon of their prion gene, but that is still some 40% of the population. We don't know how the infecting prion commands host prion proteins to misfold and replicate billions of times, how it spreads to the brain and incites amyloid deposition, or why it causes seemingly indiscriminate neuronal cell death. Without a blood test, scientists cannot predict whether human infection will be a small geographically contained event or a major global epidemic.

In the wake of this new human disease that so far has spared our continent, the U.S. Department of Agriculture and the Food and Drug Administration have instituted controls to minimize the risk of BSE entering our medicinals and our food chain: Blood centers are taking the necessary but crude step of excluding donors who have lived in places where BSE and/or vCJD have been identified. We must, however, do far more.



We must act now to combat this new human disease.

Urgently needed are simple and reliable blood tests for screening of humans and animals. This work is being conducted mostly in commercial laboratories, and success is estimated to be 2 years off. Meanwhile, surrogate markers could be life saving, as they would have been during the HIV epidemic before specific blood tests for the virus emerged. Methods to destroy infective prions and to sterilize potentially contaminated equipment are vital. The United States should expand its relatively small national surveillance center to better ascertain the presence of vCJD and BSE in suspected cases. Now is the time to establish well-designed banks of tissue from routine tonsillectomies, appendectomies, and lymph node dissections—as the United Kingdom and Switzerland are doing—to define and follow the prevalence of prions in the U.S. population.

Finally, resources must be mobilized strategically, substantially, and urgently by the National Institutes of Health (which invested less than \$14 million in prion research in fiscal year 2000) and the Centers for Disease Control to seek the basic, clinical, and public health knowledge that is unlikely to come from commercial laboratories. Major investment is needed to recruit and train talent and to set up dedicated biosafety laboratories, transgenic facilities, and research instrumentation. Throughout, we in the United States must learn from our colleagues in Europe who are ahead of us in facing this agricultural and public health crisis, and we must communicate in an open and measured way to the public we serve.

If these efforts turn out to be unnecessary, we have advanced medical science. If, however, they turn out to be needed, we will have taken steps none too soon.

Bernadine Healy

Bernadine Healy is president and chief executive officer of the American Red Cross, Washington, DC, and is a former director of the National Institutes of Health.

SFC-ARC-A000728



National Headquarters 430 17th Street, N.W. Washington, DC 20006

Bernadine Healy, M.D. President and Chief Executive Officer

Mr. William W. George Chairman and CEO Medtronic, Inc. 710 Medtronic Parkway NE Minneapolis, MN 55432-5604

Dear Bill:

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We'll be there.

SFC-ARC-A000729



National Headquarters 430 17th Street, N.W. Washington, DC 20006

Bernadine Healy, M.D. President and Chief Executive Officer

Lee A. Goldstein, O.D. Dr. Lee A. Goldstein Optometry 120 North Indian Hill Blvd. Claremont, CA 91711

#### Dear Lee:

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Bernadine Healy, M.D. President and Chief Executive Officer

Ms. Karen K. Goodman Executive Director. Civic Entrepreneurs Organization 121 S. Meramec, 9<sup>th</sup> Floor St. Louis, MO 63105

Dear Karen:

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Bernadine Healy, M.D. President and Chief Executive Officer

Mr. Robert N. Grant Grant & Gordon 525 University Avenue Suite 1325 Palo Alto, CA 94301

Dear Bob:

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Mr. William F. Grinnan, Jr.
President
The Republic of Texas Restaurants, Inc.
429 East Commerce Street
San Antonio, TX 78205

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Ms. Carol Ann Haake 2237 East Spring Hill Road Springfield, MO 65804

Dear Carol Ann:

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Bernadine Healy, M.D. President and Chief Executive Officer

Mr. Gray W. Harrison, Jr. 259 Eastbrooke II Jackson, MS 39216-4716

Dear Gray:

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Bernadine Healy, M.D.
President and
Chief Executive Officer

Mr. Edward A. Heidt, Jr.
President and CEO
The Penrod Company
2809 S. Lynnhaven Road
Suite 350
Virginia Beach, VA 23452-5700

#### Dear Buzz:

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We'll be there.

#### **American Red Cross**



National Headquarters 430 17th Street, N.W. Washington, DC 20006

Norman R. Augustine Chairman

March 13, 2001

Ms. Judith Hope Partner Paul, Hastings, Janofsky & Walker LLP 1299 Pennsylvania Avenue, N.W. Washington, D. C. 20004

Dear Judy:

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Bernadine Healy, M.D. President and Chief Executive Officer

Mr. Jon M. Huntsman Chairman Huntsman Corporation 500 Huntsman Way Salt Lake City, UT 84108

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Bernadine Healy, M.D. President and Chief Executive Officer

Mr. Mannie Leon Jackson Harlem Globetrotters International, Inc. 400 E. Van Buren Street, Suite 300 Phoenix, AZ 85004

