

WYLY JR CHARLES J

Form 4

November 02, 2006

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

OMB
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2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
WYLY JR CHARLES J

(Last) (First) (Middle)

**300 CRESCENT COURT, SUITE
1000**

(Street)

DALLAS, TX 75201

(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)

Chairman of the Board

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)
Common Stock ⁽¹⁾	10/31/2006		D	V Amount (A) or (D) Price 900 D \$ 44 (2)	0	D	
Common Stock ⁽¹⁾	10/31/2006		D	410,039 D \$ 44 (2)	0	I ⁽³⁾	By Partnership ⁽⁴⁾
Common Stock ⁽¹⁾	10/31/2006		D	348,208 D \$ 44 (2)	0	I ⁽³⁾	By Partnership ⁽⁵⁾
Common Stock ⁽¹⁾	10/31/2006		D	270,876 D \$ 44 (2)	0	I ⁽³⁾	By Trust ⁽⁶⁾
	10/31/2006		D	315,312 D	0	I ⁽³⁾	By Trust ⁽⁷⁾

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Common Stock <u>(1)</u>					\$ 44 <u>(2)</u>			
Common Stock <u>(1)</u>	10/31/2006		D	340,080	D	\$ 44 <u>(2)</u>	0	I <u>(3)</u> By Trust <u>(8)</u>
Common Stock <u>(1)</u>	10/31/2006		D	2,867,204	D	\$ 44 <u>(2)</u>	0	I <u>(3)</u> By Foreign Entity <u>(9)</u>

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)

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) <u>(1)</u>	\$ 21.13	10/31/2006		D	35,000	<u>(10)</u> 06/19/2007	Common Stock 35,000
Stock Option (Right to Buy) <u>(1)</u>	\$ 17.05	10/31/2006		D	200,000	<u>(11)</u> 08/06/2007	Common Stock 200,000
Stock Option (Right to Buy) <u>(1)</u>	\$ 19.48	10/31/2006		D	35,000	<u>(12)</u> 06/18/2008	Common Stock 35,000
Stock Option (Right to Buy) <u>(1)</u>	\$ 17.66	10/31/2006		D	200,000	<u>(13)</u> 08/06/2008	Common Stock 200,000
Stock Option (Right to Buy) <u>(1)</u>	\$ 26.64	10/31/2006		D	35,000	<u>(14)</u> 06/16/2009	Common Stock 35,000
Stock	\$ 25.59	10/31/2006		D	200,000	<u>(15)</u> 08/05/2009	Common 200,000

Option
(Right to
Buy) ⁽¹⁾

Stock

Stock

Option
(Right to
Buy) ