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, 1999

[   ] 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 - 11,137,909 shares outstanding as of August 13,
1999

Transitional Small Business Disclosure Format (check one):
Yes ________ No  X  

FORM 10-QSB

THE FEMALE HEALTH COMPANY AND SUBSIDIARIES

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Part II.  Other Information
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; and 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 the 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.

THE FEMALE HEALTH COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

June 30, 1999

ASSETS

Current Assets:
Cash $ 730,315
Accounts receivable, net 1,382,274
Inventories, net 816,827
Prepaid expenses and other current assets 508,939

TOTAL CURRENT ASSETS 3,356,656

Intellectual property rights, net 156,269
Other assets 785,940

Property, Plant and Equipment 3,924,245
Less accumulated depreciation and amortization (1,898,144)

Net property, plant, and equipment 2,026,100

TOTAL ASSETS $ 6,324,965

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:
Notes payable, related party, net of unamortized discount $ 1,113,118
Convertible debenture, net of unamortized discount (see Note 9) 557,106
Debt due within one year 57,785
Accounts payable 495,374
Accrued expenses and other current liabilities 356,438

TOTAL CURRENT LIABILITIES 1,698,565

STOCKHOLDERS' EQUITY

Common stock and surplus $ 6,626,400
Less accumulated deficit (1,301,435)

STOCKHOLDERS' EQUITY 5,324,965

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY $ 6,324,965
Preferred dividends payable 100,289

TOTAL CURRENT LIABILITIES 2,680,119

Deferred gain on lease of facility (see Note 4) 1,597,591
Other long-term liabilities 101,126

TOTAL LIABILITIES 4,378,827

STOCKHOLDERS' EQUITY:
Convertible preferred stock 6,600
Common stock 111,380
Additional Paid-in-capital 46,227,312
Unearned consulting compensation (339,517)
Accumulated deficit (44,344,476)
Foreign currency translation gain 316,915
Treasury Stock, at cost (32,076)

Total Stockholders' Equity 1,946,138

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY $6,324,965

See notes to unaudited condensed consolidated financial statements.

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

Three Months Ended June 30, 1999

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenues</td>
<td>$1,611,975</td>
<td>$1,114,919</td>
</tr>
<tr>
<td>Cost of products sold</td>
<td>1,585,553</td>
<td>996,383</td>
</tr>
<tr>
<td>Gross profit (loss)</td>
<td>(26,422)</td>
<td>124,536</td>
</tr>
<tr>
<td>Advertising &amp; Promotion</td>
<td>44,489</td>
<td>92,193</td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td>882,729</td>
<td>908,339</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>927,218</td>
<td>1,000,532</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(900,796)</td>
<td>(875,996)</td>
</tr>
<tr>
<td>Interest, net and other expense</td>
<td>114,225</td>
<td>39,109</td>
</tr>
<tr>
<td>Pretax loss</td>
<td>(1,015,021)</td>
<td>(915,105)</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td>Net loss</td>
<td>(1,015,021)</td>
<td>(915,105)</td>
</tr>
<tr>
<td>Preferred dividends accreted, Series 2</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td>(see Note 8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred dividends, Series 1</td>
<td>33,304</td>
<td>33,907</td>
</tr>
<tr>
<td>Net loss attributable to Common stockholders</td>
<td>(1,048,325)</td>
<td>(949,012)</td>
</tr>
<tr>
<td>Basic and diluted net loss per common share outstanding</td>
<td>$(0.09)</td>
<td>$(0.09)</td>
</tr>
<tr>
<td>Weighted average number of common shares outstanding</td>
<td>11,024,925</td>
<td>10,371,469</td>
</tr>
</tbody>
</table>

See notes to unaudited condensed consolidated financial statements.

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

Nine Months Ended June 30,
Net revenues $3,409,695  $4,040,672
Cost of products sold 3,787,785  4,882,175

Gross profit (loss) (378,090)  (41,503)

Advertising & Promotion 219,333  371,421
Selling, general and administrative 2,198,761  2,169,807

Total Operating Expenses 2,418,094  2,536,007

Operating loss (2,796,184)  (2,577,931)

Interest, net and other expense 245,042  124,714

Pretax loss (3,041,226)  (2,702,645)

 Provision for income taxes

Net loss (3,041,226)  (2,702,645)

Preferred dividends accreted, Series 2
(see Note 8) ----  817,000
Preferred dividends, Series 1 102,054  101,720

Net loss attributable to Common stockholders (3,143,280)  (3,621,365)

Basic and diluted net loss per common
share outstanding $(0.29)  $(0.37)

Weighted average number of common shares
outstanding 10,719,690  9,821,778

See notes to unaudited condensed consolidated financial statements.

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

Nine Months Ended
June 30,

1999  1998

OPERATIONS:

Net (loss) $(3,041,226)  $(2,702,645)

Adjusted for noncash items:
Depreciation and amortization 425,016  442,140
Amortization of discounts on notes payable
and convertible debentures 332,994  243,419
Reduction in inventory reserves (30,411)  (652,192)
Reduction in accounts receivable reserves 22,640  (101,386)
Amortization of other assets --  8,008
Changes in operating assets and liabilities (647,331)  (148,006)

Net cash (used in) operating activities (2,938,318)  (2,614,650)

INVESTING ACTIVITIES:

Capital expenditures (22,129)  (16,918)
Proceeds from repayment of note receivable --  756,080

Net cash provided by (used in) investing activities (22,129)  733,082

FINANCING ACTIVITIES:

Proceeds from related-party notes issued 1,300,000  1,000,000
Payments on notes payable, related party (1,558,043)  (1,046,347)
Proceeds from the issuance of convertible
Debenture 1,500,000 --
Proceeds from the issuance of preferred stock --  1,843,384
Purchase of Common Stock held in Treasury (12,746) --
Proceeds from the issuance of common stock
485,000 --
Proceeds from the issuance of common stock
upon exercise of options and warrants 226,878  486,175

Net cash provided by financing activities 1,953,835  2,283,212

Effect of exchange rate change on cash 256,640  168,370
### Schedule of noncash financing and investing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>1999</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred dividends declared, Series 1</td>
<td>$100,289</td>
<td>$101,720</td>
</tr>
<tr>
<td>Preferred dividends accreted, Series 2</td>
<td></td>
<td>817,000</td>
</tr>
<tr>
<td>Issuance of warrant on notes payable</td>
<td>1,304,515</td>
<td>297,500</td>
</tr>
<tr>
<td>Conversion of Preferred Stock into common stock</td>
<td>10,718</td>
<td>7,299</td>
</tr>
</tbody>
</table>

See notes to unaudited condensed consolidated financial statements.

### THE FEMALE HEALTH COMPANY AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
JUNE 30, 1999

#### 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, 1999 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 1999. 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, 1998.

#### NOTE 2 - Earnings Per Share

Basic and diluted net (loss) per Common share outstanding is based on the weighted average of shares of Common Stock outstanding during the period.

As of June 30, 1999 the Company has 1,154,428 options and 3,861,034 warrants outstanding including 0 "in the money" options and warrants. As of June 30, 1998 the Company had 1,175,778 options and 1,133,534 warrants outstanding including 1,357,866 _in the money_ options and warrants. As of June 30, 1999 and 1998 the Company also has 660,000 and 680,000 shares, respectively, of preferred stock outstanding which is convertible into an equal number of shares of common stock (see Note 6).

The inclusion of the options, warrants and convertible preferred stock in the computation of diluted earnings per share would have resulted in a reduction of the loss per share (antidilutive) and therefore both basic and diluted earnings per share amounts were the same for each of the periods presented in the accompanying financial statements.

#### NOTE 3 - Comprehensive Income (Loss)

Total Comprehensive Loss was $(821,213) and $(3,131,345) for the 3 and 9 months ended June 30, 1999 and $(768,313) and $(2,479,199) for the 3 month and 9 months ended June 30, 1998.

#### NOTE 4 - Lease of Manufacturing Facility

On December 10, 1996, the Company entered into what is in essence a sale and leaseback agreement with respect to its 40,000 square foot manufacturing facility located in London, England. The Company received $3,365,000 (1,950,000 British pounds sterling) for leasing the facility to a third party for a nominal annual rental charge and for providing the third party with an option to purchase the facility for one pound during the period December 2006 to December 2027. Concurrent with this transaction, the Company repaid the...
mortgage loan on this property of $1,834,000 (1,062,500 British pounds sterling).

As part of the same transaction, the Company entered into an agreement to lease the facility back from the third party for base rents of $336,000 (195,000 British pounds sterling) per year payable quarterly until 2016. The lease is renewable through 2027. The Company was also required to make a security deposit of $336,000 (195,000 British pounds sterling) to be reduced in subsequent years. The facility had a net book value of $1,398,819 (810,845 British pounds sterling) on the date of the transaction. The $1,966,181 (1,139,155 British pounds sterling) gain which resulted from this transaction will be recognized ratably over the initial term of the lease. Unamortized deferred gain as of June 30, 1999 was $1,597,591 (996,775 British pounds sterling).

NOTE 5 - Inventories

The components of inventory consist of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>June 30, 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Material and work in process</td>
<td>$ 368,298</td>
</tr>
<tr>
<td>Finished Goods</td>
<td>478,142</td>
</tr>
<tr>
<td>-----------</td>
<td>846,440</td>
</tr>
<tr>
<td>Inventory reserves</td>
<td>(30,413)</td>
</tr>
<tr>
<td>-----------</td>
<td>$ 816,029</td>
</tr>
</tbody>
</table>

NOTE 6 - Sale of Convertible Preferred Stock

In September 1997, the Company raised approximately $1.6 million net proceeds, after issuance costs of $96,252, in a private placement of 680,000 shares of 8% cumulative convertible Preferred Stock _ Series 1. In addition, warrants to purchase 52,000 shares of Common Stock were issued to the placement agents. 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.

On December 31, 1997, the Company completed a private placement of 729,927 shares of Class A Convertible Preferred Stock - Series 2 (the "Series 2 Preferred Stock") and Warrants to purchase 240,000 shares of Common Stock. The Series 2 Preferred Stock was sold at a per share price of $2.74, resulting in net proceeds to the Company of $1.82 million, after commissions and expenses. The Series 2 Preferred Stock automatically converted into Common Stock on a one-for-one basis, on April 3, 1998, the date on which the registration statement registering the resale of the Common Stock was declared effective by the SEC. The investors received four-year Warrants to purchase 240,000 shares of Common Stock exercisable at a price per share equal to the lesser of $3.425 or the average of the three closing bid prices per share of Common Stock for any three consecutive trading days chosen by the investor during the 30 trading day period ending on the trading day immediately prior to the exercise of the Warrants. Individuals providing services to the Company's placement agent for the above convertible Preferred Stock received Warrants to purchase 4,000 shares of Common Stock exercisable at any time prior to December 31, 2001, at $4.11 per share.

NOTE 7 - 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 of $3.4 million for the year ended September 30, 1998, a net loss of $3.2 million for the nine months ended June 30, 1999 and as of June 30, 1999 had an accumulated deficit of $44.4 million.

At June 30, 1999, the Company had working capital of $0.7 million and stockholders' equity of $1.9 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 fixed 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 commercialize the Female Condom. 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 will act as the Company's exclusive financial advisor through December 31, 1999 for the purposes of identifying and evaluating opportunities available to the Company for increasing shareholder value. 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.

In May and June 1999 the Company completed a private placement of $1.5 million convertible debentures and 1,875,000 warrants. See Note 9 of the Notes to Unaudited Condensed Consolidated Financial Statements for additional detail.

On November 19, 1998, the Company entered into a private Equity Line of Credit Agreement (the _Equity Line Agreement_) with Kingsbridge Capital Limited, a private investor (the _Selling Stockholder_). Under the Equity Line Agreement, the Company has the right, subject to various conditions, to issue and sell to the Selling Stockholder, from time to time, shares of its Common Stock for cash consideration up to an aggregate of $6 million.

The Equity Line Agreement gives the Company, in its sole discretion and subject to certain restrictions, the right to sell (_put_) to the Selling Stockholder 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 24 months after the effective date of the registration statement filed to register the Selling Stockholder's public resale of any stock it purchases under the agreement. The Equity Line Agreement provides for, among other things, minimum and maximum puts ranging from $100,000 to $1,000,000 depending on the Company's stock price and trading volume. The timing and amount of puts under the Equity Line Agreement are totally at the Company's discretion, subject to certain conditions. The Company is required to put a minimum of $1 million during the two-year period. If the Company does not put the minimum, the Company is required to pay the investor a 12% fee on that portion of the $1 million minimum not put at the end of the two-year period. As of June 30, 1999, the Company had placed three puts for the combined cash proceeds of $485,000 providing the Selling Stockholders with a total of 482,964 shares of the Company's Common Stock. Each put was executed while the Company's stock price was below $2.00 per share.

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 costs. 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.

