

# Conquering Old Age

New remedies could do it—and lift your portfolio, too

BY JAY PALMER • Sing it again, Mick Jagger: “What a drag it is getting old.” If it’s not the pain of arthritis, it’s the frustration of hearing loss or the shame of incontinence. The sad truth is, the human body wasn’t built to rock and roll forever. But some help is on the way—and not a moment too soon. As America’s huge baby-boom generation approaches the home

stretch—the oldest ones will soon turn 60—research centers and health-care companies of all sizes are pouring vast amounts of time, energy and money into treatments for the many illnesses that accompany aging.

Though the big killers like heart disease and cancer still loom large, scientists and doctors are making surprisingly good progress against a broad range of lesser ailments. They’re creating better replacements for hips, knees and other joints. They’re devising more effective and less costly treatments for failing eyes and ears. They appear to be closing in on breakthroughs against obesity—an especially dangerous condition for the old—and creating new devices for monitoring adult-onset diabetes. And, in a clear piece of good news for the Woodstock crowd, a slew of faster-acting, longer-lasting pills for impotence could soon head to the market.

The upshot: Folks in their 50s and 60s today are apt to enjoy considerably healthier retirements than their parents. Many stand a decent chance of not only topping the Biblical three score years and ten and living well into their 80s, but of doing so with a modicum of style. And the outlook is only brighter for their children.

Naturally, there will be tantalizing investment opportunities, too—from companies that today are small startups to global pharmaceutical giants intent on

bolstering their pipelines of drugs for the elderly.

What follows is a rundown on promising developments in eight maladies that commonly afflict the elderly. None of these illnesses is necessarily deadly, but alone or together they can sap the joy from the golden years if unconquered. May the conquering continue apace.

## Turning Up the Volume

Perhaps no ailment is more associated with old age than hearing loss, which afflicts some 35 million Americans, all but a few of them over the age of 60. In most instances, the only solution is a hearing aid. Yet few use them—no more than 5 million by most estimates—either because they are uncomfortable, difficult to get accustomed to, or because they are very expensive. Today’s hearing aids, most of which require extensive hearing tests and fitting by an audiologist, can cost up to, and sometimes even over, \$4,000, only a small fraction of which is typically covered by insurance.

One reason for the cost is the technical leaps that have been made over the past couple of decades, compressing advanced digital voice technology into tiny units that can fit out of sight deep in the ear canal. Though these small devices are not always suitable for mild old-age hearing loss—they can block

sounds you may want to hear—they are the hot item today.

Sonic Innovations, a Utah company, is one of the leaders of the \$5 billion hearing-aid industry. Its sales, \$99 million last year, could grow in the double digits this year and next, helping reverse some quarterly losses. Its latest product aims to emphasize the sounds that come from ahead of you rather than from behind or off to the side.

But Sonic Innovations will shortly face competition from an unexpected source: A private company, Marietta, Ga.-based Aurilink, has begun offering one-size-fits-all-canals hearing aids on an over-the-counter basis. The units cost \$169 to \$499 each—about the same as an iPod!—and come with money-back guarantees. Though it’s a given that rivals will talk these down, Aurilink founder Otis Whitcomb, is unrepentant. “Reading glasses can cost \$200 from an optician or \$5 from Barnes and Noble,” he says. “No one pretends that they are equally good, but they both work. I wanted to offer an alternative, a little hearing enhancement for people who aren’t ready for expensive custom hearing aids.”

## An Eye for an Eye

There are many causes for failing eyesight; one common one is macular degeneration, a disease where the light-sensitive cells at the back of the retina start to break down. Age is the most powerful

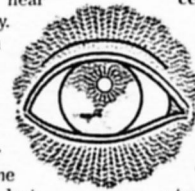
factor risk factor, with the likelihood of getting the disease rising from 2% at age 50 to more than 30% at 75. Companies leading the work on cures and treatments include two giants, each operating in partnership with a smaller outfit—Merck with Alnylam Pharmaceuticals, and Pfizer with Eye-tech Pharmaceuticals.

Alnylam, based in Cambridge, Mass., and Eye-tech, of New York City, both came public in 2004, with the latter’s offering becoming one of the hottest of the year.

The shares were priced at 21, started trading at 30 and climbed to 49 over the next several months. They’ve lately been changing hands at about 28. Some biotech startups, meanwhile, are also taking aim at vision problems—Jenkintown, Pa.-based RetinaPharma Technologies, for instance, is working to treat glaucoma.

But the leading cause of old-age sight loss, afflicting well over half of all 75-year-olds, are cataracts, now commonly corrected with quick outpatient surgery and a lens implant. Still, new and better procedures are being developed all the time, including the use of ultrasonic probes that can break up the clouded lens with the most minimal surgery.

A small private company called eyeconics, in Aliso Viejo, Calif., has developed a lens that offers what some doctors call remarkably strong post-operation vision for cataract patients. The trick lies in the shape of the replacement lens, which looks more like a classic Band-Aid with wings than a typical circular replacement lens. When implanted, users of the Crystalens can once again alter focus near and far, restoring an ability most people lose in middle-age. “It’s a holy grail of eye surgery,” says West Wind-



son, N.J., eye surgeon Wayne Grabowski. "I have installed 25 or 30 and the results are fantastic. It's the best thing for eye surgery to come along in 50 years."

