

Tender Offer

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

SCHEDULE TO
Tender Offer Statement Under Section 14(d)(1) or 13(e)(1)
of the Securities Exchange Act of 1934

The Female Health Company
(Name of Subject Company (Issuer))

Red Oak Partners, LLC
(Name of Filing Person (Offeror))

Common Stock
(Title of Class of Securities)

314462102
(CUSIP Number of Class of Securities)

David Sandberg
Red Oak Capital Partners, LLC
145 Fourth Avenue, Suite 15A
New York, NY 10003
(212) 614-8952

*(Name, address and telephone number of person authorized to receive notices
and communications on behalf of filing person)*

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee**
\$2,724,000	\$83.63

* Estimated for purposes of calculating the filing fee only. This calculation assumes the purchase of 1,200,000 shares of Common Stock of The Female Health Company, at the tender offer price of \$2.27 per share.

** The amount of the filing fee, calculated in accordance with Rule 0-11 under the Securities Exchange Act of 1934, as amended, and Fee Rate Advisory #6 for fiscal year 2007, issued February 15, 2007 and the related SEC press release dated February 16, 2007 equals \$30.70 per million of the value of the transaction.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:	N/A	Filing Party:	N/A
Form or Registration No.:	N/A	Date Filed:	N/A

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

INTRODUCTION

This Tender Offer Statement on Schedule TO ("Schedule TO") relates to the offer by Red Oak Fund, L.P. (the "Purchaser"), a Delaware limited partnership, to purchase up to 1,200,000 shares (the "Shares") of Common Stock, par value \$0.01 per share (the "Common Stock"), of The Female Health Company, a Wisconsin corporation (the "Subject Company"), at a purchase price of \$2.27 per Share, net to the seller in cash, without interest thereon (the "Offer Price"), upon the terms and subject to the conditions set forth in the Offer to Purchase, dated March 30, 2007 (the "Offer to Purchase"), and in the related Letter of Transmittal (the "Letter of Transmittal"), copies of which are filed with this Schedule TO as Exhibits (a)(1)(A) and (a)(1)(B) respectively,

which together, as each may be amended or supplemented from time to time, constitute the "Offer." This Schedule TO is being filed on behalf of the Purchaser and is intended to satisfy the reporting requirements of Rule 14d-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The information set forth in the Offer to Purchase is hereby incorporated by reference in answer to Items 1 through 11 of this Schedule TO, and is supplemented by the information specifically provided herein.

Item 1. Summary Term Sheet.

The information set forth under "Summary Term Sheet" in the Offer to Purchase is incorporated herein by reference.

Item 2. Subject Company Information.

(a) The name of the Subject Company and the issuer of the securities to which this Schedule TO relates is The Female Health Company, a Wisconsin corporation ("FHCO"). The Subject Company's principal executive offices are located at 515 North State Street, Suite 2225, Chicago, Illinois 60610. The Subject Company's telephone number is (312) 595-9123.

(b) This Schedule TO relates to the Shares. The Purchaser believes there are 24,513,149 shares of Common Stock issued and outstanding based on the Subject Company's proxy statement dated February 20, 2007. The information set forth in the "Introduction" of the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in Section 6 of the Offer to Purchase entitled "Price Range of the Shares" is incorporated herein by reference.

Item 3. Identity and Background of Filing Person.

(a) - (c) This Schedule TO is filed by the Purchaser. The information set forth in Section 8 of the Offer to Purchase entitled "Information Concerning Red Oak" is incorporated herein by reference.

Item 4. Terms of the Transaction.

(a) The information set forth in Sections 1, 2, 3, 4, 5, 12, 14, 15, 16 and 17 of the Offer to Purchase entitled "Terms of the Offer; Proration; Expiration Date," "Acceptance for Payment and Payment," "Procedures for Tendering Shares," "Withdrawal Rights," "Material U.S. Federal Income Tax Considerations," "Conditions to the Offer," "Legal Matters and Regulatory Approvals," "Fees and Expenses," "Dividends and Distributions" and "Miscellaneous," respectively, is incorporated herein by reference.

Item 5. Past Contacts, Transactions, Negotiations and Agreements.

Except as set forth in Section 9 of the Offer to Purchase entitled "Background to the Offer; Contacts with FHCO," none of the Purchaser, any of its affiliates or any of their respective officers, directors, members, managers, shareholders, partners or persons exercising control over such person, has had any business relationship or transaction with the Subject Company or any of its executive officers, directors or affiliates that is required to be reported under the rules and regulations of the Securities and Exchange Commission applicable to the Offer. Except as set forth in Sections 8 and 9 of the Offer to Purchase entitled "Information Concerning Red Oak" and "Background to the Offer; Contacts with FHCO," respectively, there have been no material contacts, negotiations or transactions during the past two years that would be required to be disclosed under this Item 5 between the Purchaser, any of its affiliates or any of their respective executive officers, directors, managers, partners or persons exercising control over such person, on the one hand, and the Subject Company or any of its executive officers, directors or affiliates, on the other, concerning a merger, consolidation or acquisition, a tender offer or other acquisition of securities, an election of directors or sale or transfer of a material amount of assets.

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Item 6. Purposes of the Transaction and Plans or Proposals.

The information set forth in the "Introduction" and Sections 9, 10, 13 and 14 of the Offer to Purchase entitled "Background to the Offer; Contacts with FHCO," "Purpose of the Offer; Plans for FHCO after the Offer," "Effects of the Offer on the Market for Shares" and "Legal Matters and Regulatory Approvals," respectively, is incorporated herein by reference.

Item 7. Source and Amount of Funds or Other Consideration.

(a) The information set forth in Section 11 of the Offer to Purchase entitled "Sources and Amount of Funds" is incorporated herein by reference.

(b) Not applicable.

(d) Not applicable.

Item 8. Interest in Securities of the Subject Company.

The information set forth in the "Introduction" and Section 8 of the Offer to Purchase entitled "Information Concerning Red Oak" is incorporated herein by reference.

Item 9. Persons/Assets, Retained, Employed, Compensated or Used.

(a) The information set forth in Section 15 of the Offer to Purchase entitled "Fees and Expenses" is incorporated herein by reference.

Item 10. Financial Statements.

Not applicable.

Item 11. Additional Information.

(a)(1) The information set forth in Sections 8, 9 and 14 of the Offer to Purchase entitled "Information Concerning Red Oak," "Background to the Offer; Contacts with FHCO," and "Legal Matters and Regulatory Approvals," respectively, is incorporated herein by reference.

(a)(2) The information set forth in Sections 12 and 14 of the Offer to Purchase entitled "Conditions to the Offer" and "Legal Matters and Regulatory Approvals," respectively, is incorporated herein by reference.

(a)(3) The information set forth in Section 14 of the Offer to Purchase entitled "Legal Matters and Regulatory Approvals" is incorporated herein by reference.

(a)(4) The information set forth in Sections 13 and 14 of the Offer to Purchase entitled "Effects of the Offer on the Market for Shares" and "Legal Matters and Regulatory Approvals," respectively, is incorporated herein by reference.

(a)(5) The information set forth in Section 14 of the Offer to Purchase entitled "Legal Matters and Regulatory Approvals" is incorporated herein by reference.

(b) The information set forth in the Offer to Purchase is incorporated herein by reference.

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Item 12. Exhibits.

Exhibit Number	Description
(a)(1)(A)	Offer to Purchase, dated March 30, 2007
(a)(1)(B)	Letter of Transmittal
(a)(1)(C)	Notice of Guaranteed Delivery
(a)(1)(D)	Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees, dated March 30, 2007
(a)(1)(E)	Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees, dated March 30, 2007
(a)(1)(F)	Letter to Stockholders
(a)(1)(G)	Press release issued by Red Oak Fund, LP, dated March 29, 2007
(a)(1)(H)	Summary Advertisement published in Investor's Business Daily on March 30, 2007
(a)(2)	Not applicable
(a)(3)	Not applicable
(a)(4)	Not applicable
(a)(5)	Not applicable
(b)	Not applicable
(d)	Standstill Agreement between Purchaser and The Female Health Company dated as of March 28, 2007
(g)	Not applicable
(h)	Not applicable

Item 13. Information Required by Schedule 13E-3.

Not applicable.

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SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: March 30, 2007

RED OAK FUND, L.P.

By: Red Oak Capital Partners, LLC, general partner

/s/ DAVID SANDBERG

David Sandberg
Managing Member

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Exhibit Index

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 - (a)(2) Not applicable
 - (a)(3) Not applicable
 - (a)(4) Not applicable
 - (a)(5) Not applicable
 - (b) Not applicable
 - (d) Standstill Agreement between Purchaser and The Female Health Company dated as of March 28, 2007
 - (g) Not applicable
 - (h) Not applicable
-

OFFER TO PURCHASE FOR CASH
Up to 1,200,000 SHARES OF COMMON STOCK

of
The Female Health Company
at
\$2.27 NET PER SHARE
by
Red Oak Fund, L.P.

**THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK TIME, ON
APRIL 30, 2007, UNLESS THE OFFER IS EXTENDED.**

THE OFFER IS SUBJECT TO THE CONDITIONS DESCRIBED IN SECTION 12, "CONDITIONS TO THE OFFER" OF THIS OFFER TO PURCHASE. THE OFFER IS NOT CONDITIONED ON THE AVAILABILITY OF FINANCING OR ON A MINIMUM NUMBER OF SHARES BEING TENDERED.

IMPORTANT

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of this transaction or passed upon the merits or fairness of such transaction or passed upon the adequacy or accuracy of the information contained in this document. Any representation to the contrary is a criminal offense.

Any stockholder desiring to tender all or any portion of that stockholder's Shares should either (1) complete and sign the Letter of Transmittal, or a facsimile thereof, in accordance with the instructions to the Letter of Transmittal, have that stockholder's signature thereon guaranteed if instruction 1 to the Letter of Transmittal so requires, mail or deliver the Letter of Transmittal, or facsimile, or, in the case of a book-entry transfer effected by the procedures set forth in Section 3 of this Offer to Purchase, "Procedures for Tendering Shares," an agent's message (as defined therein), and any other required documents to the depository and either deliver the certificates for those Shares to the depository along with the Letter of Transmittal, or facsimile, or deliver those Shares in accordance with the procedures for book-entry transfer set forth in Section 3 of this Offer to Purchase, "Procedures for Tendering Shares," or (2) request that stockholder's bank, broker, dealer, trust company or other nominee effect the transaction for that stockholder. A stockholder having Shares registered in the name of a bank, broker, dealer, trust company or other nominee must contact that person if that stockholder desires to tender those Shares.

If a stockholder desires to tender Shares and that stockholder's certificates for Common Stock are not immediately available, the procedures for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach the depository prior to the Expiration Date (as defined herein), that stockholder's tender may be effected by following the procedures for guaranteed delivery set forth in Section 3 of this Offer to Purchase, "Procedures for Tendering Shares."

Questions, requests for assistance or additional copies of this Offer to Purchase, the Letter of Transmittal and other related materials may be directed to Red Oak Capital Partners, LLC at its address and telephone number set forth on the back cover of this Offer to Purchase.

This Offer to Purchase and the related Letter of Transmittal contain important information, and you should carefully read both in their entirety before making a decision with respect to the offer.

March 30, 2007

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Unless the context otherwise requires, all references in this Offer to Purchase to "Red Oak," "the Purchaser," "us," "we," and "our" are to Red Oak Fund L.P., a Delaware limited partnership. All references to "FHCO" are to The Female Health Company. All references to "Sections" are sections to this Offer to Purchase unless otherwise noted.

SUMMARY TERM SHEET

This summary term sheet is a brief summary of the material provisions of this Offer to Purchase 1,200,000 shares of common stock of The Female Health Company, par value \$0.01 per share (the "Shares"), being made by Red Oak Fund, L.P. a Delaware limited partnership ("Red Oak"), and is meant to help you understand the offer. This summary term sheet is not meant to be a substitute for the information contained in the remainder of this Offer to Purchase. The following are some of the questions you, as a stockholder of FHCO, may have about us and the offer and answers to those questions. You are encouraged to read carefully this entire Offer to Purchase, the Letter of Transmittal and other related documents delivered to you prior to making any decision regarding whether to tender your Shares.

Who is offering to buy my securities?

- The Purchaser is Red Oak Fund, L.P., which is managed by Red Oak Capital Partners, LLC. The Purchaser is a private investment entity formed for the purpose of investing in primarily publicly traded equity securities of small capitalization companies. See Section 8, "Information Concerning Red Oak."

How many Shares are sought in the offer?

- Subject to certain conditions, we are offering to purchase up to 1,200,000 Shares. If more than 1,200,000 Shares are validly tendered and not properly withdrawn, we will purchase 1,200,000 Shares on a pro rata basis (subject to adjustments for fractional shares). See Section 1, "Terms of the Offer; Proration; Expiration Date."

What percentage of the Shares do you currently own and how much will you own if the offer is completed?

- We currently beneficially own 495,163 Shares, representing approximately 2.0% of FHCO's issued and outstanding Shares (based on 24,513,149 Shares issued and outstanding as of February 12, 2007). Following consummation of the Offer, we will beneficially own up to approximately 6.9% of FHCO's issued and outstanding Shares, depending on the number of Shares tendered. See Section 8, "Information Concerning Red Oak"; and Section 10, "Purpose of the Offer; Plans for FHCO after the Offer."

How much are you offering to pay, what is the form of payment and will I have to pay any fees or commissions?

- We are offering to pay \$2.27 per Share, net to you (subject to withholding taxes, as applicable), in cash, without interest. This represents a premium of \$0.15 per Share, or approximately 7.0%, over the closing sales price of the Shares as reported on the Over the Counter Bulletin Board on March 28, 2007. This also represents a premium of approximately 11.7% to the average price at which FHCO was trading on the over-the-counter bulletin board market in the thirty day period preceding the announcement of our offer and a premium of approximately 38.9% to the average trading price for the six month period preceding such announcement. If you are the record owner of your Shares and you tender your Shares to us in the offer, you will not have to pay brokerage fees or similar expenses. If you own your Shares through a bank, broker, dealer, trust company or other nominee and that person tenders your Shares on your behalf, that person may charge you a fee for doing so. You should consult with your bank, broker, dealer, trust company or other nominee to determine whether any charges will apply. See "Introduction"; Section 1, "Terms of the Offer; Proration; Expiration Date"; Section 2, "Acceptance for Payment and Payment"; and Section 5, "Material U.S. Federal Income Tax Considerations."

Why are you making the offer?

- We are making our offer because we believe that the Shares represent an attractive investment at this price. A tender offer represents a more expeditious manner for us to acquire Shares given the lack of liquidity in the trading market for the Shares. We are supportive of FHCO and its management and do not have plans to nominate any persons to serve as directors of FHCO, propose any extraordinary corporate transactions or make other proposals related to FHCO's corporate governance. See Section 9, "Background to the Offer; Contacts with FHCO"; and Section 10 "Purpose of the Offer; Plans for FHCO after the Offer."

Do you have the financial resources to pay the purchase price in the offer?

- Yes. The purchase of the Shares in the offer will be financed by our own internal resources, and we do not need the consent or approval of any investor or other third party to use our cash on hand to pay the purchase price for the Shares. The offer is not subject to the receipt of financing. See Section 11, "Sources and Amount of Funds."

Is your financial condition relevant to my decision to tender in the offer?

- We do not think our financial condition is relevant to your decision as to whether to tender your Shares into the offer based on the following: (a) the consideration offered consists solely of cash; (b) the offer is not subject to any financing condition; and (c) the offer is for up to 1,200,000 Shares, which represents approximately 4.9% of the total outstanding Shares. See Section 11, "Sources and Amount of Funds."

What are the conditions to the offer?

- The offer is subject to customary conditions such as absence of a suspension in trading or a material change at FHCO. See Section 12, "Conditions to the Offer," which sets forth in full the conditions to the offer. The offer is not conditioned on the availability of financing.

What will happen if the conditions to the offer are not satisfied?

- If any of the conditions are not satisfied, we may elect not to purchase any Shares tendered in the offer, or we may waive such conditions. See Section 1, “Terms of the Offer; Proration; Expiration Date”; and Section 12, “Conditions to the Offer”.

How long do I have to decide whether to tender in the offer?

- You may tender your Shares until 5:00 p.m., New York time, on April 30, 2007 (as may be extended by us). See “Introduction”; Section 1, “Terms of the Offer; Proration; Expiration Date”; and Section 3, “Procedures for Tendering Shares.”

How do I tender my Shares?

- To tender Shares, you must deliver various documents to Computershare Trust Company, N.A., the depository for the offer, prior to the expiration of the offer. These documents include the certificates representing your Shares and a completed Letter of Transmittal. If your Shares are held through a bank, broker, dealer, trust company or other nominee, the Shares can be tendered only by that bank, broker, dealer, trust company or other nominee. If you cannot deliver a required item to the depository by the expiration of the offer, you may get a little extra time to do so by having a broker, bank or other fiduciary that is a member of the Securities Transfer Agents Medallion Program or another eligible institution guarantee that the depository will receive the missing items within a period of three Nasdaq trading days. The depository must receive the missing items within that period for the tender to be valid. See Section 3, “Procedures for Tendering Shares.”

When can I withdraw the Shares I tendered in the offer?

- You may withdraw any previously tendered Shares at any time prior to the expiration date of the offer. In addition, tendered Shares may be withdrawn at any time after 60 days from the date of the commencement of the offer if the Shares have not yet been accepted for payment by us. To withdraw Shares, you must deliver a written notice of withdrawal with the required information to the depository while you still have the right to withdraw the Shares. If you have tendered your Shares by giving

instructions to a bank, broker, dealer, trust company or other nominee, you must instruct that person to arrange for the withdrawal of your Shares. See Section 4, “Withdrawal Rights.”

Will all of the Shares I tender be accepted by the Purchaser?

- We are offering to purchase up to 1,200,000 Shares. If the number of Shares validly tendered and not properly withdrawn, on or prior to the Expiration Date, does not exceed 1,200,000, we will purchase all Shares so tendered and not withdrawn, upon the terms and subject to the conditions of the offer. However, if more than 1,200,000 Shares are tendered and not withdrawn, we will accept for payment and pay for 1,200,000 Shares tendered pro rata according to the number of Shares tendered, adjusting by rounding down to the nearest whole number of Shares tendered by each stockholder to avoid purchases of fractional Shares, as appropriate. See Section 1, “Terms of the Offer; Proration; Expiration Date”; and Section 2, “Acceptance for Payment and Payment.”

Can the offer be extended and under what circumstances?

- We have the right, in our sole discretion, to extend the expiration date, subject to applicable law. See Section 1, “Terms of the Offer; Proration; Expiration Date.”

How will I be notified if the offer is extended?

