

The 'Wish List' is not direct investment advice: we the producers are private investors, not professional investment advisors.

Hancock Fabrics Inc. Removed From Wish List

Hancock was a mistake. We were not only wrong about how stable the company's business model was, but we were wrong at the worst possible time. Had we looked at Hancock a few weeks later, or after one of its worst Christmas's in years, we surely would have thought twice. As it stands, we lost money investing in Hancock; something we were able to avoid with 28 other companies we purchased and sold, and we hope to avoid with the 5-remaining Wish List companies.

We are removing Hancock now because we are not prescient enough to determine what the company may look like say 5-years from now. There is hope that as Wal-Mart exits fabric in some locations that Hancock can scratch out a profitable position in the market. There also some dated inventory numbers that may have some turnaround specialists salivating over what may become. However, with the lack of current filings, bankruptcy, and delisting the most recent events to glean insight from, we are not confident that the company will ultimately be valued more than current trading prices anytime soon. Quite frankly, we do not have confidence that common shareholders, *who are the lowest on the food chain*, will make much of a return going forward.

If store closures and the next inventory haircut goes well we could certainly be wrong about Hancock. Nevertheless, we are chalking our HKF (now HKFIQ on the pink sheets) investment up to a learning experience.

\$1.30* represents a *negative* 62.2% ROI year to date before taxes and commissions. Since being selected for the Wish List on December 26, 2004 Hancock has returned *negative* 85.3% including dividends.

*\$1.30 represents the bid on HKFIQ at approximately 12:05 PM.

Sincerely,

Brady Willett and Todd Alway