BONE CARE INTERNATIONAL INC
Form 10-Q
November 14, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

From the transition period from to

Commission File Number: 0-27854

BONE CARE INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Wisconsin	39-1527471
(State of Incorporation)	(IRS Employer Identification No.)

1600 Aspen Commons, Suite 300
Middleton, Wisconsin 53562
(Address, including zip code of Registrant's principal executive offices)

608-662-7800
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

As of November 1, 2002, 14,156,772 shares of the registrant's common stock, no par value, were outstanding.

BONE CARE INTERNATIONAL, INC.

FORM 10-Q

For the quarterly period ended September 30, 2002

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PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

BONE CARE INTERNATIONAL, INC.
Condensed Balance Sheets

ASSETS	September 30, 2002 (Unaudited)	June 30, 2002
Current Assets:		
Cash and cash equivalents	$ 5,193,890	$ 2,023,969
Marketable securities	14,947,767	18,436,896
Accounts receivable, net of allowance for doubtful accounts of $156,100 and $152,960 at September 30, 2002 and June 30, 2002, respectively	3,912,190	4,285,569
Inventories	1,324,386	2,099,469
Other current assets	1,376,664	775,596
Total current assets	26,754,897	27,621,499
Long-term securities	2,986,808	3,719,796
Other long-term assets	110,300	--
Property, plant and equipment-at cost:		
Leasehold improvements	588,632	588,632
Furniture and fixtures	458,412	452,345
Machinery and other equipment	2,594,160	2,317,405
	3,641,204	3,358,382
Less accumulated depreciation and amortization	1,730,101	1,573,497
	1,911,103	1,784,885
Patent fees net of accumulated amortization of $1,045,070 at September 30, 2002 and $998,027 at June 30, 2002	1,245,623	1,198,249
Goodwill	359,165	359,165
	$33,367,896	$34,683,594

See the accompanying notes to condensed financial statements.

BONE CARE INTERNATIONAL, INC.
Condensed Balance Sheets

Liabilities and Shareholders' Equity	September 30, 2002 (Unaudited)	
Current liabilities:		
Accounts payable	$ 1,705,506	$

Accrued liabilities:		
Accrued clinical study and research costs	203,352	
Compensation payable	658,186	
Other current liabilities	--	
Allowance for sales returns	426,100	
Total current liabilities	2,993,144	
Shareholders' equity:		
Preferred stock-authorized 2,000,000 shares of $.001 par value; none issued	--	
Common stock-authorized 28,000,000 shares of no par value; issued and outstanding 14,156,772 shares at September 30, 2002 and at June 30, 2002	11,393,883	
Additional paid-in capital	62,096,272	
Accumulated deficit	(43,151,374)	
Accumulated other comprehensive income	35,971	
Total shareholders' equity	30,374,752	
	$ 33,367,896	$

See the accompanying notes to condensed financial statements.

BONE CARE INTERNATIONAL, INC.
Condensed Statements of Operations
(Unaudited)

	Three Months Ended	
	September 30, 2002	September 30, 2001
Revenues	$ 5,417,400	$ 2,652,140
Operating expenses		
Cost of sales	1,509,606	592,906
Research and development	1,448,436	1,391,717
Sales and marketing	3,024,950	2,249,835
General and administrative	1,280,326	914,934
	7,263,318	5,149,392
Loss from operations	(1,845,918)	(2,497,252)
Interest income	214,780	361,053
Net loss	$ (1,631,138)	$ (2,136,199)
Net loss per common share - basic and diluted	$ (0.12)	$ (0.15)
Weighted average number of common shares	14,156,772	13,987,575

See the accompanying notes to condensed financial statements.

BONE CARE INTERNATIONAL, INC.
Condensed Statements of Cash Flows
(Unaudited)

	Three Months Ended	
	September 30, 2002	September 30, 2001
Cash flows from operating activities		
Net loss	$(1,631,138)	$(2,136,199)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of fixed assets	156,604	138,278
Amortization of patents	47,043	57,000
Loss on disposal of fixed assets	--	1,018
Loss on disposal of patents	--	6,144
Changes in assets and liabilities:		
Accounts receivable	373,379	(363,919)
Inventories	775,083	(1,112,020)
Other current assets	(601,068)	68,195
Other long-term assets	(110,300)	--
Accounts payable	(64,159)	249,080
Accrued liabilities	197,585	(79,491)
Allowance for sales returns	200,000	--
Net cash used in operating activities	(656,971)	(3,171,914)
Cash flows from investing activities:		
Sale and maturities of marketable securities	4,204,131	2,753,724
Additions to property, plant and equipment	(282,822)	(193,224)
Patent fees	(94,417)	(55,606)
Net cash provided by investing activities	3,826,892	2,504,894
Cash flow from financing activities:		
Proceeds from stock option exercises	--	197,400
Net cash provided by financing activities	--	197,400
Net decrease in cash and cash equivalents	3,169,921	(469,620)
Cash and cash equivalents at beginning of period	2,023,969	1,842,838
Cash and cash equivalents at end of period	$ 5,193,890	$ 1,373,218

See the accompanying notes to condensed financial statements.

