

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(MARK ONE)

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

For the quarterly period ended June 30, 2000

[] TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission File Number 0-18849

THE FEMALE HEALTH COMPANY

(Exact Name of Small Business Issuer as Specified in Its Charter)

Wisconsin

39-1144397

(State or Other Jurisdiction of (I.R.S. Employer Identification No.)
Incorporation or Organization)

875 N. Michigan Avenue, Suite 3660, Chicago, IL 60611

(Address of Principal Executive Offices) (Zip Code)

(312) 280-1119

(Issuer's Telephone Number, Including Area Code)

Not applicable

(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

Check whether the issuer: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practical date:

Common Stock, \$.01 Par Value - 13,328,699 shares outstanding as of August 11, 2000

Transitional Small Business Disclosure Format (check one):

Yes No X

FORM 10-QSB

THE FEMALE HEALTH COMPANY AND SUBSIDIARIES

INDEX

<TABLE>
<CAPTION>

	PAGE

<S>	<C>
PART I. FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS:	<C>
Cautionary Statement Regarding Forward Looking Statements	3
Unaudited Condensed Consolidated Balance Sheet - June 30, 2000	4
Unaudited Condensed Consolidated Statements of Operations - Three Months Ended June 30, 2000	

and June 30, 1999	5
Unaudited Condensed Consolidated Statements of Operations - Nine Months Ended June 30, 2000 and June 30, 1999	6
Unaudited Condensed Consolidated Statements of Cash Flows - Nine Months Ended June 30, 2000 and June 30, 1999	7
Notes to Unaudited Condensed Consolidated Financial Statements.	8
Management's Discussion and Analysis	14
PART II. OTHER INFORMATION	
Changes in Securities and Use of Proceeds.	24
Submission of Matters to a Vote of Security Holders.	24
Exhibits and Reports on Form 8-K	25
SIGNATURES	27

</TABLE>

2
CAUTIONARY STATEMENT REGARDING
FORWARD LOOKING STATEMENTS

Certain statements included in this Quarterly Report on Form 10-QSB which are not statements of historical fact are intended to be, and are hereby identified as, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The Company cautions readers that forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements. Such factors include, among others, the following: the Company's inability to secure adequate capital to fund operating losses, working capital requirements, advertising and promotional expenditures and principal and interest payments on debt obligations; the ultimate level of consumer demand for the female condom; factors related to increased competition from existing and new competitors including new product introduction, price reduction and increased spending on marketing; limitations on the Company's opportunities to enter into and/or renew agreements with international partners; the failure of the Company or its partners to successfully market, sell, and deliver its product in international markets; risks inherent in doing business on an international level, such as laws governing medical devices that differ from those in the U.S., unexpected changes in regulatory requirements, political risks, export restrictions, tariffs, and other trade barriers, and fluctuations in currency exchange rates; the disruption of production at the Company's manufacturing facility due to raw material shortages, labor shortages, and/or physical damage to the Company's facilities; the Company's inability to manage its growth and to adapt its administrative, operational and financial control systems to the needs of the expanded entity; the failure of management to anticipate, respond to and manage changing business conditions; the loss of the services of executive officers and other key employees and the Company's continued ability to attract and retain highly-skilled and qualified personnel; and the costs and other effects of litigation, governmental investigations, legal and administrative cases and proceedings, settlements and investigations, and developments or assertions by or against the Company relating to intellectual property rights.

3
THE FEMALE HEALTH COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

	JUNE 30, 2000

<S>	<C>
ASSETS	
Current Assets:	
Cash	\$ 395,806
Accounts receivable, net.	553,720
Inventories, net.	1,173,794
Prepaid expenses and other current assets	255,949

		2,379,269
TOTAL CURRENT ASSETS		
Intellectual property rights, net.		643,281
		149,681
Other assets		
PROPERTY, PLANT AND EQUIPMENT.		3,787,592
Less accumulated depreciation and amortization		(2,237,754)

Net Property, plant, and equipment		1,549,838
TOTAL ASSETS	\$	4,722,069
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Notes payable, related party, net of unamortized discount	\$	1,163,522
Convertible debenture, net of unamortized discount.		1,358,911
Accounts payable.		502,535
Accrued expenses and other current liabilities.		406,686
Preferred dividends payable		100,043

TOTAL CURRENT LIABILITIES.		3,531,697
Deferred gain on lease of facility		1,442,800
Other long-term liabilities.		41,512

TOTAL LIABILITIES.		5,016,009
STOCKHOLDERS' DEFICIT:		
Convertible preferred stock.		6,600
Common stock		133,254
Additional paid-in-capital		47,987,899
Unearned consulting compensation		(76,360)
Accumulated deficit.		(48,405,221)
Accumulated other comprehensive income		91,964
Treasury Stock, at cost.		(32,076)

Total Stockholders' (Deficit).		(293,940)

TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT.	\$	4,722,069
		=====

</TABLE>

See notes to unaudited condensed consolidated financial statements.

THE FEMALE HEALTH COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	Three Months Ended June 30,	
	----- 2000	----- 1999
<S>	<C>	<C>
Net revenues.	\$ 1,377,932	\$ 1,611,975
Cost of products sold	1,220,769	1,585,553
Gross Profit.	157,163	26,422
	-----	-----
Advertising & promotion	54,358	44,489
Selling, general and administrative	635,875	813,079
	-----	-----
Total operating expenses.	690,233	857,568
	-----	-----
Operating (Loss).	(533,070)	(831,146)
Amortization of debt issuance costs	31,032	69,650
Interest, net and other expense	268,690	114,225
	-----	-----
Income (Loss) before income taxes	(832,792)	(1,015,021)
Provision for income taxes	-	-
	-----	-----
Net (Loss).	\$ (832,792)	\$(1,015,021)
Preferred dividends, Series 1	32,910	33,304
	-----	-----

Net (Loss) attributable to Common stockholders.	\$ (865,702)	\$ (1,048,325)
	=====	=====
Net (Loss) Per Common Share Outstanding	\$ (0.07)	\$ (0.09)
Weighted Average Common Shares Outstanding. . .	12,824,651	11,094,925

See notes to unaudited condensed consolidated financial statements.

5

THE FEMALE HEALTH COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	Nine Months Ended June 30,	
	2000	1999
<S>	<C>	<C>
Net revenues.	\$ 3,923,425	\$ 3,409,695
Cost of products sold	3,612,216	3,787,785
Gross Profit (Loss)	311,209	(378,090)
Advertising & promotion	169,000	219,333
Selling, general and administrative	2,085,001	2,129,111
Total operating expenses.	2,254,001	2,348,444
Operating (Loss).	(1,942,792)	(2,726,534)
Amortization of debt issuance costs	245,676	69,650
Interest, net and other expense	937,561	245,042
Income (Loss) before income taxes	(3,126,029)	(3,041,226)
Provision for income taxes.	-	-
Net (Loss).	\$ (3,126,029)	\$ (3,041,226)
Preferred dividends, Series 1	99,090	102,054
Net (Loss) attributable to Common stockholders.	\$ (3,225,119)	\$ (3,143,280)
	=====	=====
Net (Loss) Per Common Share Outstanding	\$ (0.26)	\$ (0.29)
Weighted Average Common Shares Outstanding. . .	12,522,230	10,719,690

See notes to unaudited condensed consolidated financial statements.

6

THE FEMALE HEALTH COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Nine Months ended June 30,	
	2000	1999
<S>	<C>	<C>
OPERATIONS:		
Net (loss)	\$ (3,126,029)	\$ (3,041,226)
Adjusted for noncash items:		
Depreciation and amortization	474,443	425,016
Amortization of discounts on notes payable and convertible debentures	844,997	332,994
Changes in operating assets and liabilities	961,986	(526,101)
Net cash (used in) operating activities.	(844,603)	(2,809,317)
INVESTING ACTIVITIES:		
Capital expenditures, Net cash (used in) provided by investing activities.	(11,579)	(22,129)
FINANCING ACTIVITIES:		
Proceeds from related party notes issued	1,300,000	1,300,000

Payments on notes payable, related party	(1,300,000)	(1,558,043)
Proceeds from the issuance of convertible debentures . .	-	1,500,000
Dividend paid on preferred stock	(39,002)	(116,255)
Purchase of Common Stock held in Treasury.	-	(12,746)
Proceeds from the issuance of common stock upon exercise of options and warrants.	-	226,878
Proceeds from issuance of common stock	719,500	485,000
	-----	-----
Net cash provided by financing activities.	680,498	1,953,835
	-----	-----
Effect of exchange rate changes on cash.	781	256,640
	-----	-----
INCREASE (DECREASE) IN CASH.	(174,903)	(749,972)
Cash at beginning of period.	570,709	1,480,287
CASH AT END OF PERIOD.	\$ 395,806	\$ 730,315
	=====	=====

Schedule of noncash financing and investing activities:

Common stock issued for payment of preferred stock dividends and convertible debenture interest.	\$ 48,160	29,972
Issuance of warrants on notes payable.	350,989	1,304,515
Common stock issued for payment of consulting services .	79,680	84,375
Preferred dividends declared, Series 1	99,090	100,289

</TABLE>

See notes to unaudited condensed consolidated financial statements.

THE FEMALE HEALTH COMPANY AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - Basis of Presentation

The accompanying financial statements are unaudited but in the opinion of management contain all the adjustments (consisting of those of a normal recurring nature) considered necessary to present fairly the financial position and the results of operations and cash flow for the periods presented in conformity with generally accepted accounting principles for interim financial information and the instructions to Form 10-QSB and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

Operating results for the three and nine months ended June 30, 2000 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2000. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-KSB for the fiscal year ended September 30, 1999.

Principles of consolidation and nature of operations:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, The Female Health Company - UK and The Female Health Company - UK, plc. All significant intercompany transactions and accounts have been eliminated in consolidation. The Female Health Company ("FHC" or the "Company") is currently engaged in the marketing, manufacture and distribution of a consumer health care product known as the Reality female condom, "Reality," in the U.S. and "femidom" or "femy" outside the U.S. The Female Health Company - UK, is the holding company of The Female Health Company - UK, plc, which operates a 40,000sq. ft. leased manufacturing facility located in London, England.

Reclassification:

Certain expenses on the statements of income for the quarter and nine months ended June 30, 1999 have been reclassified to be consistent with the presentation shown for the quarter and nine months ended June 30, 2000.

NOTE 2 - Earnings Per Share

Earnings per share (EPS): Basic EPS is computed by dividing income available to

common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS is computed giving effect to all dilutive potential common shares that were outstanding during the period. Dilutive potential common shares consist of the incremental common shares issuable upon conversion of convertible preferred or convertible debt and the exercise of stock options and warrants for all periods. Fully diluted (loss) per share is not presented since

the effect would be anti-dilutive.

NOTE 3 - Comprehensive Income (Loss)

Total Comprehensive Loss was \$(954,440) and \$(3,323,002) for the three and nine months ended June 30, 2000 and \$(768,313) and \$(2,479,199) for the three and nine months ended June 30, 1999.

8

NOTE 4 - Inventories

The components of inventory consist of the following:

<TABLE>
<CAPTION>

	JUNE 30, 2000

<S>	<C>
Raw material and work in process	\$ 321,614
Finished goods	866,000

Inventory, gross	1,187,614
Less: Inventory reserves	(13,820)

Inventory, net	\$ 1,173,794
	=====

</TABLE>

NOTE 5 - Sale of Convertible Preferred Stock

The Company has outstanding 660,000 shares of 8% cumulative Convertible Preferred Stock - Series 1. Each share of preferred stock is convertible into one share of the Company's Common Stock on or after August 1, 1998. Annual preferred stock dividends will be paid if and as declared by the Company's Board of Directors. No dividends or other distributions will be payable on the Company's Common Stock unless dividends are paid in full on the Preferred Stock. The shares may be redeemed at the option of the Company, in whole or in part, on or after August 1, 2000, subject to certain conditions, at \$2.50 per share plus accrued and unpaid dividends. In the event of a liquidation or dissolution of the Company, the Preferred Stock - Series 1 would have priority over the Company's Common Stock.

NOTE 6 - Financial Condition

The Company's consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company incurred a net loss attributable to common stockholders of \$3.2 million for the nine months ended June 30, 2000 and as of June 30, 2000 had an accumulated deficit of \$48.4 million. At June 30, 2000, the Company had working capital of \$(1.2) million and stockholders' deficit of \$(.3) million. In the near term, the Company expects operating and capital costs to continue to exceed funds generated from operations due principally to the Company's manufacturing costs relative to current production volumes and the ongoing need to commercialize the Female Condom around the world. As a result, operations in the near future are expected to continue to use working capital. Management recognizes that the Company's continued operations depend on its ability to raise additional capital through a combination of equity or debt financing, strategic alliances and increased sales volumes.

At various points during the developmental stage of the product, the Company was able to secure resources, in large part through the sale of equity and debt securities, to satisfy its funding requirements. As a result, the Company was able to obtain FDA approval, worldwide rights, manufacturing facilities and equipment and to commercially launch the Female Condom.

9

NOTE 6 - Financial Condition - (Continued)

Management believes that recent developments, including the Company's agreement with the UNAIDS, a joint United Nations program on HIV/AIDS, provide an indication of the Company's early success in broadening awareness and distribution of the Female Condom and may benefit future efforts to raise additional capital and to secure additional agreements to promote and distribute the Female Condom throughout other parts of the world.

