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FEMALE HEALTH CO
Form DEF 14A
March 03, 2003

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the registrant [X]

Filed by a party other than the registrant []

Check the appropriate box:

- [] Preliminary proxy statement
- [X] Definitive proxy statement
- [] Definitive additional materials
- [] Soliciting material pursuant to Rule 14a-11(c) or Rule 14a-12

THE FEMALE HEALTH COMPANY
(Name of Registrant as Specified in Its Charter)

Registrant
(Name of Person(s) Filing Proxy Statement)

Payment of filing fee (Check the appropriate box):

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- (1) Amount previously paid:
- (2) Form, schedule or registration statement no.:
- (3) Filing party:
- (4) Date filed:

THE FEMALE HEALTH COMPANY
515 North State Street
Suite 2225
Chicago, Illinois 60610

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MARCH 27, 2003

To the Shareholders of The Female Health Company:

Notice is hereby given that the Annual Meeting of the Shareholders of The Female Health Company (the "Company" or "FHC") will be held at The Hampton Inn & Suites, Alder Room, 33 West Illinois Street, Chicago, Illinois 60610, on March

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27, 2003 at 2:00 p.m., local time, for the following purposes:

1. To amend the Company's Amended and Restated Articles of Incorporation to increase the number of shares of the Company's Common Stock authorized from 35,500,000 to 38,500,000. Details of the proposed increase in authorized shares of Common Stock are set forth in the accompanying Proxy Statement which you are urged to read carefully.

2. To elect eight members to the Board of Directors, the names of whom are set forth in the accompanying proxy statement, to serve until the 2004 Annual Meeting.

3. To consider and act upon a proposal to ratify the appointment of McGladrey & Pullen, LLP as the Company's independent public accountants for the fiscal year ending September 30, 2003.

4. To transact such other business as may properly come before the Annual Meeting and any adjournments thereof.

Shareholders of record at the close of business on January 17, 2003 are entitled to vote at the Annual Meeting. All shareholders are cordially invited to attend the Annual Meeting in person. Shareholders who are unable to be present in person are requested to execute and return promptly the enclosed proxy, which is solicited by the Board of Directors of the Company.

By Order of the Board of Directors,

William R. Gargiulo, Jr.
Secretary

Chicago, Illinois
March 5, 2003

THE FEMALE HEALTH COMPANY
515 North State Street
Suite 2225
Chicago, Illinois 60610

PROXY STATEMENT
FOR THE 2003 ANNUAL
MEETING OF SHAREHOLDERS

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of The Female Health Company (the "Company") to be voted at the Annual Meeting of Shareholders to be held at The Hampton Inn & Suites, Alder Room, 33 West Illinois Street, Chicago, Illinois 60610, , at 2:00 p.m. local time on March 27, 2003, and at any adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting. The mailing to shareholders of this Proxy Statement and accompanying form of proxy will take place on or about March 5, 2003.

GENERAL INFORMATION

The Board of Directors knows of no business which will be presented to the Annual Meeting other than the matters referred to in the accompanying Notice of Meeting. However, if any other matters are properly presented to the Annual Meeting, it is intended that the persons named in the proxy will vote on such

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matters in accordance with their judgment. If the enclosed form of proxy is executed and returned, it nevertheless may be revoked at any time before it has been voted by a later dated proxy or a vote in person at the Annual Meeting. Shares represented by properly executed proxies received on behalf of the Company will be voted at the Annual Meeting (unless revoked prior to their vote) in the manner specified therein. If no instructions are specified in a signed proxy returned to the Company, the shares represented thereby will be voted FOR: (a) the amendment of the Company's Amended and Restated Articles of Incorporation; (b) the election of the directors listed in the enclosed proxy; and (c) ratification of McGladrey & Pullen, LLP as the Company's independent auditors.