BONE CARE INTERNATIONAL, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

(1) BASIS OF PRESENTATION

The financial statements in this report have been prepared by Bone Care International, Inc. without audit, pursuant to the rules of the Securities and Exchange Commission for quarterly reports on Form 10-Q and do not include all of the information and note disclosures required by accounting principles generally accepted in the United States of America for annual financial statements. These financial statements should be read in conjunction with the financial statements and notes thereto for the year ended June 30, 2002, included in the Company's Form 10-K as filed with the Securities and Exchange Commission on September 30, 2002.

In the opinion of management, information included in this report reflects all adjustments, consisting of normal, recurring adjustments, necessary for a fair presentation of results for these interim periods.

The results of operations for the interim period ended September 30, 2002, are not necessarily indicative of the results to be expected for the entire fiscal year ending June 30, 2003.

(2) REVENUE RECOGNITION POLICY

Bone Care records sales and the related costs of Hectorol Capsules and Hectorol Injection based on shipments to its customers reduced by the estimated future returns. The terms of sale for all product sales are F.O.B. shipping point. Revenue is recognized at the time of shipment as risk of loss has transferred to the customer, delivery has occurred, and collectibility is reasonably certain. Customers have a right to return product if they are unable to sell it prior to the expiration date. In accordance to Statement of Financial Accounting Standard (SFAS) No. 48, "Revenue Recognition When Right of Return Exists", Bone Care's September 30, 2002 balance sheet includes a $426,100 accrual for the estimated amount of future returns related to Hectorol Capsules and Hectorol Injection.

License fees received by Bone Care are recognized as income when the associated licensing obligations are satisfied. For the quarter ended September 30, 2002, no license fees were recognized.

(3) INVENTORIES

Inventories are stated at the lower of cost or market; cost is determined principally by the first-in, first-out method. Inventories are comprised of:

	September 30, 2002	June 30, 2002
Raw materials	$ 456,567	$ 456,548
Work in process	68,807	610,171
Finished goods	799,012	1,032,750
	$1,324,386	$2,099,469

(4) NET LOSS PER SHARE

Net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Options to purchase common stock have been excluded from the calculations of diluted earnings per share as the impact of these options on diluted earnings per share would be anti-dilutive.

(5) COMPREHENSIVE INCOME

Total comprehensive loss was $1,649,124 and $2,103,909 for the three months ended September 30, 2002 and 2001, respectively. Our comprehensive income includes unrealized gains and losses on available-for-sale securities.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Total revenues for the first quarter ended September 30, 2002 increased to $5,417,400 from $2,652,140 in the quarter ended September 30, 2001. The increase was the result of increased sales of Hectorol(R) IV, offset by a decline in sales of Hectorol Capsules. Hectorol IV, launched in August 2000, generated revenues of $4,185,859 during the quarter ended September 30, 2002 compared to $1,023,055 in the quarter ended September 30, 2001. Hectorol Capsule revenues were $1,231,541 for the quarter ended September 30, 2002, compared to $1,629,085 in the quarter ended September 30, 2001.

Gross margins for the quarter ended September 30, 2002, were $3,907,794, or 72% of revenues compared to $2,059,234, or 78% of revenues in the quarter ended September 30, 2001. Current quarter margins were lower as a percentage of sales due to increased spending for quality assurance overhead.

Research and development expenses were relatively unchanged at $1,448,436 in the quarter ended September 30, 2002, and $1,391,717 in the quarter ended September 30, 2001.

Sales and marketing expenses increased $775,115 to $3,024,950 in the quarter ended September 30, 2002, from $2,249,835 in the quarter ended September 30, 2001. These increases are attributable to an increase in the sales force from 31 at September 30, 2001 to 40 at September 30, 2002 and an increase in the marketing staff from 4 at September 30, 2001 to 8 at September 30, 2002. We implemented these headcount increases in anticipation of a national J-code that became effective January 1, 2002. This code was issued by the Centers for Medicare and Medicaid Services (CMS) for reimbursement of Hectorol Injection during hemodialysis.

General and administrative expenses increased $365,392 to $1,280,326 in the quarter ended September 30, 2002 from $914,934 in the quarter ended September 30, 2001. The increase was attributable to costs associated with hiring the President and CEO.

Interest income decreased $146,273 to $214,780 in the quarter ended September 30, 2002, from $361,053 in the quarter ended September 30, 2001. The decrease was due to lower average cash and marketable security balances for the quarter ended September 30, 2002, as well as a decline in yield on our

investments.

