

MICHAELS STORES INC
Form 4
November 02, 2006

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
KANTER HARVEY S

(Last) (First) (Middle)

8000 BENT BRANCH DRIVE

(Street)

IRVING, TX 75063

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

MICHAELS STORES INC [MIK]

3. Date of Earliest Transaction (Month/Day/Year)

10/31/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)

EVP - Chief Merchant

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
			Code	V	Amount	(D)	Price
Common Stock ⁽¹⁾	10/31/2006		D		4,004	D	\$ 44 <u>(2)</u>
					0		

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock Option (Right to Buy) ⁽¹⁾	\$ 16.65	10/31/2006		D	26,668	⁽³⁾ 05/06/2008	Common Stock	26,668
Stock Option (Right to Buy) ⁽¹⁾	\$ 17.655	10/31/2006		D	11,111	⁽⁴⁾ 08/06/2008	Common Stock	11,111
Stock Option (Right to Buy) ⁽¹⁾	\$ 25.59	10/31/2006		D	50,000	⁽⁵⁾ 08/05/2009	Common Stock	50,000
Stock Option (Right to Buy) ⁽¹⁾	\$ 37.96	10/31/2006		D	43,750	⁽⁶⁾ 08/04/2010	Common Stock	43,750

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KANTER HARVEY S 8000 BENT BRANCH DRIVE IRVING, TX 75063			EVP - Chief Merchant	

Signatures

/s/ Todd J. Thorson Todd J. Thorson, Attorney-in-Fact for Harvey S. Kanter 11/02/2006

^{**}Signature of Reporting Person
 Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- This report relates to the exempt disposition of issuer securities by the reporting person pursuant to the agreement and plan of merger, dated as of June 30, 2006, among Bain Paste Mergerco, Inc., Blackstone Paste Mergerco, Inc., Bain Paste Finco, LLC, Blackstone Paste Finco, LLC and the issuer (the "Merger Agreement").

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- (2) Disposed pursuant to the Merger Agreement in exchange for a cash payment of \$44.00 per share.

This option to purchase issuer common stock (which provides for vesting of approximately one-third of the option on each of the first, second and third anniversary of the date of grant (5/07/2003)) was, in accordance with the Merger Agreement, canceled and converted into the right to receive a cash payment equal to the excess (if any) of the \$44.00 per share cash merger consideration over the exercise price per share of the option, multiplied by the number of shares subject to the option.

- (3)

This option to purchase issuer common stock (which provides for vesting of approximately one-third of the option on each of the first, second and third anniversary of the date of grant (8/07/2003)) was, in accordance with the Merger Agreement, canceled and converted into the right to receive a cash payment equal to the excess (if any) of the \$44.00 per share cash merger consideration over the exercise price per share of the option, multiplied by the number of shares subject to the option.

- (4)

This option to purchase issuer common stock (which provides for vesting of approximately one-third of the option on each of the first, second and third anniversary of the date of grant (8/06/2004)) was, in accordance with the Merger Agreement, canceled and converted into the right to receive a cash payment equal to the excess (if any) of the \$44.00 per share cash merger consideration over the exercise price per share of the option, multiplied by the number of shares subject to the option.

- (5)

This option to purchase issuer common stock (which provides for vesting of approximately one-third of the option on each of the first, second and third anniversary of the date of grant (8/05/2005)) was, in accordance with the Merger Agreement, canceled and converted into the right to receive a cash payment equal to the excess (if any) of the \$44.00 per share cash merger consideration over the exercise price per share of the option, multiplied by the number of shares subject to the option.

- (6)

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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