#### Dear Mannie:

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Bernadine Healy, M.D. President and Chief Executive Officer

March 13, 2001

Mr. Erik E. Joh 4600 N. Ocean Boulevard Suite 206 Boynton, Beach, FL 33435

Dear Erik:

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Bernadine Healy, M.D. President and Chief Executive Officer

March 13, 2001

Ambassador James R. Jones Manatt, Phelps & Phillips, LLP 1501 M Street, N.W., Suite 700 Washington, D.C. 20005

Dear Jim:

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Bernadine Healy, M.D. President and Chief Executive Officer

March 13, 2001

Ms. Patricia A. Kennedy 1701 Gough Street San Francisco, CA 94109

Dear Pat:

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Bernadine Healy, M.D. President and Chief Executive Officer

March 13, 2001

Dr. Joshua Lederberg The Rockefeller University MAIL STOP 174 1230 York Avenue New York, NY 10021-6399

Dear Joshua:

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We'll be there.



Bernadine Healy, M.D. President and Chief Executive Officer

March 13, 2001

Ms. Helen Shores Lee Attorney at Law Arthur D. Shores Law Center Building 413 - 16<sup>th</sup> Street, North Birmingham, AL 35203-1928

#### Dear Helen:

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Bernadine Healy, M.D. President and Chief Executive Officer

March 13, 2001

Mr. Michael A. Leven Chairman and Chief Executive Officer U.S. Franchise Systems, Inc 13 Corporate Square - Suite 250 Atlanta, GA 30329

Dear Mike:

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March 13, 2001

Mr. William V. Lewis, Jr. 141 South Highland Drive Pittston, PA 18640

Dear Bill:

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Warm regards



Bernadine Healy, M.D. President and Chief Executive Officer

March 13, 2001

Mr. Rex Linder. Senior Partner Heyl, Royster, Voelker & Allen 124 SW Adams Street, Suite 600 Peoria, IL 61602

#### Dear Rex:

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# American Red Cross

National Headquarters 430 17th Street, N.W. Washington, DC 20006

Norman R. Augustine Chairman

March 13, 2001

Mr. Peter T. Loftin Chairman and Chief Operating Officer BTI TELECOM CORP. 4300 Six Forks Road Raleigh, NC 27609

Dear Peter:

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Bernadine Healy, M.D. President and Chief Executive Officer

March 13, 2001

Mr. Michael J. Mawdsley 5950 S.W. Harrington Avenue Lake Oswego, OR 97035

Dear Mike:

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Warm regards,



Mr. E. R. Mitchell
President and CEO
E. R. Mitchell & Company
1045 Research Center, Suite A
Atlanta Drive
Atlanta, GA 30331

Dear E. R.:

National Headquarters 430 17th Street, N.W. Washington, DC 20006

Bernadine Healy, M.D. President and Chief Executive Officer

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Warm regards,



Mr. David T. McLaughlin Honorary Trustee and President Emeritus The Aspen Institute The Gallery 46 Newport Rd., Ste. 205 New London, NH 03257 National Headquarters 430 17th Street, N.W. Washington, DC 20006

Bernadine Healy, M.D. President and Chief Executive Officer

#### Dear David:

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National Headquarters 430 17th Street, N.W. Washington, DC 20006

Bernadine Healy, M.D. President and Chief Executive Officer

Mr. James T. Morris Chairman and CEO IWC Resources Corporation 1220 Waterway Boulevard, P.O. Box 1220 Indianapolis, IN 46206

#### Dear Jim:

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Warm regards,



Mr. Abe Pollin Chairman of the Board & CEO Washington Sports & Entertainment MCI Center 601 F Street, NW Washington, D.C. 20004 National Headquarters 430 17th Street, N.W. Washington, DC 20006

Bernadine Healy, M.D. President and Chief Executive Officer

Dear Abe:

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National Headquarters 430 17th Street, N.W. Washington, DC 20006

Bernadine Healy, M.D.
President and
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Ms. Pat M. Powers 95 Elizabeth Street, #112 Delaware, OH 43015

Dear Pat:

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Mr. Jay Rodriguez President, Hafif Family Foundation 265 W. Bonita Avenue Claremont, CA 91711

Dear Jay:

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Mr. Richard M. Scrushy Chairman and CEO HealthSouth Corporation One HealthSouth Parkway Birmingham, AL 35243

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National Headquarters 430 17th Street, N.W. Washington, DC 20006

Bernadine Healy, M.D.

Chief Executive Officer

President and



General Henry H. Shelton Chairman of the Joint Chiefs of Staff The Pentagon, Room 2E872 Washington, D.C. 20318-9999

Dear General Shelton:

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Chief Executive Officer

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Bernadine Healy, M.D. President and Chief Executive Officer

March 13, 2001

Ms. Nancylee A. Siebenmann 336 Trailridge Road, S.E. Cedar Rapids, Iowa 52403

Dear Nancylee:

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Bernadine Healy, M.D. President and Chief Executive Officer

March 13, 2001

Mr. Kevin E. Gallagher President Uniformed Firefighters Association of Gr. New York 204 East 23<sup>rd</sup> Street New York, New York 10010

#### Dear Kevin:

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We'll be there.