- If we decide to extend the expiration date, we will inform the depository of that fact. We will also publicly announce the new expiration date in accordance with applicable law, and in any event issue a press release to this effect no later than 9:00 a.m., New York time, on the first business day following the day on which we decide to extend the expiration date. See Section 1, “Terms of the Offer; Proration; Expiration Date.”

Will the offer affect the availability of stock quotes for the Shares?

- The shares are currently traded in the Nasdaq Over-the-Counter Bulletin Board market and listing in this market depends on whether a market maker applies to Nasdaq to quote the Shares. Red Oak cannot predict whether the offer will affect the willingness of market makers to quote the Shares in the Over-the-Counter Bulletin Board market.

If the offer is consummated, will FHCO continue as a public company?

- Based on FHCO’s Annual Report on Form 10-KSB for the fiscal year ended September 30, 2006, as of December 15, 2006, there were 449 holders of record of FHCO Shares. We cannot predict whether any reduction in the number of stockholders that may occur if the offer is consummated would cause FHCO to be out of compliance with the registration requirements of the Securities Exchange Act of 1934. See Section 13, “Effects of the Offer on the Market for Shares.”

Do I have appraisal or dissenter’s rights?

- There are no appraisal or dissenter’s rights available in connection with the offer.

Has FHCO or its Board of Directors adopted a position on the offer?

- Under applicable law, no later than 10 business days from the date of this Offer to Purchase, FHCO is required to publish, send or give to you a statement disclosing that it either recommends acceptance or rejection of the offer, expresses no opinion and remains neutral toward the offer, or is unable to take a position with respect to the offer. See “Introduction.”

What are the tax consequences of the offer?

- The receipt of cash for Shares accepted for payment by us from tendering stockholders who are “United States persons” for United States federal income tax purposes will be treated as a taxable transaction for United States federal income tax purposes. You are encouraged to seek professional advice from your own advisors concerning the tax consequences applicable to your particular situation. See Section 5, “Material U.S. Federal Income Tax Considerations.”

What is the market value of my Shares as of a recent date?

- On March 28, 2007, the last full trading day before we first announced the offer, the closing price per Share as reported on the Over the Counter Bulletin Board was \$2.12. You should obtain a recent

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quotation for your Shares prior to deciding whether or not to tender your Shares. See Section 6, "Price Range of the Shares."

With whom may I talk if I have questions about the offer?

- You can call Red Oak Capital Partners at (212) 614-8952 during normal business hours. See the back cover of this Offer to Purchase.

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To the Holders of Common Stock of The Female Health Company.

INTRODUCTION

Red Oak Fund, L.P. ("Red Oak" and also referred to as "we," "our" or "us"), a Delaware limited partnership controlled by Red Oak Capital Management, LLC, a Delaware limited liability company, hereby offers to purchase 1,200,000 shares of common stock, par value \$0.01 per share (the "Common Stock"), of The Female Health Company, a Wisconsin corporation ("FHCO"), (the "Shares") at a price of \$2.27 per Share, net to you (subject to withholding taxes, as applicable), in cash, without interest and subject to the terms and conditions set forth in this Offer to Purchase, the Letter of Transmittal and the other related documents delivered to you (which, together with any amendments or supplements hereto or thereto, collectively constitute the "Offer").

The Offer will expire at 5:00 p.m., New York time, on April 30, 2007 (the "Expiration Date") unless we decide to extend the Offer.

Certain conditions to the consummation of the Offer are described in Section 12, "Conditions to the Offer." We reserve the right (subject to applicable law and the rules of the Securities and Exchange Commission, or the "SEC") to amend or waive any one or more of the terms of, and conditions to, the Offer. However, if any of these conditions are not satisfied, we may elect not to purchase any Shares tendered in the Offer. The Offer is not conditioned on our obtaining financing.

If you are a record owner of Shares and tender directly to Computershare Trust Company, N.A. (the "Depository"), you will generally not be obligated to pay brokerage, service fees or commissions or, except as set forth in the Letter of Transmittal, share transfer taxes with respect to our purchase of Shares in the Offer. If you own your Shares through a bank, broker, dealer, trust company or other nominee and that person tenders your Shares on your behalf, that person may charge you a fee for doing so. You should consult with your bank, broker, dealer, trust company or other nominee to determine whether any charges will apply.

Under certain circumstances, you may be subject to U.S. federal backup withholding of 28.0% of the gross proceeds payable to you pursuant to the Offer, depending on your personal situation. See Section 5, "Material U.S. Federal Income Tax Considerations" for a more detailed description of the material U.S. federal income tax considerations applicable to FHCO's stockholders in connection with the Offer. You are encouraged to seek professional advice from your own advisors concerning the tax consequences applicable to your particular situation.

We will pay the fees and expenses of the Depository in connection with the Offer. The Depository will act as agent for tendering stockholders for the purpose of receiving payment from us and transmitting payments to tendering stockholders whose Shares are accepted for payment. We will also pay any expenses of Red Oak Capital Partners, LLC associated with answering questions and providing information concerning the Offer.

The Offer has not been reviewed by the Board of Directors or management of FHCO. No later than 10 U.S. business days from the date of this Offer to Purchase, FHCO is required by law to publish, send or give to you a statement disclosing that it either recommends acceptance or rejection of the Offer, expresses no opinion and remains neutral toward the Offer, or is unable to take a position with respect to the Offer.

THIS OFFER TO PURCHASE DOES NOT CONSTITUTE A SOLICITATION OF A PROXY, CONSENT OR AUTHORIZATION FOR OR WITH RESPECT TO THE ANNUAL MEETING OR ANY SPECIAL MEETING OF, OR ACTION BY WRITTEN CONSENT BY, FHCO'S STOCKHOLDERS.

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According to the proxy statement filed by FHCO on February 20, 2007, there were 24,513,149 Shares issued and outstanding as of February 12, 2007.

THIS OFFER TO PURCHASE, THE LETTER OF TRANSMITTAL AND THE OTHER RELATED DOCUMENTS DELIVERED TO YOU CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ CAREFULLY BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

This Offer to Purchase and the documents incorporated herein by reference include certain “forward-looking statements.” These forward-looking statements generally are identified by the words “believes,” “project,” “expects,” “anticipates,” “estimates,” “intends,” “strategy,” “plan,” “may,” “will,” “would,” “will be,” “will continue,” “will likely result” and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements.

In addition, please refer to FHCO’s Annual Report on Form 10-KSB for the fiscal year ended September 30, 2006 under the caption “Risk Factors”, for additional information on risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements or that may otherwise impact FHCO and its business. See Section 7, “Information Concerning FHCO.” Notwithstanding anything in this Offer to Purchase, the Letter of Transmittal or any document incorporated by reference into this Offer to Purchase, the safe harbor protections of the Private Securities Litigation Reform Act of 1995 do not apply to statements made in connection with a tender offer.

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THE TENDER OFFER

YOU SHOULD READ THIS OFFER TO PURCHASE, THE LETTER OF TRANSMITTAL AND THE OTHER RELATED DOCUMENTS DELIVERED TO YOU CAREFULLY BEFORE YOU MAKE ANY DECISION WITH RESPECT TO THE OFFER.

SECTION 1. TERMS OF THE OFFER; PRORATION; EXPIRATION DATE.

Upon the terms of, and subject to the conditions to, the Offer (including any terms of, and conditions to, any extension or amendment), subject to proration, we will accept for payment and pay for up to 1,200,000 Shares that are validly tendered prior to the Expiration Date and not properly withdrawn in accordance with Section 4, “Withdrawal Rights.” The term “Expiration Date” means 5:00 p.m., New York time, on April 30, 2007, unless and until we extend the period of time during that the Offer is open, in which case the term “Expiration Date” means the latest time and date at which the Offer, as so extended, expires.

If more than 1,200,000 Shares are validly tendered and not properly withdrawn prior to the Expiration Date, we will, upon the terms and subject to the conditions of the Offer, purchase 1,200,000 Shares on a pro rata basis (with adjustments to avoid purchases of fractional Shares) based upon the number of Shares validly tendered by the Expiration Date and not withdrawn (the “proration period”). In these circumstances, we will prorate based on a fraction, which will be calculated by dividing (x) 1,200,000 Shares, the maximum number of Shares that we are offering to purchase, by (y) the aggregate number of Shares validly tendered in the Offer and not properly withdrawn prior to the Expiration Date. This fraction will then be multiplied by the aggregate number of Shares that have been tendered and not withdrawn to determine the resulting number of Shares that will be accepted from each tendering stockholder. However, no fractional Shares will be purchased by us in the Offer, and, accordingly, fractional Shares will be rounded down to the nearest whole number of Shares.

If proration of tendered Shares is required, because of the difficulty of determining the precise number of Shares properly tendered and not withdrawn, we may not be able to announce the final results of proration or pay for any Shares until five Nasdaq trading days after the Expiration Date and proration period. However, we will pay for validly tendered Shares as promptly as possible once the number of shares accepted from each holder is determined. We expect to be able to pay for all accepted shares held in “street name” which are delivered to us by book entry transfer within eight business days. Preliminary results of proration will be announced by press release as promptly as practicable. Holders of Shares may obtain such preliminary information from Red Oak Capital Partners, LLC at its telephone number on the back cover of this Offer to Purchase. All Shares not accepted for payment due to an oversubscription will be returned promptly to the stockholder or, in the case of tendered Shares delivered by book-entry transfer, credited to the account at the book-entry transfer facility from which the transfer had previously been made, in each case, in accordance with the procedures described in Section 2, “Acceptance for Payment and Payment.”

We reserve the right to increase or decrease the number of Shares we are seeking in the Offer, subject to applicable laws and regulations described below.

Subject to the terms of the applicable rules and regulations of the Securities and Exchange Commission (“SEC”), we reserve the right, but will not be obligated at any time and from time to time, and regardless of whether or not any of the events or facts set forth in Section 12, “Conditions to the Offer,” shall have occurred, to:

- extend the Offer beyond the then scheduled expiration date, and thereby delay acceptance for payment of and payment for any Shares, by giving oral or written notice of that extension to the Depository; and
- amend the Offer in any other respect by giving oral or written notice of that amendment to the Depository.

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If by 5:00 p.m., New York time, on April 30, 2007 (or any date or time then set as the Expiration Date), any or all conditions to the Offer have not been satisfied or waived, we reserve the right (but will not be obligated to), subject to applicable laws and regulations of the SEC, to:

- except as set forth above, extend the Offer, and, subject to applicable withdrawal rights, retain all tendered Shares during the period for which the Offer is open or extended;

- waive any conditions to the tender and, subject to proration, accept for payment on the Expiration Date and pay for all Shares validly tendered and not properly withdrawn prior to the Expiration Date;
- terminate the Offer and not accept for payment or pay for any Shares, in which case all tendered Shares shall promptly be returned to tendering stockholders; and
- amend the Offer in any other respect by giving oral or written notice of that amendment to the Depositary.

Any extension, waiver, amendment or termination of the Offer will be followed as promptly as practicable by public announcement thereof. In the case of an extension, Rule 14e-1(d) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), requires that the announcement be issued no later than 9:00 a.m., Eastern time, on the next business day after the previously scheduled Expiration Date in accordance with the public announcement requirements of Rule 14d-4(d) under the Exchange Act. Without limiting the manner in which we may choose to make any public announcement, subject to applicable law (including Rule 14d-4(d) and 14d-6(c)) under the Exchange Act, which require that material changes be promptly disseminated to holders of Shares in a manner reasonably designed to inform such holders of such change), we currently intend to make announcements regarding the Offer by distributing a press release to PR Newswire.

If we extend the Offer, we are delayed in accepting for payment or paying for Shares, or we are unable to accept for payment or pay for Shares pursuant to the Offer for any reason, then, without prejudice to our rights under the Offer, the Depositary may, on our behalf, retain all Shares tendered. Such tendered Shares may not be withdrawn except as provided in Section 4, “Withdrawal Rights.” Our reservation of the right to delay acceptance for payment of or payment for Shares is subject to Rule 14e-1(c) under the Exchange Act, which requires that we pay the consideration offered or return the Shares deposited by or on behalf of stockholders promptly after the termination or withdrawal of the Offer.

We do not intend to provide for a subsequent offering period.

Under no circumstances will we pay interest on the purchase price for tendered Shares, regardless of any extension of or amendment to the Offer or any delay in paying for such Shares.

If we make a material change in the terms of the Offer (as may be permitted under applicable law) or in the information concerning the Offer or if we waive a material condition of the Offer, we will extend the Offer to the extent required by rules of the SEC. The minimum period during which the Offer must remain open following material changes in the terms of the Offer or information concerning the Offer will depend on the facts and circumstances then existing, including the relative materiality of the changed terms or information. If, before the Expiration Date, we decide to increase the consideration being offered, such increase will be applicable to all stockholders whose Shares are accepted for payment pursuant to the Offer. If, at the time that the notice of any increase in the offered consideration is first published, sent or given, the then scheduled Expiration Date is scheduled to be completed at any time earlier than the tenth business day from and including the date that the notice is first so published, sent or given, the then scheduled Expiration Date will be extended until the expiration of at least ten business days after that notice. For purposes of this paragraph, a “business day” shall mean a business day as defined in Rule 14d-1(g)(3) under the Exchange Act. If, however, we increase the number of Shares we are seeking under the Offer by not more than two percent of the outstanding Shares, then pursuant to Rule 14e-1(b) under the Exchange Act, we would not be required to extend the Expiration Date of the Offer.

FHCO agreed to provide us with a list of its stockholders and security position listings. This Offer to Purchase, the Letter of Transmittal and the other related documents to be furnished will be mailed to the record holders of Shares whose names appeared on FHCO’s stockholder list. They will also be furnished to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency’s security position listing, for subsequent transmittal to beneficial owners of Shares.

SECTION 2. ACCEPTANCE FOR PAYMENT AND PAYMENT.

General. Promptly following the Expiration Date and upon the terms of, and subject to the conditions to, the Offer (including, if the Expiration Date is extended or the Offer is otherwise amended, the terms of, and conditions to, any such extension or amendment), we will accept for payment and, subject to any applicable withholding tax duties, pay for up to 1,200,000 Shares validly tendered prior to the Expiration Date and not properly withdrawn in accordance with Section 4, “Withdrawal Rights.” We will decide, in our reasonable discretion, all questions as to the satisfaction of those terms and conditions, and each such decision will be final and binding. See Section 1, “Terms of the Offer; Proration; Expiration Date”; and Section 12, “Conditions to the Offer.”

In all cases, we will pay for Shares we have accepted for payment under the Offer only after timely receipt by the Depositary of:

- certificates representing, or a timely book-entry confirmation respecting, those Shares;
- a Letter of Transmittal, or a facsimile thereof, properly completed and executed with any required signatures thereon or, in the case of a book-entry transfer, an agent’s message; and
- any other documents the Letter of Transmittal requires.

Accordingly, tendering stockholders may be paid at different times depending on when certificates for Shares or book-entry confirmations respecting Shares are actually received by the Depositary.

For purposes of the Offer, we will be deemed to have purchased Shares that have been validly tendered and not properly withdrawn if and when we give oral or written notice to the Depositary of our acceptance for payment of Shares pursuant to the Offer. On the terms of and subject to the conditions to the Offer, we will pay for Shares we have accepted for payment under the Offer by depositing the purchase price therefor with the

Depository. The Depository will act as agent for tendering stockholders for the purpose of receiving payment from us and transmitting payment to tendering stockholders whose Shares we have accepted for payment. Upon the deposit of funds with the Depository for the purpose of making payments to tendering stockholders, our obligation to make such payment shall be satisfied, and tendering stockholders must thereafter look solely to the Depository for payments of amounts owed to them by reason of the acceptance for payment of Shares pursuant to the Offer.

We expressly reserve the right, in our sole discretion, to delay acceptance for payment of or payment for Shares. However, we will effect any such delays in compliance with Rule 14e-1(c) under the Exchange Act, which requires that we pay the consideration offered or return the Shares deposited by or on behalf of stockholders promptly after the termination or withdrawal of the Offer. In such a case, the Depository may retain tendered Shares on our behalf and those Shares may not be withdrawn except to the extent tendering stockholders are entitled to exercise, and duly exercise, the withdrawal rights described in Section 4, "Withdrawal Rights."

Under no circumstances will interest be paid on the purchase price to be paid, regardless of any extension of the Offer or any delay in making payment.

If, pursuant to the terms of, and conditions to, the Offer, we do not accept tendered Shares for payment for any reason or if certificates are submitted representing more Shares than are tendered (including by reason of proration), certificates evidencing unpurchased Shares will be returned to the

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tendering stockholder (or, in the case of Shares tendered by book-entry transfer pursuant to the procedures set forth in Section 3, "Procedures for Tendering Shares," the Shares will be credited to the relevant account), as promptly as practicable following the expiration, termination or withdrawal of the Offer.

If, prior to the Expiration Date, we increase the consideration per share offered to any stockholders pursuant to the Offer, the increased consideration per share will be paid to all holders of Shares that are purchased pursuant to the Offer, whether or not such Shares were tendered prior to the increase in consideration.

Form of Payment. All stockholders tendering their Shares to the Depository will be paid solely in U.S. dollars.

Withholding Tax. Please note that under the "Backup Withholding" provisions of U.S. federal income tax law, the Depository may be required to withhold 28.0% of the gross proceeds payable to a tendering stockholder or other payee pursuant to the Offer. See Section 3, "Procedures for Tendering Shares"; and Section 5, "Material U.S. Federal Income Tax Considerations."

SECTION 3. PROCEDURES FOR TENDERING SHARES.

Valid Tender. For a stockholder to validly tender Shares under the Offer (i) the Depository must receive, at one of the addresses set forth on the back cover of this Offer to Purchase and prior to the Expiration Date of the Offer:

- a Letter of Transmittal, or a facsimile thereof, properly completed and duly executed, together with any required signature guarantees, or, in the case of a book-entry transfer, an agent's message, and any other required documents; and
- either certificates representing the tendered Shares or, in the case of tendered Shares delivered in accordance with the procedures for book-entry transfer we describe below, a book-entry confirmation of that delivery (see "Book-Entry Transfer" below); or

(ii) the tendering stockholder must, before the Expiration Date of the Offer, comply with the guaranteed delivery procedures we describe below.

The term "agent's message" means a message, transmitted by the Depository Trust Company, or DTC, to, and received by, the Depository and forming part of the book-entry confirmation that states that DTC has received an express acknowledgement from the participant in DTC tendering the Shares that are the subject of the book-entry confirmation, that the participant has received and agrees to be bound by the Letter of Transmittal and that we may enforce that agreement against that participant.

If certificates evidencing tendered Shares are forwarded to the Depository in multiple deliveries, a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile of the Letter of Transmittal) must accompany each delivery. No alternative, conditional or contingent tenders will be accepted and no fractional Shares will be purchased.