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 8 _Preferred Dividends, Series 2_

The Company's $2.0 million private placement of convertible Preferred Stock _Series 2 on December 31, 1997 included a beneficial conversion feature valued
at $500,000 and four-year warrants to purchase additional shares of common stock valued at $317,000. In accordance with SEC reporting requirements for such transactions, the Company recorded the value of the beneficial conversion feature and warrants, a total of $817,000, as additional paid-in capital. The corresponding discount of $817,000, associated with the issuance of the convertible preferred stock is a one-time, non-recurring charge that has been fully amortized and reflected as preferred dividends accreted in the consolidated statements of operations for the quarter and nine months ended June 30, 1998. The dividend accretion had no impact on the Company's cashflow from operations.

NOTE 9 _ Sale of Convertible Debentures

On June 1, 1999, the Company completed a private placement of convertible debentures in the principal amount of $1.5 million and warrants to purchase 1,875,000 shares of Common Stock. The convertible debentures are convertible into shares of the Company's common stock as follows: the first 50% of the original principal balance and any accrued but unpaid interest, be converted into Common Stock at the investor's election at any time after one year based on a per share price equal to the lesser of 70% of the market price of the Company's Common Stock at the time of conversion or $1.25, the second 50% of the original principal balance and any accrued but unpaid interest thereon may be converted into Common Stock at the investor's election at any time after one year based on a per share price equal to the lesser of 70% of the market price of the Company's Common Stock at the time of conversion or $2.50. The convertible debentures are payable one year after issuance or, if the Company elects, two years after issuance. If the term is extended for the extra one year, the Company must issue to the investor at the time of extension, additional warrants to purchase 375,000 shares of Common Stock on the same term as the other warrants. Interest on the convertible debentures is payable at 8% quarterly in cash or, at the investor's option, Common Stock at its then current fair market value. Repayment of the Convertible Debentures is secured by a first security interest in all of the Company's assets. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OR PLAN OF OPERATION

GENERAL

The Female Health Company ("FHC" or the "Company") manufactures, markets and sells The Female Condom (trade mark), the only FDA-approved product under a woman's control which can prevent unintended pregnancy and sexually transmitted diseases ("STDs"), including HIV/AIDS.

Product Overview

The safety, efficacy, acceptability and usefulness of the Female Condom have been well established in numerous studies that have been conducted around the world as well as continuous repurchase of the product over the years of its availability.

Recent studies have shown that making the Female Condom available through the public sector both in the United States and in developing countries is not just cost-effective but cost-saving for Federal, State, and Local governments.

Endorsements

The Company expanded its partnership relationship with the United Nations Joint Programme on HIV/AIDS (UNAIDS). FHC and UNAIDS with other world health organizations such as WHO and UNFPA are working in tandem to provide on-going technical support to the effective and strategic introduction and integration
In this effort, the Company is co-introducing with UNAIDS a programme which provides step-by-step guidance and consultation at the September 1999 African AIDS meeting sponsored by UNAIDS and WHO. It is expected that over 50 countries will be attending the workshop.

Through the UNAIDS collaboration, the Female Condom has been supplied to ministries of health and non-government organizations in 35 countries in Africa, Asia and Latin America. Major programmes are ongoing in South Africa, Brazil, Uganda, Zambia, and Zimbabwe.

It is anticipated that with the introduction of the step-by-step programme in Africa and in Asia, in October, that additional major Female Condom prevention programmes will be undertaken.

Global Market

The pandemic of STDs, including HIV/AIDS continues to be a major public health issue worldwide. The need for prevention methods, male and female condoms is escalating. The World Health Organization (WHO) estimates the new cases of STDs worldwide to be approximately 300 million annually, excluding HIV/AIDS. UNAIDS estimates that there are currently approximately 34 million people worldwide who are infected with HIV/AIDS, of which 86% are in developing countries. In the United States, the center for Disease Control and Prevention 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 year 2000. The following information highlights the substantial and growing market for protection against STDs.

Currently, there are only two products that prevent the transmission of HIV/AIDS through sexual intercourse _ the male condom and the Female Condom.

Male Condom Market: It is estimated the global annual public sector market for male condoms is 1.7 billion units and the total global market is 5.4 billion units. However, the majority of all acts of sexual intercourse, excluding those intended to result in pregnancy, are completed without protection. As a result, it is estimated the potential market for protection against STD's is much larger than the identified male condom market.

Advantages vs. the Male Condom

The Female Condom is currently the only available barrier method controlled by women which allows them to protect themselves from unintended pregnancy and STDs, including HIV/AIDS. This is an important advantage 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 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 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 sex than the male condom which requires sexual arousal for application.

Strategy/Goals

The Company's strategy is to act as a manufacturer selling the Female Condom to the global public sector, the U.S. public sector and commercial partners for country specific marketing. The public sector customers and partners assume the cost of shipping and marketing. As a result, as volume increases, expense other than manufacturing costs will not increase appreciably.

Commercial Development

- - Global Public Sector

The Company has a multi-year agreement with UNAIDS to supply the Female Condom to developing countries at a reduced price based on volume. The current price is 0.38 British Pounds Sterling on about $0.63 per unit.
FHC is the first private sector company to have a partnership with UNAIDS.

Orders from developing countries began about 1 / years ago. Initial orders were typically for small quantities to conduct trials in certain countries. Based on the trial results, reorders for larger quantities were received. A pattern appears to be emerging reflecting strong acceptance of the Female Condom and its contribution to HIV/AIDS prevention.

Zimbabwe, a country with a population of 11 million, was the first to order a trial quantity of 40,000 units. Regular reorders have been received bringing the total to about 900,000 units. Results of a study completed in Zimbabwe and recently published showed, once the Female Condom became available, 17% of the women at high risk to STDs/HIV/AIDS used the Female Condom. These women would otherwise engaged in unprotected sex.

South Africa ordered 95,000 units to conduct a trial in early 1997. This was followed by an order for 1.5 million in 1998 and orders for more than 2.0 million to date in 1999. This pattern is repeating in other countries.

In January, 1999, UNAIDS advised the Company that based on results to date in countries where the Female Condom has been launched they plan to include it in all male condom distribution programs.

In June, 1999, it was announced that the Company and UNAIDS would further expand their partnership with the objective of making the Female Condom broadly available in the developing world. UNAIDS directly purchased 400,000 units which will be used to _jump start_ distribution in 14 developing countries where the Female Condom is not yet available.

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, 18 major city and 15 state governments, including the states of New York, Pennsylvania, Florida, Connecticut, Hawaii, Louisiana, Maryland, New Jersey, South Carolina, Illinois, and Washington and the cities of Chicago, Philadelphia, New York, and Houston have purchased the product for distribution with a number of others expressing interest.

The Company has recently hired 3 new sales and training personnel who will focus on accelerating the development of public sector business in the U.S.

To date, all significant countries and U.S. cities and states that have ordered the Female Condom subsequently reordered additional units.

Preliminary results from recent studies indicate that when the Female Condom is available on a long-term basis, it could account for 25% to 35% of all condom usage. It is estimated that the global public sector market for male condoms is about 1.7 billion units annually.

The increasing importance of the Female Condom in the fight against HIV/AIDS was noted in an article that appeared on the front page of the New York Times on July 24, 1999. The article highlighted the effectiveness and growing acceptance of the Female Condom in Africa.

- - Private Sector
The Company markets the product directly in the United States and the United Kingdom. The Company has commercial partners which have recently launched the product in Canada, Holland, Brazil, Venezuela, South Korea and Taiwan. The Company has signed distribution agreements in Japan and Bangladesh, where launches are expected during the coming year.

Japanese Market
In Japan, the market for male condoms exceeds 600 million units. 96% of Japanese couples use male condoms. The Company’s partner in Japan is Taiho Pharmaceuticals, a $1 billion Japanese health care company. The agreement between the Company and Taiho requires Taiho to perform clinical testing of the product in Japan and obtain necessary regulatory approvals to market the product. After approval, expected during 1999, the Company will manufacture the product and supply it to Taiho, which will have the responsibility for marketing and distributing the Female Condom in Japan. Taiho plans to market the Female Condom under the name _My Femy._
RESULTS OF OPERATIONS

Three Months Ended June 30, 1999 Compared to Three Months Ended June 30, 1998

Sales increased $497,056 in the current quarter, or 45%, compared with the same period last year. Net sales during the current quarter were higher because of product launches by new country specific partners associated with UNAIDS. 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.

The Company had revenues of $1,601,975 and a net loss of $1,036,982 for the three months ended June 30, 1999 compared to revenues of $1,114,919 and a net loss of $915,105 for the three months ended June 30, 1998. As discussed more fully below, the increase in the Company's net loss was related to a reduction of the inventory obsolescence reserve during the prior year's comparable quarter coupled with an increase in the current quarter's non-operating expenses.

Cost of goods sold increased $595,170 to $1,585,553 in the current quarter from $990,383 for the same period last year. Cost of goods sold for the prior year included a $63,126 reduction resulting from an adjustment of the Company's reserve for inventory obsolescence. Because no material inventory reserve adjustment occurred in the current quarter, the percentage increase in cost of goods sold between the comparative quarters is not proportionate with the sales increase.

Advertising and promotional expenditures decreased $47,704 to $44,489 in the current quarter from $92,193 for the same period in the prior year.


The Female Health Company had net revenues of $3,499,695 and a net loss of $3,041,226 for the nine months ended June 30, 1999 compared to net revenues of $4,040,672 and a net loss of $2,702,645 for the nine months ended June 30, 1998. As discussed in more detail in the following paragraphs, the increase in the Company's net loss was principally related to a decrease in sales volume, a less than proportionate decline in cost of goods and an increase in non-operating expenses.

For the nine months ended June 30, 1999, sales decreased $630,977, or 16%, compared with the same period last year. This reflects quarterly variations during the first half of the year as the business develops. The Company expects that fluctuations will continue as various new countries launch the product to continue until reorders account for a substantial portion of the Company's business, sales.

Cost of goods sold decreased $294,390 or 7%, to $3,787,785 for the nine months ended June 30, 1999 from $4,082,175 for the same period last year. Decreases in the costs of goods sold were a result of lower sales volume, offset, in part, by a change between years in the Company's reserve for inventory obsolescence. During the nine months ended June 30, 1998 a $649,387 reduction in the Company's reserve for inventory obsolescence occurred. The FDA's decision to extend the useful life of the Female Condom to five years from three years and the reduction of finished goods inventories resulting from the increased level of sales were the factors leading to the inventory reserve adjustment in the prior year. The Company did not materially adjust inventory reserves during the same period this year.

Advertising and promotional expenditures decreased $152,088 or 41%, to $219,333 for the nine months ended June 30, 1999 from $371,421 for the same period in the prior year.

Selling, general and administrative expenses increased $33,754 or 1%, to $2,198,761 in the current period from $2,165,007 for the same period last year.
The increase reflected higher legal and professional fees related to the Company's effort to raise capital and communicate with the investor community offset by temporary staff reductions and a corresponding drop in fringe benefits.

Net interest and non-operating expenses increased $120,327 to $245,041 for the current period from $124,714 for the same period the prior year. During the current year period the Company had a higher level of debt outstanding than the prior fiscal year period largely due to the issuance of convertible debentures. A substantial increase in interest expense during the current year period principally from amortization of the discounts on the notes payable and the convertible debenture is a result of the additional debt.

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 1999, cash used in operations totaled $2.9 million. The Company used existing cash balances in order to fund cash used in operations; thereby reducing position by $.7 million. The Company would use for general working purposes, the Company funded cash used in operations in the third quarter with the $1.3 million net proceeds received from the private placement offering of Convertible Debentures. See Note 9 of Notes to Unaudited Condensed Consolidated Financial Statements.

Additionally, effective November 19, 1998, the Company entered into a private equity line of credit agreement (the _Equity Line Agreement_) with Kingsbridge Capital Limited, a private investor (the _Selling Stockholder_). Under the Equity Line Agreement, the Company has the right, subject to various conditions, to issue and sell (_put_) to the Selling Stockholder shares of the Company's Common Stock for cash consideration up to an aggregate of $6,000,000. Any stock sold by the Company to the Selling Shareholder under the Equity Line Agreement will be sold at a discount to the stock's market price as determined pursuant to the agreement. The discount is 12% if the market price of a share of the Company's Common Stock at the time of the sale is $2.00 or more and 18% if the market price is less than $2.00. The Equity Line Agreement gives the Company the right to determine, in its sole discretion, the degree to which it desires to utilize the Equity Line, subject to a minimum Put of $1,000,000 over the life of the Agreement.

The Equity Line Agreement expires 24 months after the effective date of the registration statement filed to register the Selling Shareholder's public resale of any stock purchases under the Agreement. The Equity Line Agreement provides for, among other things, minimum and maximum Puts ranging from $100,000 to $1,000,000 depending on the Company's stock price and trading volume. The timing and amount of the stock sales under this line of credit are totally at the Company's discretion, subject to certain conditions. The Company is required to draw down a minimum of $1,000,000 during the two-year period. If the Company does not draw down the minimum, the Company is required to pay the Selling Stockholder a 12% fee on the portion of the $1,000,000 minimum not drawn down. As of June 30, 1999, the Company placed three puts for the combined cash proceeds of $485,000 providing Kingsbridge with a total of 482,964 shares of the Company's Common Stock. Each put was executed while the Company's stock price was below $2.00 per share.

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. At June 30, 1999, the Company had current liabilities of $2.7 million including a $1.0 million note payable due March 25, 2000 and a $250,000 note payable due February 12, 2000 both to Mr. Dearholt, a Director of the Company. As of June 30, 1999, Mr. Dearholt beneficially owns 1,514,784 shares of the Company's Common Stock.

The Company also secured a $50,000 note payable due February 18, 2000 from Mr. Parrish, the Chairman of the Board and Chief Executive Officer of the Company. As of March 31, 1999, Mr. Parrish beneficially owns 483,501 shares of the Company's Common Stock.

On April 6, 1999 the Company restructured the $602,360 (370,000 British pounds sterling) Aage V. Jensen Charity Foundation loan note payable. The terms included immediate payment of $177,000 (110,000 British pounds sterling) as of the date of the restructuring agreement and required nine installment payments beginning April 15, 1999 and concluding on December 10, 1999. To avoid
incurring additional interest related to the loan, the Company paid off the entire loan on June 10, 1999.

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 $0.3 million per month.

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.

DELISTING ON THE AMERICAN STOCK EXCHANGE

On February 5, 1999, the Company's Common Stock was delisted from the American Stock Exchange since it did not meet all of the criteria for continued listing. Commencing on February 9, 1999, the Common Stock has been quoted on the OTC Bulletin Board under the symbol "FHCO". Although the Company believes the OTC Bulletin Board has and will continue to provide an efficient market for the purchase and sale of the Company's Common Stock, investors may find it more difficult to obtain accurate quotations of the price of the Company's Common Stock and to sell the Common Stock on the open market than was the case when the stock was listed on the American Stock Exchange. In addition, companies whose stock is listed on the American Stock Exchange must adhere to the rules of such exchange. These rules include various corporate governance procedures which, among other items, require the company to obtain shareholder approval prior to completing certain transactions such as, among others, issuances of common stock equal to 20% or more of the company's then outstanding common stock for less than the greater of book or market value or the issuance of certain stock options. Companies whose stock is quoted on the OTC Bulletin Board are not subject to these or any comparable rules.

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.

FOREIGN CURRENCY AND MARKET RISK

The Company manufactures the Female Condom in a leased facility located in London, England. Further, a material portion of the Company's future sales are likely to be 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. 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.

YEAR 2000 COMPLIANCE

The Company's State of Readiness. The Company's main financial and manufacturing hardware and software systems have been tested and are Year 2000 compliant. This was accomplished primarily through system upgrades and maintenance done over the last few years. The Company is in the process of surveying major customers and suppliers regarding their Year 2000 readiness.
and, to date, the Company is not aware of any significant Year 2000 issue at these entities that would materially affect the Company's business. The Company believes that if a Year 2000 problem develops at any of the Company's vendors whereby the vendor becomes unable to address the Company's needs, alternative vendors are readily available that could furnish the Company with the same or similar supplies without material undue delay or expense.

Costs to Address the Company's Year 2000 Issues. The majority of the Company's Year 2000 issues were corrected either through system upgrades or normal maintenance contracts. The cost of these improvements to date has been approximately $48,200.

Risks to the Company for Year 2000 Issues. With regard to systems under the Company's control, the Company knows of no significant exposure that the Company has to the Year 2000 issue since, if necessary, the Company's systems are capable of accepting manually entered data. The Company believes the worst case scenario is that the Company would have to revert back to certain manual systems. The Company believes that its customers and vendors are at various stages of compliance but the Company has not been made aware of any significant Year 2000 issues that would materially affect its business with them. The Company will continue to monitor Year 2000 compliance with its customers and vendors throughout 1999 but it will not be able to achieve the same degree of certainty that it can with its own internal systems.

The Company's Contingency Plan. To the extent that the Company discovers minor internal systems that are not Year 2000 compliant, it will have time to implement manual systems by year-end 1999 which the Company believes will significantly reduce the financial risk to the Company.

Part II - OTHER INFORMATION

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

The Company held an Annual Meeting of its shareholders on April 9, 1999. 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, and Michael R. Walton to the Board of Directors to serve until the 1999 Annual Meeting, to ratify the appointment of McGladrey & Pullen LLP as the Company's independent public accountants for the fiscal year ending September 30, 1999 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>
<thead>
<tr>
<th>Matter Voted On:</th>
<th>For</th>
<th>Against</th>
<th>Withheld</th>
<th>Abstentions</th>
<th>Nonvotes</th>
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<td>O.B. Parrish</td>
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<td>Stephen M. Dearholt</td>
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<td>92,770</td>
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After the Annual Meeting of shareholders, the Board of Directors unanimously approved an amendment to the Company's Amended and Restated Bylaws increasing the size of the Company's Board of Directors to eight appointing James R. Kerber as a new director to serve until the next Annual Meeting of Stockholders to be held in the Year 2000.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description</th>
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<tbody>
<tr>
<td>3.1</td>
<td>Amended and Restated Articles of Incorporation. (1)</td>
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<tr>
<td>3.2</td>
<td>Amended and Restated By-Laws. (2)</td>
</tr>
<tr>
<td>4.1</td>
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<td>4.2</td>
<td>Articles II, VII, and XI of the Amended and Restated By-Laws (included in Exhibit 3.2). (2)</td>
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<td>4.3</td>
<td>Amended and Restated Articles of Incorporation.</td>
</tr>
<tr>
<td>10.1</td>
<td>Form of Registration Rights Agreement between the Company and</td>
</tr>
</tbody>
</table>
investors in the Company's private placement.

10.2 Amendment to Registration Rights Agreement between the Company and investors in the Company's private placement.

10.3 $1 Million convertible debenture issued by the Company to Gary Benson dated May 19, 1999.

10.4 $100,000 convertible debenture issued by the Company to Daniel Bishop dated June 3, 1999.

10.5 $100,000 convertible debenture issued by the Company to Robert Johander dated June 3, 1999.

10.6 $200,000 convertible debenture issued by the Company to Michael Snow dated June 3, 1999.

10.7 $100,000 convertible debenture issued by the Company to W.G. Securities Limited Partnership dated June 3, 1999.

10.8 Warrant to purchase 1,250,000 shares of the Company's common stock issued to Gary Benson on May 19, 1999.

10.9 Warrant to purchase 125,000 shares of the Company's common stock issued to Daniel Bishop on June 3, 1999.

10.10 Warrant to purchase 125,000 shares of the Company's common stock issued to Robert Johander on June 3, 1999.

10.11 Warrant to purchase 250,000 shares of the Company's common stock issued to Michael Snow on June 3, 1999.

10.12 Warrant to purchase 125,000 shares of the Company's common stock issued to W.G. Securities Limited Partnership on June 3, 1999.

10.13 Form of Common Stock purchase warrant to acquire 337,500 shares issued to R.J. Steicher, placement agent.

27 Financial Data Schedule

(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, 1999.

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 13, 1999

/s/ O.B. Parrish

O. B. Parrish, Chairman and Chief Executive Officer and Acting Principal Accounting Officer

/s/ Robert R. Zic

Robert R. Zic, Chief Financial Officer
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THIS REGISTRATION RIGHTS AGREEMENT, dated as of June __, 1999 (the "Agreement"), is made by and between THE FEMALE HEALTH COMPANY, a Wisconsin corporation (the "Company"), and the undersigned investor or investors (the "Initial Investors").

RECITALS

A. The Initial Investors have purchased Convertible Debentures and Warrants (the "Warrants") from the Company which entitle the Initial Investors to receive shares of the Company's Common Stock. The shares of the Company's Common Stock into which the Convertible Debentures are convertible and the Warrants are exercisable are collectively referred to herein as the "Common Shares."

B. To induce the Initial Investors to purchase the Convertible Debentures and Warrants, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "1933 Act"), and applicable state securities laws with respect to the Common Shares.

AGREEMENTS

In consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Initial Investors hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

   (a) "Holders" are stockholders of the Company who, by virtue of agreements with the Company, are entitled to include their securities in certain Registration Statements filed by the Company.

   (b) "Initial Investors" includes any transferee or assignee of the Investor who agrees to become bound by the provisions of this Agreement in accordance with section 9 hereof.

   (c) "Investors" refers to the investors who purchased Convertible Debentures and Warrants from the Company as of the date of this Agreement.

   (d) "Registrable Securities" means the Common Shares, together with any shares of Common Stock which may be issued as a dividend or other distribution and any additional shares of Common Stock which may be issued due to anti-dilution adjustments with respect to the Common Shares, which are required to be included in a Registration Statement pursuant to section 2 below.

   (e) "Registration Period" means the period between the date of this Agreement and the earlier of (i) the date on which all of the Registrable Securities have been sold, or (ii) the date on which the Registrable Securities (in the reasonable opinion of Investors' counsel) may be immediately sold without registration by other than affiliates.

   (f) "Registration Statement" means a registration statement filed with the Securities and Exchange Commission (the "SEC") under the 1933 Act.

   (g) The terms "register," "registered," and "registration" refer to a registration effected by preparing and filing a Registration Statement in compliance with the 1933 Act and applicable rules and regulations thereunder, and the declaration or ordering of effectiveness of such Registration Statement by the SEC.

2. Registration. The Company will use its reasonable best efforts to file within 60 days after the date of this Agreement a Registration Statement with the SEC registering the Registrable Securities for resale. The Registration Statement will register for resale
1,875,000 Common Shares which may be issued on exercise of the Warrants and, initially, 1,500,000 Common Shares which may be issuable upon conversion of the Convertible Debentures. The Company will use its reasonable best efforts to cause such Registration Statement to be declared effective by the SEC within 120 days after the date of this Agreement. Such reasonable best efforts shall include, but not be limited to, promptly responding to all comments received from the staff of the SEC. Should the Company receive notification from the SEC that the Registration Statement will receive no action or no review from the SEC, the Company shall cause such Registration Statement to become effective within five (5) business days of such SEC notification. Once declared effective by the SEC, the Company shall use all reasonable best efforts to cause such Registration Statement to remain effective throughout the Registration Period. If the Registration Statement is not effective within 120 days from the date of this Agreement, the Company shall have an additional 60 days thereafter (for a total of 180 days after the date of this Agreement) to cause the Registration Statement to be declared effective by the SEC. If the Registration Statement is not effective by the 180th day after the date of this Agreement, (a) the interest rate on the Convertible Debentures shall automatically increase to 10% per annum beginning on the 181st day and continuing until the Registration Statement is declared effective or the Convertible Debentures are paid or converted in full, and (b) the maximum price per share of Common Stock for purposes of computing the number of shares to be received upon conversion of the Convertible Debentures shall automatically reduce to $1.00 for all conversions thereafter. Notwithstanding the foregoing, if the Registration Statement is not declared effective within 180 days after the date of this Agreement, at any time thereafter until it is so effective, an Investor can require that his Convertible Debenture be immediately paid in full by the Company.

3. Additional Obligations of the Company. In connection with the registration of the Registrable Securities, the Company shall have the following additional obligations:

(a) The Company shall keep the Registration Statement effective pursuant to Rule 415 under the 1933 Act at all times during the Registration Period as defined in section 1(e) above.

(b) The Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) filed by the Company shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. The Company shall prepare and file with the SEC such amendments (including post-effective amendments) and supplements to the Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to keep the Registration Statement effective at all times during the Registration Period, and, during such period, shall comply with the provisions of the 1933 Act applicable to the Company with respect to the disposition of all Registrable Securities of the Company covered by the Registration Statement until such time as all of such Registrable Securities have been disposed of in accordance with the intended methods of disposition by the sellers thereof as set forth in the Registration Statement. In the event the number of shares of Common Stock included in a Registration Statement filed pursuant to this Agreement is insufficient to cover all of the Registrable Securities, the Company shall amend the Registration Statement and/or file a new Registration Statement so as to cover all of the Registrable Securities as soon as practicable. The Company shall use its reasonable best efforts to cause such amendment and/or new Registration Statement to become effective as soon as practicable following the filing thereof.

(c) The Company shall furnish to each Investor whose Registrable Securities are included in the Registration Statement (i) promptly after the same is prepared and publicly distributed, filed with the SEC or received by the Company, one copy of the Registration Statement and any amendment thereto; each preliminary prospectus and final prospectus and each amendment or supplement thereto; and, in the case of the Registration Statement required under section 2 above, each substantive letter written by or on behalf of the Company to the SEC and each item of each substantive correspondence from the SEC, in each case relating to such Registration Statement (other than any portion of any item thereof which contains information for which the Company has sought confidential treatment); and (ii) such number of copies of a prospectus, including a preliminary prospectus, and all amendments and supplements thereto, and such other documents as such Investor may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Investor.
(d) The Company shall use its reasonable best efforts to (i) register and qualify the Registrable Securities covered by the Registration Statement under such other securities or blue sky laws of such jurisdictions as the Investors who hold a majority in interest of the Registrable Securities being offered reasonably request, (ii) prepare and file in those jurisdictions such amendments (including post-effective amendments) and supplements to such registrations as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions. Notwithstanding the foregoing provision, the Company shall not be required in connection therewith or as a condition thereto to (i) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this section 3(d), (ii) subject itself to general taxation in any such jurisdiction, (iii) file a general consent to service of process in any such jurisdiction, (iv) provide any undertakings that cause more than nominal expense or burden to the Company, or (v) make any change in its charter or bylaws, which in each case the Board of Directors of the Company determines to be contrary to the best interests of the Company and its stockholders.

