

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 \*  
BAZZONE THOMAS M

2. Issuer Name and Ticker or Trading Symbol  
MICHAELS STORES INC [MIK]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
8000 BENT BRANCH DRIVE

3. Date of Earliest Transaction (Month/Day/Year)  
10/31/2006

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
\_X\_ Officer (give title below) \_\_\_\_\_ Other (specify below)

EVP - Specialty Businesses

(Street)  
IRVING, TX 75063

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

6. Individual or Joint/Group Filing(Check Applicable Line)  
\_X\_ Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting Person

(City) (State) (Zip)

**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)	\$		
Common Stock <sup>(1)</sup>	10/31/2006		D	1,830	\$ 44 (2)	0	D

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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (Right to Buy) <sup>(1)</sup>	\$ 26.67	10/31/2006		D	100,000	<sup>(3)</sup> 06/06/2009	06/06/2009	Common Stock	100,000
Stock Option (Right to Buy) <sup>(1)</sup>	\$ 25.59	10/31/2006		D	25,000	<sup>(4)</sup> 08/05/2009	08/05/2009	Common Stock	25,000
Stock Option (Right to Buy) <sup>(1)</sup>	\$ 37.96	10/31/2006		D	43,750	<sup>(5)</sup> 08/04/2010	08/04/2010	Common Stock	43,750

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BAZZONE THOMAS M 8000 BENT BRANCH DRIVE IRVING, TX 75063			EVP - Specialty Businesses	

## Signatures

/s/ Todd J. Thorson Todd J. Thorson, Attorney-in-Fact for Thomas M. Bazzone 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").
  - (2) Disposed pursuant to the Merger Agreement in exchange for a cash payment of \$44.00 per share.
  - (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 (6/07/2004)) 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.
  - (4)

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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.

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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