#### MICHAELS STORES INC

Form 4

November 02, 2006

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

**SECURITIES** 

**OMB** Number:

Expires:

3235-0287

January 31, 2005

0.5

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**OMB APPROVAL** 

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obligations

may continue.

See Instruction

Check this box

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

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person \* **SMITH CECE** 

2. Issuer Name and Ticker or Trading Symbol

MICHAELS STORES INC [MIK]

5. Relationship of Reporting Person(s) to

Issuer

(Last)

(First) (Middle) 3. Date of Earliest Transaction

X Director

(Check all applicable)

8000 BENT BRANCH DRIVE

(Month/Day/Year) 10/31/2006

10% Owner Officer (give title Other (specify

6. Individual or Joint/Group Filing(Check

below)

(Street)

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

Applicable Line)

\_X\_ Form filed by One Reporting Person Form filed by More than One Reporting

Person

**IRVING, TX 75063** 

(State) (Zip)

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

1.Title of Security (Instr. 3)

(City)

2. Transaction Date 2A. Deemed (Month/Day/Year) Execution Date, if

(Month/Day/Year)

4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 8) (Instr. 3, 4 and 5) 5. Amount of 6. Ownership Securities Beneficially Owned Following (Instr. 4)

Form: Direct Indirect (D) or Indirect Beneficial Ownership (Instr. 4)

Reported (A) Transaction(s) or (Instr. 3 and 4)

Code V Amount (D) Price

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

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**SEC 1474** (9-02)

7. Nature of

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

1. Title of Derivative Conversion Security or Exercise (Instr. 3) Price of

3. Transaction Date 3A. Deemed (Month/Day/Year)

Execution Date, if (Month/Day/Year)

5. Number of 4. TransactionDerivative Code Securities (Instr. 8) Acquired (A)

6. Date Exercisable and **Expiration Date** (Month/Day/Year)

7. Title and Amount of **Underlying Securities** (Instr. 3 and 4)

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	Derivative Security			(D)	er. 3, 4,				
			Code V	/ (A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (Right to Buy) (1)	\$ 22.28	10/31/2006	D		35,000	<u>(2)</u>	10/29/2007	Common Stock	35,000
Stock Option (Right to Buy) (1)	\$ 19.48	10/31/2006	D		35,000	(3)	06/18/2008	Common Stock	35,000
Stock Option (Right to Buy) (1)	\$ 26.64	10/31/2006	D		35,000	<u>(4)</u>	06/16/2009	Common Stock	35,000
Stock Option (Right to Buy) (1)	\$ 41.87	10/31/2006	D		30,000	<u>(5)</u>	06/15/2010	Common Stock	30,000

## **Reporting Owners**

Reporting Owner Name / Address	Relationships						
reporting owner runner runners	Director	10% Owner	Officer	Other			
SMITH CECE 8000 BENT BRANCH DRIVE IRVING, TX 75063	X						

## **Signatures**

/s/ Todd J. Thorson Todd J. Thorson, Attorney-in-Fact for Cece Smith 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, (1) 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").
- This option to purchase issuer common stock (which provided for vesting immediately upon the date of grant (10/30/2002)) 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.

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- This option to purchase issuer common stock (which provided for vesting immediately upon the date of grant (6/19/2003)) 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.
- This option to purchase issuer common stock (which provided for vesting immediately upon the date of grant (6/17/2004)) 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.
- This option to purchase issuer common stock (which provided for vesting immediately upon the date of grant (6/16/2005)) 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.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.