The method of delivery of share certificates and all other required documents, including through DTC, is at your option and risk, and the delivery will be deemed made only when actually received by the Depository (including, in the case of a book-entry transfer, by book-entry confirmation). If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

Book-Entry Transfer. The Depository will establish an account with respect to the Shares at DTC for purposes of the Offer within two business days after the date of this Offer to Purchase. Any financial institution that is a participant in the system of DTC may make book-entry delivery of Shares by causing DTC to transfer such Shares into the Depository's account at DTC in accordance with DTC's procedures. However, although delivery of Shares may be effected through book-entry transfer into the

Depository's account at DTC, the Letter of Transmittal (or a manually signed facsimile of the Letter of Transmittal), properly completed and duly executed, with any required signature guarantees, or an agent's message, and any other required documents must, in any case, be transmitted to, and received by, the Depository at its address set forth on the back cover of this Offer to Purchase prior to the Expiration Date, or the tendering stockholder must comply with the guaranteed delivery procedures described below for a valid tender of Shares by book-entry. Delivery of the documents to DTC or any other party does not constitute delivery to the Depository.

Signature Guarantees. Signatures on all Letters of Transmittal must be guaranteed by a firm that is a member of the Securities Transfer Agents Medallion Program, or by any other "eligible guarantor institution," as that term is defined in Rule 17Ad-15 under the Exchange Act, except in cases where Shares are tendered:

- by a registered holder of Shares who has not completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on the Letter of Transmittal; or
- for the account of an eligible guarantor institution.

If a share certificate is registered in the name of a person other than the signer of the Letter of Transmittal, or if payment is to be made, or a share certificate not accepted for payment or not tendered is to be returned, to a person other than the registered holder(s), then the tendered certificate must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name(s) of the registered holder(s) appear on the certificate, with the signature(s) on the certificate or stock powers guaranteed by an eligible guarantor institution. See Instructions 1 and 5 to the Letter of Transmittal.

Guaranteed Delivery. If you wish to tender Shares under the Offer and your certificates for Shares are not immediately available, the procedures for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach the Depository prior to the Expiration Date, your tender may be effected if all the following conditions are met:

- your tender is made by or through an eligible institution;
- a properly completed and executed notice of guaranteed delivery, substantially in the form we provide, is received by the Depository, as provided below, prior to the Expiration Date; and
- the Depository receives, at one of the addresses set forth on the back cover of this Offer to Purchase and within the period of three trading days after the date of execution of that notice of guaranteed delivery, either:
 - the certificates representing the Shares being tendered together with (1) a Letter of Transmittal, or a facsimile thereof, relating thereto which has been properly completed and duly executed and includes all signature guarantees required thereon, and (2) all other required documents; or
 - in the case of any book-entry transfer of the Shares being tendered which is effected in accordance with the book-entry transfer procedures we describe above under "—Book-Entry Transfer" within the same three-trading day period (1) either a Letter of Transmittal, or a facsimile thereof, relating thereto which has been properly completed and duly executed and includes all signature guarantees required thereon or an agent's message, (2) a book-entry confirmation relating to that transfer, and (3) all other required documents.

For these purposes, a "trading day" is any day on which the Nasdaq is open for business.

A notice of guaranteed delivery must be delivered to the Depository by hand, facsimile transmission or mail and must include a guarantee by an eligible institution in the form set forth in the notice of guaranteed delivery that is to be delivered to the Depository.

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Condition to Payment. In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of the certificates evidencing Shares, or a timely Book-Entry Confirmation for the delivery of Shares, the Letter of Transmittal (or a manually signed facsimile of the Letter of Transmittal), properly completed and duly executed, with any required signature guarantees, or, in the case of a book-entry transfer, an agent's message, and any other documents required by the Letter of Transmittal.

Appointment. By executing the Letter of Transmittal as set forth above (including delivery through an agent's message), you irrevocably appoint our designees as your agents, attorneys-in-fact and proxies in the manner set forth in the Letter of Transmittal, each with full power of substitution, to the full extent of your rights with respect to the Shares you tendered and with respect to any Shares, securities and rights issued or issuable in respect of such Shares on or after the date of this Offer to Purchase. These powers of attorney and proxies will be considered coupled with an interest in the tendered Shares and additional securities attributable thereto. The appointment will be effective if, as and when, and only to the extent that, we accept your Shares for payment. Upon our acceptance for payment, all prior powers of attorney, proxies and consents given by you with respect to such Shares (and your other Shares and securities) will be revoked, without further action, and no subsequent powers of attorney or proxies may be given nor any subsequent written consent executed by you (and, if given or executed, will not be deemed effective). Our designees will, with respect to the Shares for which the appointment is effective, be empowered to exercise all of your voting and other rights as they in their sole discretion may deem proper at any annual or special meeting of FHCO's stockholders or any adjournment or postponement of that meeting, by written consent in lieu of any meeting or otherwise. We reserve the right to require that, in order for Shares to be deemed validly tendered, immediately upon our payment for the Shares, we must be able to exercise full voting, consent and other rights with respect to the Shares and any additional securities attributable thereto, including voting at any meeting of FHCO's stockholders with a record date prior to the consummation of the Offer. The Offer does not constitute a solicitation of proxies, absent a purchase of Shares, for any meeting of FHCO stockholders.

Tendering Stockholder's Representation and Warranty; Purchaser's Acceptance Constitutes an Agreement. It is a violation of Rule 14e-4 under the Exchange Act for a person acting alone or in concert with others, directly or indirectly, to tender Shares for such person's own account unless at the time of tender and at the Expiration Date such person has a "net long position" in (a) the Shares that is equal to or greater than the amount tendered and will deliver or cause to be delivered such Shares for the purpose of tendering to us within the period specified in the Offer or (b) other securities immediately convertible into, exercisable for or exchangeable into Shares ("Equivalent Securities") that is equal to or greater than the amount tendered and, upon the acceptance of such tender, will acquire such Shares by conversion, exchange or exercise of such Equivalent Securities to the extent required by the terms of the Offer and will deliver or cause to be delivered such Shares so acquired for the purpose of tender to us within the period specified in the Offer. Rule 14e-4 also provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. A tender of Shares made pursuant to any method of delivery set forth herein will constitute the tendering stockholder's representation and warranty to us that (a) such stockholder has a "net long position" in Shares or Equivalent Securities being tendered within the meaning of Rule 14e-4, and (b) such tender of Shares complies with Rule 14e-4. Our acceptance for payment of Shares tendered pursuant to the Offer will constitute a binding agreement between the tendering stockholder and us upon the terms and subject to the conditions of the Offer.

Determination of Validity. All questions as to the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Shares will be determined by us, in our sole discretion. This determination will be final and binding on all parties. We reserve the absolute right to reject any or all tenders that we determine not to be in proper form or the acceptance for payment of which may be unlawful. We also reserve the absolute right, in our sole discretion, to waive any defect or irregularity in any tender of Shares of any particular stockholder, whether or not similar defects or

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irregularities are waived in the case of other stockholders. A tender of Shares will not have been made until all defects and irregularities have been cured or waived. None of us or any of our affiliates or assigns, the Depository, or any other person will be under any duty to give notification of any defects or irregularities in tenders or notices of objection or incur any liability for failure to give any notification. Our interpretation of the terms of, and conditions to, the Offer (including the Letter of Transmittal, the Notice of Guaranteed Delivery, and the instructions thereto) will be final and binding. By tendering Shares to us you agree to accept all decisions we make concerning these matters and waive any right you might otherwise have to challenge those decisions.

If you tender your Shares pursuant to any of the procedures described above, it will constitute your acceptance of the terms of, and conditions to, the Offer, as well as your representation and warranty to us that:

- you have the full power and authority to tender, sell, assign and transfer the tendered Shares (and any and all Shares, other securities or distributions issued or issuable in respect of your Shares); and
- when we accept your Shares for payment, we will acquire good and marketable title to your Shares, free and clear of all liens, restrictions, claims and encumbrances and not subject to any adverse claims or rights.

Our acceptance of your Shares pursuant to any of the procedures described above will constitute a binding agreement between you and us upon the terms of, and subject to the conditions to, the Offer.

In this Offer to Purchase, and in the Letter of Transmittal, we have included certain statements that our determinations with respect to such matters as the validity of tenders, the validity of purported withdrawal of Shares and the satisfaction of conditions to the Offer will be valid and binding. These statements, and any related statements that a holder tendering Shares waives any right to challenge our decisions, are not intended and should not be construed as meaning that any rights under federal or state securities laws have been waived or that our decisions are not subject to applicable law. These statements are included because it is necessary for us, in order to determine if proration is needed and, if so, which Shares will be accepted and which will be returned, to make decisions which are deemed final with respect to the validity of tenders. Without such an ability to make decisions, we cannot accurately determine the number of Shares tendered and make decisions about such matters as proration and return of Shares.

Backup Withholding. In order to avoid "backup withholding" of U.S. federal income tax on payments of cash pursuant to the Offer, a U.S. stockholder surrendering Shares in the Offer must, unless an exemption applies, provide the Depository with such stockholder's correct taxpayer identification number ("TIN") on a Substitute Form W-9, certify under penalties of perjury that such TIN is correct and provide certain other certifications. If a stockholder does not provide such stockholder's correct TIN or fails to provide the required certifications, the Internal Revenue Service (the "IRS") may impose a penalty on such stockholder, and payment of cash to such stockholder pursuant to the Offer may be subject to backup withholding of 28%. All stockholders surrendering Shares pursuant to the Offer should complete and sign the main signature form and the Substitute Form W-9 included as part of the Letter of Transmittal to provide the information and certification necessary to avoid backup withholding (unless an applicable exemption exists and is proved in a manner satisfactory to us and the Depository). Certain stockholders (including, among others, corporations) are not subject to backup withholding but may be required to provide evidence of their exemption from backup withholding. Non-U.S. stockholders should complete and sign the main signature form included as part of the Letter of Transmittal and an appropriate Form W-8 (instead of a Form W-9), a copy of which may be obtained from the Depository, in order to avoid backup withholding. See Instruction 9 to the Letter of Transmittal.

Lost Certificates. If the share certificates that a registered holder wants to surrender have been lost, destroyed or stolen, the stockholder should promptly notify FHCO's transfer agent, Computershare Investor Services at 1-888-294-8217. The transfer agent will instruct the stockholder as to the steps that must be taken in order to replace the certificates.

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SECTION 4. WITHDRAWAL RIGHTS.

Except as this Section 4 otherwise provides, tenders of Shares are irrevocable.

You may withdraw previously tendered Shares at any time prior to the Expiration Date. In addition, under U.S. law, tendered Shares may be withdrawn at any time after 60 days from the date of this Offer to Purchase if the Shares have not yet been accepted for payment by us. If we extend the Offer, delay our acceptance for payment of Shares or are unable to accept Shares for payment pursuant to the Offer for any reason, then, without prejudice to our rights under the Offer but subject to applicable law, the Depositary may, nevertheless, on our behalf, retain tendered Shares, and those Shares may not be withdrawn except to the extent that tendering stockholders are entitled to withdrawal rights as described in this Section 4. However, our ability to delay the payment for Shares that we have accepted for payment is limited by applicable law, including Rule 14e-1(c) under the Exchange Act, which requires that a bidder pay the consideration offered or return the securities deposited by or on behalf of securityholders promptly after the termination or withdrawal of such bidder's offer. Any delay will be by an extension of the Offer to the extent required by law.

For a withdrawal to be effective, a written or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase. Any notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of the Shares, if different from the name of the person who tendered the Shares. If certificates evidencing Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, prior to the physical release of the certificates, the serial numbers shown on the certificates must be submitted to the Depositary and the signature(s) on the notice of withdrawal must be guaranteed by an eligible guarantor institution, unless the Shares have been tendered for the account of an eligible guarantor institution. If Shares have been delivered pursuant to the procedures for book-entry transfer as set forth in Section 3, "Procedures for Tendering Shares," any notice of withdrawal must also specify the name and number of the account at DTC to be credited with the withdrawn Shares and otherwise comply with DTC's procedures.

Withdrawals of tendered Shares may not be rescinded. If you have properly withdrawn your Shares, they will be deemed not to have been validly tendered for purposes of the Offer. However, withdrawn Shares may be re-tendered at any time prior to the Expiration Date by again following one of the procedures described in Section 3, "Procedures for Tendering Shares."

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by us, in our sole discretion, subject to applicable law, which determination will be final and binding on all parties. We also reserve the absolute right, in our sole discretion, to waive any defect or irregularity in any notices of withdrawal of any particular stockholder, whether or not similar defects or irregularities are waived in the case of other stockholders. None of us or our affiliates or assigns, the Depositary or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

The method for delivery of any documents related to a withdrawal is at the risk of the withdrawing stockholder. Any documents related to a withdrawal will be deemed delivered only when actually received by the Depositary. If delivery is by mail, registered mail with return receipt requested is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

SECTION 5. MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS.

The following is a discussion of the United States federal income tax consequences to holders of Shares whose Shares are sold pursuant to the Offer. This discussion does not address all aspects of United States federal income taxation that may be relevant to particular holders of Shares in light of their specific investment or tax circumstances. The tax consequences to any particular stockholder may differ depending on that stockholder's own circumstances and tax position. The discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations issued thereunder, and

administrative and judicial interpretations thereof, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect. This discussion applies only to holders who hold Shares as "capital assets" within the meaning of section 1221 of the Code, and does not apply to holders who acquired their Shares pursuant to the exercise of employee stock options or otherwise as compensation. In addition, this discussion does not apply to certain types of holders subject to special tax rules including, but not limited to, non-U.S. persons, insurance companies, tax-exempt organizations, banks and other financial institutions, brokers or dealers, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings or persons who hold their Shares as a part of a straddle, hedge, conversion, or other integrated investment or constructive sale transaction. The tax consequences of the Offer to holders who hold their Shares through a partnership or other pass-through entity generally will depend upon such holder's status for United States federal income tax purposes and the activities of the partnership.

Each holder is encouraged to consult such holder's tax advisor regarding the specific United States federal, state, local and foreign income and other tax consequences of the Offer in light of such holder's specific tax situation.

The receipt of cash for Shares pursuant to the Offer will be a taxable transaction for United States federal income tax purposes. In general, a holder who receives cash in exchange for Shares pursuant to the Offer will recognize gain or loss for United States federal income tax purposes equal to the difference, if any, between the amount of cash received and the holder's adjusted tax basis in the Shares exchanged. Gain or loss will be determined separately for each block of Shares (*i.e.*, Shares acquired at the same time and price) exchanged pursuant to the Offer. Such gain or loss will generally be capital gain or loss and will generally be long-term

capital gain or loss if such Shares have been held for more than one year at the time of disposition. However, such gain or loss will generally be short-term capital gain or loss if such Shares have been held for one year or less at the time of disposition. In the case of a tendering individual stockholder, long-term capital gains will generally be eligible for reduced rates of taxation. Unlike long-term capital gains, short-term capital gains of individuals are generally taxable at the same rates as ordinary income. The deductibility of capital losses is subject to limitations.

A stockholder (other than certain exempt stockholders including, among others, corporations) that receives cash for Shares pursuant to the Offer generally will be subject to backup withholding at a rate equal to the fourth lowest rate applicable to ordinary income of unmarried individuals (under current law, the backup withholding rate is 28%) unless the stockholder provides its TIN, certifies under penalties of perjury that such TIN is correct (or properly certifies that it is awaiting a TIN), certifies that it is not subject to backup withholding and otherwise complies with the applicable requirements of the backup withholding rules. If the holder is an individual, the TIN is his or her social security number. Backup withholding is not an additional tax. Rather, the amount of the backup withholding can be credited against the U.S. federal income tax liability of the person subject to the backup withholding, provided that the required information is given to the IRS. If backup withholding results in an overpayment of tax, a refund can be obtained by the stockholder by filing a U.S. federal income tax return. A stockholder that does not furnish a required TIN or that does not otherwise establish a basis for an exemption from backup withholding may be subject to a penalty imposed by the IRS. See "Backup Withholding" under Section 3, "Procedures for Tendering Shares." Each stockholder should complete and sign the Substitute Form W-9 included as part of the Letter of Transmittal so as to provide the information and certification necessary to avoid backup withholding.

SECTION 6. PRICE RANGE OF THE SHARES.

According to FHCO's Annual Report on Form 10-KSB for the year ended September 30, 2006, the Shares are and traded in the over-the-counter market under the symbol "FHCO.OB."

The following table sets forth, for each of the fiscal quarters indicated, the high and low closing sale price per share as reported on the OTC Bulletin Board.

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Quarter	OTC Bulletin Board	
	High	Low
2005		
First Quarter	\$ 2.13	\$ 1.50
Second Quarter	\$ 2.10	\$ 1.66
Third Quarter	\$ 1.95	\$ 1.45
Fourth Quarter	\$ 1.86	\$ 1.37
2006		
First Quarter	\$ 1.80	\$ 1.32
Second Quarter	\$ 1.78	\$ 1.50
Third Quarter	\$ 1.63	\$ 1.25
Fourth Quarter	\$ 1.65	\$ 1.19
2007		
First Quarter (through March 28, 2007)	\$ 2.30	\$ 1.46

On March 28, 2007, the last trading day before we first announced the Offer, the closing price as so reported was \$2.12.

You are encouraged to obtain a current market quotation for the Shares.

SECTION 7. INFORMATION CONCERNING FHCO.

Except as otherwise set forth in this Offer to Purchase, the information concerning FHCO contained in this Offer to Purchase has been taken from or is based upon publicly available documents and records on file with the SEC and other public sources. The summary information set forth below is qualified in its entirety by reference to these documents and records. We assume no responsibility for the accuracy or completeness of the information contained in such documents or records or for any failure by FHCO to disclose events that may have occurred and may affect the significance or accuracy of any such information.

General. FHCO is a Wisconsin Corporation. Its principal executive offices are located at 515 North State Street, Chicago, Illinois 60610 and its telephone number at that address is (312) 595-9123.

Available Information. FHCO is subject to the informational requirements of the Exchange Act and, in accordance therewith, is required to file reports relating to its business, financial condition and other matters. FHCO must disclose in its proxy statements distributed to FHCO's stockholders and filed with the SEC information as of particular dates concerning its directors and officers, their remuneration, stock options and other matters, the principal holders of its securities and any material interest of those persons in transactions with FHCO. That information is available for inspection at the public reference facilities of the SEC at 450 Fifth Street, N.W., Washington, DC 20549. You can obtain copies of that information by mail, upon payment of the SEC's customary charges, by writing to the SEC's principal office at 450 Fifth Street, N.W., Washington, DC 20549. The SEC also maintains a web site that contains reports, proxy statements and other information regarding registrants that file electronically with it. You can find those reports, proxy statements and other information on the SEC's web site, <http://www.sec.gov>.

SECTION 8. INFORMATION CONCERNING RED OAK.

General. We, the offeror, Red Oak Fund, L.P., are a Delaware limited partnership controlled by our general partner, Red Oak Capital Partners, LLC, which is a Delaware limited liability company. We are a private investment entity formed for the purpose of investing in primarily publicly traded equity securities of small capitalization companies.