Only holders of the Company's Common Stock (the "Common Stock") and holders of the Company's Class A Convertible Preferred Stock-Series 1 (the "Series 1 Preferred Stock") whose names appear of record on the books of the Company at the close of business on January 17, 2003 are entitled to vote at the Annual Meeting. On that date, there were 18,898,901 shares of Common Stock and 56,000 shares of Series 1 Preferred Stock outstanding. Each share of Common Stock and Series 1 Preferred Stock is entitled to one vote on each matter to be presented at the Annual Meeting. A majority of the votes entitled to be cast with respect to each matter submitted to the shareholders, represented either in person or by proxy, shall constitute a quorum with respect to such matter.

Under Wisconsin law, directors are elected by plurality, meaning that the eight individuals receiving the largest number of votes are elected as directors, and the ratification of the appointment of the independent auditors requires the affirmative vote of a majority of the shares represented, in person or by proxy, at the Annual Meeting. In addition, under Wisconsin law, an amendment to the Company's Amended and Restated Articles of Incorporation must be approved by the affirmative vote of holders of two-thirds of the shares "entitled" to vote on the proposal. Abstentions and broker nonvotes (i.e., shares held by brokers in street name, voting on certain matters due to discretionary authority or instruction from the beneficial owners but not voting on other matters due to lack of authority to vote on such matters without instructions from the beneficial owners) will count toward the quorum requirement but will not count toward the determination of whether directors are elected or the appointment of the independent auditors is ratified. However, because the amendment to the Company's Amended and Restated Articles of Incorporation must be approved by the affirmative vote of holders of two-thirds of the Company's outstanding Common Stock and Series 1 Preferred Stock, voting together, abstentions and broker nonvotes will act as a vote against the proposed amendment.

AMENDMENT OF COMPANY'S AMENDED AND RESTATED ARTICLES OF INCORPORATION (ITEM 1)

The Company's Amended and Restated Articles of Incorporation authorize the issuance of 40,515,000 shares consisting of: (a) 35,500,000 shares designated as "Common Stock" with a par value of \$0.01 per share; (b) 5,000,000 shares designated as "Class A Preferred Stock" with a par value of \$0.01 per share; and (c) 15,000 shares designated as "Class B Preferred Stock" with a par value of \$0.50 per share. The proposed amendment to the Company's Amended and Restated Articles of Incorporation will increase the number of shares of Common Stock which the Company is authorized to issue from 35,500,000 to 38,500,000. The additional 3,000,000 shares of Common Stock will be part of the existing class of Common Stock, and if and when issued, will have the same rights and privileges as the shares of Common Stock presently issued and outstanding.

PURPOSE OF THE PROPOSED AMENDMENT

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As of February 10, 2003, the Company had 18,898,901 shares of Common Stock, and 56,000 shares of Series 1 Preferred Stock outstanding. In addition, as of February 10, 2003, the Company has reserved 12,710,175 shares of Common Stock for the purposes of covering options outstanding under the Company's stock option plans, options the Company is contractually obligated to issue in March 2003, warrants outstanding, deferred Common Stock issued to the Company's U.K. employees and conversion of Series 1 Preferred Stock. As of the date of this proxy statement, the Company has 31,609,076 shares of Common Stock either outstanding or reserved to cover the commitments set forth in the preceding sentence, and, accordingly, there are only 3,890,924 unreserved and unissued shares of Common Stock available for future transactions.

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The Board of Directors believes that the authority to issue additional shares of Common Stock is desirable so that, as the need may arise, the Company will have the flexibility to issue shares of Common Stock, without the delay of a special shareholders' meeting, in connection with possible future transactions, including equity financings and management incentive or employee benefit plans.

CERTAIN EFFECTS OF THE PROPOSED AMENDMENT

If the proposed amendment to the Company's Amended and Restated Articles of Incorporation is approved and effected, future issuances of shares of Common Stock may not require the approval of the Company's shareholders. As a result, the Board of Directors could issue shares of Common Stock in a manner that might have the effect of discouraging or making it more difficult for a third party to acquire control of the Company through a tender offer or proxy solicitation or to effect a merger or other business combination that is not favored by the Board of Directors. In addition, issuances of shares of Common Stock may increase the number of shares of Common Stock that may become available for sale in the public market and could adversely affect the price of the Common Stock in the public market. The issuance of additional shares of Common Stock could also adversely affect the voting power of the existing shareholders, including the loss of voting control to others. Holders of Common Stock do not have preemptive rights or other rights to subscribe for additional shares in the event that the Board of Directors determines to issue additional shares of Common Stock in the future.