On September 29, 1997, the Company entered into an agreement with Vector Securities International, Inc. (Vector), an investment banking firm specializing

in providing financial advisory services to healthcare and life-science companies. Pursuant to this agreement, as extended, Vector has acted as the Company's exclusive financial advisor through June 30, 2000 for the purposes of identifying and evaluating opportunities available to the Company for increasing shareholder value. The Company and Vector are discussing extending these arrangements. These opportunities may include selling all or a portion of the business, assets or stock of the Company or entering into one or more distribution arrangements relating to the Company's product. There can be no assurance that any such opportunities will be available to the Company or, if so available, that the Company will ultimately elect or be able to consummate any such transaction. Management is currently determining whether the Company should seek to extend this arrangement.

On May 19, 1999 and June 3, 1999 the Company issued an aggregate \$1.5 million of convertible debentures and warrants to purchase 1,875,000 shares of the Company's common stock to five accredited investors. See Note 7 of the Notes to Unaudited Condensed Consolidated Financial Statements for additional detail.

On November 19, 1998, the Company executed an agreement with a private investor (the "Equity Line Agreement"). This agreement provides for the Company, at its sole discretion, subject to certain restrictions, to sell ("put") to the investor up to \$6.0 million of the Company's Common Stock, subject to a minimum put of \$1.0 million over the duration of the agreement. The Equity Line Agreement expires on February 12, 2001 and, among other things, provides for minimum and maximum puts ranging from \$100,000 to \$1,000,000 depending on the Company's stock price and trading volume. Puts cannot occur more frequently than every 20 trading days. Upon a proper put under this agreement, the investor purchases Common Stock at a discount of (a) 12% from the then current average market price of the Company's Common Stock, as determined under the Equity Line Agreement, if such average market price is at least \$2 or (b) 18% from the then current average market price if such average market price is less than \$2. In addition, the Company is required to pay its placement agent sales commissions in Common Stock or cash, at the placement agent's discretion, equal to 7% of the funds raised under the Equity Line Agreement and issue warrants to the placement agent to purchase shares of Common Stock, at an exercise price of \$2.17 per share, equal to 10% of the Shares sold by the Company under the Equity Line Agreement. Pursuant to the Equity Line Agreement, the Company issued the investor a Warrant to purchase 200,000 shares of Common Stock at \$2.17 per share.

10

NOTE 6 - Financial Condition - (Continued)

The Company is required to draw down a minimum of \$1 million during the term of the Equity Line Agreement. If the Company does not draw down the minimum, the Company is required to pay the investor a 12% fee on that portion of the \$1 million minimum not drawn down at the end of the two-year period. As of June 30, 2000, the Company has placed four puts for the combined cash proceeds of \$582,000 providing the Selling Stockholders with a total of 680,057 shares of the Company's Common Stock. Each put was executed while the Company's stock price was below \$2.00 per share and therefore, the common stock was sold at the 18% discount. The timing and amount of the stock sales under the agreement are totally at the Company's discretion, subject to the Company's compliance with each of the following conditions at the time the Company requests a stock sale under the agreement:

- - the registration statement the Company filed with the SEC for sales of stock under the agreement must remain in effect;
- - all of the Company's representations and warranties in the agreement must be accurate and the Company must have complied with all of the Company's obligations in the Equity Line Agreement;
- - there may not be any injunction, legal proceeding or law prohibiting the Company's sale of the stock to Kingsbridge;
- - the sale must not cause Kingsbridge's ownership of the Company's common stock to exceed 9.9% of the outstanding shares of the Company's common stock;
- - the trading price of the Company's common stock over a five trading day preceding the date of the sale must equal or exceed \$1.00 per share; and
- - the average daily trading volume of the Company's common stock for a 20 trading day period preceding the date of the sale must equal or exceed 17,000 shares.

The trading price of the Company's common stock was below \$1.00 per share as of June 30, 2000. Although Kingsbridge waived the condition relating to the trading price of the Company's common stock for the fourth put completed during the quarter ended June 30, 2000, the Company can make no assurance that Kingsbridge will waive this condition or any other condition under the Equity Line Agreement if the Company cannot satisfy such conditions to use the Equity

Line Agreement if needed in the future.

While the Company believes that its existing capital resources will be adequate to fund its currently anticipated capital needs, if they are not, the Company may need to raise additional capital until its sales increase sufficiently to cover operating expenses. In addition, there can be no assurance that the Company will satisfy the conditions required for it to exercise puts under the Equity Line Agreement. Accordingly, the Company may not be able to realize all of the funds available to it under the Equity Line Agreement.

11

NOTE 6 - Financial Condition - (Continued)

Further, there can be no assurances, assuming the Company successfully raises additional funds or enters into business agreements with third parties, that the Company will achieve profitability or positive cash flow. If the Company is unable to obtain adequate financing, management will be required to sharply curtail the Company's efforts to commercialize the Female Condom and to curtail certain other of its operations or, ultimately, cease operations.

NOTE 7 - Sale of Convertible Debentures

On May 19 and June 3, 1999, the Company issued an aggregate of \$1.5 million of convertible debentures and warrants to purchase 1,875,000 shares of the Company's common stock to five accredited investors. Interest on the convertible debentures is payable quarterly at a rate of 8% annually in cash or, at the investors' option, common stock at its then current fair market value. From December 2, 1999 until February 11, 2000, interest on the convertible debentures was at the rate of 10% annually, and then returned to 8% annually. Repayment of the convertible debentures is secured by a first security interest in all Company's assets. The original principal balance plus any accrued but unpaid interest of the convertible debentures may be convertible into the Company's common stock at the investor's election at any time after one year based on a per share price equal to the lesser of (a) 70% of the market price of the Company's Common Stock at the time of conversion or \$1.00. The convertible debentures were originally payable one year after issuance. However, the Company elected under the terms of the convertible debentures to extend the due date to two years after issuance. As a result of the Company electing to extend the term of the debentures an additional year, the Company issued to the investors at the time of extension, additional warrants to purchase 375,000 shares of Common Stock on the same term as the other warrants.

Additionally, warrants to purchase 337,500 shares of Common Stock were issued to the Company's placement agent in this offering. The warrants have a term of five years and are exercisable at an exercise price equal to the lesser of 70% of the market price of the Common Stock at the time of the exercise or \$1.00.

The convertible debentures beneficial conversion feature is valued at \$336,400 and the warrants to purchase 1,875,000 shares of common stock are valued at \$715,100. In accordance with SEC reporting requirements for such transactions, the Company recorded the value of the beneficial conversion feature and warrants (a total of \$1,051,500) as additional paid in capital.

The corresponding amount of \$1,051,500 was recorded as a discount on convertible debentures and is amortized over 1 year using the interest rate method.

12

NOTE 8 - Industry Segments And Financial Information About Foreign and Domestic

Operations

The Company currently operates primarily in one industry segment which includes the development, manufacture and marketing of consumer health care products.

The Company operates in foreign and domestic regions. Information about the Company's operations in different geographic areas (determined by the location of the operating unit) is as follows:

<TABLE>
<CAPTION>

(Amounts in Thousands)	Nine Months Ended	
	2000	1999
	-----	-----
<S>	<C>	<C>
Net revenues:		
United States.	\$ 1,542	\$ 1,856
International.	2,381	1,553

Operating profit (loss):		
United States	(3,344)	(2,665)
International	119	(479)
Identifiable assets		
United States	1,082	1,647
International	3,640	4,678

</TABLE>

On occasion, the Company's U.S. unit sells product directly to customers located outside the U.S. Were such transactions reported by geographic destination of the sale rather than the geographic location of the unit, U.S. revenues would be decreased and International revenues increased by \$36,540 and \$96,514 as of June 30, 2000 and 1999, respectively. Additionally, U.S. operating loss reflects \$2,227,625 and \$1,075,330 of unallocated worldwide corporate overhead for the nine months ended June 30, 2000 and 1999, respectively.

THE FEMALE HEALTH COMPANY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

The Female Health Company ("FHC" or the "Company") manufactures, markets and sells THE FEMALE CONDOM around the world. It is the only product under a woman's control which can prevent unintended pregnancy and sexually transmitted diseases ("STDs"), including HIV/AIDS.

The female condom has undergone extensive testing for efficacy, safety and acceptability, not only in the United States but also in over 40 additional countries. Certain of these studies show that having the female condom available increases protected sex acts and decreases the incidence of STDs.

The product is currently sold or available in various venues including commercial (private sector) and public sector clinics in 75 countries. It is commercially marketed directly by the Company in the United States and the United Kingdom and through marketing partners in 15 countries, including Canada, France and Japan. The Company is currently in discussions with potential distributors for certain European countries, India, The People's Republic of China and other countries.

As noted above, the female condom is sold to the global public sector. In the U.S., the product is marketed to city and state public health clinics as well as not-for-profit organizations such as Planned Parenthood. Following several years of testing the efficacy and acceptability of the female condom, in 1996, the Company entered into a three-year agreement with the Joint United Nations Programme on AIDS (UNAIDS) which has subsequently been extended. In the agreement, UNAIDS facilitates the availability and distribution of the female condom in the developing world and the Company sells the product to developing countries at a reduced price based on the total number of units purchased. The current price per unit is approximately 0.38 (Pounds) (or \$0.58). Pursuant to this agreement, the product is currently available in 51 countries including Zambia, Zimbabwe, Tanzania, Brazil, Uganda, South Africa, and Haiti. The Company anticipates multiple launches will occur during the next two years under this agreement, including launches in Kenya, Nigeria, Ghana, Cambodia, Bangladesh, Columbia and Central American countries.

Product

The female condom is made of polyurethane, a thin but strong material that is resistant to rips and tears during use. The female condom consists of a soft, loose fitting sheath and two flexible O rings. One of the rings is used to insert the device and helps to hold it in place. The other ring remains outside the vagina after insertion. The female condom lines the vagina, preventing skin from touching skin during intercourse. The female condom is prelubricated and disposable and is intended for use during only one sex act.

Global Market Potential

MALE CONDOM MARKET: It is estimated the global male condom market is 5.4 billion units. The major segments are in the Global Public Sector, the U.S., Japan, India and China.

The World Health Organization (WHO) estimates there are more than 300 million new cases of STDs worldwide each year, excluding HIV, and most of those diseases are more easily transmitted to women than to men. UNAIDS estimates that there are currently approximately 34 million people worldwide who are infected with HIV/AIDS and there are approximately 16,000 people per day who are newly infected. In the United States, the Center for Disease Control noted that in 1995, five of the ten most frequently reported diseases were STDs. The Center also has noted that one in five Americans over the age of 12 has Herpes and 1 in every 3 sexually active people will get an STD by age 24. Women are currently the fastest growing group infected with HIV and are expected to comprise the

majority of the new cases by the coming year.

Currently there are only two products that prevent the transmission of HIV/AIDS through sexual intercourse --the latex male condom and the female condom.

The Company is currently in discussion with WHO and UNAIDS regarding the role the Female Condom will play as part of the International Partnership Against Aids in Africa. The partnership is a coalition of African governments, the United Nations, donors and the private and community sectors. Its mission is over the next decade to help reduce the number of new HIV infections in Africa, promote care of HIV positive persons and to mobilize society to halt the advance of AIDS.

Advantages vs. the Male Condom

The female condom is currently the only available barrier contraceptive method controlled by women which allows them to protect themselves from unintended pregnancy and STDs, including HIV/AIDS. The most important advantage is that a woman can control whether or not she is protected as many men do not like to wear male condoms and may refuse to do so.

The polyurethane material that is used for the female condom offers a number of benefits over latex, the material that is most commonly used in male condoms. Polyurethane is 40% stronger than latex, reducing the probability that the female condom sheath will tear during use. Clinical studies and everyday use have shown that latex male condoms can tear as much as 4% to 8% of the times they are used. Unlike latex, polyurethane quickly transfers heat, so the female condom immediately warms to body temperature when it is inserted, which may result in increased pleasure and sensation during use. The product offers an additional benefit to the 7% to 20% of the population that is allergic to latex and who, as a result, may be irritated by latex male condoms. To the Company's knowledge, there is no reported allergy to date to polyurethane. The female condom is also more convenient, providing the option of insertion hours before sexual arousal and as a result is less disruptive during sexual intimacy than the male condom which requires sexual arousal for application.

15

Cost Effectiveness

Over the past two years several studies have been completed which show that providing the female condom in public clinics in both the United States and countries in the developing world, is at a minimum cost effective and usually cost saving. This is important information for governments to have in determining where their public health dollars are allocated. These studies have been or are about to be published and also presented at various scientific meetings around the world.

Worldwide Regulatory Approvals

The female condom received PMA approval as a Class III Medical Device from the FDA in 1993. The extensive clinical testing and scientific data required for FDA approval laid the foundation for approvals throughout the rest of the world, including receipt of a CE Mark in 1997 which allows the Company to market the female condom throughout the EU. In addition to the United States and the EU, several other countries have approved the female condom for sale, including Canada, Japan, Russia, Australia, South Korea and Taiwan.

The Company believes that, in addition to its patent coverage, the female condom's PMA approval and FDA classification as a Class III Medical Device create a significant barrier to entry in the US. The Company estimates that it would take a minimum of four to six years to implement, execute and receive FDA approval of a PMA to market another type of female condom.