(e) The Company shall notify each Investor who holds Registrable Securities being sold pursuant to a Registration Statement of the happening of any event of which the Company has knowledge as a result of which the prospectus included in the Registration Statement as then in effect includes an untrue statement of a material fact or omits to state 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 (a "Suspension Event"). The Company shall make such notification as promptly as practicable after the Company becomes aware of such Suspension Event, shall promptly use its reasonable best efforts to prepare a supplement or amendment to the Registration Statement to correct such untrue statement or omission, and shall deliver a copy of such supplement or amendment to each Investor. Notwithstanding the foregoing provision, the Company shall not be required to maintain the effectiveness of the Registration Statement or to amend or supplement the Registration Statement for a period (a "Delay Period") expiring upon the earlier to occur of (i) the date on which such material information is disclosed to the public or ceases to be material, (ii) if applicable, the date on which the Company is able to comply with its disclosure obligations and SEC requirements related thereto, or (iii) ninety (90) days after the occurrence of the Suspension Event; provided, however, that there shall not be more than two Delay Periods in any twelve (12) month period.

(f) The Company shall use its reasonable best efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement and, if such an order is issued, shall use its reasonable best efforts to obtain the withdrawal of such order at the earliest possible time and to notify each Investor who holds Registrable Securities being sold of the issuance of such order and the resolution thereof.

(g) The Company shall permit a single firm of counsel designated by the Investors who hold a majority in interest of the Registrable Securities being sold pursuant to such registration to review the Registration Statement and all amendments and supplements thereto (as well as all requests for acceleration or effectiveness thereof) a reasonable period of time prior to their filing with the SEC, and shall not file any document in a form to which such counsel reasonably objects. Any such counsel employed by the Investors shall be done so at the Investors' cost and at no cost to the Company.

(h) The Company shall make available for inspection by any Investor whose Registrable Securities are being sold pursuant to such registration and any attorney, accountant or other agent retained by any such Investor (collectively, the "Inspectors"), all pertinent financial and other records, pertinent corporate documents and properties of the Company (collectively shall be reasonably necessary to enable each Inspector to exercise its due diligence responsibility, and cause the Company's officers, directors and employees to supply all information which any Inspector may reasonably request for purposes of such due diligence; provided, however, that each Inspector shall hold in confidence and shall not make any disclosure (except to an Investor) of any Record or other information which the Company determines in good faith to be confidential,
and of which determination the Inspectors are so notified, unless (i) the
disclosure of such Records is necessary to avoid or correct a misstatement
or omission in any Registration Statement, (ii) the release of such Records
is ordered pursuant to a subpoena or other order from a court or government
body of competent jurisdiction, or (iii) the information in such Records has
been made generally available to the public other than by disclosure in
violation of this or any other agreement. The Company shall not be required
to disclose any confidential information in such Records to any Inspector
until and unless such Inspector shall have entered into confidentiality
agreements (in form and substance satisfactory to the Company) with the
Company with respect thereto, substantially in the form of this section
3(h). Each Investor agrees that it shall, upon learning that disclosure of
such Records is sought in or by a court or governmental body of competent
jurisdiction or through other means, give prompt notice to the Company and
allow the Company, at the Company's expense, to undertake appropriate
action to prevent disclosure of, or to obtain a protective order for, the
Records deemed confidential. Nothing herein shall be deemed to limit the
Investor's ability to sell Registrable Securities in a manner which is
otherwise consistent with applicable laws and regulations.

(i) The Company shall hold in confidence and shall not make
any disclosure of information concerning an Investor provided to the Company
pursuant hereto unless (i) disclosure of such information is necessary to
comply with federal or state securities laws, (ii) the disclosure of such
information is necessary to avoid or correct a misstatement or omission in
any Registration Statement, (iii) the release of such information is ordered
pursuant to a subpoena or other order from a court or governmental body of
competent jurisdiction, or (iv) such information has been made generally
available to the public other than by disclosure in violation of this or any
other agreement. The Company agrees that it shall, upon learning that
disclosure of such information concerning an Investor is sought in or by a
court or governmental body of competent jurisdiction or through other means,
give prompt notice to such Investor and allow such Investor, at its expense,
to undertake appropriate action to prevent disclosure of, or to obtain a
protective order for, such information.

(j) the Company shall take all other reasonable actions
reasonably requested by the Investors which are necessary to expedite and
facilitate disposition by the Investor of the Registrable Securities
pursuant to the Registration Statement.

4. Obligations of the Investors. In connection with the
registration of the Registrable Securities, the Investors shall have the
following obligations:

(a) It shall be a condition precedent to the obligations of
the Company to take any action pursuant to this Agreement with respect to
each Investor that such Investor shall furnish to the Company such
information regarding the Investor, the Registrable Securities held by the
Investor and the intended method of disposition of the Registrable
Securities held by the Investor as shall be reasonably required to effect
the registration of the Registrable Securities and shall execute such
documents in connection with such registration as the Company may reasonably
request.

(b) Each Investor, by such Investor's acceptance of the
Registrable Securities, agrees to cooperate with the Company as reasonably
requested by the Company in connection with the preparation and filing of
the Registration Statement hereunder, unless such Investor has notified the
Company in writing of such Investor's election to exclude all of such
Investor's Registrable Securities from the Registration Statement.

(c) Each Investor agrees that, upon receipt of any notice
from the Company of the happening of any event of the kind described in
section 3(e) or 3(f), such Investor will immediately discontinue disposition
of Registrable Securities pursuant to the Registration Statement covering
such Registrable Securities until such Investor's receipt of the copies of the
supplemented or amended prospectus contemplated by section 3(e) or 3(f)
and, if so directed by the Company, such Investor shall deliver to the
Company (at the expense of the Company) or destroy (and deliver to the
Company a certificate of destruction) all copies in such Investor's
possession, of the prospectus covering such Registrable Securities current
5. Expenses of Registration. All expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to sections 2 and 3, including, without limitation, all registration, listing and qualifications fees, printers and accounting fees, the fees and disbursements of counsel for the Company shall be borne by the Company.

6. Indemnification. In the event any Registrable Securities are included in a Registration Statement under this Agreement:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Investor who holds such Registrable Securities, the directors, if any, of such Investor, the officers, if any, of such Investor, each person, if any, who controls any Investor within the meaning of the 1933 Act or the Exchange Act, any underwriter (as defined in the 1933 Act) for the Investors, the directors, if any, of such underwriter and the officers, if any, of such underwriter, and each person, if any, who controls any underwriter within the meaning of the 1933 Act or the Exchange Act (each, an "Indemnified Person"), against any losses, claims, damages, expenses or liabilities (joint or several) (collectively "Claims") to which any of them become subject under the 1933 Act, the Exchange Act or otherwise, insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any of the following statements, omissions or violations in the Registration Statement, or any post-effective amendment thereof, or any prospectus included therein: (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any post-effective amendment thereof or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading, or (iii) any violation or alleged violation by the Company of the 1933 Act, the Exchange Act or any state securities law or any rule or regulation (the matters in the foregoing clauses (i) through (iii) being, collectively, "Violations"). Subject to the restrictions set forth in section 6(c) with respect to the number of legal counsel, the Company shall reimburse the Investors and each such underwriter or controlling person, promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this section 6(a): (A) shall not apply to a Claim arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by any Indemnified Person or underwriter for such Indemnified Person expressed in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto, if such prospectus was timely made available by the Company pursuant to section 3(c) hereof; (B) with respect to any preliminary prospectus shall not inure to the benefit of any such person from whom the person asserting any such Claim purchased the Registrable Securities that are the subject thereof (or to the benefit of any person controlling such person) if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected in the prospectus as then amended or supplemented, if a prospectus was timely made available by the Company pursuant to section 3(c) hereof; and (C) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Persons and shall survive the transfer of the Registrable Securities by the Investors pursuant to section 9.

(b) In connection with any Registration Statement in which an Investor is participating, each such Investor agrees to indemnify and hold harmless, to the same extent and in the same manner set forth in section 6(a), the Company, each of its directors, each of its officers who signs the Registration Statement, each person, if any, who controls the Company within the meaning of the 1933 Act or the Exchange Act, any underwriter and any other stockholder selling securities pursuant to the Registration Statement or any of its directors or officers or any person who...
controls such stockholder or underwriter within the meaning of the 1933 Act or the Exchange Act (collectively and together with an Indemnified Person, an "Indemnified Party"), against any claim to which any of them may become subject, under the 1933 Act, the Exchange Act or otherwise, insofar as such claim arises out of or is based upon any violation, in each case to the extent (and only to the extent) that such violation occurs in reliance upon and in conformity with written information furnished to the Company by such Investor expressly for use in connection with such Registration Statement, and such Investor will promptly reimburse any legal or other expenses reasonably incurred by them in connection with investigating or defending any such claim; provided, however, that the indemnity agreement contained in this section 6(b) shall not apply to amounts paid in settlement of any claim if such settlement is effected without the prior written consent of such Investor, which consent shall not be unreasonably withheld; provided further, however, that the Investor shall be liable to the Company under this section 6(b) for only that amount of a claim as does not exceed the net proceeds to such Investor as a result of the sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Person or Indemnified Party to survive the transfer of the Registrable Securities by the Investors pursuant to section 9. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this section 6(b) with respect to any preliminary prospectus shall not inure to the benefit of any Indemnified Party if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected on a timely basis in the prospectus, as then amended or supplemented.

(c) Promptly after receipt by an Indemnified Person or Indemnified Party under this section 6 of notice of the commencement of any action (including any governmental action), such Indemnified Person or Indemnified Party shall, if a claim in respect thereof is to be made against any indemnifying party under this section 6, deliver to the indemnifying party a written notice of the commencement thereof and this indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying parties; provided, however, that an Indemnified Person or Indemnified Party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the indemnifying party, the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person or Indemnified Party and other party represented by such counsel in such proceeding. The Company shall pay for only one separate legal counsel for the Investors; such legal counsel shall be selected by the Investors holding a majority in interest of the Registrable Securities. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this section 6, except to the extent that the indemnifying party is prejudiced in its ability to defend such action. The indemnification required by this section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as such expense, loss, damage or liability is incurred and is due and payable.

7. Contribution. To the extent any indemnification provided for herein is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to amounts for which it would otherwise be liable under section 6 to the fullest extent permitted by law; provided, however, that (i) no contribution shall be made under circumstances where the maker would not have been liable for indemnification under the fault standards set forth in section 6, (ii) no seller of Registrable Securities guilty of fraudulent misrepresentation (within the meaning of section 11(f) of the 1933 Act) shall be entitled to contribution from any seller of Registrable Securities who was not guilty of such fraudulent misrepresentation, and (iii) contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities.

8. Assignment of Registration Rights. The rights to have the Company register Registrable Securities pursuant to this Agreement shall be automatically assigned by the Investors to transferees or assignees of all or any portion of such securities only if (i) the Investor agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such
assignment, (ii) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being transferred or assigned, (iii) following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the 1933 Act and applicable state securities laws, (iv) at or before the time the Company received the written notice contemplated by clause (ii) of this sentence, the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein, (v) such transfer shall have been made in accordance with the applicable requirements of the Purchase Agreement, and (vi) such transferee shall be an "accredited investor" as that term is defined in Rule 501 of Regulation D promulgated under the 1933 Act.

9. Amendment of Registration Rights. Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and Investors who hold a majority interest of the Registrable Securities. Any amendment or waiver effected in accordance with this section 9 shall be binding upon each Investor and the Company.

10. Third Party Beneficiary. The parties acknowledge and agree that R.J. Steichen & Co. ("Steichen"), its officers, directors and controlling persons shall be deemed third party beneficiaries of the Company's agreements and representations set forth in this Agreement, entitled to enforce the terms thereof, and to indemnification for any damages resulting to Steichen or its officers, directors or controlling persons from any actual or threatened breach thereof by the Company, both in Steichen's or such other persons' personal capacity and, should Steichen or such other persons so elect, and provided that Steichen or such other persons has obtained the prior written consent of the Investor, on behalf of the Investor.

11. Miscellaneous.

(a) Conflicting Instructions. A person or entity is deemed to be a holder of Registrable Securities whenever such person or entity owns record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more persons or entities with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities.

(b) Notices. Any notices required or permitted to be given under the terms of this Agreement shall be sent by certified or registered mail (with return receipt requested) or delivered personally or by courier (including a nationally recognized overnight delivery service) or by facsimile transmission. Any notice so given shall be deemed effective three days after being deposited in the U.S. Mail, or upon receipt if delivered personally or by courier or facsimile transmission, in each case addressed to a party at the following address or such other address as each such party furnishes to the other in accordance with this section 11(b):

If to the Company:

The Female Health Company
875 North Michigan Avenue
Suite 3660
Chicago, IL 60611
Telephone: (312) 280-1119
Facsimile: (312) 280-9360
Attention: Mr. O.B. Parrish

with a copy to:

Reinhart, Boerner, Van Deuren,
Norris & Rieselbach, s.c.
1000 North Water Street
Suite 2100
Milwaukee, WI 53202
Telephone: (414) 298-8311
Facsimile: (414) 298-8097
Attention: Mr. David Krosner, Esq.