NO DISSENTER'S RIGHTS

Under Wisconsin law, shareholders are not entitled to dissenters' rights with respect to the proposed amendment to the Company's Amended and Restated Articles of Incorporation.

RECOMMENDATION OF THE BOARD OF DIRECTORS

The Board of Directors recommends that the shareholders vote FOR the proposed amendment to the Company's Amended and Restated Articles of Incorporation. All shares of Common Stock represented by properly executed proxies received prior to or at the Annual Meeting and not revoked will be voted FOR the proposal unless a vote against or an abstention with respect to such proposal is specifically indicated. If the proposal is adopted by the requisite vote of shareholders, the Board of Directors will promptly cause Articles of Amendment to be filed with the Department of Financial Institutions of the State of Wisconsin. The Articles of Amendment will become effective upon such filing.

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ELECTION OF DIRECTORS

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(ITEM 2)

Pursuant to the authority contained in the Amended and Restated By-Laws of the Company, the Board of Directors has established the number of directors at eight. The Board of Directors has nominated O.B. Parrish, Mary Ann Leeper, Ph.D., William R. Gargiulo, Jr., David R. Bethune, Stephen M. Dearholt, James R. Kerber, Michael R. Walton and Richard E. Wenninger for election as directors, all to serve until the 2004 Annual Meeting of Shareholders.

As indicated below, all persons nominated by the Board of Directors are incumbent directors. The Company anticipates that all of the nominees listed in this Proxy Statement will be candidates when the election is held. However, if for any reason any nominee is not a candidate at that time, proxies will be voted for any substitute nominee designated by the Company (except where a proxy withholds authority with respect to the election of directors).

NOMINEES FOR ELECTION AS DIRECTORS

O.B. PARRISH

Age: 69; Elected Director: 1987; Present Term Ends: 2003 Annual Meeting

O.B. Parrish has served as Chief Executive Officer of the Company since 1994, as acting Chief Financial and Accounting Officer from February 1996 to March 1999 and as the Chairman of the Board and a Director of the Company since 1987. Mr. Parrish is a shareholder and has served as the President and as a Director of Phoenix Health Care of Illinois, Inc. ("Phoenix of Illinois") since 1987. Phoenix of Illinois owns approximately 295,000 shares of the Company's Common Stock. Mr. Parrish also is Chairman and a Director of ViatiCare, LLC, a financial services company, Chairman and a Director of MIICRO, Inc., a neuroimaging company, and Chairman and a Director of Amerimmune Pharmaceuticals, Inc. Mr. Parrish is also a trustee of Lawrence University. From 1977 until 1986, Mr. Parrish was President of the Global Pharmaceutical Group of G.D. Searle & Co. ("Searle"), a pharmaceutical/consumer products company. From 1974 until 1977, Mr. Parrish was the President of Searle International, the foreign sales operations of Searle. Prior to that, Mr. Parrish was Executive Vice President of Pfizer's International Division.

MARY ANN LEEPER, PH.D.

Age: 62; Elected Director: 1987; Present Term Ends: 2003 Annual Meeting

Dr. Leeper has served as the President and Chief Operating Officer of the Company since 1996 and as President and Chief Executive Officer of The Female Health Company Division from May 1994 until January 1996, as Senior Vice President-Development of the Company from 1989 until January 1996 and as a Director of the Company since 1987. Dr. Leeper is a shareholder and has served as a Vice President and Director of Phoenix of Illinois since 1987. From 1981 until 1986, Dr. Leeper served as Vice President-Market Development for Searle's Pharmaceutical Group and in various Searle research and development management positions. As Vice President-Market Development, Dr. Leeper was responsible for worldwide licensing and acquisition, marketing and market research. In earlier positions, she was responsible for preparation of new drug applications and was a liaison with the FDA. Dr. Leeper currently serves on the Board of Directors of the Temple University School of Pharmacy, the University of Virginia School of Nursing and the Northwestern University School of Music. Dr. Leeper is also on the Board of CEDPA, an international not-for-profit organization working on women's issues in the developing world and is a Director of Influx, Inc., a pharmaceutical research company. She is also an adjunct professor at the University of Virginia Darden School of Business.