The Company believes there are no material issues or material costs associated with the Company's compliance with environmental laws related to the manufacture and distribution of the female condom.

Strategy

The Company's strategy is to act as a manufacturer, selling the female condom to the global public sector, United States public sector and commercial partners for country-specific marketing. The public sector and commercial partners assume the cost of shipping and marketing the product. As a result, as volume increases, the Company's operating expenses will not increase significantly.

16

Commercial Markets

The Company markets the product directly in the United States and United Kingdom. The Company has commercial partners who have launched the product in 15 countries including Canada, Japan, and France. The most recent launch was in Japan on April 25, 2000 by the Company's partner, Taiho Pharmaceuticals. To date, the launch and results are proceeding as planned.

Relationships and Agreements with Public Sector Organizations

Currently, it is estimated more than 1.7 billion male condoms are distributed worldwide by the public sector each year. The female condom is seen as an important addition to prevention strategies by the public sector because studies show that making the female condom available decreases the amount of unprotected sex by as much as one-third over offering only a male condom.

The Company has a multi-year agreement with UNAIDS to supply the female condom to developing countries at a reduced price which is negotiated each year based on the Company's cost of production. The current price per unit is approximately 0.38 (pounds) (or \$.58).

In the United States, the product is marketed to city and state public health clinics, as well as not-for-profit organizations such as Planned Parenthood. Currently 10 major cities and 15 state governments, including the states of New York, Pennsylvania, Florida, Mississippi, California, Louisiana, Maryland, New Jersey, South Carolina and Illinois and the cities of Chicago, Philadelphia, New York and Houston have purchased the product for distribution with a number of others expressing interest. All major cities and states have reordered product after their initial shipments.

State-of-the-Art Manufacturing Facility

The Company manufactures the female condom in a 40,000 square-foot leased facility in London, England. The facility is currently capable of producing 60 million units per year. With additional equipment, this capacity can be significantly increased.

Government Regulation

In the U.S., the U.S. Food and Drug Administration ("FDA") regulate the female condom. Pursuant to section 515(a)(3) of the Safe Medical Amendments Act of 1990 (the "SMA Act"), the FDA may temporarily suspend approval and initiate withdrawal of the Pre-Market Approval ("PMA") if the FDA finds that the female condom is unsafe or ineffective, or on the basis of new information with respect to the device, which, when evaluated together with information available at the time of approval, indicates a lack of reasonable assurance that the device is safe or effective under the conditions of use prescribed, recommended, or suggested in the labeling. Failure to comply with the conditions of FDA approval invalidates the approval order. Commercial distribution of a device that is not in compliance with these conditions is a violation of the SMA Act.

17

Competition

The Company's female condom participates in the same market as male condoms but is not seen as competing - rather additive in terms of prevention and choice. However, it should be noted that latex male condoms cost less and have brand names that are more widely recognized than the female condom. In addition, male condoms are generally manufactured and marketed by companies with significantly greater financial resources than the Company. It is also possible that other parties may develop a female condom. These competing products could be manufactured, marketed and sold by companies with significantly greater financial resources than those of the Company.

Patents and Trademarks

The Company currently holds product and technology patents in the United States, Japan, the United Kingdom, France, Italy, Germany, Spain, the European Patent Convention, Canada, The People's Republic of China, New Zealand, Singapore, Hong Kong and Australia. These patents expire between 2005 and 2113. Additional product and technology patents are pending in Brazil, South Korea, Germany, Japan and several other countries. The patents cover the key aspects of the female condom, including its overall design and manufacturing process. The Company licenses the trademark "Reality" in the United States and has trademarks on the names "femidom" and "femy" in certain foreign countries. The Company has also secured, or applied for, 27 trademarks in 14 countries to protect the various names and symbols used in marketing the product around the world. In addition, the experience that has been gained through years of manufacturing the female condom has allowed the Company to develop trade secrets and know-how, including certain proprietary production technologies that further secure its competitive position.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2000 COMPARED TO THREE MONTHS ENDED JUNE 30, 1999

The Company had net revenues of \$1,377,932 and a net loss of \$865,702 for the three months ended June 30, 2000 compared to net revenues of \$1,611,975 and a net loss of \$1,048,325 for the three months ended June 30, 1999.

The Company's operating loss for the 3 months ended June 30, 2000 was \$533,070 compared to \$831,146 for the same period last year for a decrease of 36%. As discussed more fully below, the decrease in the Company's net operating loss was result of an increase in gross profit coupled with a decrease in selling, general and administrative expenses. The decrease in the net loss resulted from the reduction in the net operating loss offset somewhat by an increase in non-operating interest expenses. This is the second consecutive quarter in which the Company has registered a gross profit without adjustment.

Net revenues decreased \$234,043 in the current quarter, or 15%, compared with the same period last year. The lower net revenues occurred because of lower unit sales shipped to domestic customers. The Company expects significant quarter to quarter variation due to the timing of receipt of large orders, subsequent production scheduling, and shipping of products as various countries launch the product. The Company believes this variation between quarters will continue for several quarters to come until reorders form an increasing portion of total sales.

18

Cost of goods sold decreased \$364,784 to \$1,220,769 in the current quarter from \$1,585,553 for the same period last year. The cost of goods sold as a percentage of sales improved to 89% in the current quarter compared to 98% during the same period in the prior year. The decline in the percentage is a result of a larger portion of the Company's total sales being comprised of international and global public sector business (61%) than during the same period in the prior year (52%). The costs of goods sold per unit for international and global public sector business is less expensive because of the efficiencies related to the production of the bulk sized product sold.

Advertising and promotional expenditures increased \$9,869 to \$54,358 in the current quarter from \$44,489 for the same period in the prior year.

Selling, general and administrative expenses decreased \$177,204, or 22%, to \$635,875 in the current quarter from \$813,079 for the same period last year. The decrease reflects a decrease in consulting and legal fees than incurred in the prior fiscal year's third quarter.

Net interest and non-operating expenses increased \$154,465 to \$268,690 for the current period from \$114,225 for the same period last year. The increase exists because the Company had a higher level of debt outstanding than the same period last year, as a result of the issuance of convertible debentures. The result is a larger amount of non-cash expenses incurred from the amortization of discounts on notes payable and convertible debentures than the third quarter of the prior year.

NINE MONTHS ENDED JUNE 30, 2000 COMPARED TO NINE MONTHS ENDED JUNE 30, 1999

The Female Health Company had net revenues of \$3,923,425 and a net loss of \$3,225,119 for the nine months ended June 30, 2000 compared to net revenues of \$3,409,695 and a net loss of \$3,143,280 for the nine months ended June 30, 1999.

The Company's operating loss for the 9 months ended June 30, 2000 was \$1,942,792 compared to \$2,726,534 for the same period last year for a decrease of 29%. As discussed in more detail in the following paragraphs, the decrease in the Company's net operating loss was a result of gross profit improvements and reductions in operating expenses principally from a decline in advertising and promotion expenses. The increase in the net loss resulted from an increase in non-operating interest expenses and amortization of debt issuance costs more than offsetting the reduced operating loss. As a result, the Company recorded a gross profit of \$311,209 for the nine month period in 2000 versus a gross loss of \$378,090 for the same 1999 period.

For the nine months ended June 30, 2000, net revenues increased \$513,730, or 15%, compared with the same period last year. The higher net revenues occurred because of increased unit sales shipped to international customers.

Units shipped and orders in-house totaled 7.4 million units at June 30, 2000 compared to 4.9 million at June 30, 1999 for an increase of 51%. The Company expects significant quarter to quarter variation due to the timing of receipt of large orders, subsequent production scheduling, and shipping of products as various countries launch the product. The Company believes this variation between quarters will continue for several quarters to come until reorders form an increasing portion of total sales.

19

Cost of goods sold decreased \$175,569, or 5%, to \$3,612,216 for the nine months ended June 30, 2000 from \$3,787,785 for the same period last year. The decrease occurred as a result of a larger portion of the Company's total sales being comprised of international and global public sector business (68%) than during the same period in the prior year (46%). The cost of goods sold per unit for international and global public sector business is less expensive because of the efficiencies related to the production of the bulk sized product sold.

Advertising and promotional expenditures decreased \$50,333, or 23%, to \$169,000 for the nine months ended June 30, 2000 from \$219,333 for the same period in the prior year. Advertising and promotion relates almost exclusively to the U.S. consumer market, and includes the costs of print advertising, trade and consumer promotions, product samples and other marketing costs. Through expenditures to date, the Company has established that the Female Condom is responsive to promotion; but due to the Company's size, it doesn't possess the resources to conduct a significant marketing program. Accordingly, the Company is in discussions with potential partners for the U.S. that have the resources to conduct such a marketing program.

Selling, general and administrative expenses decreased \$44,110, or 2%, to \$2,085,001 in the current period from \$2,129,111 for the same period last year. The decrease reflects a decrease in consulting and legal fees than incurred in the prior year's first nine months.

Amortization of debt issuance costs increased \$176,026 to \$245,676 for the nine months ended June 30, 2000 from \$69,650 for the same period in the prior year. The increase is due to the amortization period of debt issuance costs relating to the issuance of convertible debentures in May and June 1999. See Note 7 of the Notes to Unaudited Condensed Consolidated Financial Statements for further detail regarding the specifics of the transaction.

Net interest and non-operating expenses increased \$692,519 to \$937,561 for the current period from \$245,042 for the same period the prior year. The increase exists because the Company had a higher level of debt outstanding during the current fiscal year than the same period last year as a result of the issuance of convertible debentures. The result is a larger amount of non-cash expenses incurred from the amortization of discounts on notes payable and convertible debentures than the first nine months of the prior year.

Factors That May Affect Operating Results and Financial Condition

The Company's future operating results and financial condition are dependent on the Company's ability to increase demand for and to cost-effectively manufacture sufficient quantities of the female condom. Inherent in this process is a number of factors that the Company must successfully manage in order to achieve favorable future results and improve its financial condition.

20

Reliance on a Single Product

The Company expects to derive the vast majority, if not all, of its future revenues from the female condom, its sole current product. While management believes the global potential for the female condom is significant, the product is in the early stages of commercialization and, as a result, the ultimate level of consumer demand around the world is not yet known. To date, sales of the female condom have not been sufficient to cover the Company's operating costs.

Distribution Network

The Company's strategy is to act as a manufacturer and to develop a global distribution network for the product by completing partnership arrangements with companies with the necessary marketing and financial resources and local market expertise. To date, this strategy has resulted in numerous in-country distributions in the public sector, particularly in Africa and Latin America. Several partnership agreements have been completed for the commercialization of the female condom in private sector markets around the world. However, the Company is dependent on country governments as well as city and state public health departments within the United States to continue their commitment to prevention of STDs, including AIDS, by including female condoms in their programs. The Company is also dependent on finding appropriate partners for the private sector markets around the world. Once an agreement is completed, the Company is reliant on the effectiveness of its partners to market and distribute the product. Failure by the Company's partners to successfully market and distribute the female condom or failure of country governments to implement prevention programs which include distribution of barrier methods against the AIDS crisis, or an inability of the Company to secure additional agreements for AIDS crisis, or an inability of the Company to secure additional agreements for new markets either in the public or private sectors could adversely affect the Company's financial condition and results of operations.

Inventory and Supply

All of the key components for the manufacture of the female condom are essentially available from either multiple sources or multiple locations within a source.

Global Market and Foreign Currency Risks

The Company manufactures the female condom in a leased facility located in London, England. Further, a material portion of the Company's sales are in foreign markets. Manufacturing costs and sales to foreign markets are subject to normal currency risks associated with changes in the exchange rate of foreign

currencies relative to the United States dollar. To date, the Company's management has not deemed it necessary to utilize currency hedging strategies to manage its currency risks. On an ongoing basis, management continues to evaluate its commercial transactions and is prepared to employ currency hedging strategies when it believes such strategies are appropriate. In addition, some of the Company's future international sales may be in developing nations where dramatic political or economic changes are possible. Such factors may adversely affect the Company's results of operations and financial condition.

21

Government Regulation

The female condom is subject to regulation by the FDA, pursuant to the federal Food, Drug and Cosmetic Act ("the FDA Act"), and by other state and foreign regulatory agencies. Under the FDC Act, medical devices must receive FDA clearance before they can be sold. FDA regulations also require the Company to adhere to certain "Good Manufacturing Practices," which include testing, quality control and documentation procedures. The Company's compliance with applicable regulatory requirements is monitored through periodic inspections by the FDA. The failure to comply with applicable regulations may result in fines, delays or suspensions of clearances, seizures or recalls of products, operating restrictions, withdrawal of FDA approval and criminal prosecutions. The Company's operating results and financial condition could be materially adversely affected in the event of a withdrawal of approval from the FDA.

Liquidity and Sources of Capital

Historically, the Company has incurred cash operating losses relating to expenses incurred to develop and promote the Female Condom. During the first nine months of fiscal 2000, cash used in operations totaled \$.8 million. The Company used net proceeds from the issuance of the Company's common stock and cash on hand in order to fund cash used in operations.

While the Company believes that its existing capital resources (including expected proceeds from sales of common stock pursuant to the Equity Line Agreement) will be adequate to fund its currently anticipated capital needs, if they are not, the Company will need to raise additional capital until its sales increase sufficiently to cover operating expenses. Until internally generated funds are sufficient to meet cash requirements, the Company will remain dependent upon its ability to generate sufficient capital from outside sources. See Note 6 to the Unaudited Consolidated Financial Statements for additional information regarding the Company's liquidity and sources of capital.

