

MICHAELS STORES INC
Form 4
November 02, 2006

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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 *
HANLON RICHARD E

(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)

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock ⁽¹⁾	10/31/2006		D	12,266 D \$ 44 ⁽²⁾	0	D	
Common Stock ⁽¹⁾	10/31/2006		D	20,334 D \$ 44 ⁽²⁾	0	I	By The Patrick Reid Hanlon Trust ⁽³⁾
Common Stock ⁽¹⁾	10/31/2006		D	30,000 D \$ 44 ⁽²⁾	0	I	By HanFam, LLC ⁽⁴⁾

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

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

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⁾	\$ 21.125	10/31/2006		D	35,000	⁽⁵⁾ 06/19/2007	Common Stock	35,000
Stock Option (Right to Buy) ⁽¹⁾	\$ 19.48	10/31/2006		D	35,000	⁽⁶⁾ 06/18/2008	Common Stock	35,000
Stock Option (Right to Buy) ⁽¹⁾	\$ 26.64	10/31/2006		D	35,000	⁽⁷⁾ 06/16/2009	Common Stock	35,000
Stock Option (Right to Buy) ⁽¹⁾	\$ 41.87	10/31/2006		D	30,000	⁽⁸⁾ 06/15/2010	Common Stock	30,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HANLON RICHARD E 8000 BENT BRANCH DRIVE IRVING, TX 75063	X			

Signatures

/s/ Todd J. Thorson
Hanlon

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).

(1) 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").

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

(3) The reported amount was held by The Patrick Reid Hanlon Trust, of which the reporting person is a co-trustee.

(4) The reported amount was held by HanFam, LLC, a Virginia limited liability company, of which the reporting person is the sole manager.

(5) This option to purchase issuer common stock (which provided for vesting immediately upon the date of grant (6/20/2002)) 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.

(6) 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.

(7) 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.

(8) 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.