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DAVID R. BETHUNE

Age: 62; Elected Director: 1996; Present Term Ends: 2003 Annual Meeting

Mr. Bethune has served as a Director since January 1996. Mr. Bethune has been Chairman and Chief Executive Officer of Atrix Laboratories, Inc. since 1999. From 1997 to 1998, Mr. Bethune held the position of President and Chief Operating Officer of the IVAX Corporation. From 1996 to 1997, Mr. Bethune was a consultant to the pharmaceutical industry. From 1995 to 1996, Mr. Bethune was President and Chief Executive Officer of Aesgen, Inc. a generic pharmaceutical company. From 1992 to 1995, Mr. Bethune was Group Vice President of American Cyanamid Company and a member of its Executive Committee until the sale of the company to American Home Products. He had global executive authority for human biologicals, consumer health products, pharmaceuticals and ophthalmics, as well as medical research. Mr. Bethune is on the Board of Directors of the Southern Research Institute, Atrix Laboratories, Inc. and the American Foundation for Pharmaceutical Education, Partnership for Prevention. He is a founding trustee of the American Cancer Society Foundation and an associate member of the National Wholesale Druggists' Association and the National Association of Chain Drug Stores. He is the founding chairman of the Corporate Council of the Children's Health Fund in New York City and served on the Arthritis Foundation Corporate Advisory Council.

STEPHEN M. DEARHOLT

Age: 56; Elected Director: 1996; Present Term Ends: 2003 Annual Meeting

Mr. Dearholt has served as a Director since April 1996. Mr. Dearholt is a co-founder of and has been a partner in Insurance Processing Center, Inc., one of the largest privately owned life insurance marketing organizations in the United States, since 1972. He has over 23 years of experience in direct response advertising and data based marketing of niche products. Since 1985, he has been a 50% owner of R.T. of Milwaukee, a private investment holding company which operates a stock brokerage business in Milwaukee, Wisconsin. In late 1995, Mr. Dearholt arranged, on very short notice, a \$1 million bridge loan which assisted the Company in its purchase of Chartex. Mr. Dearholt is also very active in the non-profit sector. He is currently on the Board of Directors of Children's Hospital Foundation of Wisconsin, an honorary board member of the Zoological Society of Milwaukee, and the national Advisory Council of the Hazelden Foundation. He is a past board member of Planned Parenthood Association of Wisconsin, and past Chairman of the Board of the New Day Club, Inc.

WILLIAM R. GARGIULO, JR.

Age: 74; Elected Director: 1987; Present Terms Ends: 2003 Annual Meeting

William R. Gargiulo, Jr. has served as Secretary of the Company from 1996 to present, as Vice President from 1996 to September 30, 1998, as Assistant Secretary of the Company from 1989 to 1996, as Vice President-International of The Female Health Company Division from 1994 until 1996, as Chief Operating Officer of the Company from 1989 to 1994, and as General Manager of the Company from 1988 to 1994. Mr. Gargiulo has also served as a Director of the Company since 1987. Mr. Gargiulo is a Trustee of a trust which is a shareholder of Phoenix of Illinois. From 1984 until 1986, Mr. Gargiulo was the Executive Vice President of the Pharmaceutical Group of Searle, in charge of Searle's European operations. From 1976 until 1984, Mr. Gargiulo was the Vice President of Searle's Latin American operations.

JAMES R. KERBER

Age: 70; Elected Director: 1999; Present Term Ends: 2003 Annual Meeting

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Mr. Kerber has served as a Director since April 1999. Mr. Kerber has been a business consultant to the insurance industry since January 1996. He has over 40 years of experience in operating insurance companies, predominantly those associated with life and health. From 1994 to 1996, he was Chairman, President, Chief Executive Officer and director of the 22 life and health insurance companies which comprise the ICH Group. In 1990, Mr. Kerber a founding partner in the Life Partners Group where he was Senior Executive Vice President and a director. Prior to that, he was involved with operating and consulting over 200 life and health companies for ICH Corporation, HCA Corporation and US Life Corporation.