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David Sandberg is the managing member and sole equity holder of Red Oak Capital Partners. Mr. Sandberg formed Red Oak Capital Partners in 2003. The Red Oak Fund is formed for the purpose of investing in primarily publicly traded equity securities of small capitalization companies. Previously, Mr. Sandberg worked at Whitney & Co., LLC, New York, New York, where he co-ran the Green-River Fund. Mr. Sandberg is a U.S. citizen.

The business address and telephone number of each of Red Oak Fund L.P., Red Oak Capital Partners, LLC and Mr. Sandberg is: 145 Fourth Avenue, Suite 15A, New York, NY 10003, (212) 614-8952.

Beneficial Ownership of Shares. As of February 12, 2007, there were 24,513,149 of FHCO's Shares issued and outstanding. The 1,200,000 Shares we are offering to purchase in the Offer represent approximately 4.9% of the Shares issued and outstanding as of such date.

The following table identifies the aggregate number and percentage (based on 24,513,149 issued and outstanding Shares of FHCO as of February 12, 2007) of the Shares beneficially owned, as of the date of this Offer to Purchase, by us and certain individuals or entities who are associated with us and known by us to be the beneficial owner of Shares:

Name	Number of Shares Beneficially Owned	Percent of Shares (Issued and Outstanding) ⁽¹⁾
Red Oak Fund, L.P.	495,163	2.0
Red Oak Capital Partners, LLC	(2)	
David Sandberg	(3)	

(1) Based on 24,513,149 Shares issued and outstanding as of February 12, 2007, as disclosed by FHCO in proxy statement dated February 20, 2007.

(2) Because Red Oak Capital Partners, LLC has sole investment and voting power over 495,163 Shares owned of record by Red Oak Fund, L.P., Red Oak Capital Partners, LLC may be deemed to have beneficial ownership of these Shares.

(3) Because Red Oak Capital Partners, LLC has sole voting and investment power over Red Oak Fund's security holdings and Mr. Sandberg, in his role as the sole manager of Red Oak Capital Partners, LLC, controls its voting and investment decisions, each of Red Oak Fund L.P., Red Oak Capital Partners, LLC, and Mr. Sandberg may be deemed to have beneficial ownership of the 495,163 Shares owned of record by Red Oak Fund, L.P.

Purchases of Shares. There have been the following purchases of Shares by Red Oak Fund, L.P., Red Oak Capital Partners, LLC or Mr. Sandberg during the past 60 days.

Date	Shares Purchased	Price Per Share
January 30, 2007	80,250	2.0230
January 31, 2007	30,000	2.0155
February 6, 2007	97,700	2.0000
February 7, 2007	2,400	2.1484
February 8, 2007	23,000	2.1031
February 14, 2007	4,500	2.1072
February 16, 2007	2,500	1.9010
February 20, 2007	29,300	1.9859
February 22, 2007	100,000	1.9700
February 22, 2007	1,481	1.9551

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Additional Information. Except as set forth in this Offer to Purchase, neither Purchaser nor, to the knowledge of Purchaser, Red Oak Capital Partners, LLC or Mr. Sandberg, has had any business relationship or transaction with FHCO or any of its executive officers, directors or affiliates that is required to be reported under the rules and regulations of the SEC applicable to the Offer. Except as set forth in this Offer to Purchase, there have been no negotiations, transactions or material contracts between Purchaser and its affiliates, on the one hand, and FHCO or its affiliates, on the other hand, concerning a merger, consolidation, acquisition, tender offer or other acquisition of securities, an election of directors or a sale or other transfer of a material amount of assets. None of Purchaser, Red Oak Capital Partners, LLC or Mr. Sandberg has, during the past five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors). None of Purchaser, Red Oak Capital Partners, LLC or Mr. Sandberg has, during the past five years, been a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws. There are no present or proposed material agreements, arrangements, understandings or relationships between Purchaser, Red Oak Capital Partners, LLC or Mr. Sandberg or any of their respective executive officers, directors, controlling persons or subsidiaries, on the one hand, and FHCO or any of its affiliates, executive officers, directors, controlling persons or subsidiaries, on the other hand.

Available Information. We have filed with the SEC a Schedule TO, which includes this Offer to Purchase as an exhibit thereto and contains additional information concerning the Offer. We are not subject to the informational filing requirements of the Exchange Act.

SECTION 9. BACKGROUND TO THE OFFER; CONTACTS WITH FHCO.

We began investing in FHCO in December 2006 and have from time to time increased our investments since then.

We acquired shares of FHCO because we believed they were an attractive investment at the prices available. We contacted the FHCO management and advised them we supported the Company, felt it was well managed, and supported company policies, and wished to become a more significant investor but had not found shares available in the over-the-counter market. From time to time FHCO's management attempted to help us identify shares that might be available for purchase but we were not able to acquire a significant number of shares in market transactions. In February 2007 we advised FHCO's management that we remained interested in acquiring additional FHCO shares and were considering a partial tender offer which would result in our owning a larger, but non-controlling, position in FHCO. We informally requested access to the FHCO stockholder list and consent to request FHCO's transfer agent to serve as Depositary. After such request, we held discussions concerning our desire to make a partial tender offer and negotiated a standstill agreement (the "Standstill Agreement"), which was executed as of March 28, 2007. The key provisions of the Standstill Agreement are:

- Red Oak agrees not to acquire more than 15% of the FHCO voting shares until the earlier of one year from March 28, 2007 or nine months from the expiration of this Offer (the "Standstill Period").
- During the Standstill Period, Red Oak will not seek representation on the FHCO board of directors, or propose any merger, sale of assets, other business combination or other extraordinary corporate transaction with FHCO (including recapitalizations, dividends, share repurchases, and liquidations or other transactions which could result in a change of control) or encourage or solicit any other person to do so.
- Red Oak agrees during the Standstill Period not to solicit any proxies or make any shareholder proposals to FHCO.
- Red Oak agrees not to enter into any voting trust or voting agreement with other persons with respect to FHCO, or form a "group" with respect to FHCO which must be reported on Schedule 13D or otherwise seek to exercise control or influence over the management, board of directors or policies of FHCO, during the Standstill Period.

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- Red Oak also agreed that during the Standstill Period and until the 2008 annual meeting of FHCO it would vote in accordance with the recommendations of the FHCO board of directors with respect to the election of directors and other matters, subject to certain exceptions described below.
 - FHCO agreed to grant Red Oak access to its shareholder list in order to permit the Offer to proceed and agreed to instruct its Transfer Agent that FHCO has no objection if FHCO's Transfer Agent serves as Depositary with respect to his Offer.
 - Red Oak agreed not to engage in "short sales" of FHCO shares during the Standstill Period.

Red Oak's agreements about actions during the Standstill Period are suspended if a third party files a Schedule 13D or otherwise makes a public announcement indicating that it has acquired beneficial ownership of 15% or more of the voting securities of FHCO which expresses an intention or possible intention to assume control of FHCO, or if a third party commences a tender offer seeking to acquire beneficial ownership of 15% or more of the voting power of FHCO, or if any third party commences a proxy solicitation intended to change a majority of the members of the board of directors of FHCO. Likewise, if FHCO signs any agreement providing for a change of control, the restrictions imposed on Red Oak by the Standstill Agreement will be suspended. In addition, the Agreement of Red Oak to vote in accordance with the recommendations of the board of directors of FHCO does not require Red Oak to vote in favor of any merger, sale of assets or similar transaction and does not require Red Oak to vote in favor of a compensation plan if Institutional Shareholder Services or a similar firm has recommended a "no" vote with respect to such plan. A copy of the Standstill Agreement has been filed with the Securities and Exchange Commission as an Exhibit to Red Oak's Schedule TO.

SECTION 10. PURPOSE OF THE OFFER; PLANS FOR FHCO AFTER THE OFFER.

Purpose of the Offer. We are making the Offer for investment purposes with a view towards making a profit. Our intent is to acquire Shares that we hope might ultimately increase in value. No independent party has been retained by the Purchaser to evaluate or render any opinion with respect to the fairness of the Offer price and no representation is made as to the fairness of the Offer price.

Red Oak Fund currently owns 495,163 shares, representing approximately 2.0% of the outstanding Shares. The Offer represents a more expeditious manner for us to acquire Shares given the limited liquidity in the trading market for the Shares. In addition, an Offer allows us to offer all of the stockholders an opportunity to sell all or part of their investment if they choose to do so at this time.

Plans for FHCO after the Offer; Certain Effects of the Offer

Red Oak is satisfied with FHCO's management and policies. Depending on various factors, we may take such actions as we deem appropriate including, without limitation, engaging in discussions with management and the Board of Directors of FHCO, and communicating with other stockholders, but in all cases subject to the Standstill Agreement.

Except as described in this Offer to Purchase, we do not have any plans, proposals or negotiations that relate to or would result in: (1) an extraordinary corporate transaction, merger, reorganization or liquidation involving FHCO; (2) a purchase, sale or transfer of a material amount of the assets of FHCO or any of its subsidiaries; (3) any material change in the present dividend rate or policy or indebtedness or capitalization of

FHCO; (4) any change in the present Board of Directors and management of FHCO (including any plan or proposal to change the number or term of directors or to change any material term of the employment contract of any executive officer); (5) any other material change in FHCO's corporate structure or business; or (6) the Shares becoming eligible for termination of registration under Section 12(g)(4) of the Exchange Act. We recognize that if we obtain an ownership position greater than 10% in FHCO certain provisions of Wisconsin law, discussed below, may restrict our rights to engage in such transactions, and may reduce our voting rights if we acquire more than 20% of the voting shares of FHCO. We have not requested, and do not intend to request, that the FHCO Board of Directors use its discretion to render such provisions of Wisconsin law not applicable to us by approving purchases of more than 10% of the Shares.

If the Offer is consummated, we may from time to time consider, although we have no current plans to do so, additional purchases of Shares of FHCO pursuant to one or more open-market purchase programs, through private transactions or through tender offers or otherwise, subject to applicable law. Future purchases may be on the same terms or on terms that are more or less favorable to FHCO's stockholders than the terms of the Offer. However, we would be limited in our ability to acquire 10% or more of the FHCO common stock because of the existence of the Wisconsin laws referred to above and described below in Section 14, "Legal Matters and Regulatory Approvals."

In addition, following consummation of the Offer, we may also determine to dispose of the Shares, in whole or in part, at any time and from time to time, subject to applicable laws. We may also decide to change our intentions with respect to the purposes and plans described in this Section 10. Any such decision would be based on our assessment of a number of different factors, including, without limitation, the business, prospects and affairs of FHCO, the market for the Shares, the condition of the securities markets, general economic and industry conditions and other opportunities available to us, and the terms of the Standstill Agreement.

SECTION 11. SOURCES AND AMOUNT OF FUNDS.

The Offer is not conditioned upon any financing arrangements, and we do not need the consent or approval of any investor or other third party to use our cash on hand to pay the purchase price for the Shares. We estimate that the total amount of funds that we will require to consummate the Offer, including fees and expenses, is approximately \$2,775,000, assuming we purchase 1,200,000 Shares pursuant to the Offer. We possess all necessary funds to consummate the Offer from cash on hand.

SECTION 12. CONDITIONS TO THE OFFER.

Notwithstanding any other provisions of the Offer, and in addition to (and not in limitation of) our rights to extend the Offer or otherwise amend the terms of the Offer at any time, we shall not be required to accept for payment and, subject to any applicable rules and regulations of the SEC, including Rule 14e-1(c) under the Exchange Act (relating to our obligation to either pay for or return tendered Shares promptly after the termination or withdrawal of the Offer), pay for, and may delay the acceptance for payment of and accordingly the payment for, any tendered Shares, and terminate the Offer, if any of the following events shall occur:

- (a) any change (or condition, event or development involving a prospective change) shall have occurred or been threatened in the business, properties, assets, liabilities, capitalization, stockholders' equity, financial condition, operations, licenses, results of operations or prospects of FHCO or any of its subsidiaries or affiliates that, does or may have a materially adverse effect on (x) the value of FHCO or any affiliates, (y) the value of the Shares, or (z) a material contractual right of FHCO or any of its affiliates, including, without limitation, any acceleration of any material amount of indebtedness of FHCO or any of its affiliates as a result of or in connection with the Offer;
- (b) there shall be threatened, instituted, or pending any action, proceeding, application or counterclaim by or before any court or governmental, administrative or regulatory agency or authority, domestic or foreign, or any other person or tribunal, domestic or foreign, with (i) challenges or seeks to challenge, restrain or prohibit the making of the Offer, the acquisition by us of the Shares, or any other matter directly or indirectly relating to the Offer, or seeks to obtain any material damages or otherwise directly or indirectly relating to the transactions contemplated by the Offer, (ii) seeks to make the purchase of, or payment for, some or all of the Shares pursuant to the Offer illegal or results in a delay in our ability to accept for payment or pay for some or all of the Shares, (iii) seeks to impose limitations on our ability (or any affiliate of ours) to acquire or hold or to exercise full rights of ownership of the Shares, including, but not limited to, the right to vote the Shares purchased by us on all matter properly presented to the FHCO stockholders, or (iv) might result, in our reasonable judgment, in a materially adverse effect on (x) the value of FHCO or any

of its affiliates, (y) the value of the Shares, or (z) a material contractual right of FHCO or any of its affiliates.

- (c) any statute, rule, regulation, judgment, decree, interpretation, injunction or order (preliminary, permanent or otherwise) shall have been proposed, sought, enacted, entered, promulgated, enforced or deemed to be applicable to the Offer or us or FHCO or any of our or FHCO's subsidiaries or affiliates by any court, government or governmental agency or other regulatory or administrative authority, domestic or foreign, which, in our reasonable judgment, (i) indicates that any approval or other action of any such court, agency or authority may be required in connection with the Offer or the purchase of Shares thereunder, (ii) would or might prohibit, restrict or delay consummation of the Offer, (iii) might impose limitations on our ability (or any affiliate of ours) to acquire or hold or to exercise full rights of ownership of the Shares, including, but not limited to, the right to vote the Shares purchased by us on all matters properly presented to the FHCO stockholders, or (iv) might result in a materially adverse effect on (x) the value of FHCO or any of its affiliates, (y) the value of the Shares, or (z) a material contractual right of FHCO or any of its affiliates.

All the foregoing conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to such condition (including any action or inaction by FHCO) or may be waived by us in whole or in part at any time and from time to time prior to the expiration of the Offer in our reasonable discretion. Our failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right, and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by us concerning the events described in this Section 12 will be final and binding upon all parties.

SECTION 13. EFFECTS OF THE OFFER ON THE MARKET FOR SHARES.

Market for the Shares. Our purchase of Shares pursuant to the Offer may reduce the number of holders of Shares. Our purchase of Shares in the Offer will also reduce the number of Shares that might otherwise trade publicly and could adversely affect the liquidity and market value of the remaining Shares held by the public. This may result in lower share prices or reduced liquidity in the trading market for Shares in the future. We are unable to predict whether the consummation of the Offer will affect the willingness of market makers to quote the Shares on the OTC Bulletin Board.

Registration under the Exchange Act. The Shares are currently registered under the Exchange Act. Such registration may be terminated upon application of FHCO to the SEC if the Shares are neither listed on a national securities exchange nor held by 300 or more holders of record. Termination of the registration of the Shares under the Exchange Act would substantially reduce the information required to be furnished by FHCO to the stockholders and to the SEC and would make certain of the provisions of the Exchange Act, such as the short-swing profit recovery provisions of Section 16(b), the requirement to furnish a proxy statement pursuant to Section 14(a) in connection with a stockholder's meeting and the related requirement to furnish an annual report to stockholders and the requirements of Rule 13e-3 under the Exchange Act with respect to "going private" transactions, no longer applicable to the Shares. Furthermore, "affiliates" of FHCO and persons holding "restricted securities" of FHCO may be deprived of the ability to dispose of such securities pursuant to Rule 144 promulgated under the Securities Act of 1933, as amended (the "Securities Act"). We cannot predict whether any reduction in the number of stockholders resulting from the consummation of the Offer would enable FHCO to no longer be subject to the registration requirements of the Exchange Act.

SECTION 14. LEGAL MATTERS AND REGULATORY APPROVALS.

General. Except as described in this Section 14, based on a review of publicly available filings FHCO has made with the SEC and other publicly available information concerning FHCO, we are not aware of any license or regulatory permit that appears to be material to the business of FHCO that might be adversely affected by our acquisition of Shares as contemplated by the Offer or of any approval or other action by any governmental entity that would be required or desirable for the acquisition or ownership of Shares by us as contemplated by the Offer. Should any approval or other action be required or desirable,

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we currently contemplate that we will seek or request FHCO to seek that approval or other action. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions. Should any such approval or other action not be obtained or be obtainable only subject to substantial conditions, we could decline to accept for payment or pay for any Shares tendered. See Section 12, "Conditions to the Offer."

State Takeover Statutes. FHCO is incorporated under the laws of the State of Wisconsin. In general, Section 180.1130 and following sections of the Wisconsin Statutes impose super-majority voting requirements for business combinations with a "significant shareholder" (generally a holder of 10% or more of the voting shares) and prohibit business combinations for three years after a person becomes an "interested stockholder" by acquiring 10% or more of a Wisconsin corporation's voting shares, unless, among other things, prior to such date the board of directors of the corporation approved either the business combination or the transaction in which the interested stockholder became an interested stockholder. These statutes also reduce the voting rights of a holder which acquires 20% or more of a corporation's voting shares. If the Offer is consummated, we and our affiliates likely would not hold more than 10% of the outstanding Shares and thus would probably not be considered an interested stockholder, but such statutory restrictions might limit our interest in buying additional Shares.

A number of states have adopted laws and regulations that purport to apply to attempts to acquire corporations that are incorporated in such states, or whose business operations have substantial economic effects in such states, or that have substantial assets, security holders, employees, principal executive offices or principal places of business in such states. In *Edgar v. MITE Corp.*, the Supreme Court of the United States invalidated on constitutional grounds the Illinois Business Takeover statute, which, as a matter of state securities law, made takeovers of corporations meeting certain requirements more difficult. However, in 1987, in *CTS Corp. v. Dynamics Corp. of America*, the Supreme Court held that the State of Indiana may, as a matter of corporate law and, in particular, with respect to those aspects of corporate law concerning corporate governance, constitutionally disqualify a potential acquirer from voting on the affairs of a target corporation without the prior approval of the remaining stockholders. The state law before the Supreme Court was by its terms applicable only to corporations that had a substantial number of stockholders in the state and were incorporated there.

