

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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In re:	:	Chapter 11
	:	
HANCOCK FABRICS, INC., <i>et al.</i> , ¹	:	Case No. 16-10296 (BLS)
	:	
Debtors.	:	Jointly Administered
	:	
	:	Re: Docket Nos. 600, 658, 762, 777 & 948
	X	

NOTICE OF (A) SALE AND TRANSFER OF CERTAIN PERSONALLY IDENTIFIABLE INFORMATION OF CUSTOMERS OF THE DEBTORS AND (B) ABILITY TO OPT OUT OF TRANSFER THEREOF

PLEASE TAKE NOTICE that, on May 5, 2016, Hancock Fabrics, Inc. and its affiliated debtors and debtors in possession (collectively, the “**Debtors**”) filed the *Debtors’ Motion for Entry of an Order: (A) Setting (1) Date to Conduct Auction of Debtors’ Interests in Certain Intellectual Property Assets and (2) Hearing Date for Approval of Auction; (B) Approving Bid Procedures and Terms of Auction; (C) Establishing Cure Amounts; (D) Approving and Authorizing Sale of Intellectual Property to Highest or Best Bidder Free and Clear of All Liens, Interests, Claims and Encumbrances Pursuant to Sections 105, 363, and 365 of the Bankruptcy Code; and (E) Waiving the Requirements of Federal Rules of Bankruptcy Procedure 6004(h) and 6006(d)* [Docket No. 600] (the “**Motion**”), relating to the sale of certain intellectual property assets (the “**IP Assets**”) of the Debtors.

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are Hancock Fabrics, Inc. (0905), Hancock Fabrics, LLC (9837), Hancock Fabrics of MI, Inc. (5878), hancockfabrics.com, Inc. (9698), HF Enterprises, Inc. (7249), HF Merchandising, Inc. (8522) and HF Resources, Inc. (9563). The Debtors’ corporate headquarters is located at One Fashion Way, Baldwin, MS 38824.

PLEASE TAKE FURTHER NOTICE that, on May 24, 2016, the United States Bankruptcy Court for the District of Delaware (the “**Court**”) entered the *Order Approving (A) Bid Procedures, (B) Procedures for Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Related Notices and Relief* [Docket No. 658] (the “**Bid Procedures Order**”).

PLEASE TAKE FURTHER NOTICE that, on June 21, 2016, in accordance with the Bid Procedures Order, an auction was conducted at the offices at Richards, Layton & Finger, P.A., at which ADMACO, Inc. (“**ADMACO**”) was determined to be the Successful Bidder for the IP Assets. On that same day, a *Notice of Successful Bidder* [Docket No. 762] was filed with the Court indicating the results of the Auction.

PLEASE TAKE FURTHER NOTICE that, on August 1, 2016, the Consumer Privacy Ombudsperson filed the *Report to the Court* [Docket No. 948] (the “**Report**”), which, among other things, advised the Court on certain issues related to the protection of personally identifiable information (the “**PII**”) of the customers of the Debtors.

PLEASE TAKE FURTHER NOTICE that, on August 2, 2016, the Court entered the *Order (A) Approving the Sale of the Debtors’ Intellectual Property Assets Free and Clear of All Liens, Claims, Encumbrances and Other Interests and (B) Granting Related Relief* [Docket No. 955] (the “**Order**”),² which approved the sale (the “**Sale**”) of the IP Assets to ADMACO pursuant to that certain Asset Purchase Agreement dated as of July 18, 2016 (the “**APA**”).

PLEASE TAKE FURTHER NOTICE that, on or about August 5, 2016, the Sale closed (the “**Closing**”), and as a result of the Closing, and pursuant to the terms of the APA, the Debtors

² Capitalized terms used, but not otherwise defined herein, shall have the meanings ascribed to them in the Order.

will transfer certain personally identifiable information (the “**PII**”) of certain of their customers to ADMACO.