MICHAEL R. WALTON

Age: 64; Elected Director: 1999; Present Term Ends: 2003 Annual Meeting

Mr. Walton has served as a Director since April 1999. Mr. Walton is President and owner of Sheboygan County Broadcasting Co., Inc., a company he founded in 1972. The company has focused on start-up situations, and growing value in underperforming, and undervalued radio station and newspaper situations. It has purchased and sold properties in Wisconsin, Illinois, and Michigan, and has grown to a multi-million dollar asset base from a start-up capital contribution of less than \$100,000. Prior to 1972, Mr. Walton was owner and President of Walton Co., an advertising representative firm which he founded in New York City. He has held sales and management positions with Forbes Magazine, The Chicago Sun Times and Gorman Publishing Co., a trade magazine publisher specializing in new magazines which was subsequently sold to a large international publishing concern. Mr. Walton has served on the Boards of the American Red Cross, The Salvation Army and the Chamber of Commerce.

RICHARD E. WENNINGER

Age: 55; Director: 2001; Present Term Ends: 2003 Annual Meeting

Mr. Wenninger has served as a Director since July 2001. Mr. Wenninger currently serves as Chairman of Wenninger Company, Inc., a mechanical contracting and engineering company. From 1976 to 2001, Mr. Wenninger served as President and Chief Executive Officer of Wenninger Company, Inc. He is also Secretary of Wenn Soft, Inc., a software development, sales and service company he founded in 1997. From 1992 to 1999, Mr. Wenninger served as Secretary of Liftco, Inc. Mr. Wenninger is a current board member of the Boys & Girls Club of Milwaukee, a former President and board member of the Milwaukee Athletic Club, a former board member of the Wisconsin Psychoanalytic Foundation, a former board member of University Lake School, the former President and a current board member of the Plumbing and Mechanical Contractors Association of Milwaukee, the former President and a former board member of the Sheet Metal Contractors Association of Milwaukee and a former board member of the Mechanical Contractors Association of America.

The Board of Directors recommends that shareholders vote FOR all nominees.

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INDEPENDENT PUBLIC ACCOUNTANTS (ITEM 3)

The Board of Directors has appointed McGladrey & Pullen, LLP, independent public accountants, to audit the financial statements of the Company for the fiscal year ending September 30, 2003. The Board proposes that the shareholders ratify this appointment. McGladrey & Pullen, LLP audited the Company's financial statements for the fiscal year ended September 30, 2002. The Company expects that representatives of McGladrey & Pullen, LLP will be present at the Annual Meeting, with the opportunity to make a statement if they so desire, and will be available to respond to appropriate questions.

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In the event that ratification of the appointment of McGladrey & Pullen, LLP as the independent public accountants for the Company is not obtained at the Annual Meeting, the Board of Directors will reconsider its appointment.

A majority of the shares represented, in person or by proxy, at the Annual Meeting is required to ratify the appointment of the independent public accountants.

The Board of Directors recommends that shareholders vote FOR the ratification of McGladrey & Pullen, LLP as the independent public accountants for the Company.

FEES OF INDEPENDENT AUDITORS

Audit Fees. McGladrey & Pullen, LLP billed the Company \$97,360 in fees for professional services rendered for the audit of the Company's financial statements for the fiscal year ended September 30, 2002, and for the review of the interim financial statements in the Company's Quarterly Reports on Form 10-QSB during the fiscal year ended September 30, 2002.

Financial Information Systems Design and Implementation Fees. McGladrey & Pullen, LLP did not render any professional services to the Company for information technology advice during the fiscal year ended September 30, 2002.

All Other Fees. McGladrey & Pullen, LLP billed the Company \$79,700 in fees for all other professional services rendered to the Company during the fiscal year ended September 30, 2002. These services primarily consisted of tax services, research regarding the accounting of stock options and fees related to the Company's Form SB-2 Registration Statement filed with the Securities and Exchange Commission in October 2002.