At June 30, 2000, the Company had current liabilities of \$3.5 million including a \$1.0 million note payable due March 25, 2001 and a \$250,000 note payable due February 12, 2001 both to Mr. Dearholt, a Director of the Company. As of June 30, 2000, Mr. Dearholt beneficially owns 2,496,720 shares of the Company's Common Stock.

The Company also secured a \$50,000 note payable due February 18, 2001 from Mr. Parrish, the Chairman of the Board and Chief Executive Officer of the Company. As of June 30, 2000, Mr. Parrish beneficially owns 696,501 shares of the Company's Common Stock.

On June 14, 2000, the Company sold 500,000 shares of Common Stock to two investors, including 400,000 shares to a trust for the benefit of one of Mr. Dearholt's children, at a price of \$0.50 per share, representing a discount of 6% of the market price of the Common Stock on that date.

In the near term, the Company's management expects operating and capital costs to continue to exceed funds generated from operations, due principally to the Company's fixed manufacturing costs relative to current production volumes and the ongoing need to commercialize the Female Condom around the world. It is estimated that the Company's cash burn rate, without revenues, is approximately \$0.1 million per month.

22

While management believes that revenue from sales of the Female Condom will eventually exceed operating costs, and that, ultimately, operations will generate sufficient funds to meet capital requirements, there can be no assurance that such level of operations ultimately will be achieved, or be achieved in the near term. Likewise, there can be no assurance that the Company will be able to source all or any portion of its required capital through the sale of debt or equity or, if raised, the amount will be sufficient to operate the Company until sales of the Female Condom generate sufficient revenues to fund operations. In addition, any funds raised may be costly to the Company and/or dilutive to stockholders.

If the Company is not able to source the required funds or any future capital which becomes required, the Company may be forced to sell certain of its assets or rights or cease operations. Further, if the Company is not able to source additional capital, the lack of funds to promote the Female Condom may significantly limit the Company's ability to realize value from the sale of such assets or rights or otherwise capitalize on the investments made in the Female

Condom.

IMPACT OF INFLATION AND CHANGING PRICES

Although the Company cannot accurately determine the precise effect of inflation, the Company has experienced increased costs of product, supplies, salaries and benefits, and increased selling, general and administrative expenses. Historically, the Company has absorbed increased costs and expenses without increasing selling prices.

PART II - OTHER INFORMATION

ITEMS 1-5. NOT APPLICABLE EXCEPT AS PROVIDED BELOW.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

2(c) The Company sold 500,000 shares of common stock to two investors in June 2000, including 400,000 shares to a trust for the benefit of a child of Stephen M. Dearholt, a director of the Company. The Company received cash proceeds of \$250,000 from this sale. The Company believes it has satisfied the exemption from the securities registration requirement provided by section 4(2) of the Securities Act and Regulation D promulgated thereunder in this offering since the securities were sold in a private placement to sophisticated, accredited investors, who provided representations which the Company deemed necessary to satisfy itself that were accredited investors and were purchasing for investment and not with a view to resale in connection with a public offering.

On May 19, 2000 and June 3, 2000, the Company issued warrants to purchase 375,000 shares of common stock to five investors, in connection with the one-year extension of the due date of a \$1,500,000 convertible debenture. The exercise price of the warrants is the lesser of 70% of market value or \$1.00 per share. The warrants expire upon the earlier of their exercise or four years after the date of their issuance. The Company believes that it has satisfied the exemption from the securities registration requirement provided by section 4(2) of the Securities Act in connection with this issuance.

During the quarter ended June 30, 2000, the Company sold 197,093 shares of Common Stock to a private investor under an equity line agreement. The Company received net cash proceeds of \$97,000. The Company believes that it has satisfied the exemption from the securities registration requirement provided by section 4(2) of the Securities Act in connection with this issuance.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held an Annual Meeting of its shareholders on May 5, 2000. At the meeting, shareholders were asked to elect O.B. Parrish, Mary Ann Leeper, Ph.D., William R. Gargiulo, Jr., Stephen M. Dearholt, David R. Bethune, Michael R. Walton and James R. Kerber to the Board of Directors to serve until the 2001 Annual Meeting, to ratify the appointment of McGladery & Pullen LLP as the Company's independent public accountants for the fiscal year ending September 30, 2000 and to amend the company's Amended and Restated Articles of Incorporation to increase the Company's authorized stock. The results of the shareholder voting is listed below:

<TABLE>
<CAPTION>

Matter Voted On:	For	Against	Withheld	Abstentions	Broker non-votes
<S>	<C>	<C>	<C>	<C>	<C>
O.B. Parrish	11,559,264		234,781		
William R. Gargiulo, Jr.	11,550,264		243,781		
Mary Ann Leeper Ph.D.	11,541,214		252,831		
Stephen M. Dearholt	11,539,749		254,296		
David R. Bethune	11,540,049		253,996		
Michael R. Walton	11,530,049		263,996		
James R. Kerber	11,521,949		272,096		
Ratification of Independent Public Accountants	11,623,220	150,014		20,811	
Amendment of Restated Articles of Incorporation	11,123,715	639,830		30,500	

</TABLE>

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

<TABLE>

<CAPTION>

Exhibit Number	Description
<C>	<S>
3.1	Amended and Restated Articles of Incorporation. (1)
3.2	Amended and Restated By-Laws. (2)
4.1	Amended and Restated Articles of Incorporation. (1)
4.2	Articles II, VII, and XI of the Amended and Restated By-Laws (included in Exhibit 3.2).(2)
4.3	Amended and Restated Articles of Incorporation.
10.1	Warrant to purchase 250,000 shares of the Company's common stock issued to Gary Benson on May 19, 2000.
10.2	Warrant to purchase 25,000 shares of the Company's common stock issued to Daniel Bishop on June 3, 2000.
10.3	Warrant to purchase 25,000 shares of the Company's common stock issued to Robert Johander on June 3, 2000.
10.4	Warrant to purchase 50,000 shares of the Company's common stock issued to Michael Snow on June 3, 2000.
10.5	Warrant to purchase 25,000 shares of the Company's common stock issued to W.G. Securities Limited Partnership on June 3, 2000.
10.6	Stock Purchase Agreement, dated as of June 14, 2000, between the Company and The John W. Dearholt Trust
27	Financial Data Schedule

<FN>

- (1) Incorporated herein by reference to the Company's Registration Statement on Form S-3, filed with the Securities and Exchange Commission on February 13, 1998.
- (2) Incorporated herein by reference to the Company's 1995 Form 10-KSB.
- (b) Report on Form 8-K - No reports on Form 8-K were filed during the quarter ended June 30, 2000.

</TABLE>

25

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.

THE FEMALE HEALTH COMPANY

DATE: August 11, 2000

/s/O.B. Parrish

O.B. Parrish, Chairman and
Chief Executive Officer

/s/o/Robert R. Zic

Robert R. Zic, Director of
Finance (Principal Accounting Officer)

26

RESTRICTION ON TRANSFER

THE SECURITIES EVIDENCED HEREBY MAY NOT BE TRANSFERRED WITHOUT (I) THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH TRANSFER MAY BE LAWFULLY MADE WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ALL APPLICABLE STATE SECURITIES LAWS OR (II) SUCH REGISTRATION.

WARRANT

To Subscribe for and Purchase Common Stock of

THE FEMALE HEALTH COMPANY

THIS CERTIFIES THAT, for value received, GARY BENSON, or his registered assigns, is entitled to subscribe for and purchase from The Female Health Company (herein called the "Company"), a corporation organized and existing under the laws of the State of Wisconsin, at the price specified below (subject to adjustment as noted below) at any time from and after the date hereof to and including May 18, 2004, Two Hundred Fifty Thousand (250,000) fully paid and nonassessable (subject to Wisconsin law) shares of the Company's Common Stock (subject to adjustment as noted below).

The Warrant purchase price (subject to adjustment as noted below) shall be a price per share equal to seventy percent (70%) of the "market price" of the Common Stock as of the day immediately prior to the date the exercise notice is given to the Company, but such per share price shall not exceed \$1.00.

For purposes of determining the "market price" of the Common Stock, the price shall be determined as the average last sale price of a share of the Company's Common Stock for the five trading days ending on the day immediately prior to the date a notice of exercise is issued to the Company by the holder of this Warrant.

This Warrant is subject to the following provisions, terms and conditions:

1. The rights represented by this Warrant may be exercised by the holder hereof, in whole or in part, by written notice of exercise delivered to the Company 20 days prior to the intended date of exercise and by the surrender of this Warrant (properly endorsed if required) at the principal office of the Company and upon payment to it by check of the purchase price for such shares. The Company agrees that the shares so purchased shall be and are deemed to be issued to the holder hereof as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares as aforesaid. Subject to the provisions of the next succeeding paragraph, certificates for the shares of stock so purchased (bearing an appropriate legend to indicate that the shares have not been registered under securities laws) shall be delivered to the holder hereof within a reasonable time, not exceeding 10 days, after the rights represented by this Warrant shall have been so exercised, and, unless this Warrant has expired, a new Warrant representing the number of shares, if any, with respect to which this Warrant shall not then have been exercised shall also be delivered to the holder hereof within such time.

2. Notwithstanding the foregoing, however, the Company shall not be required to deliver any certificate for shares of stock upon exercise of this Warrant except in accordance with the provisions, and subject to the limitations, of paragraph 6 hereof and the restrictive legend under the heading "Restriction on Transfer."

3. The Company covenants and agrees that all shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be duly authorized and issued, fully paid and nonassessable (except as set forth in Wisconsin Statutes Section 180.0622(2)(b)). The Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of issue or transfer upon exercise of the subscription rights evidenced by this Warrant, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Warrant.

4. (a) The warrant purchase price shall, from and after the date of issuance of this Warrant, be subject to adjustment from time to time as hereinafter provided. Upon each adjustment of the warrant purchase price, the holder of this Warrant shall thereafter be entitled to purchase, at the warrant purchase price resulting from such adjustment, the number of shares obtained by multiplying the warrant purchase price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment and dividing the product thereof by the warrant purchase price resulting from such adjustment.

(b) In case the Company shall at any time subdivide its outstanding shares of Common Stock into a greater number of shares, the warrant purchase price in effect immediately prior to such subdivision shall be

proportionately reduced, and conversely, in case the outstanding shares of Common Stock of the Company shall be combined into a smaller number of shares, the warrant purchase price in effect immediately prior to such combination shall be proportionately increased.

(c) If any event occurs as to which in the opinion of the Board of Directors of the Company the other provisions of this paragraph 4 are not strictly applicable or if strictly applicable would not fairly protect the purchase rights of the holder of this Warrant or of Common Stock in accordance with the essential intent and principles of such provisions, then the Board of Directors shall make an adjustment in the application of such provisions, in accordance with such essential intent and principles, so as to protect such purchase rights as aforesaid.

5. This Warrant shall not entitle the holder hereof to any voting rights or other rights as a stockholder of the Company.

6. (a) The holder of this Warrant, by acceptance hereof, agrees to give written notice to the Company before transferring this Warrant or transferring any Common Stock issuable or issued upon the exercise hereof of such holder's intention to do so, describing briefly the manner of any proposed transfer of this Warrant or such holder's intention as to the disposition to be made of shares of Common Stock issuable or issued upon the exercise hereof. Such holder shall also provide the Company with an opinion of counsel satisfactory to the

2

Company to the effect that the proposed transfer of this Warrant or disposition of shares received upon exercise hereof may be effected without registration or qualification (under any Federal or State law) and without causing the loss of the applicable securities law registration exemption(s) relied upon by the Company when it issued this Warrant. Upon receipt of such written notice and opinion by the Company, such holder shall be entitled to transfer this Warrant, or to exercise this Warrant in accordance with its terms and dispose of the shares received upon such exercise or to dispose of shares of Common Stock received upon the previous exercise of this Warrant, all in accordance with the terms of the notice delivered by such holder to the Company, provided that an appropriate legend respecting the aforesaid restrictions on transfer and disposition shall be endorsed on this Warrant or the certificates for such shares.

(b) This Warrant includes certain registration rights pursuant to a Registration Rights Agreement, a copy of which is attached hereto as Schedule 1.

7. Subject to the provisions of paragraph 6 hereof, this Warrant and all rights hereunder are transferable, in whole or in part, at the principal office of the Company by the holder hereof in person or by duly authorized attorney, upon surrender of this Warrant properly endorsed. Each taker and holder of this Warrant, by taking or holding the same, consents and agrees that the bearer of this Warrant, when endorsed, may be treated by the Company and all other persons dealing with this Warrant as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by this Warrant, or to the transfer hereof on the books of the Company, any notice to the contrary notwithstanding; but until such transfer on such books, the Company may treat the registered holder hereof as the owner for all purposes.

8. All questions concerning this Warrant will be governed and interpreted and enforced in accordance with the laws of the State of Minnesota, other than its choice of laws provisions.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer and this Warrant to be dated as of May 19, 2000.

THE FEMALE HEALTH COMPANY

By _____

Its _____

3

FORM OF ASSIGNMENT
(To Be Signed Only Upon Assignment)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ this Warrant, and appoints _____ to transfer this Warrant on the books of The Female Health Company with the full power of substitution in the premises.