If to an Investor, to the particular Investor at the address set forth below:

Mr. Gary Benson
2925 Dean Parkway
Minneapolis, MN 55416
Telephone: (612) 925-2921
Facsimile: (612) 925-1664

Mr. Daniel Bishop
17235 2 Mile Road
Franksville, WI 53126
Telephone: (414) 633-9699
Facsimile: (414) 633-9866

Mr. Mike Snow
3300 Norwest Center
90 South 7th Street
Minneapolis, MN 55402
Telephone: (612) 672-8351
Facsimile: (612) 672-8397

W.G. Securities Limited Partnership
c/o Mr. William Deters
PMB 452
774 Mays Boulevard, No. 10
Incline Village, NV 89451
Telephone: (775) 832-9516
Facsimile: (775) 832-9518

Mr. Robert Johander
8480 Montgomery Court
Eden Prairie, MN 55347
Telephone: (612) 937-1862
Facsimile: (612) 934-7641

in each case with a copy to:

R.J. Steichen & Co.
120 South 6th Street
Suite 100
Minneapolis, MN 55402
Telephone: (612) 341-6296
Facsimile: (612) 341-6262
Attention: Mr. John C. Feltl

(c) Waiver. Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

(d) Governing Law. This Agreement shall be enforced, governed by and construed in accordance with the laws of the State of Wisconsin applicable to the agreements made and to be performed entirely within such state, without giving effect to rules governing the conflict of laws.

(e) Severability. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

(f) Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein or therein. This Agreement supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

(g) Successors and Assigns. Subject to the requirements of section 9 hereof, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto.
Use of Pronouns. All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require.

Headings. The headings and subheadings in the Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by facsimile transmission, and facsimile signatures shall be binding on the parties hereto.

Further Acts. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

Consents. All consents and other determinations to be made by the Investors pursuant to this Agreement shall be made by Investors holding a majority of the Registrable Securities, determined as if all shares of preferred stock of the Company issued in the Offering and all Warrants then outstanding had been converted into or exercised for Registrable Securities.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

COMPANY:
THE FEMALE HEALTH COMPANY

By: ________________________________
   O.B. Parrish, Chairman and Chief
   Executive Officer

INVESTORS:

Gary Benson

Daniel Bishop

Mike Snow

W.G. SECURITIES LIMITED PARTNERSHIP

BY: ________________________________
   William Deters

Robert Johander
AMENDMENT TO REGISTRATION RIGHTS AGREEMENT

THIS AMENDMENT TO REGISTRATION RIGHTS AGREEMENT, dated as of June __, 1999 (the "Agreement"), is made by and between THE FEMALE HEALTH COMPANY, a Wisconsin corporation (the "Company"), and the undersigned investor or investors (the "Initial Investors").

The Company agrees that it will include an additional 375,000 shares of the Company's Common Stock on the Registration Statement (assuming all $1,500,000 of Convertible Debentures are sold in the private placement) to cover the potential additional Warrants which would be issued upon extension of the term of the Convertible Debentures for an additional one year. In addition, the Company agrees that, if any additional securities are issued as a result of a default on the terms of the Convertible Debentures, the Company will use its reasonable best efforts to amend the Registration Statement to register for resale those additional shares.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

COMPANY:
THE FEMALE HEALTH COMPANY

By:____________________________
O.B. Parrish, Chairman and Chief Executive Officer

INVESTORS:
________________________________
Gary Benson

________________________________
Daniel Bishop

________________________________
Mike Snow

W.G. SECURITIES LIMITED PARTNERSHIP

BY____________________________
William Deters

________________________________
Robert Johander
CONVERTIBLE DEBENTURE

FOR VALUE RECEIVED, THE FEMALE HEALTH COMPANY, a Wisconsin corporation, promises to pay to the order of GARY BENSON, at Twin Town, 2925 Dean Parkway, Minneapolis, Minnesota 55416, the principal sum of One Million Dollars ($1,000,000.00) on May __, 2000. However, The Female Health Company may, in its discretion, extend the date of repayment of this Convertible Debenture until May __, 2001, if, upon its decision to extend such repayment, it issues to the holder of this Convertible Debenture warrants to purchase 250,000 shares of The Female Health Company's Common Stock, containing the same terms as the Warrants issued as of the date of this Convertible Debenture to the original holder hereof.

The unpaid principal balance hereof shall bear interest, payable quarterly on June 30, September 30, December 31 and March 31, commencing June 30, 1999, and at maturity, computed at a rate equal to 8% per annum. If the holder elects, such interest shall be payable in shares of The Female Health Company's Common Stock, valued at a price per share equal to the average last sale price of a share of such Common Stock for the five trading days ending on the trading day prior to the interest payment date. Principal of and interest on this Convertible Debenture shall be payable in lawful money of the United States.

All interest payable on this Convertible Debenture shall be computed for the actual number of days elapsed using a daily rate determined by dividing the annual rate by 365. Whenever any payment to be made hereunder shall be stated to be due on a Saturday, Sunday or public holiday under the laws of the State of Wisconsin, such payment may be made on the next succeeding business day, and such extension of time shall be included in the computation of interest on this Convertible Debenture.

This Convertible Debenture is convertible into shares of The Female Health Company's Common Stock beginning at any time after the first anniversary of the date of its issuance at the election of the holder hereof. To exercise that conversion right, the holder hereof must provide written notice to The Female Health Company indicating the amount of the Convertible Debenture to be converted into Common Stock, which must be done in increments of at least $100,000 of principal unless The Female Health Company agrees otherwise. The Convertible Debenture is convertible into Common Stock as follows:

1. The first 50% of the original principal balance of this Convertible Debenture, and any accrued but unpaid interest thereon, is convertible into shares of The Female Health Company's Common Stock based on a per share price of the Common Stock equal to the lesser of (a) 70% of the "market price" of the Common Stock as of the day immediately prior to the date the conversion notice is given to The Female Health Company or (b) $1.25; and

2. the second 50% of the original principal balance of this Convertible Debenture, and any accrued but unpaid interest thereon, is convertible into Common Stock at a price per share equal to the lesser of (a) 70% of the "market price" of the Common Stock on the date of conversion or (b) $2.50.

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 Female Health Company's Common Stock for the five trading days ending on the day immediately prior to the date a notice of conversion is issued to The Female Health Company by the holder of this Convertible Debenture.

Notwithstanding anything herein to the contrary, if the Registration Statement The Female Health Company is required to file pursuant to the Registration Rights Agreement of even date herewith between The Female Health Company, the holder of this Convertible Debenture and certain other Investors in The Female Health Company, is not effective within 180 days of the date of this Convertible Debenture, (a) the interest rate on this Convertible Debenture shall automatically increase to 10% per annum commencing on the 181st day and continuing until the Registration Statement is declared effective or this Convertible Debenture is paid or converted in full and (b) the maximum price per share of Common Stock for purposes of computing the number of shares of Common Stock to be received upon conversion of this Convertible Debenture shall automatically reduce to $1.00 for all conversions thereafter. Notwithstanding the foregoing, if the Registration Statement is not effective within 180 days after the date of this Convertible Debenture, at any time thereafter until it is effective, the holder can require that The Female Health Company immediately pay in full this Convertible Debenture.

Payment of the principal balance of this Convertible Debenture is secured by a first priority general business security interest in all of the assets of The Female Health Company pursuant to the terms of a general business security agreement dated as of the date hereof between The Female Health Company and the original holder of this Convertible Debenture. In addition, upon any default by The Female Health Company in payment of the principal or interest of this Convertible Debenture when due, if such default continues for a period of five business days after The Female Health Company is given written notice of such default, The Female Health Company will immediately issue, for no additional consideration, 1,000,000 shares of its Common Stock to the holder hereof, which shares will, upon issuance, be fully paid and nonassessable (except as provided by Wisconsin Statutes section 180.0622(2)(b), as interpreted). Such Common Stock issuance will in no way impair the holder's right to seek collection of this Convertible Debenture or to pursue any other right or cause of action that it has against The Female Health Company in connection with such default. The holder hereof shall be entitled to recover from The Female Health Company all costs of collection of this Convertible Debenture, including reasonable attorneys' fees. The holder hereof can pursue a claim in equity for specific enforcement of the provisions of this Convertible Debenture without impairing any other rights to which the holder is entitled.

This Convertible Debenture may be repaid, in whole or in part, at any time without penalty; provided, however, that before any payment, including a payment at maturity, The Female Health Company must first give the holder written notice of its intention to repay the Convertible Debenture and the holder shall have a period of ten days to decide whether to accept such payment or convert the principal and interest in accordance with the terms hereof, into Common Stock.

If (a) any payment of principal or interest is not made within five business days after The Female Health Company is given written notice of such failure to make a required payment; (b) the undersigned becomes the subject of bankruptcy or insolvency proceedings which are not dismissed within 30 days of filing; or (c) there is a material event of default under the General Business Security Agreement dated as of the date hereof between The Female Health Company and the holder of this Convertible Debenture and such event of default continues uncured 30 days after The Female Health Company was given written notice of such event of default, the unpaid balance of this Convertible Debenture shall, at the option of the holder and without notice, mature and become immediately payable.

THE FEMALE HEALTH COMPANY

By: O.B. Parrish, Chairman of the Board
and Chief Executive Officer
CONVERTIBLE DEBENTURE

THIS CONVERTIBLE DEBENTURE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER ANY STATE SECURITIES LAW. THIS CONVERTIBLE DEBENTURE MAY BE OFFERED, TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF ONLY IF REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE, AND ONLY IN STRICT COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS AND REGULATIONS.

$100,000.00                                       June __, 1999

FOR VALUE RECEIVED, THE FEMALE HEALTH COMPANY, a Wisconsin corporation, promises to pay to the order of DANIEL BISHOP at 17235 Two Mile Road, Franksville, Wisconsin 53126, the principal sum of One Hundred Thousand Dollars ($100,000.00) on June __, 2000. However, The Female Health Company may, in its discretion, extend the date of repayment of this Convertible Debenture until June __, 2001, if, upon its decision to extend such repayment, it issues to the holder of this Convertible Debenture warrants to purchase 25,000 shares of The Female Health Company's Common Stock, containing the same terms as the Warrants issued as of the date of this Convertible Debenture to the original holder hereof.

The unpaid principal balance hereof shall bear interest, payable quarterly on June 30, September 30, December 31 and March 31, commencing June 30, 1999, and at maturity, computed at a rate equal to 8% per annum. If the holder elects, such interest shall be payable in shares of The Female Health Company's Common Stock, valued at a price per share equal to the average last sale price of a share of such Common Stock for the five trading days ending on the trading day prior to the interest payment date. Principal of and interest on this Convertible Debenture shall be payable in lawful money of the United States.

All interest payable on this Convertible Debenture shall be computed for the actual number of days elapsed using a daily rate determined by dividing the annual rate by 365. Whenever any payment to be made hereunder shall be stated to be due on a Saturday, Sunday or public holiday under the laws of the State of Wisconsin, such payment may be made on the next succeeding business day, and such extension of time shall be included in the computation of interest on this Convertible Debenture.

This Convertible Debenture is convertible into shares of The Female Health Company's Common Stock beginning at any time after the first anniversary of the date of its issuance at the election of the holder hereof. To exercise that conversion right, the holder hereof must provide written notice to The Female Health Company indicating the amount of the Convertible Debenture to be converted into Common Stock, which must be done in increments of at least $10,000 of principal unless The Female Health Company agrees otherwise. The Convertible Debenture is convertible into Common Stock as follows:

1. The first 50% of the original principal balance of this Convertible Debenture, and any accrued but unpaid interest thereon, is convertible into shares of The Female Health Company's Common Stock based on a per share price of the Common Stock equal to the lesser of (a) 70% of the "market price" of the Common Stock as of the day immediately prior to the date the conversion notice is given to The Female Health Company or (b) $1.25; and

2. the second 50% of the original principal balance of this Convertible Debenture, and any accrued but unpaid interest thereon, is convertible into Common Stock at a price per share equal to the lesser of (a) 70% of the "market price" of the Common Stock on the date of conversion or (b) $2.50.

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 Female Health Company's Common Stock for the five trading days
ending on the day immediately prior to the date a notice of conversion
is issued to The Female Health Company by the holder of this
Convertible Debenture.

