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Washington, DC 20006

President and CEO Dr. Bernadine Healy to Leave the American Red Cross

Board Praises Her Leadership — in Particular During '9-11' Crisis, Innovation in Blood Programs and Drive To Accomplish Strategic Organizational Changes

WASHINGTON, October 26, 2001 — The American Red Cross today announced that Dr. Bernadine Healy, its president and CEO, will retire from the organization on December 31, 2001.

"The decision to leave a great job at one of America's most admired institutions has not been an easy one," said Dr. Bernadine Healy, president and CEO, American Red Cross. "But having directed the American Red Cross through its finest hours following the September 11th attacks and having served as a change agent over the past two years to initiate needed reforms in its key programs, the time now seems right for new challenges in my own career."

Dr. Healy has led the American Red Cross since September 1, 1999.

"Two years ago we hired Dr. Healy to make important changes at the Red Cross," said David T. McLaughlin, chairman of the American Red Cross. "Today, the American Red Cross is a stronger organization, better able to respond in times of disaster, better equipped to ensure the safety and adequate supply of the nation's blood, and better positioned financially and in its top management to meet future challenges because of Dr. Healy's leadership. That she could accomplish so much change in a relatively short period of time is a great testament to her talent."

"With great regret, and even greater appreciation and admiration, we thank Dr. Healy for her vision, her forceful leadership, her compassion under the most challenging circumstances and her tireless dedication to the work of the Red Cross," added Mr. McLaughlin.

Mr. McLaughlin pointed to several programs and initiatives as hallmarks of Dr. Healy's tenure with the American Red Cross.

- **Blood Quality and Supply.** Under Dr. Healy's direction, the American Red Cross has restructured its biomedical services program resulting in a greater focus on patients and donors, improving quality and compliance, and a stronger infrastructure and financial performance. Dr. Healy and Biomedical Services leadership also initiated the strategic blood reserve, a program that will help ensure that the nation maintains an adequate supply of blood, particularly in times of great national crisis.
- **Program Leadership.** Dr. Healy has launched several new programs including planning for weapons of mass destruction, the African Women's Initiative, and Measles in Africa.
- **September 11th.** The American Red Cross moved swiftly to respond to these unprecedented attacks on our nation. First, to ensure absolute integrity and accountability to the donors who gave so generously in the wake of the attacks, Dr. Healy created a separate, segregated fund, the Liberty Fund, instituted aggressive auditing and provided full disclosure of the fund's use.

In addition, she created an emergency grant program for the families of the victims of the attacks, providing cash that families needed for housing, food, medical care and other immediate needs.

- **Financial Strength.** Dr. Healy launched the concept of the billion-dollar, third-century campaign to augment the organization's disaster-relief fund raising. She leaves the organization in significantly better financial shape than when she arrived.
- **Strong Leadership Team.** Dr. Healy has made the American Red Cross a much stronger institution by attracting and promoting new leadership to key posts, combining fresh thinking from outsiders with seasoned Red Cross veterans.
- **Red Cross Brand and Reputation.** Dr. Healy leaves the Red Cross with its highest public affinity since the organization began measuring its reputation.

The Board of Governors will be deliberating over the next several days and is expected to name an acting CEO in the near future who will work with Dr. Healy on a transition through the end of this year. Dr. Healy will retain the title of president. The acting CEO will serve in this capacity until the board selects a permanent president and CEO.

"I have been so privileged to lead the American Red Cross as it entered this third century of service facing third century kinds of challenges," said Dr. Healy. "Together, we do save lives. I leave with the greatest confidence in the leadership team that has been assembled and look forward to continuing to serve in the years to come."

Dr. Healy indicated that her immediate plans involve writing a book on Clara Barton, founder of the American Red Cross. She also will dedicate time being an advisor on weapons of mass destruction preparedness and particularly the threat of bioterrorism.

Immediately prior to her appointment as president and CEO of the American Red Cross, Dr. Healy served as the dean of the College of Medicine and Public Health and professor of Medicine at Ohio State University. She also serves as a medical consultant for CBS News.

Dr. Healy has been professor of medicine at Johns Hopkins University, has served as Chairman of the Research Institute of the Cleveland Clinic Foundation and is a former director of the National Institutes of Health.

The American Red Cross is dedicated to saving lives, easing suffering and restoring hope at home and around the world. Currently operating on a budget of \$2.7 billion, the Red Cross annually mobilizes relief to the victims of more than 67,000 disasters nationwide and has been the primary supplier of lifesaving blood and blood products in the United States for more than 50 years. In 2000, the Red Cross also trained almost 12 million people in vital lifesaving skills, provided direct health services to nearly 2.6 million people and delivered more than 21 million locally relevant community services. The organization also assisted international disaster and conflict victims in close to 40 locations around the globe, and its emergency communication centers processed 1.2 million calls in support of U.S. military families.