Dated: _____

In the presence of:

(Signature must conform in all respects to the name of the holder as specified on the face of this Warrant without alteration, enlargement or any change whatsoever, and the signature must be guaranteed in the usual manner.)

SUBSCRIPTION FORM

To be Executed by the Holder of this Warrant if such Holder
Desires to Exercise this Warrant in Whole or in Part:

To: THE FEMALE HEALTH COMPANY (the "Company")

The undersigned _____

Please insert Social Security or other
identifying number of Subscriber:

hereby irrevocably elects to exercise the right of purchase represented by this Warrant for, and to purchase thereunder, _____ shares of the Common Stock provided for therein and tenders payment herewith to the order of the Company in the amount of \$_____, such payment being made as provided on the face of this Warrant.

The undersigned requests that certificates for such shares of Common Stock be issued as follows:

Name:

Address:

Deliver to:

Address:

and, if such number of shares of Common Stock shall not be all the shares of Common Stock purchasable hereunder, that a new Warrant for the balance remaining of the shares of Common Stock purchasable under this Warrant be registered in the name of, and delivered to, the undersigned at the address stated above.

Dated: _____ Signature _____

Note: The signature on this Subscription Form must correspond with the name as written upon the face of this Warrant in every particular, without alteration or enlargement or any change whatever.

RESTRICTION ON TRANSFER

THE SECURITIES EVIDENCED HEREBY MAY NOT BE TRANSFERRED WITHOUT (I) THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH TRANSFER MAY BE LAWFULLY MADE WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ALL APPLICABLE STATE SECURITIES LAWS OR (II) SUCH REGISTRATION.

WARRANT

To Subscribe for and Purchase Common Stock of

THE FEMALE HEALTH COMPANY

THIS CERTIFIES THAT, for value received, DANIEL BISHOP, or his registered assigns, is entitled to subscribe for and purchase from The Female Health Company (herein called the "Company"), a corporation organized and existing under the laws of the State of Wisconsin, at the price specified below (subject to adjustment as noted below) at any time from and after the date hereof to and including June 2, 2004, Twenty Five Thousand (25,000) fully paid and nonassessable (subject to Wisconsin law) shares of the Company's Common Stock (subject to adjustment as noted below).

The Warrant purchase price (subject to adjustment as noted below) shall be a price per share equal to seventy percent (70%) of the "market price" of the Common Stock as of the day immediately prior to the date the exercise notice is given to the Company, but such per share price shall not exceed \$1.00.

For purposes of determining the "market price" of the Common Stock, the price shall be determined as the average last sale price of a share of the Company's Common Stock for the five trading days ending on the day immediately prior to the date a notice of exercise is issued to the Company by the holder of this Warrant.

This Warrant is subject to the following provisions, terms and conditions:

1. The rights represented by this Warrant may be exercised by the holder hereof, in whole or in part, by written notice of exercise delivered to the Company 20 days prior to the intended date of exercise and by the surrender of this Warrant (properly endorsed if required) at the principal office of the Company and upon payment to it by check of the purchase price for such shares. The Company agrees that the shares so purchased shall be and are deemed to be issued to the holder hereof as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares as aforesaid. Subject to the provisions of the next succeeding paragraph, certificates for the shares of stock so purchased (bearing an appropriate legend to indicate that the shares have not been registered under securities laws) shall be delivered to the holder hereof within a reasonable time, not exceeding 10 days, after the rights represented by this Warrant shall have been so exercised, and, unless this Warrant has expired, a new Warrant representing the number of shares, if any, with respect to which this Warrant shall not then have been exercised shall also be delivered to the holder hereof within such time.

2. Notwithstanding the foregoing, however, the Company shall not be required to deliver any certificate for shares of stock upon exercise of this Warrant except in accordance with the provisions, and subject to the limitations, of paragraph 6 hereof and the restrictive legend under the heading "Restriction on Transfer."

3. The Company covenants and agrees that all shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be duly authorized and issued, fully paid and nonassessable (except as set forth in Wisconsin Statutes Section 180.0622(2)(b)). The Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of issue or transfer upon exercise of the subscription rights evidenced by this Warrant, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Warrant.

4. (a) The warrant purchase price shall, from and after the date of issuance of this Warrant, be subject to adjustment from time to time as hereinafter provided. Upon each adjustment of the warrant purchase price, the holder of this Warrant shall thereafter be entitled to purchase, at the warrant purchase price resulting from such adjustment, the number of shares obtained by multiplying the warrant purchase price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment and dividing the product thereof by the warrant purchase price resulting from such adjustment.

(b) In case the Company shall at any time subdivide its outstanding shares of Common Stock into a greater number of shares, the warrant purchase price in effect immediately prior to such subdivision shall be

proportionately reduced, and conversely, in case the outstanding shares of Common Stock of the Company shall be combined into a smaller number of shares, the warrant purchase price in effect immediately prior to such combination shall be proportionately increased.

(c) If any event occurs as to which in the opinion of the Board of Directors of the Company the other provisions of this paragraph 4 are not strictly applicable or if strictly applicable would not fairly protect the purchase rights of the holder of this Warrant or of Common Stock in accordance with the essential intent and principles of such provisions, then the Board of Directors shall make an adjustment in the application of such provisions, in accordance with such essential intent and principles, so as to protect such purchase rights as aforesaid.

5. This Warrant shall not entitle the holder hereof to any voting rights or other rights as a stockholder of the Company.

6. (a) The holder of this Warrant, by acceptance hereof, agrees to give written notice to the Company before transferring this Warrant or transferring any Common Stock issuable or issued upon the exercise hereof of such holder's intention to do so, describing briefly the manner of any proposed transfer of this Warrant or such holder's intention as to the disposition to be made of shares of Common Stock issuable or issued upon the exercise hereof. Such holder shall also provide the Company with an opinion of counsel satisfactory to the

2

Company to the effect that the proposed transfer of this Warrant or disposition of shares received upon exercise hereof may be effected without registration or qualification (under any Federal or State law) and without causing the loss of the applicable securities law registration exemption(s) relied upon by the Company when it issued this Warrant. Upon receipt of such written notice and opinion by the Company, such holder shall be entitled to transfer this Warrant, or to exercise this Warrant in accordance with its terms and dispose of the shares received upon such exercise or to dispose of shares of Common Stock received upon the previous exercise of this Warrant, all in accordance with the terms of the notice delivered by such holder to the Company, provided that an appropriate legend respecting the aforesaid restrictions on transfer and disposition shall be endorsed on this Warrant or the certificates for such shares.

(b) This Warrant includes certain registration rights pursuant to a Registration Rights Agreement, a copy of which is attached hereto as Schedule 1.

7. Subject to the provisions of paragraph 6 hereof, this Warrant and all rights hereunder are transferable, in whole or in part, at the principal office of the Company by the holder hereof in person or by duly authorized attorney, upon surrender of this Warrant properly endorsed. Each taker and holder of this Warrant, by taking or holding the same, consents and agrees that the bearer of this Warrant, when endorsed, may be treated by the Company and all other persons dealing with this Warrant as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by this Warrant, or to the transfer hereof on the books of the Company, any notice to the contrary notwithstanding; but until such transfer on such books, the Company may treat the registered holder hereof as the owner for all purposes.

8. All questions concerning this Warrant will be governed and interpreted and enforced in accordance with the laws of the State of Minnesota, other than its choice of laws provisions.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer and this Warrant to be dated as of June 3, 2000.

THE FEMALE HEALTH COMPANY
By _____
Its _____

3

FORM OF ASSIGNMENT
(To Be Signed Only Upon Assignment)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ this Warrant, and appoints _____ to transfer this Warrant on the books of The Female Health Company with the full power of substitution in the premises.

Dated: _____

In the presence of:

(Signature must conform in all respects to the name of the holder as specified on the face of this Warrant without alteration, enlargement or any change whatsoever, and the signature must be guaranteed in the usual manner.)

SUBSCRIPTION FORM

To be Executed by the Holder of this Warrant if such Holder
Desires to Exercise this Warrant in Whole or in Part:

To: THE FEMALE HEALTH COMPANY (the "Company")

The undersigned _____

Please insert Social Security or other
identifying number of Subscriber:

hereby irrevocably elects to exercise the right of purchase represented by this Warrant for, and to purchase thereunder, _____ shares of the Common Stock provided for therein and tenders payment herewith to the order of the Company in the amount of \$_____, such payment being made as provided on the face of this Warrant.

The undersigned requests that certificates for such shares of Common Stock be issued as follows:

Name:

Address:

Deliver to:

Address:

and, if such number of shares of Common Stock shall not be all the shares of Common Stock purchasable hereunder, that a new Warrant for the balance remaining of the shares of Common Stock purchasable under this Warrant be registered in the name of, and delivered to, the undersigned at the address stated above.

Dated: _____ Signature _____

Note: The signature on this Subscription Form must correspond with the name as written upon the face of this Warrant in every particular, without alteration or enlargement or any change whatever.

RESTRICTION ON TRANSFER

THE SECURITIES EVIDENCED HEREBY MAY NOT BE TRANSFERRED WITHOUT (I) THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH TRANSFER MAY BE LAWFULLY MADE WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ALL APPLICABLE STATE SECURITIES LAWS OR (II) SUCH REGISTRATION.

WARRANT

To Subscribe for and Purchase Common Stock of

THE FEMALE HEALTH COMPANY

THIS CERTIFIES THAT, for value received, ROBERT JOHANDER, or his registered assigns, is entitled to subscribe for and purchase from The Female Health Company (herein called the "Company"), a corporation organized and existing under the laws of the State of Wisconsin, at the price specified below (subject to adjustment as noted below) at any time from and after the date hereof to and including June 2, 2004, Twenty Five Thousand (25,000) fully paid and nonassessable (subject to Wisconsin law) shares of the Company's Common Stock (subject to adjustment as noted below).

The Warrant purchase price (subject to adjustment as noted below) shall be a price per share equal to seventy percent (70%) of the "market price" of the Common Stock as of the day immediately prior to the date the exercise notice is given to the Company, but such per share price shall not exceed \$1.00.

For purposes of determining the "market price" of the Common Stock, the price shall be determined as the average last sale price of a share of the Company's Common Stock for the five trading days ending on the day immediately prior to the date a notice of exercise is issued to the Company by the holder of this Warrant.

This Warrant is subject to the following provisions, terms and conditions:

1. The rights represented by this Warrant may be exercised by the holder hereof, in whole or in part, by written notice of exercise delivered to the Company 20 days prior to the intended date of exercise and by the surrender of this Warrant (properly endorsed if required) at the principal office of the Company and upon payment to it by check of the purchase price for such shares. The Company agrees that the shares so purchased shall be and are deemed to be issued to the holder hereof as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares as aforesaid. Subject to the provisions of the next succeeding paragraph, certificates for the shares of stock so purchased (bearing an appropriate legend to indicate that the shares have not been registered under securities laws) shall be delivered to the holder hereof within a reasonable time, not exceeding 10 days, after the rights represented by this Warrant shall have been so exercised, and, unless this Warrant has expired, a new Warrant representing the number of shares, if any, with respect to which this Warrant shall not then have been exercised shall also be delivered to the holder hereof within such time.

2. Notwithstanding the foregoing, however, the Company shall not be required to deliver any certificate for shares of stock upon exercise of this Warrant except in accordance with the provisions, and subject to the limitations, of paragraph 6 hereof and the restrictive legend under the heading "Restriction on Transfer."

3. The Company covenants and agrees that all shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be duly authorized and issued, fully paid and nonassessable (except as set forth in Wisconsin Statutes Section 180.0622(2)(b)). The Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of issue or transfer upon exercise of the subscription rights evidenced by this Warrant, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Warrant.

4. (a) The warrant purchase price shall, from and after the date of issuance of this Warrant, be subject to adjustment from time to time as hereinafter provided. Upon each adjustment of the warrant purchase price, the holder of this Warrant shall thereafter be entitled to purchase, at the warrant purchase price resulting from such adjustment, the number of shares obtained by multiplying the warrant purchase price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment and dividing the product thereof by the warrant purchase price resulting from such adjustment.

(b) In case the Company shall at any time subdivide its outstanding shares of Common Stock into a greater number of shares, the warrant purchase price in effect immediately prior to such subdivision shall be

proportionately reduced, and conversely, in case the outstanding shares of Common Stock of the Company shall be combined into a smaller number of shares, the warrant purchase price in effect immediately prior to such combination shall be proportionately increased.

(c) If any event occurs as to which in the opinion of the Board of Directors of the Company the other provisions of this paragraph 4 are not strictly applicable or if strictly applicable would not fairly protect the purchase rights of the holder of this Warrant or of Common Stock in accordance with the essential intent and principles of such provisions, then the Board of Directors shall make an adjustment in the application of such provisions, in accordance with such essential intent and principles, so as to protect such purchase rights as aforesaid.

5. This Warrant shall not entitle the holder hereof to any voting rights or other rights as a stockholder of the Company.