Notwithstanding anything herein to the contrary, if the
Registration Statement The Female Health Company is required to file
pursuant to the Registration Rights Agreement of even date herewith
between The Female Health Company, the holder of this Convertible
Debenture and certain other Investors in The Female Health Company,
is not effective within 180 days of the date of this Convertible Debenture,
(a) the interest rate on this Convertible Debenture shall automatically
increase to 10% per annum commencing on the 181st day and continuing
until the Registration Statement is declared effective or this
Convertible Debenture is paid or converted in full and (b) the maximum
price per share of Common Stock for purposes of computing the number of
shares of Common Stock to be received upon conversion of this
Convertible Debenture shall automatically reduce to $1.00 for all
conversions thereafter. Notwithstanding the foregoing, if the
Registration Statement is not effective within 180 days after the date
of this Convertible Debenture, at any time thereafter until it is
effective, the holder can require that The Female Health Company
immediately pay in full this Convertible Debenture.

Payment of the principal balance of this Convertible
Debenture is secured by a first priority general business security
interest in all of the assets of The Female Health Company pursuant to
the terms of a general business security agreement dated as of the date
hereof between The Female Health Company and the original holder of this
Convertible Debenture. In addition, upon any default by The Female
Health Company in payment of the principal or interest of this
Convertible Debenture when due, if such default continues for a period
of five business days after The Female Health Company is given written
notice of such default, The Female Health Company will immediately
issue, for no additional consideration, 100,000 shares of its Common
Stock to the holder hereof, which shares will, upon issuance, be fully
paid and nonassessable (except as provided by Wisconsin Statutes
section 180.0622(2)(b), as interpreted). Such Common Stock issuance
will in no way impair the holder's right to seek collection of this
Convertible Debenture or to pursue any other right or cause of action
that it has against The Female Health Company in connection with such
default. The holder hereof shall be entitled to recover from The Female
Health Company all costs of collection of this Convertible Debenture,
including reasonable attorneys' fees. The holder hereof can pursue a
claim in equity for specific enforcement of the provisions of this
Convertible Debenture without impairing any other rights to which the
holder is entitled.

This Convertible Debenture may be repaid, in whole or in
part, at any time without penalty; provided, however, that before any
payment, including a payment at maturity, The Female Health Company must
first give the holder written notice of its intention to repay the
Convertible Debenture and the holder shall have a period of ten days to
decide whether to accept such payment or convert the principal and
interest in accordance with the terms hereof, into Common Stock.

If (a) any payment of principal or interest is not made
within five business days after The Female Health Company is given
written notice of such failure to make a required payment; (b) the
undersigned becomes the subject of bankruptcy or insolvency proceedings
which are not dismissed within 30 days of filing; or (c) there is a
material event of default under the General Business Security Agreement
dated as of the date hereof between The Female Health Company and the
holder of this Convertible Debenture and such event of default continues
uncured 30 days after The Female Health Company was given written notice
of such event of default, the unpaid balance of this Convertible
Debenture shall, at the option of the holder and without notice, mature
and become immediately payable.

THE FEMALE HEALTH COMPANY

By: O.B. Parrish, Chairman of the Board
and Chief Executive Officer
CONVERTIBLE DEBENTURE

THIS CONVERTIBLE DEBENTURE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER ANY STATE SECURITIES LAW. THIS CONVERTIBLE DEBENTURE MAY BE OFFERED, TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF ONLY IF REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE, AND ONLY IN STRICT COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS AND REGULATIONS.

$100,000.00                                       June __, 1999

FOR VALUE RECEIVED, THE FEMALE HEALTH COMPANY, a Wisconsin corporation, promises to pay to the order of ROBERT JOHANDER at 8480 Montgomery Court, Eden Prairie, Minnesota 55347, the principal sum of One Hundred Thousand Dollars ($100,000.00) on June __, 2000. However, The Female Health Company may, in its discretion, extend the date of repayment of this Convertible Debenture until June __, 2001, if, upon its decision to extend such repayment, it issues to the holder of this Convertible Debenture warrants to purchase 25,000 shares of The Female Health Company's Common Stock, containing the same terms as the Warrants issued as of the date of this Convertible Debenture to the original holder hereof.

The unpaid principal balance hereof shall bear interest, payable quarterly on June 30, September 30, December 31 and March 31, commencing June 30, 1999, and at maturity, computed at a rate equal to 8% per annum. If the holder elects, such interest shall be payable in shares of The Female Health Company's Common Stock, valued at a price per share equal to the average last sale price of a share of such Common Stock for the five trading days ending on the trading day prior to the interest payment date. Principal of and interest on this Convertible Debenture shall be payable in lawful money of the United States.

All interest payable on this Convertible Debenture shall be computed for the actual number of days elapsed using a daily rate determined by dividing the annual rate by 365. Whenever any payment to be made hereunder shall be stated to be due on a Saturday, Sunday or public holiday under the laws of the State of Wisconsin, such payment may be made on the next succeeding business day, and such extension of time shall be included in the computation of interest on this Convertible Debenture.

This Convertible Debenture is convertible into shares of The Female Health Company's Common Stock beginning at any time after the first anniversary of the date of its issuance at the election of the holder hereof. To exercise that conversion right, the holder hereof must provide written notice to The Female Health Company indicating the amount of the Convertible Debenture to be converted into Common Stock, which must be done in increments of at least $10,000 of principal unless The Female Health Company agrees otherwise. The Convertible Debenture is convertible into Common Stock as follows:

1. The first 50% of the original principal balance of this Convertible Debenture, and any accrued but unpaid interest thereon, is convertible into shares of The Female Health Company's Common Stock based on a per share price of the Common Stock equal to the lesser of (a) 70% of the "market price" of the Common Stock as of the day immediately prior to the date the conversion notice is given to The Female Health Company or (b) $1.25; and

2. the second 50% of the original principal balance of this Convertible Debenture, and any accrued but unpaid interest thereon, is convertible into Common Stock at a price per share equal to the lesser of (a) 70% of the "market price" of the Common Stock on the date of conversion or (b) $2.50.

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 Female Health Company's Common Stock for the five trading days ending on the day immediately prior to the date a notice of conversion is issued to
The Female Health Company by the holder of this Convertible Debenture.

Notwithstanding anything herein to the contrary, if the Registration Statement The Female Health Company is required to file pursuant to the Registration Rights Agreement of even date herewith between The Female Health Company, the holder of this Convertible Debenture and certain other Investors in The Female Health Company, is not effective within 180 days of the date of this Convertible Debenture, a) the interest rate on this Convertible Debenture shall automatically increase to 10% per annum commencing on the 181st day and continuing until the Registration Statement is declared effective or this Convertible Debenture is paid or converted in full and (b) the maximum price per share of Common Stock for purposes of computing the number of shares of Common Stock to be received upon conversion of this Convertible Debenture shall automatically reduce to $1.00 for all conversions thereafter.

Notwithstanding the foregoing, if the Registration Statement is not effective within 180 days after the date of this Convertible Debenture, at any time thereafter until it is effective, the holder can require that The Female Health Company immediately pay in full this Convertible Debenture.

Payment of the principal balance of this Convertible Debenture is secured by a first priority general business security interest in all of the assets of The Female Health Company pursuant to the terms of a general business security agreement dated as of the date hereof between The Female Health Company and the original holder of this Convertible Debenture. In addition, upon any default by The Female Health Company in payment of the principal or interest of this Convertible Debenture when due, if such default continues for a period of five business days after The Female Health Company is given written notice of such default, The Female Health Company will immediately issue, for no additional consideration, 100,000 shares of its Common Stock to the holder hereof, which shares will, upon issuance, be fully paid and nonassessable (except as provided by Wisconsin Statutes section 180.0622(2)(b), as interpreted). Such Common Stock issuance will in no way impair the holder's right to seek collection of this Convertible Debenture or to pursue any other right or cause of action that it has against The Female Health Company in connection with such default. The holder hereof shall be entitled to recover from The Female Health Company all costs of collection of this Convertible Debenture, including reasonable attorneys' fees. The holder hereof can pursue a claim in equity for specific enforcement of the provisions of this Convertible Debenture without impairing any other rights to which the holder is entitled.

This Convertible Debenture may be repaid, in whole or in part, at any time without penalty; provided, however, that before any payment, including a payment at maturity, The Female Health Company must first give the holder written notice of its intention to repay the Convertible Debenture and the holder shall have a period of ten days to decide whether to accept such payment or convert the principal and interest in accordance with the terms hereof, into Common Stock.

If (a) any payment of principal or interest is not made within five business days after The Female Health Company is given written notice of such failure to make a required payment; (b) the undersigned becomes subject of bankruptcy or insolvency proceedings which are not dismissed within 30 days of filing; or (c) there is a material event of default under the General Business Security Agreement dated as of the date hereof between The Female Health Company and the holder of this Convertible Debenture and such event of default continues uncured 30 days after The Female Health Company was given written notice of such event of default, the unpaid balance of this Convertible Debenture shall, at the option of the holder and without notice, mature and become immediately payable.

THE FEMALE HEALTH COMPANY

By:__________________________________
O.B. Parrish, Chairman of the Board and Chief Executive Officer
CONVERTIBLE DEBENTURE

THIS CONVERTIBLE DEBENTURE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER ANY STATE SECURITIES LAW. THIS CONVERTIBLE DEBENTURE MAY BE OFFERED, TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF ONLY IF REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE, AND ONLY IN STRICT COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS AND REGULATIONS.

$200,000.00 June __, 1999

FOR VALUE RECEIVED, THE FEMALE HEALTH COMPANY, a Wisconsin corporation, promises to pay to the order of MIKE SNOW at 3300 Norwest Center, 90 South 7th Street, Minneapolis, Minnesota 55402, the principal sum of Two Hundred Thousand Dollars ($200,000.00) on June __, 2000. However, The Female Health Company may, in its discretion, extend the date of repayment of this Convertible Debenture until June __, 2001, if, upon its decision to extend such repayment, it issues to the holder of this Convertible Debenture warrants to purchase 50,000 shares of The Female Health Company's Common Stock, containing the same terms as the Warrants issued as of the date of this Convertible Debenture to the original holder hereof.

The unpaid principal balance hereof shall bear interest, payable quarterly on June 30, September 30, December 31 and March 31, commencing June 30, 1999, and at maturity, computed at a rate equal to 8% per annum. If the holder elects, such interest shall be payable in shares of The Female Health Company's Common Stock, valued at a price per share equal to the average last sale price of a share of such Common Stock for the five trading days ending on the trading day prior to the interest payment date. Principal of and interest on this Convertible Debenture shall be payable in lawful money of the United States.

All interest payable on this Convertible Debenture shall be computed for the actual number of days elapsed using a daily rate determined by dividing the annual rate by 365. Whenever any payment to be made hereunder shall be stated to be due on a Saturday, Sunday or public holiday under the laws of the State of Wisconsin, such payment may be made on the next succeeding business day, and such extension of time shall be included in the computation of interest on this Convertible Debenture.

This Convertible Debenture is convertible into shares of The Female Health Company's Common Stock beginning at any time after the first anniversary of the date of its issuance at the election of the holder hereof. To exercise that conversion right, the holder hereof must provide written notice to The Female Health Company indicating the amount of the Convertible Debenture to be converted into Common Stock, which must be done in increments of at least $20,000 of principal unless The Female Health Company agrees otherwise. The Convertible Debenture is convertible into Common Stock as follows:

1. The first 50% of the original principal balance of this Convertible Debenture, and any accrued but unpaid interest thereon, is convertible into shares of The Female Health Company's Common Stock based on a per share price of the Common Stock equal to the lesser of (a) 70% of the "market price" of the Common Stock as of the day immediately prior to the date the conversion notice is given to The Female Health Company or (b) $1.25; and

2. the second 50% of the original principal balance of this Convertible Debenture, and any accrued but unpaid interest thereon, is convertible into Common Stock at a price per share equal to the lesser of (a) 70% of the "market price" of the Common Stock on the date of conversion or (b) $2.50.

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 Female Health Company's Common Stock for the five trading days
ending on the day immediately prior to the date a notice of conversion
is issued to The Female Health Company by the holder of this
Convertible Debenture.

Notwithstanding anything herein to the contrary, if the
Registration Statement The Female Health Company is required to file
pursuant to the Registration Rights Agreement of even date herewith
between The Female Health Company, the holder of this Convertible
Debenture and certain other Investors in The Female Health Company, is
not effective within 180 days of the date of this Convertible Debenture,
(a) the interest rate on this Convertible Debenture shall automatically
increase to 10% per annum commencing on the 181st day and continuing
until the Registration Statement is declared effective or this
Convertible Debenture is paid or converted in full and (b) the maximum
price per share of Common Stock for purposes of computing the number of
shares of Common Stock to be received upon conversion of this
Convertible Debenture shall automatically reduce to $1.00 for all
conversions thereafter. Notwithstanding the foregoing, if the
Registration Statement is not effective within 180 days after the date
of this Convertible Debenture, at any time thereafter until it is
effective, the holder can require that The Female Health Company
immediately pay in full this Convertible Debenture.