We do not believe that the antitakeover laws and regulations of these other states will by their terms apply to the Offer, and we have not attempted to comply with these other state antitakeover statutes or regulations. We reserve the right to challenge the applicability or validity of any state law purportedly applicable to the Offer, and nothing in this Offer to Purchase or any action taken in connection with the Offer is intended as a waiver of such right. If it is asserted that any state antitakeover statute is applicable to the Offer, and an appropriate court does not determine that it is inapplicable or invalid as applied to the Offer, we may be required to file certain information with, or to receive approvals from, the relevant state authorities, and we may be unable to accept for payment or pay for Shares tendered pursuant to the Offer or may be delayed in consummating the Offer. In such case, we may not be obligated to accept for payment, or pay for, any Shares tendered pursuant to the Offer. See Section 12, "Conditions to the Offer."

SECTION 15. FEES AND EXPENSES.

We have retained Computershare Trust Company, N.A. to serve as our Depository. We will pay the Depository reasonable and customary compensation for its services in connection with the Offer and reimburse it for reasonable out-of-pocket expenses, and will indemnify it against specified liabilities and expenses in connection with its services, including specified liabilities under the federal securities laws.

Red Oak Capital Partners, LLC will be answering questions about the Offer and may contact holders of Shares by personal interview, mail, telephone, facsimile and other methods of electronic communication and may request brokers, dealers, banks, trust companies and other nominees to forward the materials relating to the Offer to beneficial holders. Red Oak Capital Partners, LLC will not be receiving compensation for its services as Information Agent but will be reimbursed for reasonable out-of-pocket expenses and may be indemnified against specified liabilities and expenses in connection with the Offer, including specified liabilities under the federal securities laws.

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Except as set forth above, we will not pay any fees or commissions to any broker or dealer or other person or entity in connection with the solicitation of tenders of Shares pursuant to the Offer. We will, upon request, reimburse brokers, dealers, commercial banks and trust companies for customary mailing and handling expenses incurred by them in forwarding materials relating to the Offer to their customers.

SECTION 16. DIVIDENDS AND DISTRIBUTIONS.

If, on or after March 29, 2007 (the date of the initial announcement of our intention to make the Offer), FHCO should (a) split, combine or otherwise change the Shares or its capitalization, (b) acquire or otherwise cause a reduction in the number of outstanding Shares or other securities or (c) issue or sell additional Shares, shares of any other class of capital stock, other voting securities or any securities convertible into, or rights, warrants or options, conditional or otherwise, to acquire, any of the foregoing, then, subject to the provisions of Section 12, "Conditions to the Offer," we, in our sole discretion, may make such adjustments as we deem appropriate in the Offer price and other terms of the Offer, including, without limitation, the number or type of securities offered to be purchased.

If after March 29, 2007, FHCO should declare or pay any cash dividend or other distribution on the Shares or issue, with respect to the Shares, any additional Shares, shares of any other class of capital stock, other voting securities or any securities convertible into, or rights, warrants or options, conditional or otherwise, to acquire, any of the foregoing, payable or distributable to stockholders of record on a date prior to the transfer of the Shares purchased pursuant to the Offer to us or our nominees or transferees on the Company's stock transfer records, then, subject to the provisions of Section 12, "Conditions to the Offer," (i) the Offer price will be reduced by the amount of any such cash dividend or cash distribution and (ii) the whole of any such noncash dividend, distribution or issuance to be received by the tendering stockholders will (a) be received and held by the tendering stockholders for our account and will be required to be promptly remitted and transferred by each tendering stockholder to the Depository for our account, accompanied by appropriate documentation of transfer, or (b) at our direction, be exercised for our benefit, in which case the proceeds of such exercise will promptly be remitted to us. If the Offer price is reduced pursuant to the preceding sentence, and if, at the time that notice of any such reduction in the Offer price is first published, sent or given to holders of Shares, the Offer is scheduled to expire at any time earlier than the tenth business day after (and including) the date of such notice, then the Offer will be extended at least until the expiration of such period of ten business days. Pending such remittance and subject to applicable law, we will be entitled to all rights and privileges as owner of any such noncash dividend, distribution, issuance or proceeds and may withhold the entire Offer price for the Shares or deduct therefrom the amount or value thereof, as we determine in our sole discretion.

SECTION 17. MISCELLANEOUS.

The Offer is being made solely by this Offer to Purchase and the related Letter of Transmittal and is being made to holders of Shares. We are not aware of any jurisdiction in which the making of the Offer or the tender of Shares in connection therewith would not be in compliance with the laws of such jurisdiction. If we become aware of any state law prohibiting the making of the Offer or the acceptance of Shares pursuant thereto in such state, we will make a good faith effort to comply with any such state statute or seek to have such state statute declared inapplicable to the Offer. If, after such good faith effort, we cannot comply with any such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares in such jurisdiction.

No person has been authorized to give any information or to make any representation on our behalf not contained herein or in the related documents delivered to you and, if given or made, such information or representation must not be relied upon as having been authorized.

We have filed with the SEC the Schedule TO, together with exhibits, furnishing additional information with respect to the Offer. That schedule and any amendments thereto, including exhibits,

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should be available for inspection and copies should be obtainable in the manner set forth in Section 7, "Information Concerning FHCO."

March 30, 2007

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Facsimile copies of the Letter of Transmittal, properly completed and duly executed, will be accepted. The Letter of Transmittal, certificates for Shares and any other required documents should be sent or delivered by each stockholder of FHCO or his or her bank, broker, dealer, trust company or other nominee to the Depositary as follows:

The Depositary for the Offer is:



By Overnight Courier:

Computershare
c/o Voluntary Corporate
Actions
161 Bay State Drive
Braintree, MA 02185
Attn: Corporate Actions

By Mail:

Computershare
c/o Voluntary Corporate Actions
P.O. Box 859208
Braintree, MA 02185-9208
Attn: Corporate Actions

***By Facsimile
Transmission:****
(781) 380-3388

**For Confirmation
By Telephone:**
(781) 575-2332

* For Eligible Institutions Only.

DELIVERY OF THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY TO THE DEPOSITARY.

Questions and requests for assistance or for additional copies of this Offer to Purchase, the Letter of Transmittal and the notice of guaranteed delivery may be directed to:

Red Oak Capital Partners, LLC
145 Fourth Avenue, Suite 15A
New York, NY 10003
(212) 614-8952
or
Email: dsandberg@redoakpartners.com

You may also contact your bank, broker, dealer, trust company or other nominee for assistance concerning the Offer.

Name of Tendering Institution: _____

Account Number: _____

Transaction Code Number: _____

CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY. ENCLOSE A PHOTOCOPY OF SUCH NOTICE OF GUARANTEED DELIVERY AND COMPLETE THE FOLLOWING:

Name(s) of Registered Owners(s): _____

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Institution that Guaranteed Delivery: _____

If delivered by book-entry transfer, check box:

Name of Tendering Institution: _____

Account Number: _____

Transaction Code Number: _____

IF ANY OF THE CERTIFICATES REPRESENTING SHARES THAT YOU OWN HAVE BEEN LOST OR DESTROYED, SEE INSTRUCTION 11.

**NOTE: SIGNATURES MUST BE PROVIDED BELOW
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY**

2

Ladies and Gentlemen:

The undersigned hereby tenders to Red Oak Fund, L.P., a Delaware limited partnership (the "Purchaser"), the above-described shares of shares of common stock, par value \$0.01 per share (the "Shares"), of The Female Health Company, a Wisconsin corporation ("FHCO") on the terms and subject to the conditions set forth in the Purchaser's Offer to Purchase dated March 30, 2007 (the "Offer to Purchase"), and this Letter of Transmittal (which, together with the Offer to Purchase and any amendments or supplements thereto, collectively constitute the "Offer"), receipt of which is hereby acknowledged. The undersigned understands that the Purchaser reserves the right to transfer or assign, in whole or in part, from time to time, to one or more of its affiliates the right to purchase all or any portion of Shares tendered pursuant to the Offer.

The undersigned understands that, under the terms of the Offer, the Purchaser will be obligated to purchase up to 1,200,000 Shares for payment under the Offer.

Subject to and effective on acceptance for payment of, and payment for, the Shares tendered herewith in accordance with the terms of the Offer, the undersigned hereby sells, assigns and transfers to, or upon the order of, the Purchaser, all right, title and interest in and to all the Shares that are being tendered hereby (and any and all non-cash dividends, distributions, rights, other Shares or other securities issued or issuable in respect thereof on or after the expiration date of the Offer (collectively, "Distributions")) and irrevocably constitutes and appoints Computershare Trust Company, N.A. (the "Depositary"), the true and lawful agent and attorney-in-fact of the undersigned, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to the full extent of the undersigned's rights with respect to such Shares (and any and all Distributions), to (a) deliver certificates for such Shares (and any and all Distributions) or transfer ownership of such Shares (and any and all Distributions) on the account books maintained by the book-entry transfer facility, together, in any such case, with all accompanying evidences of transfer and authenticity to, or upon the order of the Purchaser, (b) present such Shares (and any and all Distributions) for transfer on FHCO's books and (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares (including any and all Distributions), all in accordance with the terms of the Offer.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Shares tendered hereby and all Distributions and, when the same are accepted for payment by the Purchaser, the Purchaser will acquire good and marketable title thereto, free and clear of all liens, restrictions, claims and encumbrances, and the same will not be subject to any adverse claim or right. The undersigned will, on request by the Depositary or the Purchaser, execute any additional documents deemed by the Depositary or the Purchaser to be necessary or desirable to complete the sale, assignment and transfer of the Shares tendered hereby (and any and all such other Shares or other securities or rights), all in accordance with the terms of the Offer. In addition, the undersigned shall remit and transfer promptly to the Depositary for the account of the Purchaser all Distributions in respect of Shares tendered hereby, accompanied by appropriate documentation of transfer, and pending such remittance and transfer or appropriate assurance thereof, the Purchaser shall be entitled to all rights and privileges as owner of each such Distribution and may withhold the entire purchase price of Shares tendered hereby, or deduct from such purchase price, the amount or value of such Distribution as determined by the Purchaser in its sole discretion.

All authority conferred or agreed to be conferred pursuant to this Letter of Transmittal shall be binding on the successors, assigns, heirs, personal representatives, executors, administrators and other legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

The undersigned hereby irrevocably appoints David Sandberg and any other designees of the Purchaser,

the attorneys-in-fact and proxies of the undersigned, with full power of substitution, to vote at any annual, special or adjourned meeting of FHCO's stockholders or otherwise in such manner as each such attorney-in-fact and proxy or his/her substitute shall in his/her sole discretion deem proper, to execute any written consent concerning any matter as each such attorney-in-fact and proxy or his/her substitute shall in his/her sole discretion deem proper, and to otherwise act as each such attorney-in-fact and proxy or his/her substitute shall in his/her sole discretion deem proper, with respect to the Shares tendered hereby that have been accepted for payment by the Purchaser prior to the time any such action is taken and with respect to which the undersigned is entitled to vote. This appointment is effective when, and only to the extent that, the Purchaser accepts for payment such Shares as provided in the Offer to Purchase. This power of attorney and proxy is irrevocable and is granted in consideration of the acceptance for payment of such Shares and is coupled with an interest in Shares tendered hereby in accordance with the terms of

the Offer. Upon such acceptance for payment, all prior powers of attorney, proxies and consents given by the undersigned with respect to such Shares will, without further action, be revoked and no subsequent powers of attorney, proxies, consents or revocations may be given (and, if given, will not be effective) by the undersigned.

The undersigned understands that the valid tender of Shares pursuant to any of the procedures described in Section 3 of the Offer to Purchase and in the instructions hereto will constitute a binding agreement between the undersigned and the Purchaser on the terms and subject to the conditions of the Offer. It is a violation of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended, for a person acting alone or in concert with others, directly or indirectly, to tender Shares for such person's own account unless at the time of tender and at the expiration date such person has a "net long position" in (a) the Shares that is equal to or greater than the amount tendered and will deliver or cause to be delivered such Shares for the purpose of tender to the Purchaser within the period specified in the Offer, or (b) other securities immediately convertible into, exercisable for or exchangeable into Shares ("Equivalent Securities") that is equal to or greater than the amount tendered and, upon the acceptance of such tender, will acquire such Shares by conversion, exchange or exercise of such Equivalent Securities to the extent required by the terms of the Offer and will deliver or cause to be delivered such Shares so acquired for the purpose of tender to the Purchaser within the period specified in the Offer. Rule 14e-4 also provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. A tender of Shares made pursuant to any method of delivery set forth herein will constitute the tendering stockholder's representation and warranty to the Purchaser that (a) such stockholder has a "net long position" in Shares or Equivalent Securities being tendered within the meaning of Rule 14e-4, and (b) such tender of Shares complies with Rule 14e-4. The undersigned understands that the valid tender of Shares pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the Instructions hereto will constitute the undersigned's acceptance of the terms and conditions of the Offer. The Purchaser's acceptance of such Shares for payment will constitute a binding agreement between the undersigned and the Purchaser upon the terms and subject to the conditions of the Offer.

The undersigned understands that all questions as to the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Shares will be determined by the Purchaser in its sole discretion. This determination will be final and binding on all parties. The Purchaser reserves the absolute right to reject any or all tenders that it determines not to be in proper form or the acceptance for payment of which may be unlawful. The Purchaser also reserves the absolute right, in its sole discretion, to waive any defect or irregularity in any tender of Shares of any particular stockholder, whether or not similar defects or irregularities are waived in the case of other stockholders. A tender of Shares will not have been made until all defects and irregularities have been cured or waived. None of the Purchaser or any of its affiliates or assigns, the Depositary, or any other person will be under any duty to give notification of any defects or irregularities in tenders or notices of objection or incur any liability for failure to give any notification. The Purchaser's interpretation of the terms of, and conditions to, the Offer (including the Letter of Transmittal, the Notice of Guaranteed Delivery, and the instructions thereto) will be final and binding.

Unless otherwise indicated herein under "Special Payment Instructions," please issue the check for payment of the purchase price and/or return any certificates for Shares not tendered or accepted for payment in the name(s) of the registered holder(s) appearing under "Description of Shares Tendered." Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail the check for payment of the purchase price and/or return any certificates for Shares not tendered or accepted for payment (and accompanying documents, as appropriate) to the address(es) of the registered holder(s) appearing under "Description of Shares Tendered." In the event that both the "Special Delivery Instructions" and the "Special Payment Instructions" are completed, please issue the check for payment of the purchase price and/or return any certificates for Shares not tendered or accepted for payment (and any accompanying documents, as appropriate) in the name(s) of, and deliver such check and/or return such certificates (and any accompanying documents, as appropriate) to, the person or persons so indicated. Please credit any Shares tendered herewith by book-entry transfer that are not accepted for payment by crediting the account at the book-entry transfer facility designated above. The undersigned recognizes that the Purchaser has no obligation pursuant to the "Special Payment Instructions" to transfer any Shares from the name of the registered holder(s) thereof if the Purchaser does not accept for payment any of the Shares so tendered.

SPECIAL PAYMENT INSTRUCTIONS
(See Instructions 1, 5, 6 and 7)

To be completed ONLY if certificates for Shares not tendered or not accepted for payment and/or the check for payment of the purchase price of Shares accepted for payment are to be issued in the name of someone other than the undersigned.

Issue: Check
 Certificate(s) to:

Name _____
(Please Print)

Address _____

(Include Zip Code)

(Employer Identification or Social Security Number)

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 1, 5, 6 and 7)

To be completed ONLY if certificates for Shares not tendered or not accepted for payment and/or the check for payment of the purchase price of Shares accepted for payment are to be sent to someone other than the undersigned or to the undersigned at an address other than that above.

Issue: Check
 Certificate(s) to:

Name _____
(Please Print)

Address _____

(Include Zip Code)

(Employer Identification or Social Security Number)

SIGN HERE
(Also Complete Substitute Form W-9 Enclosed Herewith)

(Signature(s) of Stockholder(s))

Dated: _____

(Must be signed by registered holder(s) exactly as name(s) appear(s) on stock certificate(s) for the Shares or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please provide the following information and see Instruction 5.)

Name(s): _____

(Please Print)

Capacity (Full Title): _____

Address: _____

(Include Zip Code)

Daytime Area Code and Telephone Number: _____

Employer Identification or Social Security Number: _____

(Complete Accompanying Substitute Form W-9)

GUARANTEE OF SIGNATURE(S)
(If Required—See Instructions 1 and 5)

Authorized Signature: _____

Name: _____
(Please Print)

Name of Firm: _____

Title: _____

Address: _____

(Include Zip Code)

Daytime Area Code and Telephone Number: _____

INSTRUCTIONS

Forming Part of the Terms and Conditions of the Offer

1. *Guarantee of Signatures.* No signature guarantee is required on this Letter of Transmittal (a) if this Letter of Transmittal is signed by the registered holder(s) (which term, for purposes of this Instruction 1, includes any participant in the book-entry transfer facility's system whose name appears on a security position listing as the owner of the Shares) of Shares tendered herewith, unless such registered holder(s) has completed either the box entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" on this Letter of Transmittal or (b) if such Shares are tendered for the account of a firm that is a member in good standing of a recognized Medallion Program approved by the Securities Transfer Association, Inc., including the Securities Transfer Agents Medallion Program, the New York Stock Exchange, Inc. Medallion Signature Program or the Stock Exchange Medallion Program, or is otherwise an "eligible guarantor institution," as that term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934 (each, an "eligible institution"). In all other cases, all signatures on this Letter of Transmittal must be guaranteed by an eligible institution. See Instruction 5.

2. *Requirements of Tender.* This Letter of Transmittal is to be completed by stockholders either if certificates are to be forwarded herewith or, unless an agent's message (as defined below) is utilized, if delivery of Shares is to be made pursuant to the procedures for book-entry transfer set forth in Section 3 of the Offer to Purchase. For a stockholder to validly tender Shares pursuant to the Offer, either (a) a Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, together with any required signature guarantees, or, in the case of a book-entry transfer, an agent's message, and any other required documents, must be received by the Depository at one of its addresses set forth on the back of this Letter of Transmittal prior to the expiration date and either certificates for tendered Shares must be received by the Depository at one of such addresses or Shares must be delivered pursuant to the procedures for book-entry transfer set forth herein (and a book-entry confirmation must be received by the Depository), in each case prior to the expiration date, or (b) the tendering stockholder must comply with the guaranteed delivery procedures set forth below and in Section 3 of the Offer to Purchase. Stockholders whose certificates for Shares are not immediately available or who cannot deliver their certificates and all other required documents to the Depository or complete the procedures for book-entry transfer prior to the expiration date may tender their Shares by properly completing and duly executing the notice of guaranteed delivery pursuant to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase. Pursuant to such procedures, (a) such tender must be made by or through an eligible institution, (b) a properly completed and duly executed notice of guaranteed delivery, substantially in the form provided by the Purchaser, must be received by the Depository prior to the expiration date and (c) the certificates for all tendered Shares in proper form for transfer (or a book-entry confirmation with respect to all such Shares), together with a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, or, in the case of a book-entry transfer, an agent's message, and any other required documents, must be received by the Depository, in each case within three trading days after the date of execution of such notice of guaranteed delivery as provided in Section 3 of the Offer to Purchase. A "trading day" is any day on which the Nasdaq is open for business. The term "agent's message" means a message transmitted by the book-entry transfer facility to, and received by, the Depository and forming a part of a book-entry confirmation, which states that such book-entry transfer facility has received an express acknowledgment from the participant in the book-entry transfer facility tendering the Shares that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that the Purchaser may enforce such agreement against such participant.