6. (a) The holder of this Warrant, by acceptance hereof, agrees to give written notice to the Company before transferring this Warrant or transferring any Common Stock issuable or issued upon the exercise hereof of such holder's intention to do so, describing briefly the manner of any proposed transfer of this Warrant or such holder's intention as to the disposition to be made of shares of Common Stock issuable or issued upon the exercise hereof. Such holder shall also provide the Company with an opinion of counsel satisfactory to the

2

Company to the effect that the proposed transfer of this Warrant or disposition of shares received upon exercise hereof may be effected without registration or qualification (under any Federal or State law) and without causing the loss of the applicable securities law registration exemption(s) relied upon by the Company when it issued this Warrant. Upon receipt of such written notice and opinion by the Company, such holder shall be entitled to transfer this Warrant, or to exercise this Warrant in accordance with its terms and dispose of the shares received upon such exercise or to dispose of shares of Common Stock received upon the previous exercise of this Warrant, all in accordance with the terms of the notice delivered by such holder to the Company, provided that an appropriate legend respecting the aforesaid restrictions on transfer and disposition shall be endorsed on this Warrant or the certificates for such shares.

(b) This Warrant includes certain registration rights pursuant to a Registration Rights Agreement, a copy of which is attached hereto as Schedule 1.

7. Subject to the provisions of paragraph 6 hereof, this Warrant and all rights hereunder are transferable, in whole or in part, at the principal office of the Company by the holder hereof in person or by duly authorized attorney, upon surrender of this Warrant properly endorsed. Each taker and holder of this Warrant, by taking or holding the same, consents and agrees that the bearer of this Warrant, when endorsed, may be treated by the Company and all other persons dealing with this Warrant as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by this Warrant, or to the transfer hereof on the books of the Company, any notice to the contrary notwithstanding; but until such transfer on such books, the Company may treat the registered holder hereof as the owner for all purposes.

8. All questions concerning this Warrant will be governed and interpreted and enforced in accordance with the laws of the State of Minnesota, other than its choice of laws provisions.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer and this Warrant to be dated as of June 3, 2000.

THE FEMALE HEALTH COMPANY

By _____

Its _____

3

FORM OF ASSIGNMENT
(To Be Signed Only Upon Assignment)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ this Warrant, and appoints _____ to transfer this Warrant on the books of The Female Health Company with the full power of substitution in the premises.

Dated: _____

In the presence of:

(Signature must conform in all respects to the name of the holder as specified on the face of this Warrant without alteration, enlargement or any change whatsoever, and the signature must be guaranteed in the usual manner.)

SUBSCRIPTION FORM

To be Executed by the Holder of this Warrant if such Holder
Desires to Exercise this Warrant in Whole or in Part:

To: THE FEMALE HEALTH COMPANY (the "Company")

The undersigned _____

Please insert Social Security or other
identifying number of Subscriber:

hereby irrevocably elects to exercise the right of purchase represented by this Warrant for, and to purchase thereunder, _____ shares of the Common Stock provided for therein and tenders payment herewith to the order of the Company in the amount of \$_____, such payment being made as provided on the face of this Warrant.

The undersigned requests that certificates for such shares of Common Stock be issued as follows:

Name:

Address:

Deliver to:

Address:

and, if such number of shares of Common Stock shall not be all the shares of Common Stock purchasable hereunder, that a new Warrant for the balance remaining of the shares of Common Stock purchasable under this Warrant be registered in the name of, and delivered to, the undersigned at the address stated above.

Dated: _____ Signature _____

Note: The signature on this Subscription Form
must correspond with the name as written upon the
face of this Warrant in every particular, without
alteration or enlargement or any change whatever.

RESTRICTION ON TRANSFER

THE SECURITIES EVIDENCED HEREBY MAY NOT BE TRANSFERRED WITHOUT (I) THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH TRANSFER MAY BE LAWFULLY MADE WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ALL APPLICABLE STATE SECURITIES LAWS OR (II) SUCH REGISTRATION.

WARRANT

To Subscribe for and Purchase Common Stock of

THE FEMALE HEALTH COMPANY

THIS CERTIFIES THAT, for value received, MICHAEL SNOW, or his registered assigns, is entitled to subscribe for and purchase from The Female Health Company (herein called the "Company"), a corporation organized and existing under the laws of the State of Wisconsin, at the price specified below (subject to adjustment as noted below) at any time from and after the date hereof to and including June 2, 2004, Fifty Thousand (50,000) fully paid and nonassessable (subject to Wisconsin law) shares of the Company's Common Stock (subject to adjustment as noted below).

The Warrant purchase price (subject to adjustment as noted below) shall be a price per share equal to seventy percent (70%) of the "market price" of the Common Stock as of the day immediately prior to the date the exercise notice is given to the Company, but such per share price shall not exceed \$1.00.

For purposes of determining the "market price" of the Common Stock, the price shall be determined as the average last sale price of a share of the Company's Common Stock for the five trading days ending on the day immediately prior to the date a notice of exercise is issued to the Company by the holder of this Warrant.

This Warrant is subject to the following provisions, terms and conditions:

1. The rights represented by this Warrant may be exercised by the holder hereof, in whole or in part, by written notice of exercise delivered to the Company 20 days prior to the intended date of exercise and by the surrender of this Warrant (properly endorsed if required) at the principal office of the Company and upon payment to it by check of the purchase price for such shares. The Company agrees that the shares so purchased shall be and are deemed to be issued to the holder hereof as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares as aforesaid. Subject to the provisions of the next succeeding paragraph, certificates for the shares of stock so purchased (bearing an appropriate legend to indicate that the shares have not been registered under securities laws) shall be delivered to the holder hereof within a reasonable time, not exceeding 10 days, after the rights represented by this Warrant shall have been so exercised, and, unless this Warrant has expired, a new Warrant representing the number of shares, if any, with respect to which this Warrant shall not then have been exercised shall also be delivered to the holder hereof within such time.

2. Notwithstanding the foregoing, however, the Company shall not be required to deliver any certificate for shares of stock upon exercise of this Warrant except in accordance with the provisions, and subject to the limitations, of paragraph 6 hereof and the restrictive legend under the heading "Restriction on Transfer."

3. The Company covenants and agrees that all shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be duly authorized and issued, fully paid and nonassessable (except as set forth in Wisconsin Statutes Section 180.0622(2)(b)). The Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of issue or transfer upon exercise of the subscription rights evidenced by this Warrant, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Warrant.

4. (a) The warrant purchase price shall, from and after the date of issuance of this Warrant, be subject to adjustment from time to time as hereinafter provided. Upon each adjustment of the warrant purchase price, the holder of this Warrant shall thereafter be entitled to purchase, at the warrant purchase price resulting from such adjustment, the number of shares obtained by multiplying the warrant purchase price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment and dividing the product thereof by the warrant purchase price resulting from such adjustment.

(b) In case the Company shall at any time subdivide its outstanding shares of Common Stock into a greater number of shares, the warrant purchase price in effect immediately prior to such subdivision shall be

proportionately reduced, and conversely, in case the outstanding shares of Common Stock of the Company shall be combined into a smaller number of shares, the warrant purchase price in effect immediately prior to such combination shall be proportionately increased.

(c) If any event occurs as to which in the opinion of the Board of Directors of the Company the other provisions of this paragraph 4 are not strictly applicable or if strictly applicable would not fairly protect the purchase rights of the holder of this Warrant or of Common Stock in accordance with the essential intent and principles of such provisions, then the Board of Directors shall make an adjustment in the application of such provisions, in accordance with such essential intent and principles, so as to protect such purchase rights as aforesaid.

5. This Warrant shall not entitle the holder hereof to any voting rights or other rights as a stockholder of the Company.

6. (a) The holder of this Warrant, by acceptance hereof, agrees to give written notice to the Company before transferring this Warrant or transferring any Common Stock issuable or issued upon the exercise hereof of such holder's intention to do so, describing briefly the manner of any proposed transfer of this Warrant or such holder's intention as to the disposition to be made of shares of Common Stock issuable or issued upon the exercise hereof. Such holder shall also provide the Company with an opinion of counsel satisfactory to the

2

Company to the effect that the proposed transfer of this Warrant or disposition of shares received upon exercise hereof may be effected without registration or qualification (under any Federal or State law) and without causing the loss of the applicable securities law registration exemption(s) relied upon by the Company when it issued this Warrant. Upon receipt of such written notice and opinion by the Company, such holder shall be entitled to transfer this Warrant, or to exercise this Warrant in accordance with its terms and dispose of the shares received upon such exercise or to dispose of shares of Common Stock received upon the previous exercise of this Warrant, all in accordance with the terms of the notice delivered by such holder to the Company, provided that an appropriate legend respecting the aforesaid restrictions on transfer and disposition shall be endorsed on this Warrant or the certificates for such shares.

(b) This Warrant includes certain registration rights pursuant to a Registration Rights Agreement, a copy of which is attached hereto as Schedule 1.

7. Subject to the provisions of paragraph 6 hereof, this Warrant and all rights hereunder are transferable, in whole or in part, at the principal office of the Company by the holder hereof in person or by duly authorized attorney, upon surrender of this Warrant properly endorsed. Each taker and holder of this Warrant, by taking or holding the same, consents and agrees that the bearer of this Warrant, when endorsed, may be treated by the Company and all other persons dealing with this Warrant as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by this Warrant, or to the transfer hereof on the books of the Company, any notice to the contrary notwithstanding; but until such transfer on such books, the Company may treat the registered holder hereof as the owner for all purposes.

8. All questions concerning this Warrant will be governed and interpreted and enforced in accordance with the laws of the State of Minnesota, other than its choice of laws provisions.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer and this Warrant to be dated as of June 3, 2000.

THE FEMALE HEALTH COMPANY

By _____

Its _____

3

FORM OF ASSIGNMENT
(To Be Signed Only Upon Assignment)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ this Warrant, and appoints _____ to transfer this Warrant on the books of The Female Health Company with the full power of substitution in the premises.

Dated: _____

In the presence of:

(Signature must conform in all respects to the name of the holder as specified on the face of this Warrant without alteration, enlargement or any change whatsoever, and the signature must be guaranteed in the usual manner.)

SUBSCRIPTION FORM

To be Executed by the Holder of this Warrant if such Holder
Desires to Exercise this Warrant in Whole or in Part:

To: THE FEMALE HEALTH COMPANY (the "Company")

The undersigned _____

Please insert Social Security or other
identifying number of Subscriber:

hereby irrevocably elects to exercise the right of purchase represented by this Warrant for, and to purchase thereunder, _____ shares of the Common Stock provided for therein and tenders payment herewith to the order of the Company in the amount of \$_____, such payment being made as provided on the face of this Warrant.

The undersigned requests that certificates for such shares of Common Stock be issued as follows:

Name:

Address:

Deliver to:

Address:

and, if such number of shares of Common Stock shall not be all the shares of Common Stock purchasable hereunder, that a new Warrant for the balance remaining of the shares of Common Stock purchasable under this Warrant be registered in the name of, and delivered to, the undersigned at the address stated above.

Dated: _____ Signature _____

Note: The signature on this Subscription Form must correspond with the name as written upon the face of this Warrant in every particular, without alteration or enlargement or any change whatever.

RESTRICTION ON TRANSFER

THE SECURITIES EVIDENCED HEREBY MAY NOT BE TRANSFERRED WITHOUT (I) THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH TRANSFER MAY BE LAWFULLY MADE WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ALL APPLICABLE STATE SECURITIES LAWS OR (II) SUCH REGISTRATION.

WARRANT

To Subscribe for and Purchase Common Stock of

THE FEMALE HEALTH COMPANY

THIS CERTIFIES THAT, for value received, W.G. SECURITIES LIMITED PARTNERSHIP, or its registered assigns, is entitled to subscribe for and purchase from The Female Health Company (herein called the "Company"), a corporation organized and existing under the laws of the State of Wisconsin, at the price specified below (subject to adjustment as noted below) at any time from and after the date hereof to and including June 2, 2004, Twenty Five Thousand (25,000) fully paid and nonassessable (subject to Wisconsin law) shares of the Company's Common Stock (subject to adjustment as noted below).

The Warrant purchase price (subject to adjustment as noted below) shall be a price per share equal to seventy percent (70%) of the "market price" of the Common Stock as of the day immediately prior to the date the exercise notice is given to the Company, but such per share price shall not exceed \$1.00.

For purposes of determining the "market price" of the Common Stock, the price shall be determined as the average last sale price of a share of the Company's Common Stock for the five trading days ending on the day immediately prior to the date a notice of exercise is issued to the Company by the holder of this Warrant.

This Warrant is subject to the following provisions, terms and conditions:

1. The rights represented by this Warrant may be exercised by the holder hereof, in whole or in part, by written notice of exercise delivered to the Company 20 days prior to the intended date of exercise and by the surrender of this Warrant (properly endorsed if required) at the principal office of the Company and upon payment to it by check of the purchase price for such shares. The Company agrees that the shares so purchased shall be and are deemed to be issued to the holder hereof as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares as aforesaid. Subject to the provisions of the next succeeding paragraph, certificates for the shares of stock so purchased (bearing an appropriate legend to indicate that the shares have not been registered under securities laws) shall be delivered to the holder hereof within a reasonable time, not exceeding 10 days, after the rights represented by this Warrant shall have been so exercised, and, unless this Warrant has expired, a new Warrant representing the number of shares, if any, with respect to which this Warrant shall not then have been exercised shall also be delivered to the holder hereof within such time.

2. Notwithstanding the foregoing, however, the Company shall not be required to deliver any certificate for shares of stock upon exercise of this Warrant except in accordance with the provisions, and subject to the limitations, of paragraph 6 hereof and the restrictive legend under the heading "Restriction on Transfer."