Payment of the principal balance of this Convertible
Debenture is secured by a first priority general business security
interest in all of the assets of The Female Health Company pursuant to
the terms of a general business security agreement dated as of the date
hereof between The Female Health Company and the original holder of this
Convertible Debenture. In addition, upon any default by The Female
Health Company in payment of the principal or interest of this
Convertible Debenture when due, if such default continues for a period
of five business days after The Female Health Company is given written
notice of such default, The Female Health Company will immediately
issue, for no additional consideration, 200,000 shares of its Common
Stock to the holder hereof, which shares will, upon issuance, be fully
paid and nonassessable (except as provided by Wisconsin Statutes
section 180.0622(2)(b), as interpreted). Such Common Stock issuance
will in no way impair the holder's right to seek collection of this
Convertible Debenture or to pursue any other right or cause of action
that it has against The Female Health Company in connection with such
default. The holder hereof shall be entitled to recover from The Female
Health Company all costs of collection of this Convertible Debenture,
including reasonable attorneys' fees. The holder hereof can pursue a
claim in equity for specific enforcement of the provisions of this
Convertible Debenture without impairing any other rights to which the
holder is entitled.

This Convertible Debenture may be repaid, in whole or in
part, at any time without penalty; provided, however, that before any
payment, including a payment at maturity, The Female Health Company must
first give the holder written notice of its intention to repay the
Convertible Debenture and the holder shall have a period of ten days to
decide whether to accept such payment or convert the principal and
interest in accordance with the terms hereof, into Common Stock.

If (a) any payment of principal or interest is not made
within five business days after The Female Health Company is given
written notice of such failure to make a required payment; (b) the
undersigned becomes the subject of bankruptcy or insolvency proceedings
which are not dismissed within 30 days of filing; or (c) there is a
material event of default under the General Business Security Agreement
dated as of the date hereof between The Female Health Company and the
holder of this Convertible Debenture and such event of default continues
cured 30 days after The Female Health Company was given written notice
of such event of default, the unpaid balance of this Convertible
Debenture shall, at the option of the holder and without notice, mature
and become immediately payable.

THE FEMALE HEALTH COMPANY

By: O.B. Parrish, Chairman of the Board
    and Chief Executive Officer
CONVERTIBLE DEBENTURE

THIS CONVERTIBLE DEBENTURE HAS NOT BEEN REGISTERED UNDER THE
SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER ANY STATE
SECURITIES LAW. THIS CONVERTIBLE DEBENTURE MAY BE OFFERED,
TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF ONLY IF REGISTERED UNDER THE
SECURITIES ACT OF 1933, AS AMENDED, OR IF AN EXEMPTION FROM
REGISTRATION IS AVAILABLE, AND ONLY IN STRICT COMPLIANCE WITH
APPLICABLE STATE SECURITIES LAWS AND REGULATIONS.

$100,000.00                                       June __, 1999

FOR VALUE RECEIVED, THE FEMALE HEALTH COMPANY, a Wisconsin
corporation, promises to pay to the order of W.G. SECURITIES LIMITED
PARTNERSHIP c/o Mr. William Deters at PMB 452, 774 Mays Boulevard,
No. 10, Incline Village, Nevada 89451, the principal sum of One Hundred
Thousand Dollars ($100,000.00) on June __, 2000. However, The Female
Health Company may, in its discretion, extend the date of repayment of
this Convertible Debenture until June __, 2001, if, upon its decision
to extend such repayment, it issues to the holder of this Convertible
Debenture warrants to purchase 25,000 shares of The Female Health
Company's Common Stock, containing the same terms as the Warrants
issued as of the date of this Convertible Debenture to the original
holder hereof.

The unpaid principal balance hereof shall bear interest,
payable quarterly on June 30, September 30, December 31 and March 31,
commencing June 30, 1999, and at maturity, computed at a rate equal to
8% per annum. If the holder elects, such interest shall be payable in
shares of The Female Health Company's Common Stock, valued at a price
per share equal to the average last sale price of a share of such
Common Stock for the five trading days ending on the trading day prior
to the interest payment date. Principal of and interest on this
Convertible Debenture shall be payable in lawful money of the United
States.

All interest payable on this Convertible Debenture shall be
computed for the actual number of days elapsed using a daily rate
determined by dividing the annual rate by 365. Whenever any payment to
be made hereunder shall be stated to be due on a Saturday, Sunday or
public holiday under the laws of the State of Wisconsin, such payment
may be made on the next succeeding business day, and such extension of
time shall be included in the computation of interest on this
Convertible Debenture.

This Convertible Debenture is convertible into shares of The
Female Health Company's Common Stock beginning at any time after the
first anniversary of the date of its issuance at the election of the
holder hereof. To exercise that conversion right, the holder hereof
must provide written notice to The Female Health Company indicating the
amount of the Convertible Debenture to be converted into Common Stock,
which must be done in increments of at least $10,000 of principal
unless The Female Health Company agrees otherwise. The Convertible
Debenture is convertible into Common Stock as follows:

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1. The first 50% of the original principal balance of this
Convertible Debenture, and any accrued but unpaid interest thereon, is
convertible into shares of The Female Health Company's Common Stock
based on a per share price of the Common Stock equal to the lesser of
(a) 70% of the "market price" of the Common Stock as of the day
immediately prior to the date the conversion notice is given to The
Female Health Company or (b) $1.25; and

2. the second 50% of the original principal balance of this
Convertible Debenture, and any accrued but unpaid interest thereon, is
convertible into Common Stock at a price per share equal to the lesser of
(a) 70% of the "market price" of the Common Stock on the date of
conversion or (b) $2.50.

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 Female Health Company's Common Stock for the five trading days ending on the day immediately prior to the date a notice of conversion is issued to The Female Health Company by the holder of this Convertible Debenture.

Notwithstanding anything herein to the contrary, if the Registration Statement The Female Health Company is required to file pursuant to the Registration Rights Agreement of even date herewith between The Female Health Company, the holder of this Convertible Debenture and certain other Investors in The Female Health Company, is not effective within 180 days of the date of this Convertible Debenture, (a) the interest rate on this Convertible Debenture shall automatically increase to 10% per annum commencing on the 181st day and continuing until the Registration Statement is declared effective or this Convertible Debenture is paid or converted in full and (b) the maximum price per share of Common Stock for purposes of computing the number of shares of Common Stock to be received upon conversion of this Convertible Debenture shall automatically reduce to $1.00 for all conversions thereafter. Notwithstanding the foregoing, if the Registration Statement is not effective within 180 days after the date of this Convertible Debenture, at any time thereafter until it is effective, the holder can require that The Female Health Company immediately pay in full this Convertible Debenture.

Payment of the principal balance of this Convertible Debenture is secured by a first priority general business security interest in all of the assets of The Female Health Company pursuant to the General Business Security Agreement dated as of the date hereof between The Female Health Company and the holder of this Convertible Debenture. In addition, upon any default by The Female Health Company in payment of the principal or interest of this Convertible Debenture when due, if such default continues for a period of five business days after The Female Health Company is given written notice of such default, The Female Health Company will immediately issue, for no additional consideration, 100,000 shares of its Common Stock to the holder hereof, which shares will, upon issuance, be fully paid and nonassessable (except as provided by Wisconsin Statutes section 180.0622(2)(b), as interpreted). Such Common Stock issuance will in no way impair the holder's right to seek collection of this Convertible Debenture or to pursue any other right or cause of action that it has against The Female Health Company in connection with such default. The holder hereof shall be entitled to recover from The Female Health Company all costs of collection of this Convertible Debenture, including reasonable attorneys' fees. The holder hereof can pursue a claim in equity for specific enforcement of the provisions of this Convertible Debenture without impairing any other rights to which the holder is entitled.

This Convertible Debenture may be repaid, in whole or in part, at any time without penalty; provided, however, that before any payment, including a payment at maturity, The Female Health Company must first give the holder written notice of its intention to repay the Convertible Debenture and the holder shall have a period of ten days to decide whether to accept such payment or convert the principal and interest in accordance with the terms hereof, into Common Stock.

If (a) any payment of principal or interest is not made within five business days after The Female Health Company is given written notice of such failure to make a required payment; (b) the undersigned becomes the subject of bankruptcy or insolvency proceedings which are not dismissed within 30 days of filing; or (c) there is a material event of default under the General Business Security Agreement dated as of the date hereof between The Female Health Company and the holder of this Convertible Debenture and such event of default continues uncured 30 days after The Female Health Company was given written notice of such event of default, the unpaid balance of this Convertible Debenture shall, at the option of the holder and without notice, mature and become immediately payable.

THE FEMALE HEALTH COMPANY

By: O.B. Parrish, Chairman of the Board
   and Chief Executive Officer
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, One Million Two Hundred Fifty Thousand (1,250,000) 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 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, 1999.

THE FEMALE HEALTH COMPANY

By__________________________________

Its__________________________________
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.

SCHEDULE 1

Registration Rights Agreement
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, One Hundred Twenty-Five Thousand (125,000) 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 Statues 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 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 , 1999.

THE FEMALE HEALTH COMPANY

By________________________

Its______________________
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.

SCHEDULE 1
Registration Rights Agreement
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, One Hundred Twenty-Five Thousand (125,000) 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 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 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, 1999.

THE FEMALE HEALTH COMPANY

By________________________

Its________________________
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.

SCHEDULE 1
Registration Rights Agreement
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

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, 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 in no event shall such per share price 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 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 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, 1999.

THE FEMALE HEALTH COMPANY

By

Its

FORM OF 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.

SCHEDULE 1

Registration Rights Agreement
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, One Hundred Twenty-Five Thousand (125,000) 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 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, 1999.

THE FEMALE HEALTH COMPANY
By__________________________________
Its__________________________________
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.  

SCHEDULE 1  

Registration Rights Agreement
THE FEMALE HEALTH COMPANY

COMMON STOCK PURCHASE WARRANT

The Female Health Company, a Wisconsin corporation (the "Company"), hereby agrees that, for value received, R. J. STEICHEN & COMPANY, Minneapolis, Minnesota, or its assigns, is entitled, subject to the terms set forth below, to purchase from the Company, at any time or from time to time, from May 17, 2000, and before 5:00 p.m., Minneapolis, Minnesota time, on May 16, 2004, Three Hundred Thirty-Seven Thousand Five Hundred (337,500) shares of the common stock of the Company (the "Common Stock"), at an exercise price of $1.00 per share, subject to adjustment as provided herein.

1. Exercise of Warrant. The purchase rights granted by this Warrant shall be exercised (in minimum quantities of 100 shares) by the holder surrendering this Warrant with the form of exercise attached hereto duly executed by such holder, to the Company at its principal office, accompanied by payment, in cash or by cashier's check payable to the order of the Company, of the purchase price payable in respect of the Common Stock being purchased. If less than all of the Common Stock purchasable hereunder is purchased, the Company will, upon such exercise, execute and deliver to the holder hereof a new Warrant (dated the date hereof) evidencing the number of shares of Common Stock not so purchased. As soon as practicable after the exercise of this Warrant and payment of the purchase price, the Company will cause to be issued in the name of and delivered to the holder hereof, or as such holder may direct, a certificate or certificates representing the shares purchased upon such exercise. The Company may require that such certificate or certificates contain on the face thereof a legend substantially as follows:

"The transfer of the shares represented by this certificate is restricted pursuant to the terms of a Common Stock Purchase Warrant dated June 3, 1999, issued by The Female Health Company, a copy of which is available for inspection at the offices of The Female Health Company. Transfer may not be made except in accordance with the terms of the Common Stock Purchase Warrant. In addition, no sale, offer to sell or transfer of the shares represented by this certificate shall be made unless a registration statement under the Securities Act of 1933, as amended, with respect to such shares is then in effect or an exemption from registration is then in fact applicable to such shares."

THIS WARRANT IS SUBJECT TO THE RESTRICTIONS ON TRANSFER SET FORTH ON PAGE 7 HEREOF.

2. Negotiability and Transfer. This Warrant is issued upon the following terms, to which each holder hereof consents and agrees:

(a) Until this Warrant is duly transferred on the books of the Company, the Company may treat the registered holder of this Warrant as absolute owner hereof for all purposes without being affected by any notice to the contrary.

(b) Each successive holder of this Warrant, or of any portion of the rights represented thereby, shall be bound by the terms and conditions set forth herein.

(c) This Warrant is immediately assignable, notwithstanding anything herein to the contrary, to officers, directors, employees and registered representatives of R. J. Steichen & Company, sub-agent(s) of R. J. Steichen & Company, and officers, directors, employees and registered representatives of the sub-agent(s) of R. J. Steichen & Company.

3. Antidilution Adjustments. If the Company shall at any time hereafter subdivide or combine its outstanding shares of Common Stock, or declare a dividend payable in Common Stock, the exercise price in effect immediately prior to the subdivision, combination or record date for such dividend payable in Common Stock shall forthwith be proportionately increased, in the case of combination, or proportionately decreased, in the case of subdivision or declaration of a dividend payable in Common Stock, and each share of Common Stock purchasable upon exercise of this Warrant, immediately preceding such event, shall be changed to the number determined by dividing the then current exercise price by the exercise price as adjusted after such subdivision, combination or dividend payable in Common Stock.

No fractional shares of Common Stock are to be issued upon the exercise of the Warrant, but the Company shall pay a cash adjustment in respect of any
fraction of a share which would otherwise be issuable in an amount equal to the same fraction of the market price per share of Common Stock on the day of exercise as determined in good faith by the Company.