## Highlights from Discussion on Culture and Vision

## What Our Culture Should Be:

- One Red Cross working together, helping each other
- Accountability
- Openness opportunities for two-way communication
- Mutual respect
- Trust
- Leadership
- Focus on humanitarian mission

## Vision for American Red Cross in 2010:

- One Red Cross shared mission, unified culture, mutual respect, meaningful partnerships
- One Board of Governors not separate Biomedical board
- Driven by strategy
- Integration of biomedical and chapters
- Recognized leadership in all we do
- Employer of choice
- Full FDA compliance
- Healthy financial position adequate margin for reinvestment
- Integrated embracing differences
- Fair allocation of burden and benefits
- Strong implementer
- Open, honest communication
- Accountability
- High tech and high touch

# vCJD: Broad U.S. Response Required

n the United Kingdom, a deadly pathogen has jumped species—from sheep to cow to human—emerging about 5 years ago in two teenagers as a new variant form of Creutzfeldt-Jakob disease (vCJD). The cause: eating beef products contaminated with bovine spongiform encephalopathy (BSE) or "mad cow" disease. Rising panic pervades the United Kingdom and continental Europe as the number of people afflicted with vCJD approaches 100, and BSE peppers the continent. We see herds of cattle being slaughtered, ministries of health under fire, import restrictions on beef and human blood products within a "common market," meat sales collapsing, and a UK mandate that disposable instruments be used for tonsillectomies.

Public fear and scientific uncertainty surround this new human disease. Surely, there is no worse ending for a vigorous young person than a progressively moth-eaten brain, directing a many-month demise through stages of tremors, agitated depression, episodic psychosis, ataxia, motor and sensory loss, blindness, incontinence, dementia, and death. The culprit, discovered by Nobel laureate Stanley

Prusiner, is a mysterious infectious protein called a prion, which self-replicates without DNA or RNA. Prions are radically different from the bacteria, viruses, parasites, and fungi that medicine understands, and they can neither be detected premortern nor destroyed by sterilization.

Hovering silently within its victims for years, vCJD hides in lymphoid tissue (tonsils, Peyers patches of the gut, lymph nodes, and spleen) and at some point within B lymphocytes, before its explosive assault on the brain. This long silence raises the specter of undetected transmission to others through contaminated surgical instruments or blood transfusion—a specter imputed from the involvement of lymphoid tissue and supported by several studies in animals. Susceptibility seems limited to people with a homozygous methionine at the 129 codon of their prion gene, but that is still some 40% of the population. We don't know how the infecting prion commands host prion proteins to misfold and replicate billions of times, how it spreads to the brain and incites amyloid deposition, or why it causes seemingly indiscriminate neuronal cell death. Without a blood test, scientists cannot predict whether human infection will be a small geographically contained event or a major global epidemic.

In the wake of this new human disease that so far has spared our continent, the U.S. Department of Agriculture and the Food and Drug Administration have instituted controls to minimize the risk of BSE entering our medicinals and our food chain. Blood centers are taking the necessary but crude step of excluding donors who have lived in places where BSE and/or vCJD have been identified. We must, however, do far more.

We must act now to combat this new human disease.

Urgently needed are simple and reliable blood tests for screening of humans and animals. This work is being conducted mostly in commercial laboratories, and success is estimated to be 2 years off. Meanwhile, surrogate markers could be life saving, as they would have been during the HIV epidemic before specific blood tests for the virus emerged. Methods to destroy infective prions and to sterilize potentially contaminated equipment are vital. The United States should expand its relatively small national surveillance center to better ascertain the presence of vCJD and BSE in suspected cases. Now is the time to establish well-designed banks of tissue from routine tonsillectomies, appendectomies, and lymph node dissections—as the United Kingdom and Switzerland are doing—to define and follow the prevalence of prions in the U.S. population.

Finally, resources must be mobilized strategically, substantially, and urgently by the National Institutes of Health (which invested less than \$14 million in prion research in fiscal year 2000) and the Centers for Disease Control to seek the basic, clinical, and public health knowledge that is unlikely to come from commercial laboratories. Major investment is needed to recruit and train talent and to set up dedicated biosafety laboratories, transgenic facilities, and research instrumentation. Throughout, we in the United States must learn from our colleagues in Europe who are ahead of us in facing this agricultural and public health crisis, and we must communicate in an open and measured way to the public we serve.

If these efforts turn out to be unnecessary, we have advanced medical science. If, however, they turn out to be needed, we will have taken steps none too soon.

Bernadine Healy

Bernadine Healy is president and chief executive officer of the American Red Cross, Washington, DC, and is a former director of the National Institutes of Health.