**Battle of the Bulge**

Though media reports about obesity typically focus on its rise among children, the disease is quite common among the elderly and spreading. By 2010, some 37% of Americans over 60 will be obese, up from 32% in 2000, says the nonprofit Center for the Advancement of Health. Part of the problem is simply that overweight boomers are moving into old age. Also, older folks generally eat worse and exercise less often than the rest of the population, the center suggests.

Obesity can have far more dire consequences for the elderly than for others. In fact, no self-inflicted medical condition (with the possible exception of smoking) has a more damaging impact on old-age health. It can lead to a staggering array of ailments—heart disease, stroke, diabetes, gall bladder disease, glaucoma, osteoarthritis, sleep apnea, certain cancers and more.

Plenty of remedies are already afoot. With an estimated 71 million people dancing between diet programs, pills and other "solutions," the U.S. weight-loss market is expanding faster than any waistline, topping \$46.3 billion in 2004 and headed to \$61 billion in 2008, according to MarketData, a Florida research firm. That includes everything from "bariatric" surgeries that shrink the stomach to diet foods and drinks, over-the-counter pills, and programs like eDiets.com, Nutrisystem, Weight Watchers International and Jenny Craig.

One especially hot seller right now is the natural appetite suppressant Hoodia Gordonii, apparently used by generations of Kalahari Bushmen to defeat hunger and now available in a variety of brand names. Meanwhile, Coca-Cola, Pepsico and Cadbury Schweppes are all reportedly bulking up their zero-calorie soda offerings.



Pharmaceutical companies large and small are also in the hunt.

Among them: Amylin Pharmaceuticals, Arena Pharmaceutical, CuraGen and Inamed, the latter making an intragastric balloon implant to treat extreme obesity. The French drug giant Sanofi-Aventis, meanwhile, has a potential billion-dollar blockbuster coming out next year under the name Acomplia. Developed by "reverse-engineering" the brain receptors that trigger food cravings in marijuana smokers, the drug reportedly has led to significant weight loss in initial trials.

**Painless Diabetes Monitoring**

Even if you dodge diabetes in youth and middle age, it can easily snare you later on. In fact, the risk of the disease increases with age, with about half of all

**The Fountain of Youth**

► A broad range of companies, from the tiny to the huge, are taking aim at the ailments that can sap the golden years of ease. Here are some of the leading contenders.

| Company Name       | Ticker | Recent Price | 52-Week High | 52-Week Low | P/E Current Year (est) | Market Cap (bil) 4/14/05 | Comment  |
|--------------------|--------|--------------|--------------|-------------|------------------------|--------------------------|--|
| Ell Lilly          | LLY    | \$55.16      | \$76.95      | \$50.34     | 19.5                   | \$62.5                   | Marketing a long-lasting pill for impotence    |
| Eyeteck Pharm      | EYET   | 27.40        | 49.12        | 25.55       | N.M.*                  | 1.2                      | Developing treatments for macular degeneration |
| Medtronic          | MDT    | 51.43        | 55.44        | 43.99       | 27.5                   | 62.2                     | Attacking bad joints and diabetes              |
| Myriad Genetics    | MYGN   | 17.63        | 26.07        | 12.11       | N.M.*                  | .5                       | Working on promising Alzheimer's drugs         |
| Pfizer             | PFE    | 27.45        | 37.90        | 21.99       | 13.9                   | 204.8                    | Leading the hunt for inhaled insulin           |
| Sanofi-Aventis ADR | SNY    | 43.77        | 44.20        | 29.22       | 18.1                   | 6.4                      | Preparing a potential blockbuster for obesity  |
| Sonic Innovations  | SNCI   | 5.00         | 11.04        | 3.31        | N.M.*                  | .1                       | Advancing the technology of hearing aids       |
| Zimmer Hldgs       | ZMH    | 76.24        | 89.44        | 64.40       | 26.1                   | 18.8                     | Focusing narrowly on joint replacements        |

As of 4/8/05 \*Negative earnings estimate for 2005

Source: Thomson/Baseline

diabetes cases occurring in people older than 55. More than 18% of all people in the U.S. over 60 have the disease, according to the American Diabetes Association.

The kind of diabetes that usually strikes in adulthood is known as Type 2. Unlike Type 1, which mostly hits younger people and results from a failure of the

pancreas to produce enough insulin, Type 2 prevents its victims from using the insulin their bodies already have. With the number of Type 2 diabetics predicted to double between now and 2025, to 30 million, a commercial rush is under way.

Some of the treatments are mechanical—the estimated \$1 billion-a-year market for the small electronic meters and disposable test strips that patients use to monitor their blood glucose levels eight or 10 times a day. That's a business now dominated by four giant pharmaceutical houses: Roche, Johnson & Johnson, Bayer and Abbot

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