The method of delivery of Shares, this Letter of Transmittal and all other required documents, including delivery through the book-entry transfer facility, is at the sole election and risk of the tendering stockholder. Shares will be deemed delivered only when actually received by the Depository (including, in the case of a book-entry transfer, by book-entry confirmation). If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

No alternative, conditional or contingent tenders will be accepted and no fractional Shares will be purchased. All tendering stockholders, by execution of this Letter of Transmittal (or a facsimile hereof), waive any right to receive any notice of the acceptance for payment of their Shares.

3. *Inadequate Space.* If the space provided herein is inadequate, the certificate numbers and/or the number of Shares should be listed on a separate schedule attached hereto.

4. *Partial Tenders (Not Applicable to Stockholders Who Tender by Book-Entry Transfer).* If fewer than all the Shares represented by any certificate submitted to the Depository are to be tendered, fill in the number of Shares that are to be tendered in the box entitled "Number of Shares Tendered." In any such case, new certificate(s) for the remainder of the Shares that were evidenced by the old certificate(s) will be sent to the registered holder(s), unless otherwise provided in the appropriate box on this Letter of Transmittal, as soon as practicable after the acceptance for payment of, and payment for, the Shares tendered herewith. All Shares represented by certificates delivered to the Depository will be deemed to have been tendered unless otherwise indicated.

5. *Signatures on Letter of Transmittal, Stock Powers and Endorsements.* If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the certificate(s) without any change whatsoever.

If any of the Shares tendered hereby are owned of record by two or more joint owners, all such persons must sign this Letter of Transmittal.

If any Shares tendered hereby are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate letters of transmittal as there are different registrations of certificates.

If this Letter of Transmittal or any certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to the Purchaser of the authority of such person so to act must be submitted with this Letter of Transmittal.

If this Letter of Transmittal is signed by the registered owner(s) of the Shares tendered hereby, no endorsements of certificates or separate stock powers are required unless payment of the purchase price is to be made, or certificates for Shares not tendered or accepted for payment are to be issued, to a person other than the registered owner(s). Signatures on any such certificates or stock powers must be guaranteed by an eligible institution.

If this Letter of Transmittal is signed by a person other than the registered owner(s) of the Shares tendered hereby, the certificate(s) representing such Shares must be properly endorsed for transfer or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered owner(s) appear(s) on the certificate(s). The signature(s) on any such certificate(s) or stock power(s) must be guaranteed by an eligible institution.

6. *Stock Transfer Taxes.* The Purchaser will pay any stock transfer taxes with respect to the transfer and sale of Shares to it pursuant to the Offer. If, however, payment of the purchase price is to be made to, or if Shares not tendered or accepted for payment are to be registered in the name of, any person(s) other than the registered owner(s), or if Shares tendered hereby are registered in the name(s) of any person(s) other than the person(s) signing this Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered owner(s) or such person(s)) payable on account of the transfer to such person(s) will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes or exemption therefrom is submitted with this Letter of Transmittal.

Except as provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to the certificates listed in this Letter of Transmittal.

7. *Special Payment and Delivery Instructions.* If a check for the purchase price of any Shares accepted for payment is to be issued in the name of, and/or certificates for any Shares not accepted for payment or not tendered are to be issued in the name of and/or returned to, a person other than the signer of this Letter of Transmittal or if a check is to be sent, and/or such certificates are to be returned, to a person other than the signer of this Letter of Transmittal or to an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed.

8. *Waiver of Conditions.* The Purchaser reserves the right, subject to the applicable rules and regulations of the Securities and Exchange Commission, to waive any of the specified conditions of the Offer, in whole or in part, in the case of any Shares tendered.

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9. *28% Backup Withholding.* In order to avoid backup withholding of U.S. federal income tax with respect to payments of cash payable under the Offer, a stockholder surrendering Shares in the Offer must, unless an exemption applies, provide the Depository with such stockholder's correct taxpayer identification number ("TIN") on Substitute Form W-9 below in this Letter of Transmittal and certify under penalties of perjury that such TIN is correct and that such stockholder is not subject to or is exempt from backup U.S. federal income tax withholding. If a stockholder does not provide such stockholder's correct TIN or fails to provide the certifications described above, the Internal Revenue Service (the "IRS") may impose a \$50 penalty on such stockholder and payment of cash to such stockholder pursuant to the Offer may be subject to backup withholding of 28%.

Backup withholding is not an additional income tax. Rather, the amount of the backup withholding can be credited against the U.S. federal income tax liability of the person subject to the backup withholding, provided that the required information is timely furnished to the IRS. If backup withholding results in an overpayment of tax, a refund can be obtained by the stockholder upon filing an income tax return.

A tendering stockholder is required to give the Depository the TIN (i.e., social security number or employer identification number) of the record owner of the Shares being tendered. If the Shares are held in more than one name or are not in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which number to report.

The box in part 3 of the Substitute Form W-9 may be checked if the tendering stockholder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in part 3 is checked, the stockholder or other payee must also complete the Certificate of Awaiting Taxpayer Identification Number below in order to avoid backup withholding. Notwithstanding that the box in part 3 is checked and the Certificate of Awaiting Taxpayer Identification Number is completed, the Depository will withhold 28% on all payments made prior to the time a properly certified TIN is provided to the Depository. However, such amounts will be refunded to such stockholder if a TIN is provided to the Depository within 60 days.

Certain stockholders (including, among others, all corporations and certain foreign individuals and entities) are not subject to backup withholding. Noncorporate foreign stockholders should complete and sign the main signature form and the appropriate Form W-8, Certificate of Foreign Status, a copy of which may be obtained from the Depository, in order to avoid backup withholding. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for more instructions. You should consult with your tax advisor regarding the foregoing.

10. *Requests for Assistance or Additional Copies.* Questions and requests for assistance or additional copies of the Offer to Purchase, this Letter of Transmittal, the notice of guaranteed delivery and the Guidelines for

Certification of Taxpayer Identification Number on Substitute Form W-9 may be directed to Red Oak Capital Partners, LLC at its address set forth on the last page of this Letter of Transmittal.

11. *Lost, Destroyed or Stolen Certificates.* If any certificate representing Shares has been lost, destroyed or stolen, the stockholder should promptly notify FHCO's transfer agent, Computershare Investor Services at (781) 575-3120. The stockholder will then be instructed by the transfer agent as to the steps that must be taken in order to replace the certificate. This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost, destroyed or stolen certificates have been followed.

IMPORTANT: THIS LETTER OF TRANSMITTAL (OR A MANUALLY SIGNED FACSIMILE HEREOF), TOGETHER WITH ANY REQUIRED SIGNATURE GUARANTEES, OR, IN THE CASE OF A BOOK-ENTRY TRANSFER, AN AGENT'S MESSAGE, AND ANY OTHER REQUIRED DOCUMENTS, MUST BE RECEIVED BY THE DEPOSITARY PRIOR TO THE EXPIRATION DATE AND EITHER CERTIFICATES FOR TENDERED SHARES MUST BE RECEIVED BY THE DEPOSITARY OR SHARES MUST BE DELIVERED PURSUANT TO THE PROCEDURES FOR BOOK-ENTRY TRANSFER, IN EACH CASE PRIOR TO THE EXPIRATION DATE, OR THE TENDERING STOCKHOLDER MUST COMPLY WITH THE PROCEDURES FOR GUARANTEED DELIVERY.

PAYER'S NAME: _____

SUBSTITUTE
Form **W-9**

Department of the Treasury
Internal Revenue Service

Payer's Request for
Taxpayer Identification
Number ("TIN")

Part 1—PLEASE PROVIDE YOUR
TIN IN THE BOX AT THE RIGHT
AND CERTIFY BY SIGNING AND
DATING BELOW

Social Security Number(s)
OR

Employer Identification
Number(s)

Part 2—Certifications—Under penalties of perjury, I certify that:

- (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me);
- (2) I am not subject to backup withholding because (a) I am exempt from backup withholding or (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- (3) I am a U.S. person (including a U.S. resident alien)

Certification Instructions—You must cross out item (2) in Part 2 above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax returns. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS stating you are no longer subject to backup withholding, do not cross out such item (2).

Part 3
Awaiting
TIN

Signature: _____ **Date:** _____
Name (Please Print): _____
Address (Please Print): _____

NOTE: FAILURE TO COMPLETE AND RETURN THIS SUBSTITUTE FORM W-9 MAY RESULT IN BACKUP WITHHOLDING OF 28% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL INFORMATION.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me and that either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number to the Depository by the time of payment, 28% of all reportable payments made to me will be withheld.

Signature: _____ Date: _____

IMPORTANT NOTICE

Information For Substitute Form W-9

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

U.S. person. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued);
2. Certify that you are not subject to backup withholding; or
3. Claim exemption from backup withholding if you are a U.S. exempt payee.

Note: If a requester gives you a form other than Form W-9 to request your TIN, you should use the requester's form. However, this form must meet the acceptable specifications described in Pub. 1167, General Rules and Specifications for Substitute Tax Forms and Schedules.

Foreign person. If you are a foreign person, use the appropriate Form W-8 (see Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or

fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a **nonresident alien or a foreign entity** not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester;
2. You do not certify your TIN when required (see the Part II instructions on page 2 for details);
3. The IRS tells the requester that you furnished an incorrect TIN;
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only); or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate **Instructions for the Requester of Form W-9**.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your social security card on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). If you are a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Treasury regulations section 301.7701-3, **enter the owner's name of the "Name" line.** Enter the LLC's name on the "Business name" line.

Other entities. Enter your business name as shown on required Federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note: You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

Exempt From Backup Withholding

If you are exempt, enter your name as described above and check the appropriate box for your status, then sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note: If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

Exempt payees. Backup withholding is **not required** on any payments made to the following payees:

1. An organization exempt from tax under section 501 (a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2);
2. The United States or any of its agencies or instrumentalities;
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities;
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities; or
5. An international organization or any of its agencies or instrumentalities.

Other payees that **may be exempt** from backup withholding include:

6. A corporation;
7. A foreign central bank of issue;
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States;
9. A futures commission merchant registered with the Commodity Futures Trading Commission;
10. A real estate investment trust;
11. An entity registered at all times during the tax year under the Investment Company Act of 1940;

12. A common trust fund operated by a bank under section 584(a);

13. A financial institution;

14. A middleman known in the investment community as a nominee or custodian; or
15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt recipients listed above, 1 through 15.

If the payment is for...	THEN the payment is exempt for...
Interest and dividend payments Broker transactions	All exempt recipients except for 9 Exempt recipients 1 through 13 . Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker Exempt recipients 1 through 5
Barter exchange transactions and patronage dividends Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt recipients 1 through ²

¹ See **Form 1099-MISC**, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees; and payments for services paid by a Federal executive agency.

Part 1. Taxpayer Identification Number (TIN) Enter your TIN in the appropriate box. If you are a **resident alien** and you do not have and are not eligible to get an SSN your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see **How to get a TIN** below.

If you are a **sole proprietor** and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-owner LLC that is disregarded as an entity separate from its owner (see **Limited liability company (LLC)** on page 1), enter your SSN (or EIN, if you have one). If the LLC is a corporation, partnership, etc., enter the entity's EIN.

Note: See the chart on page 4 for further clarification of name and TIN combinations

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for a SSN, get **Form SS-5**, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov/online/ss5.html. You may also get this form by calling 1-800-772-1213. Use **Form W-7**, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or **Form SS-4**, Application for Employer Identification Number, to apply for an EIN. You can get Forms W-7 and SS-4 from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or from the IRS Web site at www.irs.gov.

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to back-up withholding on all such payments until you provide your TIN to the requester.

Note: Writing "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part 2. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 3, and 5 below indicate otherwise. For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt recipients, see **Exempt from backup withholding above**.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. **Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.
2. **Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.
3. **Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.
4. **Other Payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. **Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA or Archer MSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee) b. So-called trust account that is not a legal or valid trust under state law	The grantor-trustee ¹ The actual owner
5. Sole proprietorship or single-owner LLC	The owner ³

For this type of account:	Give name and EIN of:
6. Sole proprietorship or single-owner LLC	The owner ³
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate or LLC electing corporate status on Form 8837	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

¹ List first and circle the name of the person whose number you furnish. If only one person or a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ **You must show your individual name**, but you may also enter your business or "DBA" name. You may use either your SSN or EIN (if you have one).

⁴ List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA or Archer MSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, or to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

The Letter of Transmittal, certificates for Shares and any other required documents should be sent or delivered by each stockholder of FHCO or such stockholder's bank, broker, dealer, trust company or other nominee to the Depository at one of its addresses set forth below.

The Depository for the Offer is:



By Mail:

Computershare
c/o Voluntary Corporate Actions
P.O. Box 859208
Braintree, MA 02185-9208

By Facsimile Transmission:

For Eligible Institutions Only:
(781) 380-3388
For Confirmation Only
Telephone:
(781) 930-4900

By Overnight Courier:

Computershare
c/o Voluntary Corporate Actions
161 Bay State Drive
Braintree, MA 02184

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY TO THE DEPOSITARY.

Questions and requests for assistance or for additional copies of this Offer to Purchase, the Letter of Transmittal and the notice of guaranteed delivery may be directed to:

Red Oak Capital Partners LLC
145 Fourth Avenue, Suite 15A
New York, New York 10003
(212) 614-8952

You may also contact your bank, broker, dealer, trust company or other nominee for assistance concerning the Offer.

NOTICE OF GUARANTEED DELIVERY
for
Tender of Shares of Common Stock
of
THE FEMALE HEALTH COMPANY
to
RED OAK FUND, L.P.

(Not to be used for Signature Guarantees)

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK TIME, ON
APRIL 30, 2007, UNLESS THE OFFER IS EXTENDED.

As set forth in Section 3 of the Offer to Purchase (as defined below), this Notice of Guaranteed Delivery, or a form substantially equivalent to this form, must be used to accept the Offer (as defined below) if (1) certificates representing shares of common stock, par value \$0.01 per share (the "Shares") of The Female Health Company, a Wisconsin corporation (the "Company"), are not immediately available, (2) the procedures for book-entry transfer cannot be completed on a timely basis or (3) time will not permit all required documents to reach the Depository prior to the Expiration Date (as defined in the Offer to Purchase). This form may be delivered by mail or transmitted by facsimile transmission or mail to the Depository. See Section 3 of the Offer to Purchase.

The Depository for the Offer is:

Computershare Trust Company, N.A.

By Facsimile Transmission (For Eligible Institutions Only):
For Eligible Institutions Only (781) 380-3388

To Confirm Facsimile Transmission (For Eligible Institutions Only):
(781) 930-4900

<p>By Mail:</p> <p>Computershare c/o Voluntary Corporate Actions P.O. Box 859208 Braintree, MA 02185-9208</p>	<p>By Overnight Delivery:</p> <p>Computershare c/o Voluntary Corporate Actions 161 Bay State Drive Braintree, MA 02184</p>
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DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS,
OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE NUMBER, OTHER THAN AS SET
FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

THIS FORM IS NOT TO BE USED TO GUARANTEE SIGNATURES. IF A
SIGNATURE ON A LETTER OF TRANSMITTAL IS REQUIRED TO BE GUARANTEED BY AN
ELIGIBLE INSTITUTION UNDER THE INSTRUCTIONS THERETO, SUCH SIGNATURE
GUARANTEE MUST APPEAR IN THE APPLICABLE SPACE PROVIDED IN THE SIGNATURE
BOX ON THE LETTER OF TRANSMITTAL.

Ladies and Gentlemen:

The undersigned hereby tenders to Red Oak Fund, L.P., a Delaware limited partnership, on the terms and subject to the conditions set forth in the Offer to Purchase, dated March 30, 2007 (the "Offer to Purchase"), and the related Letter of Transmittal (which, together with the Offer to Purchase and any amendments or supplements thereto, collectively constitute the "Offer"), receipt of which is hereby acknowledged, the number of Shares set forth below, all pursuant to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase.

Number of Shares: _____

Certificate Nos. (if available): _____

Name(s) of Record Holder(s): _____

(Please Type or Print)

Address(es): _____

Zip Code: _____

Daytime Area Code and Telephone Number: _____

Signature(s): _____

Dated: _____

If shares will be tendered by book-entry transfer, check this box and provide the following information:

Account Number at Book-Entry Transfer Facility:

THE GUARANTEE SET FORTH BELOW MUST BE COMPLETED.

**GUARANTEE
(Not To Be Used For Signature Guarantee)**

The undersigned, a firm that is a member in good standing of a recognized Medallion Program approved by the Securities Transfer Association, Inc., including the Securities Transfer Agents Medallion Program, the New York Stock Exchange, Inc. Medallion Signature Program or the Stock Exchange Medallion Program, or is otherwise an "eligible guarantor institution," as that term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), hereby guarantees (1) that the above named person(s) "own(s)" the Shares tendered hereby within the meaning of Rule 14e-4 under the Exchange Act, (2) that such tender of Shares complies with Rule 14e-4 under the Exchange Act and (3) to deliver to the Depository either the certificates representing the Shares tendered hereby, in proper form for transfer, or a book-entry confirmation (as described in the Offer to Purchase) with respect to such Shares, in any such case together with a properly completed and duly executed Letter of Transmittal (or a facsimile thereof), with any required signature guarantees, or an agent's message (as defined in the Offer to Purchase) in the case of a book-entry delivery, and any other required documents, within three Nasdaq trading days after the date hereof.

The eligible institution that completes this form must communicate the guarantee to the Depository and must deliver the Letter of Transmittal and certificates for Shares to the Depository within the time period shown herein. Failure to do so could result in financial loss to such eligible institution.

Name of Firm: _____

Authorized Signature: _____

Name: _____
Please Type or Print

Title: _____

Address: _____

Zip Code: _____

Area Code and Telephone Number: _____

Dated: _____

NOTE: DO NOT SEND CERTIFICATES FOR SHARES WITH THIS NOTICE.

