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Donald Rumsfeld makes \$5m killing on bird flu drug

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Donald Rumsfeld has made a killing out of bird flu. The US Defence Secretary has made more than \$5m (£2.9m) in capital gains from selling shares in the biotechnology firm that discovered and developed Tamiflu, the drug being bought in massive amounts by Governments to treat a possible human pandemic of the disease.

More than 60 countries have so far ordered large stocks of the antiviral medication - the only oral medicine believed to be effective against the deadly H5N1 strain of the disease - to try to protect their people. The United Nations estimates that a pandemic could kill 150 million people worldwide.

Britain is about halfway through receiving an order of 14.6 million courses of the drug, which the Government hopes will avert some of the 700,000 deaths that might be expected. Tamiflu does not cure the disease, but if taken soon after symptoms appear it can reduce its severity.

The drug was developed by a Californian biotech company, Gilead Sciences. It is now made and sold by the giant chemical company Roche, which pays it a royalty on every tablet sold, currently about a fifth of its price.

Mr Rumsfeld was on the board of Gilead from 1988 to 2001, and was its chairman from 1997. He then left to join the Bush administration, but retained a huge shareholding .

The firm made a loss in 2003, the year before concern about bird flu started. Then revenues from Tamiflu almost quadrupled, to \$44.6m, helping put the company well into the black. Sales almost quadrupled again, to \$161.6m last year. During this time the share price trebled.

Mr Rumsfeld sold some of his Gilead shares in 2004 reaping - according to the financial disclosure report he is required to make each year - capital gains of more than \$5m. The report showed that he still had up to \$25m-worth of shares at the end of 2004, and at least one analyst believes his stake has grown well beyond that figure, as the share price has soared. Further details are not likely to become known, however, until Mr Rumsfeld makes his next disclosure in May.

The 2005 report showed that, in all, he owned shares worth up to \$95.9m, from which he got an income of up to \$13m, owned land worth up to \$17m, and made \$1m from renting it out.

He also had illiquid investments worth up to \$8.1m, including in partnerships investing in biotechnology, issuing reproductions of paintings, and operating art galleries in New Mexico and Wyoming. He also has life insurance with a surrender value of up to \$5m, and received up to \$1m from the DHR Foundation, in which he has assets worth up to \$25m, and \$773,743 from the Donald H Rumsfeld Trust, in which he has assets of up to \$50m.

Late last week no one at Gilead Sciences was available to comment on Mr Rumsfeld's sale of its stock. In a statement to The Independent on Sunday the Pentagon said: "Secretary Rumsfeld has no relationship with Gilead Sciences, Inc beyond his investments in the company. When he became Secretary of Defence in January 2001, divestiture of his investment in Gilead was not required by the Senate Armed Services Committee, the Office of Government Ethics or the Department of Defence Standards of Conduct Office.

"Upon taking office, he recused himself from participating in any particular matter when the matter would directly and predictably affect his financial interest in Gilead Sciences."