In case of any capital reorganization or any reclassification of the shares of Common Stock of the Company, or in the case of any consolidation with or merger of the Company into or with another corporation, or the sale of all or substantially all of its assets to another corporation, which is effected in such a manner that the holders of Common Stock shall be entitled to receive stock, securities or assets with respect to or in exchange for Common Stock, then, as part of such reorganization, reclassification, consolidation, merger or sale, as the case may be, lawful provision shall be made so that the holder of the Warrant shall have the right thereafter to receive, upon the exercise hereof, the kind and amount of shares of stock or other securities or property which the holder would have been entitled to receive if, immediately prior to such reorganization, reclassification, consolidation, merger or sale, the holder had held the number of shares of Common Stock which were then purchasable upon the exercise of the Warrant. In any such case, appropriate adjustment (as determined in good faith by the Board of Directors of the Company) shall be made in the application of the provisions set forth herein with respect to the rights and interest thereafter of the holder of the Warrant, to the end that the provisions set forth herein (including provisions with respect to adjustments of the exercise price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the exercise of the Warrant.

When any adjustment is required to be made in the exercise price, initial or adjusted, the Company shall forthwith determine the new exercise price, and

(a) prepare and retain on file a statement describing in reasonable detail the method used in arriving at the new exercise price; and

(b) cause a copy of such statement to be mailed to the holder of the Warrant as of a date within ten (10) days after the date when the circumstances giving rise to the adjustment occurred.

4. Transferability; Registration Rights. Prior to making any disposition of the Warrant or of any Common Stock purchased upon exercise of the Warrant, the holder will give written notice to the Company describing briefly the manner of such proposed disposition. The holder will not make any such disposition until (i) the Company has notified the holder that, in the opinion of its counsel, registration under the Act is not required with respect to such disposition, or (ii) a registration statement covering the proposed distribution has been filed by the Company and has become effective. The holder then will make any disposition only pursuant to the conditions of such opinion or registration. The Company agrees that, upon receipt of written notice from the holder hereof with respect to such proposed distribution, it will use its reasonable best efforts, in consultation with the holder's counsel, to ascertain as promptly as possible whether or not registration is required, and will advise the holder promptly with respect thereto, and the holder will cooperate in providing the Company with information necessary to make such determination.

If, at any time one (1) year after the date hereof and prior to the expiration of seven (7) years from the date hereof, the Company shall propose to file any registration statement under the Securities Act of 1933, as amended, (the "Act") covering a public offering of the Company's Common Stock (other than a registration on Form S-4, Form S-8 or any registration form that does not permit secondary sales), it will notify the holder hereof at least thirty (30) days prior to each such filing and will include in the registration statement (to the extent permitted by applicable regulation) the Common Stock purchased by the holder or purchasable by the holder upon the exercise of the Warrant to the extent requested by the holder hereof. Notwithstanding the foregoing, the number of shares of the holders of the Warrants proposed to be registered thereby shall be reduced pro rata with any other selling shareholder (other than the Company) upon the request of the managing underwriter of such offering. If the registration statement or offering statement filed pursuant to such forty-five (45) day notice has not become effective within six months following the date such notice is given to the holder hereof, the Company must again notify such holder in the manner provided above.

At any time one (1) year after the date hereof and prior to the expiration of five (5) years from the date hereof, and provided that a registration statement on Form S-3 (or its equivalent) is then available to the Company, and on a one-time basis only, if the holders of 51% or more of the warrants and the shares acquired upon exercise of the Warrants request the registration of the shares on Form S-3 (or its equivalent), the Company shall promptly thereafter use its reasonable best efforts to effect the registration under the Act of all
such shares which such holders request in writing to be so registered, and in a manner corresponding to the methods of distribution described in such holders' request.

All expenses of any such registrations referred to in this Section 4, except the fees of counsel to such holders and underwriting commissions or discounts shall be borne by the Company.

The Company will mail to each record holder, at the last known post office address, written notice of any exercise of the rights granted under this Section 4, by certified or registered mail, return receipt requested, and each holder shall have thirty (30) days from the date of deposit of such notice in the U.S. Mail to notify the Company in writing whether such holder wishes to join in such exercise.

The Company will furnish the holder hereof with a reasonable number of copies of any prospectus included in such filings and will amend or supplement the same as required during the period of required use thereof. The Company will maintain the effectiveness of any registration statement or the offering statement filed by the Company, whether or not at the request of the holder hereof, for at least six (6) months following the effective date thereof. In the case of the filing of any registration statement, and to the extent permissible under the Act and controlling precedent thereunder, the Company and the holder hereof shall provide cross indemnification agreements to each other in customary scope covering the accuracy and completeness of the information furnished by each.

The holder of the Warrant agrees to cooperate with the Company in the preparation and filing of any such registration statement or offering statement, and in the furnishing of information concerning the holder for inclusion therein, or in any efforts by the Company to establish that the proposed sale is exempt under the Act as to any proposed distribution.

5. Cashless Exercise Option.

(a) The holder of this Warrant shall have the right to require the Company to convert this Warrant (the "Conversion Right"), at any time after it is exercisable, but prior to its expiration, into shares of Common Stock as provided for in this Section 5. Upon exercise of the Conversion Right, the Company shall deliver to the holder (without payment by the holder of any exercise price) that number of shares of Common Stock equal to the quotient obtained by dividing (x) the value of the Warrant at the time the Conversion Right is exercised (determined by subtracting the aggregate exercise price for the Warrant immediately prior to the exercise of the Conversion Right from the aggregate Fair Market Value (as determined below) for the Warrant immediately prior to the exercise of the Conversion Right) by (y) the Fair Market Value of one share of Common Stock immediately prior to the exercise of the Conversion Right. No fractional shares shall be issuable upon exercise of the Conversion Right, and if the number of shares to be issued in accordance with the foregoing formula is other than a whole number, the Company shall pay to the holder of this Warrant an amount in cash equal to the fair market value of the resulting fractional share.

(b) The Conversion Right may be exercised by the holder, at any time or from time to time after this Warrant is exercisable, prior to its expiration, on any business day, by delivering a written notice in the form attached hereto (the "Conversion Notice") to the Company at the offices of the Company exercising the Conversion Right and specifying (i) the total number of shares of Stock the holder of this Warrant will purchase pursuant to such conversion, and (ii) a place, and a date not less than one (1) nor more than twenty (20) business days from the date of the Conversion Notice for the closing of such purchase.

(c) At any closing under Section 5(b) hereof, (i) the holder will surrender the Warrant, (ii) the Company will deliver to the holder a certificate or certificates for the number of shares of Common Stock issuable upon such conversion, together with cash, in lieu of any fraction of a share, and (iii) the Company will deliver to the holder a new Warrant representing the number of shares, if any, with respect to which the Warrant shall not have been converted.

(d) "Fair Market Value" of a share of Common Stock as of a particular date (the "Determination Date") shall mean:

(i) If the Company's Common Stock is traded on an exchange or is quoted on the National Association of Securities Dealers, Inc. Automated
Quotation ("NASDAQ") National Market System, or The SmallCap Market, then the average closing or last sale prices, respectively, reported for the ten (10) business days immediately preceding the Determination Date.

(ii) If the Company's Common Stock is not traded on an exchange or on the NASDAQ National Market System, or The SmallCap Market, but is traded in the over-the-counter market, then the average of the closing bid and asked prices reported for the ten (10) business days immediately preceding the Determination Date.

(iii) If the Company's Common Stock is not publicly traded and there has been a bona fide sale for cash on an arm's-length basis within 45 days prior to the Determination Date of such Common Stock by the Company privately to one or more investors unaffiliated with the Company (a "Qualifying Sale"), then the most recent such sales price.

(iv) If the Company's Common Stock is not publicly traded and there has been no Qualifying Sale, then the appraised fair market value of such stock, as determined by mutual agreement of the Company and the holder of the Warrant; or if the parties cannot agree to such valuation, then each of the Company and the holder shall select an arbitrator and such arbitrators shall select a third, and such three arbitrators shall determine (in accordance with the Commercial Arbitration Rules of the American Arbitration Association, such expenses to be borne equally by the parties) the fair market value (without any discount for lack of marketability or minority interest) of a share of Common Stock of the Company.

6. Notices. The Company shall mail to the registered holder of the Warrant, at his last known post office address appearing on the books of the Company, not less than fifteen (15) days prior to the date on which (a) a record will be taken for the purpose of determining the holders of Common Stock entitled to dividends (other than cash dividends) or subscription rights, or (b) a record will be taken (or in lieu thereof, the transfer books will be closed) for the purpose of determining the holders of Common Stock entitled to notice of and to vote at a meeting of stockholders at which any capital reorganization, reclassification of shares of Common Stock, consolidation, merger, dissolution, liquidation, winding up or sale of substantially all of the Company's assets shall be considered and acted upon.

7. Reservation of Common Stock. A number of shares of Common Stock sufficient to provide for the exercise of the Warrant upon the basis herein set forth shall at all times be reserved for the exercise thereof.

8. Miscellaneous. Whenever reference is made herein to the issue or sale of shares of Common Stock, the term "Common Stock" shall include any stock of any class of the Company other than preferred stock with a fixed limit on dividends and a fixed amount payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company.

The Company will not, by amendment of its Articles of Incorporation or through reorganization, consolidation, merger, dissolution or sale of assets, or by any other voluntary act or deed, avoid or seek to avoid the observance or performance of any of the covenants, stipulations or conditions to be observed or performed hereunder by the Company, but will, at all times in good faith, assist, insofar as it is able, in the carrying out of all provisions hereof and in the taking of all other action which may be necessary in order to protect the rights of the holder hereof against dilution.

Upon written request of the holder of this Warrant, the Company will promptly provide such holder with a then current written list of the names and addresses of all holders of warrants originally issued under the terms of, and concurrent with, this Warrant.

The representations, warranties and agreements herein contained shall survive the exercise of this Warrant. References to the "holder of" include the immediate holder of shares purchased on the exercise of this Warrant, and the word "holder" shall include the plural thereof. This Common Stock Purchase Warrant shall be interpreted under the laws of the State of Minnesota.

All shares of Common Stock or other securities issued upon the exercise of the Warrant shall be validly issued, fully paid and non-assessable except that under Wisconsin law, shareholders of the Company may be personally liable for unpaid wages due employees for up to six (6) months' services, but not in an amount greater than the consideration paid for such Securities, and the Company will pay all taxes in respect of the issuer thereof.

Notwithstanding anything contained herein to the contrary, the holder of
this Warrant shall not be deemed a stockholder (including, no right to vote on any matters coming before the shareholders) of the Company for any purpose whatsoever until and unless this Warrant is duly exercised.

IN WITNESS WHEREOF, this Warrant has been duly executed by The Female Health Company, this 3rd day of June, 1999.

THE FEMALE HEALTH COMPANY

By: ___________________________________
Title: _________________________________

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, OR APPLICABLE STATE SECURITIES LAW. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED FOR SALE, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ASSIGNED OR OTHERWISE DISPOSED OF, AND NO TRANSFER OF THE SECURITIES WILL BE MADE BY THE COMPANY OR ITS TRANSFER AGENT, IN THE ABSENCE OF SUCH REGISTRATION OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

WARRANT EXERCISE FORM
To be signed only upon exercise of Warrant.

The undersigned, the holder of the within Warrant, hereby irrevocably elects to exercise the purchase right represented by such Warrant for, and to purchase thereunder, ________________ of the shares of Common Stock of The Female Health Company to which such Warrant relates and herewith makes payment of $____________ therefor in cash or by certified check, and requests that such shares be issued and be delivered to, ________________, the address for which is set forth below the signature of the undersigned.

Dated: ______________________
_____________________________           _______________________________________
(Taxpayer's I.D. Number)                (Signature)
_______________________________________
(Address)

ASSIGNMENT FORM
To be signed only upon authorized transfer of Warrant.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto ________________________ the right to purchase shares of Common Stock of The Female Health Company to which the within Warrant relates and appoints ________________________, attorney, to transfer said right on the books of The Female Health Company with full power of substitution in the premises.

Dated: ______________________   _______________________________________
(Signature)
_______________________________________
(Address)

CASHLESS EXERCISE FORM
(To be executed upon exercise of Warrant pursuant to Section 5)

TO:   THE FEMALE HEALTH COMPANY

The undersigned hereby irrevocably elects a cashless exercise of the right of purchase represented by the within Common Stock Purchase Warrant for, and to purchase thereunder, ________________ shares of Common Stock, as provided for in Section 5 therein.

If said number of shares shall not be all the shares purchasable under the within Common Stock Purchase Warrant, a new Warrant is to be issued in the name of said undersigned for the balance remaining of the shares purchasable thereunder rounded up to the next higher number of shares.

Please issue a certificate or certificates for such Common Stock in the
name of, and pay any cash for any fractional shares to:

NAME                               __________________________________________

(Please Print Name)

ADDRESS                            __________________________________________

SOCIAL SECURITY NO.                __________________________________________

SIGNATURE                          __________________________________________

NOTE: The above signature should correspond exactly with the name on the first page of this Common Stock Purchase Warrant or with the name of the assignee appearing in the assignment form on the preceding page.