CERTIFICATES FOR SHARES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

OFFER TO PURCHASE FOR CASH

Up to 1,200,000 SHARES OF COMMON STOCK

**of
THE FEMALE HEALTH COMPANY**

**at
\$2.27 NET PER SHARE**

**by
RED OAK FUND, L.P.**

**THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK TIME, ON
APRIL 30, 2007 UNLESS THE OFFER IS EXTENDED.**

March 30, 2007

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

We have been appointed by Red Oak Fund, L.P. (the "Purchaser"), a Delaware limited partnership, to act as information agent in connection with the Purchaser's offer to purchase up to 1,200,000 shares of common stock, par value \$0.01 per share (the "Shares"), of The Female Health Company, a Wisconsin corporation ("FHCO") at a price of \$2.27 per share, net to seller (subject to withholding taxes, as applicable), in cash, without interest and subject to the terms and conditions set forth in the Offer to Purchase, dated March 30, 2007, the related Letter of Transmittal and the other related documents (which, together with the Offer to Purchase and any amendments or supplements thereto, collectively constitute the "Offer"). The description of the Offer in this letter is only a summary and is qualified by all the terms of, and conditions to, the Offer set forth in the Offer to Purchase and Letter of Transmittal. Please furnish copies of the enclosed materials to those of your clients for whom you hold Shares registered in your name or in the name of your nominee.

For your information and for forwarding to your clients for whom you hold Shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Offer to Purchase, dated March 30, 2007;
2. Letter of Transmittal for your use in accepting the Offer and tendering Shares and for the information of your clients;
3. A form of letter which may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, with space provided for obtaining the client's instructions with regard to the Offer;
4. Notice of Guaranteed Delivery with respect to Shares to be used to accept the Offer if you are unable to deliver the Share certificates together with all other required documents, to Computershare Trust Company, N.A. (the "Depository") before the Expiration Date (as defined in the Offer to Purchase) or if the procedures for book-entry transfer cannot be completed before the Expiration Date;
5. Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9; and
6. Return envelope addressed to the Depository.

We encourage you to contact your clients as promptly as possible. Please note that the Offer and withdrawal rights expire at 5:00 p.m., New York time, April 30, 2007, unless the Offer is extended.

In all cases, payment for shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of (1) certificates evidencing the Shares (or a confirmation of a book-entry transfer (as described in the Offer to Purchase) with respect to such shares into the Depository's account at the Depository Trust Company), (2) the Letter of Transmittal (or facsimile thereof), properly completed and duly executed with any required signature guarantees or, in the case of a book-entry transfer, an agent's message (as described in the Offer to Purchase) and (3) any other required documents. If a stockholder desires to tender Shares, but that stockholder's

certificates for Shares are not immediately available or the procedure for book-entry transfer cannot be completed on a timely basis prior to the expiration of the Offer, a tender may be effected by following the procedure for guaranteed delivery described in the Offer to Purchase. **Under no circumstances will interest be paid on the purchase price of the Shares regardless of any extension of or amendment to the Offer or any delay in paying for such Shares.**

The Purchaser will not pay any fees or commissions to any broker, dealer or other person in connection with the solicitation of tenders of shares pursuant to the Offer (other than the Depository and Red Oak Capital Partners, LLC, as described in the Offer to Purchase). However, the Purchaser will, upon request, reimburse you for customary and reasonable mailing and handling expenses incurred by you in forwarding any of the enclosed materials to your clients.

Questions and requests for additional copies of the enclosed material may be obtained from us, at the address and telephone number set forth on the back cover page of the Offer to Purchase.

Very truly yours,

Nothing contained in this letter or in the enclosed documents shall be deemed to render you or any other person as the agent of the Purchaser, the Information Agent or the Depositary, or of any affiliate of any of them, or authorize you or any other person to use any document or to make any statement on behalf of any of them in connection with the Offer other than the enclosed documents and the statements contained therein.

Enclosures

OFFER TO PURCHASE FOR CASH
Up to 1,200,000 SHARES OF COMMON STOCK
of
THE FEMALE HEALTH COMPANY
at
\$2.27 NET PER SHARE
by
RED OAK FUND, L.P.

**THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK TIME, ON
APRIL 30, 2007, UNLESS THE OFFER IS EXTENDED.**

March 30, 2007

To Our Clients:

Enclosed for your consideration are the Offer to Purchase, dated March 30, 2007, and the related Letter of Transmittal (which, together with the Offer to Purchase and any amendments or supplements thereto, collectively constitute the "Offer") relating to the Offer by Red Oak Fund, L.P. ("Purchaser"), a Delaware limited partnership, to purchase up to 1,200,000 shares of common stock, par value \$0.01 per share (the "Shares"), of The Female Health Company, a Wisconsin corporation ("FHCO"), at a price of \$2.27 per Share, net to seller (subject to withholding taxes, as applicable), in cash, without interest and subject to the terms and conditions set forth in the Offer. The description of the Offer in this letter is only a summary and is qualified by all the terms of, and conditions to, the Offer set forth in the Offer to Purchase and Letter of Transmittal.

We are (or our nominee is) the holder of record of Shares held by us for your account. A tender of your Shares can be made only by us and only pursuant to your instructions. The enclosed Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender Shares held by us for your account.

Please instruct us as to whether you wish us to tender on your behalf any or all of the Shares held by us for your account pursuant to the terms and subject to the conditions of the Offer. Alternatively, you may simply not give us any instructions, and in such case we will not tender any of the Shares held by us for your account.

Your attention is directed to the following:

1. The offer price is \$2.27, net to you (subject to withholding taxes, as applicable), in cash, without interest and subject to the terms and conditions set forth in the Offer.
2. The Offer is being made for up to 1,200,000 Shares. If more than 1,200,000 Shares are tendered, Purchaser will purchase 1,200,000 Shares on a pro-rata basis, subject to adjustment for fractional shares.
3. The Offer and withdrawal rights will expire at 5:00 p.m., New York Time, on April 30, 2007, unless the Offer is extended.
4. Tendering stockholders will generally not be obligated to pay brokerage fees, service fees or commissions or, except as otherwise provided in Instruction 6 to the Letter of Transmittal, share transfer taxes, with respect to the purchase of Shares by Purchaser in the Offer.

If you wish to have us tender any or all of your Shares held by us for your account, please so instruct us by completing, executing and returning to us the attached Instruction Form. An envelope to return your instructions to us is enclosed. If you authorize the tender of your Shares, all such Shares will be tendered unless you otherwise specify on the Instruction Form. YOUR INSTRUCTIONS TO US SHOULD BE FORWARDED PROMPTLY TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF PRIOR TO THE EXPIRATION DATE.

In all cases, payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by Computershare Trust Company, N.A. (the "Depository") of (1) certificates evidencing the Shares (or a confirmation of a book-entry transfer (as described in the Offer to Purchase) with respect to such Shares into the Depository's account at the Depository Trust Company), (2) the Letter of Transmittal (or facsimile thereof), properly completed and duly executed with any required signature guarantees or, in the case of a book-entry transfer, an agent's message (as described in the Offer to Purchase) and (3) any other required documents. If you desire to tender Shares, but your certificates for Shares are not immediately available or the procedure for book-entry transfer

cannot be completed on a timely basis prior to the expiration of the Offer, a tender may be effected by following the procedure for guaranteed delivery described in the Offer to Purchase. Accordingly, tendering stockholders may be paid at different times depending upon when share certificates or book-entry confirmations with respect to Shares are actually received by the Depository. **Under no circumstances will interest be paid on the purchase price of the Shares regardless of any extension of or amendment to the Offer or any delay in paying for such Shares.**

The Offer is made solely pursuant to the Offer to Purchase and the related Letter of Transmittal and is being made to all FHCO stockholders. Purchaser is not aware of any jurisdiction where the making of the Offer is prohibited by administrative or judicial action pursuant to any valid state statute. If Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of Shares pursuant to the Offer, Purchaser will make a good faith effort to comply with that state statute. If, after its good faith effort, Purchaser cannot comply with that state statute, subject to applicable law, the Offer will not be made to (nor will tenders be accepted from or on behalf of) holders of Shares in that state. In any jurisdiction where the securities, blue sky or

other laws require the Offer to be made by a licensed broker or dealer, Purchaser will endeavor to make arrangements to have the Offer made on its behalf by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

**INSTRUCTION FORM WITH RESPECT TO THE
Offer to Purchase for Cash
by
RED OAK FUND, L.P.
of
Up to 1,200,000 Shares of Common Stock
of
THE FEMALE HEALTH COMPANY**

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase, dated March 30, 2007, and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer") relating to the Offer by Red Oak Fund, L.P., a Delaware limited partnership, to purchase up to 1,200,000 shares of common stock, par value \$0.01 per share (the "Shares"), of The Female Health Company.

The undersigned hereby instructs you to tender in the Offer the number of Shares indicated below (or, if no number is indicated below, all Shares) that are held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer.

Number of Shares to be Tendered*

_____ Shares

Signature(s)

Dated: _____

Please Type or Print Names

Address(es) (including Zip Code(s)):

Area Code and Telephone No:

Taxpayer Identification or Social Security No:

* Unless otherwise indicated, it will be assumed that all Shares held by us for your account are to be tendered in the Offer.

Exhibit (a)(1)(F)

March 30, 2007

Dear Shareholder:

Enclosed for your consideration is an Offer to Purchase dated March 30, 2007 (the "Offer"), relating to the offer by Red Oak Fund, L.P. ("Purchaser"), a Delaware limited partnership, to purchase up to 1,200,000 shares of common stock (the "Shares") of The Female Health Company, a Wisconsin corporation ("FHCO"), at a price of \$2.27 per Share, net to seller (subject to withholding taxes, as applicable), in cash subject to the terms and conditions set forth in the Offer. The description of the Offer in this letter is only a summary and is qualified by all the terms of, and conditions to, the Offer set forth in the enclosed Offer to Purchase, which we encourage you to read.

Since you hold shares of FHCO in "street name," you can tender your shares only by contacting your broker, dealer, bank or other nominee who holds your FHCO shares and instructing them as to whether you wish for them to tender on your behalf any or all of the Shares held for your account, pursuant to the terms and subject to the conditions of the Offer.

Your attention is directed to the following:

1. The offer price is \$2.27, net to you (subject to withholding taxes, as applicable), in cash, without interest and subject to the terms and conditions set forth in the Offer.
2. The Offer is being made for up to 1,200,000 Shares. If more than 1,200,000 Shares are tendered, Purchaser will purchase 1,200,000 Shares on a pro-rata basis, subject to adjustment for fractional shares.
3. The Offer and withdrawal rights will expire at 5:00 p.m., New York Time, on April 30, 2007, unless the Offer is extended.

You may contact Red Oak Capital Partners, LLC, the information agent for this tender offer, at the address and telephone number set forth on the back cover page of the enclosed Offer to Purchase. You may also contact your bank, broker, dealer, bank or other nominee for assistance concerning the Offer.

Very truly yours,

/s/ RED OAK CAPITAL PARTNERS, LLC

Red Oak Partners

FOR IMMEDIATE RELEASE

For further information contact David Sandberg, Red Oak Partners, LLC, (212) 614-8952, dsandberg@redoakpartners.com.

Red Oak Announces Tender Offer For 1.2 Million Shares of FHCO.

March 29, 2007 (New York, New York) Red Oak Fund, LP, a fund managed by Red Oak Partners, LLC announced today that it is commencing a friendly tender offer to acquire up to 1.2 million shares of the common stock of The Female Health Company (FHCO.OB) at a price, net to the seller, of \$2.27 per share. This offer is being made because Red Oak has an interest in the Company and believes its prospects for success in the future are good, said David Sandberg, Red Oak's Managing Director. "We have executed a Standstill Agreement with the Company agreeing that for a period of up to one year we will not seek representation on the board, and we have no plans to seek, propose, or assist anyone else with the change of control. We believe the Company is well managed and represents an attractive investment, and we are making this offer because the number of shares available in over-the-counter transactions has been insufficient. Also, we want to be sure that all shareholders, not just those who follow the bulletin board market, have a chance to decide whether they wish to accept our offer."

Red Oak's offer price represents a premium of approximately 15 cents per share over the closing price on March 28, 2007, the trading day before the first announcement of the offer, which represents approximately a 7.1% premium. This represents a more substantial premium of approximately 11.7% to the average price at which FHCO was trading on the over-the-counter bulletin board market in the thirty day period preceding this announcement and a premium of approximately 38.9% to the average trading price for the six month period preceding this announcement.

Red Oak Partners is a privately held investment fund formed for the purpose of investing primarily in publicly traded equity securities.

Red Oak's offer to purchase will be filed with the Securities and Exchange Commission on Schedule TO and will be made only by a formal offer to purchase and letter of transmittal which will be mailed to all shareholders of record as of a recent date. Red Oak's depository for its offer is Computershare Trust Company, N.A., which can be reached at (781) 930-4900 or contacted at the following contact information:

<i>By Overnight Courier:</i>	<i>By Mail:</i>	<i>By Facsimile Transmission:</i>
Computershare c/o Voluntary Corporate Actions 161 Bay State Drive Braintree, MA 02184	Computershare c/o Voluntary Corporate Actions P.O. Box 859208 Braintree, MA, 02185-9208	(781) 380-3388

FHCO shareholders should read the tender offer statement and other related documents when they become available because they will contain important information. The tender offer statement and other filed documents will be available for free at the Securities Exchange Commission's website and the tender offer statement will be provided at no cost by Red Oak. Stockholders are encouraged to contact Mr. David Sandberg, Managing Director of Red Oak at telephone number (212) 614-8952 or at Red Oak business address: 145 Fourth Avenue, Suite 15A, New York, New York 10003.

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares (as defined below). The Offer (as defined below) is being made solely by the Offer to Purchase dated March 30, 2007 and the related Letter of Transmittal, and is being made to holders of Shares. Purchaser (as defined below) is not aware of any jurisdiction where the making of the Offer or the tender of Shares in connection therewith would not be in compliance with the laws of such jurisdiction. If Purchaser becomes aware of any jurisdiction in which the making of the Offer or the tender of Shares in connection therewith would not be in compliance with applicable law, Purchaser will make a good faith effort to comply with any such law. If, after such good faith effort, Purchaser cannot comply with any such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares in such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Purchaser by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Notice of Offer to Purchase for Cash
Up to 1,200,000 Shares of Common Stock
of
THE FEMALE HEALTH COMPANY
at
\$2.27 Net Per Share
by
RED OAK FUND, L.P.

Red Oak Fund, L.P. ("Purchaser"), a Delaware limited partnership, is offering to purchase up to 1,200,000 shares of common stock, par value \$0.01 per share (the "Shares"), of The Female Health Company, a Wisconsin corporation (the "Company"), at a price of \$2.27 per Share, net to the seller (subject to withholding taxes, as applicable), in cash, without interest and subject to the terms and conditions set forth in the Offer to Purchase, the Letter of Transmittal and the other related documents delivered to stockholders of the Company (which, together with any amendments or supplements thereto, collectively constitute the "Offer").

**THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK TIME,
ON APRIL 30, 2007 UNLESS THE OFFER IS EXTENDED.**

The Offer is not conditioned on Purchaser obtaining financing but is subject to customary conditions. If any condition to the Offer is not satisfied, Purchaser may (i) extend the Offer, and, subject to applicable withdrawal rights, retain all tendered Shares during the period for which the Offer is open or extended; (ii) waive any conditions to the tender and, subject to proration, accept for payment on the Expiration Date and pay for all Shares validly tendered and not properly withdrawn prior to the Expiration Date; (iii) terminate the Offer and not accept for payment or pay for any Shares and promptly return all tendered Shares to tendering stockholders; or (iv) amend the Offer in any other respect by giving oral or written notice of that amendment to Computershare Trust Company, the depository for the Offer (the "Depository").

Purchaser is making the Offer because Purchaser believes that the Shares represent an attractive investment at this price. A tender offer represents a more expeditious manner for Purchaser to acquire Shares given the lack of liquidity in the trading market for the Shares. Purchaser has no plan or intention to obtain or influence control of the business of the Company.

Purchaser may, from time to time, subsequent to the expiration of the Offer, acquire additional Shares or dispose of all or some of the Shares or may continue to hold the Shares, depending on business and market conditions, its continuing evaluation of the business and prospects of the Company and other factors. Purchaser does not intend to provide for a subsequent offering period.

For purposes of the Offer, Purchaser will be deemed to have purchased Shares that have been validly tendered and not properly withdrawn if and when Purchaser gives oral or written notice to the Depository of Purchaser's

acceptance for payment of Shares pursuant to the Offer. On the terms of and subject to the conditions to the Offer, Purchaser will pay for Shares Purchaser has accepted for payment under the Offer by depositing the purchase price therefor with the Depository. The Depository will act as agent for tendering stockholders for the purpose of receiving payment from Purchaser and transmitting payment to tendering stockholders whose Shares have been accepted for payment. Upon the deposit of funds with the Depository for the purpose of making payments to tendering stockholders, Purchaser's obligation to make such payment shall be satisfied, and tendering stockholders must thereafter look solely to the Depository for payments of amounts owed to them by reason of the acceptance for payment of Shares pursuant to the Offer.

Under no circumstances will Purchaser pay interest on the purchase price for tendered Shares, regardless of any extension of or amendment to the Offer or any delay in paying for such Shares.

In all cases, Purchaser will pay for Shares tendered and accepted for payment pursuant to the Offer only after timely receipt by the Depository of (i) the certificates evidencing such Shares (the "Share Certificates") or timely

confirmation of a book-entry transfer of such Shares into the Depository's account at the book-entry transfer facility pursuant to the procedure set forth in Section 3 of the Offer to Purchase, (ii) the Letter of Transmittal (or a manually signed facsimile thereof), properly completed and duly executed, with any required signature guarantees or, in the case of a book-entry transfer, an agent's message (as defined in Section 3 of the Offer to Purchase) and (iii) any other documents required under the Letter of Transmittal.

Purchaser expressly reserves the right, in its sole discretion, at any time and from time to time, to extend for any reason the period of time during which the Offer is open, including the occurrence of any condition specified in Section 12 of the Offer to Purchase, by giving oral or written notice of such extension to the Depository. Any such extension will be followed as promptly as practicable by public announcement thereof, such announcement to be made no later than 9:00 a.m., New York time, on the next business day after the previously scheduled expiration date of the Offer. During any such extension, all Shares previously tendered and not withdrawn will remain subject to the Offer and subject to the right of a tendering stockholder to withdraw such stockholder's Shares.

Previously tendered Shares may be withdrawn at any time prior to the Expiration Date pursuant to the procedures described in the Offer to Purchase. In addition, tendered Shares may be withdrawn at any time after May 29, 2007 if the Shares have not yet been accepted for payment by Purchaser. If Purchaser extends the Offer, delays its acceptance for payment of Shares or is unable to accept Shares for payment for any reason, then, subject to applicable law, the Depository may, nevertheless, on Purchaser's behalf, retain tendered Shares, and those Shares may not be withdrawn except to the extent that tendering stockholders are entitled to withdrawal rights as described in Section 4 of the Offer to Purchase. However, any delay will be by an extension of the Offer to the extent required by law. For a withdrawal to be effective, a written or facsimile transmission notice of withdrawal in the form described in Section 4 of the Offer to Purchase must be timely received by the Depository. If certificates evidencing Shares to be withdrawn have been delivered or otherwise identified to the Depository, then, prior to the physical release of the certificates, the serial numbers shown on the certificates must be submitted to the Depository and the signature(s) on the notice of withdrawal must be guaranteed by an eligible guarantor institution, unless the Shares have been tendered for the account of an eligible guarantor institution. If Shares have been delivered pursuant to the procedures for book-entry transfer as set forth in Section 3 of the Offer to Purchase, any notice of withdrawal must also specify the name and number of the account at the Depository Trust Company to be credited with the withdrawn Shares and otherwise comply with the Depository Trust Company's procedures.