PLEASE TAKE FURTHER NOTICE that, by no later than August 15, 2016 (ten (10) days from the date hereof), customers of the Debtors who does not wish to have their PII transferred to ADMACO may opt out of such transfer by complying with the procedures set forth in the opt-out notice attached hereto as Exhibit A.

Dated: August 5, 2016
Wilmington, Delaware

/s/ Brett M. Haywood

RICHARDS, LAYTON & FINGER, P.A.

Mark D. Collins (No. 2981)
Michael J. Merchant (No. 3854)
Rachel L. Biblo (No. 6012)
Brett M. Haywood (No. 6166)
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Telephone: (302) 651-7700
Facsimile: (302) 651-7701

- and -

O’MELVENY & MYERS LLP

Stephen H. Warren (admitted *pro hac vice*)
Karen Rinehart (admitted *pro hac vice*)
400 South Hope Street
Los Angeles, CA 90071-2899
Telephone: (213) 430-6000
Facsimile: (213) 430-6407

Jennifer Taylor (admitted *pro hac vice*)
Two Embarcadero Center, 28th Floor
San Francisco, CA 94111
Telephone: (415) 984-8700
Facsimile: (415) 984-8701

Attorneys for the Debtors and Debtors in Possession

EXHIBIT A

HANCOCK FABRICS, INC., et al.

Case No. 16-10296 (BLS), U.S. Bankruptcy Court for the District of Delaware

Important Notice Regarding the Sale of Your Personal Information and Your Right to Opt-out

Dear Valued Hancock Fabrics Customer:

As you may be aware, Hancock Fabrics declared bankruptcy in February 2016 and has initiated a liquidation process.

We are excited to share with you that the legacy of Hancock Fabrics will continue, as the Bankruptcy Court has approved the sale of the on-line business of Hancock Fabrics, Inc. and its affiliated entities to Michaels Stores. Today, Michaels operates more than 1,200 stores across the United States and Canada. Michaels also maintains a strong on-line presence and warmly welcomes the customers of HancockFabrics.com to its growing family. With Hancock Fabrics, Michaels now looks to build upon Hancock's great reputation for providing quality fabric and notions to customers across the country. More information about Michaels can be found at <http://www.michaels.com>.

As part of the sale, Michaels is purchasing Hancock Fabrics' customer databases. The Hancock Fabrics Privacy Policy provides that the company "will not share any personally identifiable information with any third party without your consent." Under this Privacy Policy, you have the right to opt-out of the sale and the transfer of your personal information to Michaels, and of receiving future e-mail or mail communications from Michaels.

You may elect to opt out by any of the following methods:

1. [Clicking here (*"opt-out" link is being provided in notices sent by email*)];
2. Sending an e-mail to the Hancock Fabrics noticing agent at HancockOptOut@kcellc.com, providing in your email the information necessary for Hancock Fabrics to identify you in its database and process your opt-out election (such as (as applicable) your name, email address, street address and telephone number);
3. Calling the Hancock Fabrics noticing agent, Kurtzman Carson Consultants, LLC, at (866) 967-0494 (toll-free) or, if calling from outside the United States or Canada, at (310) 751-2694; or
4. Mailing to Hancock Fabrics, Inc. Opt-Out Processing Center c/o Kurtzman Carson Consultants LLC, 2335 Alaska Ave., El Segundo, CA 90245, providing in your letter the information necessary for Hancock Fabrics to identify you in its database and process your opt-out election (such as (as applicable) your name, email address, street address and telephone number).

If you opted in to receive promotional emails from Hancock Fabrics, you may also receive promotional emails from Michaels unless you opt out of having your information conveyed to Michaels.

Your request must be received within the next ten (10) calendar days – no later than August 15, 2016.

We thank you for your past patronage and join Michaels in welcoming you into the Michaels family.

Sincerely,

Hancock Fabrics, Inc. and its affiliated entities