The Audit Committee of the Board of Directors of the Company considered that the provision of the services and the payment of the fees described above are compatible with maintaining the independence of McGladrey & Pullen, LLP.

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DIRECTORS

The Board of Directors currently consists of eight members: O.B. Parrish, William R. Gargiulo, Jr., Mary Ann Leeper, Ph.D., Stephen M. Dearholt, David R. Bethune, Michael R. Walton, James R. Kerber and Richard E. Wenninger. At each annual meeting of shareholders, directors are elected for a term of one year to succeed those directors whose terms are expiring.

COMMITTEE OF THE BOARD OF DIRECTORS AND MEETING ATTENDANCE

The Company has an Audit Committee. The Board's Audit Committee is comprised of Mr. Bethune, Mr. Dearholt and Mr. Kerber. The responsibilities of the Audit Committee, in addition to such other duties as may be specified by the Board of Directors, include the following: (a) recommendation to the Board of Directors of independent auditors for the Company; (b) review of the timing, scope and results of the independent auditors' audit examination; (c) review of periodic comments and recommendations by the auditors and of the Company's response thereto; (d) review of the Company's balance sheet, statement of operations and cash flows; and (e) review of the scope and adequacy of internal accounting controls. The Audit Committee met one time during the fiscal year ended September 30, 2002.

The Board of Directors held eight meetings during the Company's fiscal year

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ended September 30, 2002. All of the incumbent directors other than Mr. Bethune attended at least 75% of the aggregate of (a) the total number of meetings of the Board of Directors and (b) the total number of meetings held by all committees of the Board on which he or she served, if any.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is comprised of three members of the Company's Board of Directors. Because the Common Stock is traded on the Over the Counter Bulletin Board, the Company is not subject to the listing requirements of any securities exchange or Nasdaq regarding the membership of the Company's Audit Committee. However, each member of the Audit Committee is independent as defined in Rule 4200(a)(14) for the listing standards of the Nasdaq Stock Market. The duties and responsibilities of the Audit Committee are set forth in the Audit Committee Charter, which has been adopted by the Board of Directors. A copy of the Audit Committee Charter is attached as Annex A to this Proxy Statement.

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The Audit Committee has:

- reviewed and discussed the Company's audited financial statements for the fiscal year ended September 30, 2002, with the Company's management and with the Company's independent auditors;
- discussed with the Company's independent auditors the matters required to be discussed by SAS 61 (Codification for Statements on Auditing Standards); and
- received and discussed with the Company's independent auditors the written disclosures and the letter from the Company's independent auditors required by Independence Standards Board Statement No. 1 (Independence discussions with Audit Committees).

Based on such review and discussions with management and the independent auditors, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-KSB for the fiscal year ended September 30, 2002, for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE:

David R. Bethune
Stephen M. Dearholt
James R. Kerber

DIRECTOR COMPENSATION AND BENEFITS

Directors who are officers of the Company do not receive compensation for serving in such capacity. Individual directors who are not officers of the Company receive \$1,000 for attendance in person at each board meeting or meeting of a committee of which he or she is a member. In addition, each director who is not an employee of the Company receives an automatic grant of options to purchase 30,000 shares Common Stock under the Company's Outside Director Stock Option Plan. This grant is made upon the director's initial appointment to the Board of Directors and the options vest in accordance with the vesting criteria set forth in the plan.

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EXECUTIVE OFFICERS

The names of, and certain information regarding, executive officers of the Company who are not directors of the Company, are set forth below.