Manufacturing

Akorn, Inc., currently the sole manufacturer of Hectorol Injection, received a warning letter from the FDA in September 2000 identifying general deviations from the FDA's current Good Manufacturing Practices (c-GMP) regarding manufacturing procedures, records and training. They received another letter from the FDA in December 2001 identifying additional deviations from c-GMP pursuant to a follow-up inspection of their facility. In response to this second FDA letter, Akorn agreed to halt production of Hectorol Injection until such time as these deviations could be remediated. Akorn is scheduled to produce validation lots during November and December that could ultimately be used as commercial product. If they successfully complete the validation lots and pass the FDA site re-inspection and the FDA accepts our submission under an accelerated review process, we anticipate product from Akorn will be commercially available by the end of calendar 2002 or the beginning of the first quarter, calendar 2003. We are managing the inventory levels of the supplier channels in an attempt to ensure that clinics and patients do not experience any shortage of product. In addition, we have entered into a manufacturing agreement with Draxis Pharma Inc., a subsidiary of Draxis Health Inc., to serve as an additional manufacturer of Hectorol(R) Injection. Draxis anticipates completing manufacturing process validation runs, which could ultimately be used as commercial product, by the end of November 2002. If they successfully complete these validation lots and the FDA accepts our submission for Draxis under an accelerated review process, we anticipate this product supply would be commercially available in the first quarter of calendar 2003. Although we cannot at this point give assurance that we will meet these goals, we believe that we will have commercial supply of Hectorol Injection from one or both of our contract manufacturers no later than the first quarter of calendar 2003.

Liquidity and Capital Resources

Net cash used in operating activities was $656,971 for the quarter ended September 30, 2002 and $3,171,914 for the quarter ended September 30, 2001. The cash used by operating activities was used primarily to fund research and development as well as marketing and commercialization efforts for Hectorol Capsules and Hectorol Injection.

We have experienced negative cash flows from operations since our inception and do not anticipate generating sufficient positive cash flows to fund our operations until we achieve, if ever, significant revenues from the sale of Hectorol Capsules and Hectorol Injection. We have expended, and expect to continue to expend in the future, substantial funds for our:

- research and development programs;
- pre-clinical and clinical testing;
- regulatory processes, including completion of FDA post-approval Phase IV commitments for Hectorol Capsules and Hectorol Injection;
- manufacturing expenses;
- sales and marketing programs; and
- other operating expenses.

Cash, cash equivalents and short- and long-term marketable securities were $23,128,465 at September 30, 2002 and $24,180,661 at June 30, 2002. Cash and cash equivalents are currently invested primarily in short-term investment grade United States government, municipal and corporate debt securities.

Bone Care's capital requirements will depend on numerous factors, including the progress of commercialization and marketing activities; the progress of its research and development programs; the progress of preclinical and clinical testing; the time and cost involved in obtaining regulatory approvals; the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights; competing technological and market developments; changes and developments in Bone Care's existing licensing relationships and the terms of any new collaborative, licensing, co-promotion or distribution arrangements that Bone Care may establish; the cost of manufacturing preclinical and clinical products; and other factors not within our control.

Based upon our current plans, we believe that we will have sufficient funds to meet our operating expenses and capital requirements for at least the next two years. Thereafter, we may need to raise additional capital to fund our operations; however, we do not have any specific plans to raise additional capital. If we seek additional funds, equity offerings or other sources would be considered. There is no assurance that such additional funds will be available on acceptable terms, if at all. Should our plans not be consummated, we may have to seek alternative sources of capital.

At June 30, 2002, we had state tax net operating loss carryforwards of approximately $38,010,000 and state research and development tax credit carryforwards of approximately $449,000, which will begin expiring in 2006. We also had federal net operating loss carryforwards of approximately $39,352,000 and research and development tax credit carryforwards of approximately $1,741,000, which will begin expiring in 2011.

Critical Accounting Policies and Estimates

Our significant accounting policies are described in Note 1 to the Notes to the Financial Statements for the year ended June 30, 2002 included in the Company's Form 10-K as filed with the Securities and Exchange Commission on September 30, 2002. Those financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities. On an on-going basis, we evaluate our estimates, including those related to our provision for sales returns and allowances, allowance for doubtful accounts, and our estimate of excess and obsolete inventory. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis of judgments regarding the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Sales Returns and Allowances

When revenue is recognized, Bone Care simultaneously records an estimate of various costs, which reduce product sales. These costs include estimates for product returns, chargebacks, rebates, and discounts. Estimates are based on a variety of factors including actual return experience, rebate and chargeback

agreements, inventory levels at our wholesale customers, and estimated sales by our wholesale customers to other third parties who have contracts with us, respectively. Actual experience associated with any of these items may differ materially from our estimates. Factors are reviewed that influence our estimates and, if necessary, adjustments are made when we believe that actual product returns, chargebacks, rebates, and discounts may differ from established reserves.