If more than 1,200,000 Shares are validly tendered prior to the Expiration Date, and not properly withdrawn, Purchaser will, upon the terms and subject to the conditions of the Offer, purchase 1,200,000 Shares on a pro rata basis (with adjustments to avoid purchases of fractional Shares) based upon the number of Shares validly tendered by the Expiration Date and not properly withdrawn. If proration of tendered Shares is required, because of the difficulty of determining the precise number of Shares properly tendered and not withdrawn, Purchaser may not be able to announce the final results of proration or pay for any Shares until five trading days after the Expiration Date and proration period. However, Purchaser will pay for validly tendered Shares as promptly as possible once the number of shares accepted from each holder is determined. Purchaser expects to be able to pay for all accepted shares held in "street name" which are delivered to Purchaser by book entry transfer within eight business days. Preliminary results of proration will be announced by press release as promptly as practicable. Holders of Shares may obtain such preliminary information from Red Oak Capital Partners, LLC at its telephone number shown below

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and on the back cover of the Offer to Purchase. All Shares not accepted for payment due to an oversubscription will be returned to the stockholder or, in the case of tendered Shares delivered by book-entry transfer, credited to the account at the book-entry transfer facility from which the transfer had previously been made, in each case, in accordance with the procedure described in Section 2 of the Offer to Purchase.

Upon request received by Red Oak Capital Partners, LLC, offer materials will be mailed to record holders and beneficial owners and will be furnished to brokers, banks and similar persons whose name appears or whose nominee appears on the list of security holders or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of such securities. A stockholder list has been requested, and the Company has agreed to provide that list, and Purchaser intends to mail the offer materials to all holders once that list is received from the Company.

The information required to be disclosed by Rule 14d-6(d)(1) under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and is incorporated herein by reference. **The Offer to Purchase and the related Letter of Transmittal contain important information which should be read before any decision is made with respect to the Offer.**

Questions and requests for assistance or for additional copies of the Offer to Purchase and the related Letter of Transmittal and other tender offer materials may be directed to Red Oak Capital Partners, LLC as set forth below, and copies will be furnished promptly at Purchaser's expense. No fees or commissions will be paid to brokers, dealers or other persons (other than Red Oak Capital Partners, LLC) for soliciting tenders of Shares pursuant to the Offer.

The Depository for the Offer is:

COMPUTERSHARE TRUST COMPANY

By Overnight Courier:

Computershare
c/o Voluntary Corporate Actions
250 Royall Street
Canton, MA 02021

By Mail:

Computershare
c/o Voluntary Corporate Actions
P.O. Box 43011
Providence, RI 02940-3011

By Facsimile Transmission:

For Eligible Institutions Only
(617) 360-6810

Confirm by Telephone:

(781) 575-2332

The Information Agent for the Offer is:

RED OAK CAPITAL PARTNERS, LLC

145 Fourth Avenue, Suite 15A

New York, NY 10003

(212) 614-8952

March 30, 2007

STANDSTILL AGREEMENT

This Standstill Agreement (the "Agreement") is made and entered into as of March 28, 2007, by and between THE FEMALE HEALTH COMPANY, a Wisconsin corporation ("FHC"), and RED OAK FUND, L.P., a Delaware Limited Partnership ("Red Oak").

RECITALS

A. Red Oak desires to increase its ownership in FHC and is considering an Offer (as defined in Section 3 below) to acquire a portion of the issued and outstanding shares of common stock, par value \$.01 per share (the "Common Stock"), of FHC, as more fully described in this Agreement.

B. In connection with the Offer rather than seeking access to FHC holders under Rule 14d-5 under the Exchange Act (defined below), Red Oak desires to obtain access to certain information regarding FHC and its shareholders from FHC and its transfer agent, including, without limitation, the identities and addresses of FHC's shareholders, and, subject to the terms and conditions of this Agreement, FHC is willing to provide such information to Red Oak.

C. In connection with the Offer and Red Oak's acquisition of shares of Common Stock, FHC and Red Oak wish to agree to certain terms and conditions regarding the Offer and Red Oak's activities relating to FHC, as more fully described in this Agreement.

AGREEMENTS

In consideration of the recitals and the mutual agreements set forth below, the parties agree as follows:

1. Certain Definitions. For purposes of this Agreement, certain terms used in this Agreement but not otherwise defined have the meanings set forth below:

(a) "13D Group" means any group of persons formed for the purpose of acquiring, holding, voting or disposing of Voting Securities which would be required under Section 13(d) of the Exchange Act, and the rules and regulations promulgated thereunder, to file a statement on Schedule 13D pursuant to Rule 13d-1(a) or a Schedule 13G pursuant to Rule 13d-1(c) with the SEC as a "person" within the meaning of Section 13(d)(3) of the Exchange Act.

(b) "Affiliate" means a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the first mentioned Person. "Control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of stock or as trustee or executor, by contract or credit arrangement or otherwise.

(c) "Beneficial owner," "beneficial ownership" and "beneficially owned" (or variations of such terms) shall have the meaning set forth in, and shall be determined in accordance with the provisions of Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(d) "Change of Control" means any of the following: (i) a merger, consolidation or other business combination or transaction to which the FHC is a party if the shareholders of FHC immediately prior to the effective date of such merger, consolidation or other business combination or transaction, as a result of such share ownership, have beneficial ownership of voting securities representing less than 60% of the Total Current Voting Power of the surviving or successor entity (or its ultimate parent company) following such merger, consolidation or other business combination or transaction; (ii) an acquisition by any person, entity or 13D Group of direct or indirect beneficial ownership of Voting Securities representing 40% or more of the Total Current Voting Power of FHC; (iii) a sale of all or substantially all the assets of FHC or (iv) a liquidation or dissolution of FHC.

(e) "Exchange Act" means the Securities Exchange Act of 1934, as amended, and the regulations, rules and forms issued thereunder.

(f) "Person" means an individual, partnership, corporation, limited liability company, trust, unincorporated organization, association, or joint venture or a governmental, agency, political subdivision, or instrumentality thereof.

(g) "SEC" means the U.S. Securities and Exchange Commission.

(h) "Short Sale" means any sale of a security which the seller does not own, any sale of a security which is consummated by the delivery of a security borrowed by, or for the account of, the seller, or any other hedging, collar or similar transaction relating to a security.

(i) "Standstill Period" means the period commencing on the date of this Agreement and ending on the first anniversary of the date of this Agreement or, if earlier, nine months from the end of the offer period if the Offer is made.

(j) "Total Current Voting Power" means, with respect to any entity, at the time of determination of Total Current Voting Power, the total number of votes which may be cast in the election of members of the board of directors of the entity if all securities entitled to vote in the election of such directors are present or voted (or, in the event the entity is not a corporation, the governing members, board or similar body of such entity). With respect to Section 2(a)(i), the percentage of the Total Current Voting Power represented by Voting Securities beneficially owned in the aggregate by Red Oak and its Affiliates shall assume the conversion or exchange into Common Stock of all options, warrants or other securities beneficially owned by Red Oak or any of its Affiliates that are convertible or exchangeable for Common Stock but not the conversion or exchange into Common Stock of any such securities that are not beneficially owned by Red Oak or any of its Affiliates.

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(k) "Voting Securities" means securities of FHC, including the shares of Common Stock, with the power to vote with respect to the election of directors generally, including any securities that are convertible or exchangeable for Voting Securities, it being understood that the number of Voting Securities outstanding as of any time of determination shall be determined as though all such securities, whether or not in the money, had been converted or exchanged, in accordance with their terms, into or for Voting Securities immediately prior to the time of determination.

2. Standstill Agreements.

(a) Standstill by Red Oak. Except as provided below in Section 2(b), Red Oak covenants and agrees, during the Standstill Period, without FHC's prior written consent, neither it nor any of its Affiliates will in any manner, directly or indirectly, do any of the following:

(i) acquire, announce an intention to acquire, offer or propose to acquire, or agree to acquire, directly or indirectly, by purchase or otherwise, beneficial ownership of any Voting Securities, or direct or indirect rights to options to acquire (through purchase, exchange, conversion or otherwise) any Voting Securities, if, immediately after any such acquisition or exercise of all rights to acquire, Red Oak and its Affiliates would beneficially own, in the aggregate, Voting Securities representing more than 15% of the Total Current Voting Power;

(ii) seek representation on the Board of Directors of FHC or the removal of director of FHC or a change in the composition or size of FHC's Board of Directors;

(iii) make any statement or proposal, whether written or oral, to the Board of Directors of FHC, or to any director, officer or agent of FHC, or make any public announcement or proposal whatsoever with respect to a merger or other business combination, sale or transfer of assets, recapitalization, dividend, share repurchase, liquidation or other extraordinary corporate transaction with FHC or any other transaction which could result in a change of control, solicit or encourage any other person to make any such statement or proposal, or take any action which might require FHC to make a public announcement regarding the possibility of any transaction referred to in this Section 2(a)(iii) or similar transaction, or advise, assist or encourage any other persons in connection with the foregoing;

(iv) make, or in any way participate, directly or indirectly, in any "solicitation" of "proxies" (as such terms are defined in Rule 14a-1 under the Exchange Act) to vote any Voting Securities, seek to advise, encourage or influence any person or entity with respect to the voting of any Voting Securities, initiate or propose any shareholder proposal or induce or attempt to induce any other person to initiate any shareholder proposal, or execute any written consent with respect to FHC;

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(v) deposit any Voting Securities into a voting trust or subject any Voting Securities to any arrangement or agreement with respect to the voting of any Voting Securities other than this Agreement;

(vi) form, join or in any way participate in a 13D Group with respect to any Voting Securities unless all members of the 13D Group agree to be bound by this Agreement;

(vii) otherwise act, alone or in concert with others, to seek to exercise any control or influence over the management, Board of Directors or policies of FHC (provided that this clause (vii) shall not preclude discussions with the management or the Board of Directors);

(viii) request that FHC (or its directors, officers, shareholders, employees or agents) amend or waive any provision of this Section 2(a) (including this subsection (viii));

(ix) enter into any agreement, plan or arrangement relating to a Short Sale of any Common Stock, or otherwise effect any Short Sale of any Common Stock; or

(x) disclose any intention, plan or arrangement inconsistent with the foregoing.

(b) Permitted Exceptions. Notwithstanding the terms of Section 2(a) above, the restrictions contained in Section 2(a) of this Agreement shall immediately and automatically be suspended upon the occurrence, and during (but only during) the continuation, of any of the following events:

(i) the filing with the SEC of a Schedule 13D (or any successor schedule or form) by any Person (other than any current executive officer of FHC, any member of FHC's Board of Directors or Red Oak or any of its Affiliates) or 13D Group (other than any 13D Group that contains among its members any current executive officer of FHC, any member of FHC's Board of Directors or Red Oak or any of its Affiliates) indicating that such Person or 13D Group has acquired beneficial ownership of 15% or more of the outstanding Voting Securities, which Schedule 13D expresses an intention or possible intention of the filing party to assume control of FHC, whether by tender offer, merger, proxy contest or otherwise (provided that the foregoing shall no longer suspend such restrictions if a subsequent filing is made by such Person or 13D Group with the SEC indicating that such Person or 13D Group ceases to beneficially own at least 15% of the outstanding Voting Securities or such Person or 13D Group subsequently makes a public announcement to the effect that such Person or 13D Group no longer has an intention or possible intention to assume control of FHC, whether by tender offer, merger, proxy contest or otherwise);

(ii) the commencement of a tender offer by any Person (other than FHC or Red Oak or any of its Affiliates) or 13D Group (which does not include FHC or Red Oak

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or any of its Affiliates) to acquire beneficial ownership of 15% or more of the Total Current Voting Power (provided that the foregoing shall no longer suspend such restrictions after a subsequent filing is made by such Person or 13D Group with the SEC indicating that such Person or 13D Group ceases to beneficially own at least 15% of the Total Current Voting Power or such tender offer is terminated without such Person or 13D Group acquiring beneficial ownership of 15% or more of the Total Current Voting Power);

(iii) the solicitation of proxies by any Person (other than FHC, any current executive officer of FHC, any member of FHC's Board of Directors or Red Oak or any of its Affiliates) or 13D Group (which does not include FHC, any current executive officer of FHC, any member of FHC's Board of Directors or Red Oak or any of its Affiliates) to which Rules 14a-3 to 14a-15 under the Exchange Act (or any successor rules) apply, which proxies are intended to effect a change in the majority of the members of the Board of Directors of FHC (provided that the foregoing shall no longer suspend such restrictions after such solicitation is withdrawn, terminated or otherwise completed); or

(iv) the entry by FHC into any agreement which provides for a Change of Control of FHC.

(e) The expiration or termination of any suspension of restrictions pursuant to subsection 2(b) shall not require Red Oak to divest any Voting Security or rights to acquire Voting Securities obtained during the suspension.

3. The Offer. During the Standstill Period, Red Oak may in its sole discretion commence (within the meaning of Rule 14d-2 under the Exchange Act and the rules and regulations promulgated thereunder) and, subject to the terms and conditions set forth in this Agreement, close one cash tender offer (within the meaning of Section 14(d) of the Exchange Act) (the "Offer") to purchase up to that number of the issued and outstanding shares of Common Stock (each, a "Share" and, collectively, the "Shares") that may result, upon consummation of the Offer, in Red Oak beneficially owning not more than 15% of the outstanding Total Current Voting Power.

4. FHC Obligations. Upon Red Oak's request, FHC shall promptly make available to Red Oak FHC's transfer agent and information containing the names and addresses of all record holders of Shares and with security position listings of Shares held in stock depositories, each as of a recent date, together with all other available listings and computer files containing names, addresses and security position listings of record holders and beneficial owners of Shares. FHC shall furnish Red Oak with such additional information, including updated listings and computer files of shareholders, mailing labels and security position listings, and such other assistance as Red Oak or its agents may reasonably require in communicating the Offer to the record and beneficial holders of Shares. Subject to the requirements of applicable law, and except for such steps as are necessary to disseminate the offer to purchase, related letter of transmittal and all ancillary documents relating to the Offer and any other documents necessary to consummate the Offer, Red Oak shall hold in confidence the information contained in such documents, labels, listings and files, shall use such information solely in connection with the

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Offer, and, if the Offer is terminated, shall promptly deliver or cause to be delivered to FHC all copies of such information, documents, labels, listings and files then in its possession or control or in the possession or control of its agents or representatives. FHC consents to any appointment by Red Oak of FHC's transfer agent to act as depository in connection with the Offer. Red Oak shall reimburse FHC, within five business days of FHC's written request, for FHC's reasonable costs and expenses associated with FHC's obligations under this section.

5. Voting Agreement. During the period from the date of this Agreement until FHC's 2008 annual meeting of shareholders, except for any period of suspension pursuant to Section 2(b) and unless the requirements of this section are waived by FHC pursuant to a resolution adopted by FHC's Board of Directors, Red Oak shall, and shall cause its Affiliates to, promptly and timely at any meeting of the shareholders of the Company, however called, and at every adjournment thereof, or in connection with any written consent of the shareholders of the Company, vote all of Voting Securities beneficially owned by Red Oak or such Affiliate (a) in favor of the election as directors of FHC of all persons nominated by FHC's Board of Directors, and against the election as directors of FHC of any other person not nominated by FHC's Board of Directors, (b) in favor of any other proposal or matter which FHC's Board of Directors recommend that the shareholders of FHC approve and (c) against any other proposal or matter which FHC's Board of Directors do not recommend that the shareholders of FHC approve, except that Red Oak shall not be obligated to vote in favor of any merger, sale of assets or similar transaction involving FHC or of any compensation plan for which Institutional Shareholder Services or a similar firm recommends a "no" vote, provided that Red Oak or its Affiliates shall not make any public statement opposing any such transaction or compensation plan.

6. Additional Agreements.

(a) Compliance with Law. Red Oak represents and warrants to and covenants with FHC that the execution, delivery and performance by Red Oak of this Agreement, the conduct and consummation of the Offer and the other transactions contemplated by this Agreement will not contravene or conflict with or constitute the violation of any law, regulation, judgment, injunction, order or decree binding upon or applicable to Red Oak, including, without limitation, the provisions of the Exchange Act applicable to the Offer.

(b) Indemnification.

(i) Red Oak agrees to indemnify and hold FHC and its representatives, officers, directors, employees, agents, shareholders and Affiliates harmless from and against any and all loss, damage, cost or expense (including reasonable attorneys fees) resulting from or arising out of any breach of this Agreement by Red Oak.

(ii) FHC agrees to indemnify and hold Red Oak and its representatives, officers, directors, employees, agents, shareholders and Affiliates harmless from and against any and all loss, damage, cost or expense (including reasonable attorneys fees) resulting from or arising out of any breach of this Agreement by FHC.

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(c) State Takeover Laws. For avoidance of doubt, FHC and Red Oak agree that neither the execution and delivery of this Agreement by FHC nor any action taken by FHC or its Board of Directors in connection with this Agreement or the transactions contemplated by this Agreement shall constitute any approval by the Company or its Board of Directors of any acquisition of Voting Securities by Red Oak or any other transaction by Red Oak for purposes of, or shall create any exemption from, the requirements of any "moratorium," "control share," "fair price," "business combination" or other antitakeover laws of any jurisdiction applicable to FHC, including, but not limited to, Wisconsin Statutes Sections 180.1130 to 180.1150.

7. Miscellaneous.

(a) Expenses. Except as otherwise provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the Offer shall be paid by the party incurring such cost or expense.

(b) Additional Agreements. Subject to the terms and conditions of this Agreement, each of the parties hereto agrees to use all reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable laws and regulations and which may be required under any agreements, contracts, commitments, instruments, understandings, arrangements or restrictions of any kind to which such party or by which such party is governed or bound, to consummate and make effective the transactions contemplated by this Agreement.

(c) Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered, mailed or transmitted if delivered personally, mailed by registered or certified mail (postage prepaid, return receipt requested) or sent by overnight courier (providing proof of delivery) to the parties at the following addresses or sent by electronic transmission to the following facsimile numbers (or at such other address or facsimile number for a party as shall be specified by like notice):

If to FHC:

The Female Health Company
515 North State Street, Suite 2225
Chicago, Illinois 60610
Telephone: 312-595-9123
Facsimile: 312-595-9122
Attn: O.B. Parrish, Chief Executive Officer

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BY /s/ David Sandberg
David Sandberg
Managing Member