3. The Company covenants and agrees that all shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be duly authorized and issued, fully paid and nonassessable (except as set forth in Wisconsin Statutes Section 180.0622(2)(b)). The Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of issue or transfer upon exercise of the subscription rights evidenced by this Warrant, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Warrant.

4. (a) The warrant purchase price shall, from and after the date of issuance of this Warrant, be subject to adjustment from time to time as hereinafter provided. Upon each adjustment of the warrant purchase price, the holder of this Warrant shall thereafter be entitled to purchase, at the warrant purchase price resulting from such adjustment, the number of shares obtained by multiplying the warrant purchase price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment and dividing the product thereof by the warrant purchase price resulting from such adjustment.

(b) In case the Company shall at any time subdivide its outstanding shares of Common Stock into a greater number of shares, the warrant purchase price in effect immediately prior to such subdivision shall be

proportionately reduced, and conversely, in case the outstanding shares of Common Stock of the Company shall be combined into a smaller number of shares, the warrant purchase price in effect immediately prior to such combination shall be proportionately increased.

(c) If any event occurs as to which in the opinion of the Board of Directors of the Company the other provisions of this paragraph 4 are not strictly applicable or if strictly applicable would not fairly protect the purchase rights of the holder of this Warrant or of Common Stock in accordance with the essential intent and principles of such provisions, then the Board of Directors shall make an adjustment in the application of such provisions, in accordance with such essential intent and principles, so as to protect such purchase rights as aforesaid.

5. This Warrant shall not entitle the holder hereof to any voting rights or other rights as a stockholder of the Company.

6. (a) The holder of this Warrant, by acceptance hereof, agrees to give written notice to the Company before transferring this Warrant or transferring any Common Stock issuable or issued upon the exercise hereof of such holder's intention to do so, describing briefly the manner of any proposed transfer of this Warrant or such holder's intention as to the disposition to be made of shares of Common Stock issuable or issued upon the exercise hereof. Such holder shall also provide the Company with an opinion of counsel satisfactory to the

2

Company to the effect that the proposed transfer of this Warrant or disposition of shares received upon exercise hereof may be effected without registration or qualification (under any Federal or State law) and without causing the loss of the applicable securities law registration exemption(s) relied upon by the Company when it issued this Warrant. Upon receipt of such written notice and opinion by the Company, such holder shall be entitled to transfer this Warrant, or to exercise this Warrant in accordance with its terms and dispose of the shares received upon such exercise or to dispose of shares of Common Stock received upon the previous exercise of this Warrant, all in accordance with the terms of the notice delivered by such holder to the Company, provided that an appropriate legend respecting the aforesaid restrictions on transfer and disposition shall be endorsed on this Warrant or the certificates for such shares.

(b) This Warrant includes certain registration rights pursuant to a Registration Rights Agreement, a copy of which is attached hereto as Schedule 1.

7. Subject to the provisions of paragraph 6 hereof, this Warrant and all rights hereunder are transferable, in whole or in part, at the principal office of the Company by the holder hereof in person or by duly authorized attorney, upon surrender of this Warrant properly endorsed. Each taker and holder of this Warrant, by taking or holding the same, consents and agrees that the bearer of this Warrant, when endorsed, may be treated by the Company and all other persons dealing with this Warrant as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by this Warrant, or to the transfer hereof on the books of the Company, any notice to the contrary notwithstanding; but until such transfer on such books, the Company may treat the registered holder hereof as the owner for all purposes.

8. All questions concerning this Warrant will be governed and interpreted and enforced in accordance with the laws of the State of Minnesota, other than its choice of laws provisions.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer and this Warrant to be dated as of June 3, 2000.

THE FEMALE HEALTH COMPANY

By _____

Its _____

3

FORM OF ASSIGNMENT
(To Be Signed Only Upon Assignment)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ this Warrant, and appoints _____ to transfer this Warrant on the books of The Female Health Company with the full power of substitution in the premises.

Dated: _____

In the presence of:

(Signature must conform in all respects to the name of the holder as specified on the face of this Warrant without alteration, enlargement or any change whatsoever, and the signature must be guaranteed in the usual manner.)

SUBSCRIPTION FORM

To be Executed by the Holder of this Warrant if such Holder
Desires to Exercise this Warrant in Whole or in Part:

To: THE FEMALE HEALTH COMPANY (the "Company")

The undersigned _____

Please insert Social Security or other
identifying number of Subscriber:

hereby irrevocably elects to exercise the right of purchase represented by this Warrant for, and to purchase thereunder, _____ shares of the Common Stock provided for therein and tenders payment herewith to the order of the Company in the amount of \$_____, such payment being made as provided on the face of this Warrant.

The undersigned requests that certificates for such shares of Common Stock be issued as follows:

Name:

Address:

Deliver to:

Address:

and, if such number of shares of Common Stock shall not be all the shares of Common Stock purchasable hereunder, that a new Warrant for the balance remaining of the shares of Common Stock purchasable under this Warrant be registered in the name of, and delivered to, the undersigned at the address stated above.

Dated: _____ Signature _____

Note: The signature on this Subscription Form must correspond with the name as written upon the face of this Warrant in every particular, without alteration or enlargement or any change whatever.

STOCK PURCHASE AGREEMENT

June 14, 2000

The John W. Dearholt Trust
Stephen M. Dearholt, Trustee
741 North Milwaukee Street
Suite 500
Milwaukee, Wisconsin 53202

THE FEMALE HEALTH COMPANY, a Wisconsin corporation (the "Company"), desires to issue and sell 400,000 shares (the "Shares") of its Common Stock, par value \$0.01 per share (the "Common Stock") to The John W. Dearholt Trust (the "Purchaser"), and the Purchaser desires to purchase the Shares, on the terms and conditions set forth below.

ARTICLE I

THE SHARES

1.1 Purchase of the Shares. On the date hereof, the Purchaser shall purchase from the Company, and the Company shall sell and issue to the Purchaser, 400,000 Shares at a purchase price of \$0.50 per Share. On the date hereof, the Purchaser shall deliver to the Company a certified check or wire transfer of the full amount of the purchase price for the Shares and the Company shall deliver to the Purchaser a stock certificate representing the Shares to be issued to the Purchaser hereunder.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF COMPANY

The Company represents and warrants to the Purchaser as follows:

2.1 Organization. The Company is a corporation duly organized and existing in active status under the laws of the State of Wisconsin, and has all requisite power and authority, corporate or otherwise, to conduct its business and to own its properties.

2.2 Authority. The execution, delivery and performance of this Agreement are within the corporate powers of the Company, have been duly authorized by all necessary corporate action and do not and will not (i) require any consent or

approval of the shareholders of the Company; (ii) violate any provision of the amended and restated articles of incorporation or amended and restated by-laws of the Company or of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to the Company; (iii) require the consent or approval of, or filing or registration with, any governmental body, agency or authority except for any required filings with the Securities and Exchange Commission ("SEC") and applicable state securities regulatory agencies as required to register the resale of any of the Shares under the Securities Act of 1933, as amended (the "Securities Act"), and the securities laws of all applicable states; or (iv) result in a breach of or constitute a default under, or result in the imposition of any lien, charge or encumbrance upon any property of the Company pursuant to, any indenture or other agreement or instrument under which the Company is a party or by which it or its properties may be bound or affected. This Agreement constitutes legal, valid and binding obligations of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or similar laws now or hereafter in effect affecting the enforceability of creditors' rights generally and subject to general principles of equity.

2.3 Authority. The issuance of the Shares has been duly authorized and the Shares, upon issuance, will be validly issued, fully paid and nonassessable, except as set forth in Wisconsin Statutes section 180.0622 as interpreted.

2.4 Capital Stock. The authorized capital stock of the Company consists of 27,000,000 shares of Common Stock, \$.01 par value per share, 5,000,000 shares of Class A Preferred Stock, \$.01 par value per share, and

15,000 shares of Class B Preferred Stock, \$0.50 par value per share. As of the date of this Agreement, there are outstanding _____ shares of Common Stock and 660,000 shares of Class A Convertible Preferred Stock - Series 1.

2.5 Full Disclosure. The Company is subject to the informational

requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and has within the previous 12 months filed with the SEC all reports, proxy statements and other information in respect to the Company required under the Exchange Act. No such report or information filed with the SEC within the previous two years, and no information or report furnished by the Company to the Purchaser in connection with the negotiation or execution of this Agreement (all of which information or reports so furnished are set forth in Section 4.2(e) hereof), contained any misstatement of a material fact as of the date when made or omitted to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading as of the date when made.

2

ARTICLE III

REGISTRATION RIGHTS

3.1 Registration. The Company shall use reasonable efforts to

register all of the Registrable Securities on Form SB-2, Form S-1 or any similar long-form registration or, in the Company's sole discretion, on Form S-2 or Form S-3 or any similar short-form registration, if available under applicable rules of the SEC, on or prior to September 30, 2000.

3.2 Obligations of the Holder. It shall be a condition precedent

to the obligation of the Company to register the Registrable Securities pursuant to Section 3.1 hereof that the Holder shall furnish to the Company such information regarding the Registrable Securities held by it and the intended method of disposition thereof and other information concerning the Holder as the Company shall reasonably request and as shall be required in connection with the registration statement to be filed by the Company.

3.3 Registration Proceedings. From the date of this Agreement

until the Registrable Securities covered by the registration statement have been sold or for six months after effectiveness, whichever is the shorter period of time (the "Registration Period"), the Company shall:

(a) Prepare and file with the SEC a registration statement with respect to the Registrable Securities and use all reasonable efforts to cause such registration statement to become effective on or before September 30, 2000 and to remain effective until the end of the Registration Period;

(b) Prepare and file with the SEC such amendments to such registration statement and supplements to the prospectus contained therein as may be necessary to keep such registration statement effective until the end of the Registration Period;

(c) Furnish to the Holder such reasonable number of copies of the registration statement, preliminary prospectus, final prospectus and such other documents as the Holder may reasonably request in order to facilitate the public offering of such securities;

(d) Use all reasonable efforts to register or qualify the securities covered by such registration statement under such state securities or "Blue Sky" laws of such jurisdictions as the Holder may reasonably request within 20 days prior to the original filing of such registration statement, except that the Company shall not for any purpose be required to qualify to do business as a foreign corporation in any jurisdiction wherein it is not so qualified, and except that the Company shall not be required to so register or qualify in more than 20 such jurisdictions;

3

(e) Notify the Holder, promptly after it shall receive notice thereof, of the time when such registration statement has become effective or a supplement to any prospectus forming a part of such registration statement has been filed;

(f) Notify the Holder promptly of any request by the SEC for the amending or supplementing of such registration statement or prospectus or for additional information;

(g) Prepare and file with the SEC, promptly upon the request

of the Holder, any amendments or supplements to such registration statement or prospectus which, in the opinion of counsel for the Holder, are required under the Securities Act or the rules and regulations thereunder in connection with the distribution of Common Stock by the Holder;

(h) Prepare and promptly file with the SEC and promptly notify the Holder of the filing of such amendment or supplement to such registration statement or prospectus as may be necessary to correct any statements or omissions if, at the time when a prospectus relating to such securities is required to be delivered under the Securities Act, any event shall have occurred as the result of which any such prospectus or any other prospectus as then in effect would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

(i) In case the Holder is required to deliver a prospectus at a time when the prospectus then in circulation is not in compliance with the Securities Act, the Company will prepare and file such supplements or amendments to such registration statement and such prospectus or prospectuses as may be necessary to permit compliance with the requirements of the Securities Act;

(j) Advise the Holder, promptly after it shall receive notice or obtain knowledge thereof, of the issuance of any stop order by the SEC suspending the effectiveness of such registration statement or the initiation or threatening of any proceeding for that purpose and promptly use all reasonable efforts to prevent the issuance of any stop order or to obtain its withdrawal if such stop order should be issued; and

(k) Not file any amendment or supplement to such registration statement or prospectus to which the Holder shall reasonably have objected on the grounds that such amendment or supplement does not comply in all material respects with the requirements of the Securities Act or the rules and regulations thereunder, after having been furnished with a copy thereof at least two business days prior to the filing thereof.

4

3.4 Expenses. With respect to the inclusion of Registrable

Securities in a registration statement pursuant to Section 3.1 hereof, all registration expenses, fees, costs and expenses of and incidental to such registration, including any public offering in connection therewith, shall be borne by the Company (including the reasonable fees and disbursements of counsel acting solely on behalf of the Holder); provided, however, that the Holder shall bear its own brokerage commissions and fees. The fees, costs and expenses of registration to be borne by the Company shall include, without limitation, all registration, filing fees, printing expenses, fees and disbursements of counsel and accountants for the Company (including the cost of any special audit requested in order to effect such registration), all legal fees and disbursements and other expenses of complying with state securities or "Blue Sky" laws of any jurisdiction in which the securities to be offered are to be registered or qualified.