Allowance for Doubtful Accounts

An allowance is maintained for estimated losses resulting from the inability of customers to make required payments. Credit terms are extended on an uncollateralized basis primarily to wholesale drug distributors and independent clinics throughout the United States. Management specifically analyzes accounts receivable, historical bad debts, customer credit-worthiness, percentage of accounts receivable by aging category, and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Historically, our actual losses from uncollectible accounts have been insignificant.

Excess and Obsolete Inventory

Inventories are stated at the lower of cost or market, with cost determined at a standard cost rate. In evaluating whether inventory is stated at the lower of cost or market, management considers such factors as the amount of inventory on hand, expiration dates, and the estimated time to sell such inventory. As appropriate, provisions are made to reduce inventories to their net realizable value. Historically, cost of inventories that potentially may not sell prior to expiration or are deemed of no commercial value have been written-off when identified.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our sales from inception to date have been made to U.S. customers and, as a result, we have not had any exposure to factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets. However, in future periods, we expect to sell in foreign markets, including Europe and Asia. Because our sales are made in U.S. dollars, a strengthening of the U.S. dollar could make our products less competitive in foreign markets. At September 30, 2002, we did not hold any short- or long-term investments other than high-grade investment securities planned to be held to maturity and, therefore, we do not believe that short-term fluctuations of interest rates would materially affect the value of our investments.

Item 4. Controls and Procedures

The Company's management, including its chief executive officer and chief financial officer, have conducted an evaluation of effectiveness of disclosure controls and procedures pursuant to Rule 13a-14 of the Securities Exchange Act of 1934. Based on that evaluation, the chief executive officer and chief financial officer concluded that the disclosure controls and procedures are effective in ensuring that all material information required to be filed in this quarterly report has been made known to them in a timely fashion. There have been no significant changes in internal controls, or in factors that could significantly affect internal controls, subsequent to the date the chief executive officer and chief financial officer completed their evaluation.

PART II - OTHER INFORMATION
BONE CARE INTERNATIONAL, INC.

Item 1. Legal Proceedings

Bone Care may be a defendant from time to time in actions arising out of our ordinary course of business operations. In the opinion of management, the outcome of pending claims is not likely to have a material adverse effect on our financial statements.

Item 2. Changes in Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information - Recent Developments

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. These forward-looking statements are subject to a number of risks, uncertainties and assumptions about us, including, among other things:

- general economic and business conditions, both nationally and in our markets;
- our expectations and estimates concerning future financial performance, financing plans and the impact of competition;
- anticipated trends in our business;
- existing and future regulations affecting our business;
- our early stage of development;
- the uncertainty of our future profitability;
- our ability to satisfy the FDA's conditions for marketing approval for Hectorol;
- other risk factors

In addition, in this Quarterly Report, the words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect" and similar expressions, as they relate to us, our business or our management, are intended to identify forward-looking statements.

Unless otherwise required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this Quarterly Report. However, we acknowledge our obligation to disclose material developments related to previously disclosed information. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in the Quarterly Report may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits furnished:

(11) Statement Regarding Computation of Loss Per Share
(99.1) Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code
(99.2) Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

(b) Reports on Form 8-K
The Company filed a Form 8-K dated July 8, 2002 reporting under Item 4 a change in the Company's certifying accountant.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BONE CARE INTERNATIONAL, INC.
(Registrant)

Date: November 13, 2002

/s/ Paul L. Berns

Paul L. Berns
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 13, 2002

/s/ Robert A. Beckman

Robert A. Beckman
Vice President - Finance
(Principal Financial and Accounting

Officer)

CERTIFICATIONS

I, Paul L. Berns, the President and Chief executive Officer of Bone Care International, Inc. (the "registrant"), certify that:

1. I have reviewed this quarterly report or Form 10-Q of the registrant;

2. based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; and

3. based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report; and

4. the registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date; and

5. the registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. the registrant's other certifying officer and I have indicated in this quarterly report whether there were significant changes in internal

controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 13, 2002

/S/ PAUL L. BERNS

Paul L. Berns
President and Chief Executive Officer

CERTIFICATIONS

I, Robert A. Beckman, the Vice President-Finance of Bone Care International, Inc. (the "registrant"), certify that:

1. I have reviewed this quarterly report or Form 10-Q of the registrant;

2. based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; and

3. based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report; and

4. the registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   d) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   e) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   f) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date; and

5. the registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (c) all significant deficiencies in the design or operation of

internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(d) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. the registrant's other certifying officer and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 13, 2002

/S/ ROBERT A. BECKMAN

Robert A. Beckman
Vice President - Finance

BONE CARE INTERNATIONAL, INC.

Exhibit Index

For the Quarterly Period Ended September 30, 2002