NAME	AGE	POSITION
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Jack Weissman . . .	55	Vice President-Sales
Michael Pope. . . .	46	Vice President and General Manager of The Female Health Company (UK) Plc.
Mitchell Warren . .	36	Vice President-International Affairs
Robert R. Zic . . .	39	Principal Accounting Officer

JACK WEISSMAN

Age: 55; Vice President-Sales

Mr. Weissman has served as Vice President-Sales since June 1995. From 1992 to 1994, Mr. Weissman was Vice President-Sales for Capitol Spouts, Inc., a manufacturer of pouring spouts for gable paper cartons. From 1989 to 1992, he acted as General Manager-HTV Group, an investment group involved in the development of retail stores. Mr. Weissman joined Searle's Consumer Products Group in 1979 and held positions of increasing responsibility, including National Account and Military Sales Manager. From 1985 to 1989, he was Director-Retail Business Development for The NutraSweet Company, a Searle subsidiary. Prior to Searle, Mr. Weissman worked in the consumer products field as account manager and territory manager for Norcliff Thayer and Whitehall Laboratories.

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MICHAEL POPE

Age: 46; Vice President, General Manager-The Female Health Company (UK) Plc

Mr. Pope has served as Vice President of the Company since 1996 and as General Manager of The Female Health Company (UK) Plc. (formerly Chartex International, Plc.) since the Company's 1996 acquisition of Chartex. Mr. Pope has also served as a Director of The Female Health Company, Ltd. (formerly Chartex Resources Limited) and The Female Health Company (UK) Plc. since 1995. From 1990 until 1996, Mr. Pope was Director of Technical Operations for Chartex with responsibility for manufacturing, engineering, process development and quality assurance. Mr. Pope was responsible for the development of the high speed proprietary manufacturing technology for the female condom and securing the necessary approvals of the manufacturing process by regulatory organizations, including the FDA. Mr. Pope was also instrumental in developing and securing Chartex's relationship with its Japanese marketing partner. Prior to joining Chartex, from 1986 to 1990, Mr. Pope was Production Manager and Technical Manager for Franklin Medical, a manufacturer of disposable medical devices. From 1982 to 1986, Mr. Pope was Site Manager, Engineering and Production Manager, Development Manager and Silicon Manager for Warne Surgical Products.

MITCHELL WARREN

Age: 36; Vice President-International Affairs

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Mr. Warren has served as Vice President-International Affairs of the Company since February 2000 and as Director of International Affairs of the Company from January 1999 to February 2000. From 1993 to 1998, Mr. Warren was employed by Population Services International (PSI), an international social marketing and communications organization, first as Executive Director of PSI/South Africa and then of PSI/Europe. From 1989 to 1993, Mr. Warren was Program Director of Medical Education for South Africa Blacks.

ROBERT R. ZIC
Age: 39; Principal Accounting Officer

Mr. Zic has served as the Principal Accounting Officer since March 1999. From 1998 to 1999, Mr. Zic held the dual positions of Acting Controller and Acting Chief Financial Officer at Ladbroke's Pacific Racing Association division. From 1995 to 1998, Mr. Zic served as the Chief Accounting Manager and Assistant Controller at Argonaut Insurance Company. In this capacity, he was responsible for the financial and accounting operations of Argonaut and its four subsidiaries. From 1990 to 1994, he was the Assistant Controller of CalFarm Insurance Company, where he was responsible for the company's external reporting duties. From 1988 to 1990, Mr. Zic was a Senior Accountant responsible for the statutory-based financials of Allstate Insurance Company. Mr. Zic began his career in 1986 as an auditor with Arthur Andersen & Co.

EXECUTIVE COMPENSATION

The table below gives information for each of the Company's last three fiscal years regarding all annual, long-term and other compensation paid by the Company to its chief executive officer and the only executive officer whose total annual salary and bonus exceeded \$100,000 for services rendered during the fiscal year ended September 30, 2002. The individuals listed in this table are referred to elsewhere in this report as the "named executive officers."

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	FISCAL YEAR	ANNUAL COMPENSATION SALARY (\$)	LONG-TERM COMPENSATION AWARD	
			RESTRICTED STOCK AWARDS (\$)	SECURITY UNDERLYING OPTIONS
O.B. Parrish Chairman	2002	90,000	277,800 (1) (2)	—
and Chief Executive	2001	90,000	—	—
Officer	2000	90,000	—	—
Mary Ann Leeper, Ph.D.	2002	225,000	432,875 (1) (2)	—
President and Chief	2001	225,000	—	—
Operating Officer	2000	225,000	—	—