3.5 Indemnification of the Holder. Subject to the conditions set

forth below, in connection with any registration of securities pursuant to Section 3.1 hereof, the Company agrees to indemnify and hold harmless each Holder as follows:

(a) Against any and all loss, claim, damage and expense whatsoever arising out of or based upon (including, but not limited to, any and all expense whatsoever reasonably incurred in investigating, preparing or defending any litigation, commenced or threatened, or any claim whatsoever based upon) any untrue or alleged untrue statement of a material fact contained in any preliminary prospectus (if used prior to the effective date of the registration statement), the registration statement or the final prospectus (as from time to time amended and supplemented if the Company shall have filed with the SEC any amendment thereof or supplement thereto) if used within the period during which the Company is required to keep the registration statement or prospectus current, or in any application or other document executed by the Company or based upon written information furnished by the Company filed in any jurisdiction in order to qualify the Company's securities under the securities laws thereof; or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or any other violation of applicable federal or state statutory or regulatory requirements or limitations relating to action or inaction by the Company in the course of preparing, filing, or implementing such registered offering; provided, however, that the indemnity agreement contained in this Section 3.5(a) shall not apply to any loss, claim, damage, liability or action arising out of or based upon (i) any untrue or alleged untrue statement or omission made in reliance upon and in conformity with any information furnished in writing to the Company by or on behalf of the Holder expressly for use in connection therewith, (ii) the Holder's failure to deliver a prospectus relating to such registration, if the Company had previously furnished copies thereof, or (iii) the Holder's

failure to deliver an amended or supplemental prospectus after the Company had previously provided the notice and the supplemental or amended prospectus as specified in Section 3.4 if such loss, claim, damage, liability or action would not have arisen had such delivery occurred;

5

(b) Subject to the proviso contained in the last sentence of Section 3.5(a) above, against any and all loss, liability, claim, damage and expense whatsoever to the extent of the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission or any such alleged untrue statement or omission (including, but not limited to, any and all expense whatsoever reasonably incurred in investigating, preparing or defending against any such litigation or claim) if such settlement is effected with the written consent of the Company and no indemnity shall inure to the benefit of the Holder if the person asserting the claim failed to receive a copy of the final prospectus at or prior to the written confirmation of the sale of shares of Common Stock to such person if the untrue statement or omission had been corrected in such final prospectus and the failure to receive such final prospectus is not a necessary element of such person's claim;

(c) In no case shall the Company be liable under this indemnity agreement with respect to any claim made against the Holder unless the Company shall be notified, by letter or by telegram confirmed by letter, of any claim made or action commenced against it, reasonably promptly (but in any event within 20 days of receipt of such claim or, in the event that any summons or other service of process requires a responsive pleading within 30 days or less time, within ten days after receipt of such summons or other process) after the Holder shall have received notice of such claim or been served with the summons or other legal process giving information as to the nature and basis of the claim, but failure to so notify the Company shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. The Company shall be entitled to participate at its own expense in the defense of any suit brought to enforce any such claim, but if the Company elects to assume the defense, such defense shall be conducted by counsel chosen by it, provided that such counsel is reasonably satisfactory to the Holder. In the event the Company elects to assume the defense of any such suit and retain such counsel, the Holder shall, after the date the Holder is notified of such election, bear the fees and expenses of any counsel thereafter retained by the Holder as well as any other expenses thereafter incurred by the Holder in connection with the defense thereof; provided, however, that the Company shall bear the fees and expenses of any such separate counsel retained by the Holder if the counsel representing the Company has a conflict of interest (which is not waived) with the Holder which would prohibit such counsel from representing the Holder.

3.6 Indemnification of Company. In connection with any registered

offering pursuant to Section 3.1 above, the Holder agrees to indemnify and hold harmless the Company and each of the officers and directors and agents of it and each other person, if any, who controls the Company within the meaning of Section 15 of the Securities Act against any and all such losses, liabilities, claims, damages and expenses as are indemnified against by the Company under Section 3.5 hereof; provided, however,

6

that such indemnification shall be limited to statements or omissions, if any, made (or in settlement of any litigation effected with the written consent of the Holder alleged to have been made) in any preliminary prospectus, the registration statement or prospectus or any amendment or supplement thereof or any application or other document in reliance upon, and in conformity with, written information furnished in respect of the Holder, by or on behalf of the Holder expressly for use in any preliminary prospectus, the registration statement or prospectus or any amendment or supplement thereof or in any such application or other document. In case any action shall be brought against the Company, or any other person so indemnified based on any preliminary prospectus, the registration statement or prospectus or any amendment or supplement thereof or any such application or other documents, in respect of which indemnity may be sought against the Holder, it shall have the rights and duties given to the Company, and each other person so indemnified shall have the rights and duties given to the Holder, by the provisions of Section 3.5(c) hereof. The Company agrees to notify the Holder promptly after the assertion of any claim against the Company in connection with the sale of securities covered by this Agreement.

3.7 Future Registration Rights. The Company may agree with its

shareholders other than the Holder to allow their participation in the registered offering pursuant to Section 3.1 hereof, provided all such rights of participation under Section 3.1 hereof shall be subordinated to the rights of the Holder herein, in a manner reasonably satisfactory to the Holder and its counsel.

3.8 Certain Defined Terms. The following terms shall have the

following respective meanings for purposes of this Agreement:

(a) "Holder" or "Holders" means (i) the Purchaser, and (ii) each person holding Registrable Securities as a result of a permitted transfer or assignment to that person of Registrable Securities.

(b) "Registrable Securities" shall mean the Shares and any securities issued to any Holder in exchange or substitution for the Shares; provided, however, that such Shares or securities shall cease to be Registrable Securities when (i) a registration statement with respect to the sale of such Shares or securities shall have become effective under the Securities Act and all such Shares or securities have been disposed of in accordance with such registration statement, (ii) such Shares or the securities shall have been resold by the Holder thereof in accordance with Rule 144 under the Securities Act, (iii) such Shares or securities shall have been otherwise transferred and new certificates not subject to transfer restrictions under the Securities Act and not bearing any legend restricting further transfer shall have been delivered by the Company, and no other applicable and legally binding restriction on transfer under federal and state securities laws shall exist, or (iv) such Shares or securities may be sold in accordance with Rule 144(k) under the Securities Act.

7

ARTICLE IV

MISCELLANEOUS

4.1 Expenses. The Company shall pay, or reimburse the Purchaser

for (a) all out-of-pocket costs and expenses (including, without limitation, attorneys' fees and expenses not to exceed \$2,500) paid or incurred by the Purchaser in connection with the negotiation, preparation, execution and delivery of this Agreement and any other document required hereunder; (b) all out-of-pocket costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) paid or incurred by the Purchaser in connection with the negotiation, preparation, execution and delivery of any amendment, supplement, modification or waiver of any of the documents referenced above or before and after judgment in enforcing, protecting or preserving its rights under this Agreement and other documents required hereunder; and (c) any and all recording and filing fees and any and all stamp, excise, intangibles and other taxes (other than income taxes), if any, which may be payable or determined to be payable in connection with the negotiation, preparation, execution, delivery, administration or enforcement of this Agreement or any other document required hereunder or any amendment, supplement, modification or waiver of or to any of the foregoing, or consummation of any of the transactions contemplated hereby or thereby, including all costs and expenses incurred in contesting the imposition of any such tax, and any and all liability with respect to or resulting from any delay in paying the same, whether such taxes are levied upon the Purchaser, the Company or otherwise.

4.2 Securities Act of 1933. With respect to the Shares to be

issued to the Purchaser, the Purchaser hereby represents, warrants and covenants as follows:

(a) It understands that the issuance of the Shares has not been registered under the Securities Act or applicable state securities laws (collectively, the "Laws") on the basis that the issuance of the Shares is exempt from such registration under the Securities Act and Laws based in part upon the representations made herein.

(b) It does not presently intend to sell or otherwise dispose of the Shares being issued to it hereunder.

(c) It is acquiring the Shares for investment purposes only and for its own account and not with a present view to sell or otherwise distribute the same, and it will not sell or otherwise distribute the Shares without registration under the Securities Act and applicable Laws or pursuant to applicable exemptions therefrom. The Purchaser understands that the Company may place the following legend on the certificate for the shares of Common Stock:

8

THE OFFER OR SALE OF THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAW. THE SHARES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL SUCH TRANSFER IS REGISTERED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS OBTAINED TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED.

(d) It is an "accredited investor" under the Securities Act and the rules promulgated thereunder.

(e) It has been given access to and has carefully reviewed the Company's Form 10-QSB reports for the first two fiscal quarters of 2000, the Company's Form 10-KSB and annual report to shareholders for the year ended September 30, 1999, and the Company's Proxy Statement for the 2000 annual meeting of shareholders. It desires no additional information to evaluate the merits and risks of the issuance of the Shares hereunder, and it is not relying upon any other information in connection therewith.

(f) It has been given an opportunity to ask questions of, and receive answers from, management of the Company concerning the issuance of the Shares hereunder, and has been given access to all information which it has deemed necessary to verify the accuracy of the information furnished to it.

(g) It has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the transactions contemplated by this Agreement, has carefully reviewed all information indicated above and, by virtue of such review, understands and has evaluated the merits and risks of its participation in such transactions and has decided to go forward with such transactions.

(h) It understands that the Company is relying on the accuracy of the statements contained herein in entering into this Agreement and the transactions contemplated herein.

9

4.3 Successors. The provisions of this Agreement shall inure to

the benefit of any holder of the Shares, and shall inure to the benefit of and be binding upon any successor to any of the parties hereto. No delay on the part of the Purchaser or any holder of the Shares in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege hereunder preclude other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein specified are cumulative and are not exclusive of any rights or remedies which the Purchaser, the holder of the Shares or the Company would otherwise have.

4.4 Survival. All agreements, representations and warranties made

herein shall survive the execution of this Agreement and the issuance of the Shares hereunder.

4.5 Wisconsin Law. This Agreement shall be governed by and

construed in accordance with the internal laws of the State of Wisconsin, except to the extent superseded by federal law.

4.6 Counterparts. This Agreement may be signed in any number of

counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

4.7 Notices. All communications or notices required under this

Agreement shall be deemed to have been given on the date when deposited in the United States mail, postage prepaid, and addressed as follows (unless and until any of such parties advises the other in writing of a change in such address): (a) if to the Company, with the full name and address of the Company as shown on this Agreement below; and (b) if to the Purchaser, with the full name and address of the Purchaser as shown on this Agreement above.

4.8 Entire Agreement; No Agency. This Agreement and the other

documents referred to herein contain the entire agreement between the Purchaser and the Company with respect to the subject matter hereof, superseding all previous communications and negotiations, and no representation, undertaking, promise or condition concerning the subject matter hereof shall be binding upon the Purchaser unless clearly expressed in this Agreement or in the other documents referred to herein. Nothing in this Agreement or in the other documents referred to herein and no action taken pursuant hereto shall cause either the Company or the Purchaser to be treated as an agent of the other, or shall be deemed to constitute a partnership, association, joint venture or other entity.

10

4.9 Consent to Jurisdiction. The parties hereto hereby consent to

the exclusive jurisdiction of any state or federal court situated in Ozaukee County or Milwaukee County, Wisconsin, and waive any objection based on lack of personal jurisdiction, improper venue or forums non conveniens, with regard to

any actions, claims disputes or proceedings relating to this Agreement or any other document delivered hereunder or in connection herewith, or any transaction arising from or connected to any of the foregoing. Nothing herein shall affect the parties' rights to serve process in any manner permitted by law.

4.10 Waiver of Jury Trial. The Company and the Purchaser hereby

jointly and severally waive any and all right to trial by jury in any action or proceeding relating to this Agreement or any other document delivered hereunder or in connection herewith, or any transaction arising from or connected to any of the foregoing. The Company and the Purchaser each represent that this waiver is knowingly, willingly and voluntarily given.

11

If the foregoing is satisfactory to you please sign the form of acceptance below and return a signed counterpart hereof to the Company, whereupon this instrument will evidence a binding agreement between the Purchaser and the Company.

Very truly yours,

THE FEMALE HEALTH COMPANY
Address: Suite 3660
875 North Michigan Avenue
Chicago, Illinois 60611

By: -----
Chairman of the Board and
Chief Executive Officer

The foregoing Agreement is hereby confirmed and accepted as of the date hereof.

The John W. Dearholt Trust,
Stephen M. Dearholt Trustee

12

<TABLE> <S> <C>

<ARTICLE> 5
<MULTIPLIER> 1

<S>	<C>
<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	SEP-30-2000
<PERIOD-START>	APR-01-2000
<PERIOD-END>	JUN-30-2000
<CASH>	395,806
<SECURITIES>	0
<RECEIVABLES>	553,720
<ALLOWANCES>	(106,845)
<INVENTORY>	1,173,794
<CURRENT-ASSETS>	2,379,269
<PP&E>	3,787,592
<DEPRECIATION>	(2,237,754)
<TOTAL-ASSETS>	4,722,069
<CURRENT-LIABILITIES>	3,531,697
<BONDS>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	133,254
<OTHER-SE>	(427,193)
<TOTAL-LIABILITY-AND-EQUITY>	4,722,069
<SALES>	1,377,932
<TOTAL-REVENUES>	1,377,932
<CGS>	1,220,769
<TOTAL-COSTS>	690,233
<OTHER-EXPENSES>	(4,658)
<LOSS-PROVISION>	(7,979)
<INTEREST-EXPENSE>	304,380
<INCOME-PRETAX>	(832,792)
<INCOME-TAX>	0
<INCOME-CONTINUING>	(865,702)
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(865,702)
<EPS-BASIC>	(.07)
<EPS-DILUTED>	(.07)

</TABLE>