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NESDAY

Red Cross president resigns

Friction with board leads to Evans' decision

By David Crary
Associated Press

NEW YORK | American Red Cross President Marsha Evans announced her resignation Tuesday because of friction with the board of governors, shortly before witnesses and lawmakers at a congressional hearing assailed the charity's response to Hurricane Katrina.

Red Cross spokesman Charles Connor said the board was not unhappy with Evans' handling of the hurricane crisis "but had concerns about her management approach and coordination and communication with the board." It was the second time in three years that such feuding led to a leadership change after a national disaster.

At the hearing in Washington, lawmakers said the Red Cross' uneven response to Katrina calls for major changes in how the charity coordinates with local

groups, handles its finances and distributes aid to the disabled. A Louisiana congressman even suggested the possibility of stripping the Red Cross of its dominant role in major relief campaigns.



Evans

Evans' predecessor, Bernadine Healy, said she was forced to resign partly because of disagreements with the board over whether money coming in after Sept. 11 should be placed in a separate fund or a general disaster fund. Some donors were upset that \$200 million was set aside for future terrorist incidents.

Jack McGuire, executive vice-president of the charity's Biomedical Services, was named to serve as interim president while a search for Evans' permanent successor is conducted. A former Navy rear admiral who previously ran the Girl Scouts of the USA, Evans took over at the Red Cross in August 2002 as the organization was shaking off criticism of how it handled some donations sent in response to the Sept. 11, 2001, terror attacks.

Healy, now a health columnist with *U.S. News & World Report*, said her departure and Evans' removal reflected serious problems in how the 50-member Red Cross board addresses its internal conflicts and clashes with its top executives.

"You can't have 50 people making decisions," Healy said. "The Red Cross is a public treasure that belongs to America and must serve America. Until these governance problems can be sorted out, it won't be able to do so effectively."

She noted that the Red Cross is chartered by Congress, and the U.S. president is its honorary chairman. "The only people who can fix it are at that level," she said.

After the Sept. 11 donation dispute, the Red Cross promised greater accountability. But the unprecedented challenges posed by this year's hurricanes raised new problems.

Critics said the Red Cross failed to respond quickly enough in some low-income, minority areas; others faulted it for balking at cooperation with grassroots organizations even as it collected the bulk of hurricane relief funds — more than \$1.8 billion to date.

On the positive side, the group mobilized roughly 220,000 volunteers in response to the hurricanes, accommodated hundreds of thousands of evacuees in shelters and provided financial aid to about 1.2 million families.

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President of Red Cross steps down

Organization's board had concerns about management

By Bill Nichols
USA TODAY

American Red Cross President Marsha Evans, who led the organization's sometimes controversial response to Hurricane Katrina, resigned Tuesday because of concerns from her board of governors, a spokesman for the charity said.

Red Cross spokesman Chuck Connor said the board was not dis-

pleased with Evans' oversight of the hurricane response "but had concerns about her management approach and coordination and communication with the board." He would not elaborate.

Jack McGuire, the executive vice president of the charity's Biomedical Services, was named interim president and CEO while a successor to Evans is being chosen.

Evans, a former Navy rear ad-

miral and head of the Girl Scouts of the USA, took over the Red Cross in August 2002 after the organization had been rocked by criticism of how it handled donations after the 9/11 terrorist attacks. She replaced Bernadette Healy, who said she had been forced to resign over disagreements with the board.

Evans, 58, promised greater openness and accountability. But critics questioned the Red Cross response to this year's hurricanes — specifically charges that the charity lacked cooperation with local aid organizations, was unclear in accounting for its finances and lacked focus on long-term recovery.

One Red Cross critic, Richard Walden, president of Operation USA, a Los Angeles-based disaster relief organization, said Evans' ouster will change little. "The board has to change the policies, not scapegoat presidents," he said.

Evans' resignation came hours before a House Ways and Means subcommittee hearing on the charity's response to Katrina.

At the hearing, Rep. Jim McCrery, a Louisiana Republican, assailed the charity and called on Congress to reconsider whether to continue giving it a lead role in responding to natural disasters.

Joseph Becker, senior vice presi-

dent for response and preparedness for the Red Cross, said the group did its best. "We chose to help those whom we could without delay, while striving to serve all who needed us," he said.

In a statement, Evans said she had considered stepping down earlier but stayed on after Katrina "to lead our pivotal response to that epic tragedy."

The charity has spent more than \$1.3 billion on hurricane relief efforts this year and sent 172,000 volunteers to provide temporary shelter to thousands of families.

Contributing: Wire reports



American Red Cross
McGuire: Vice president is named charity's interim president.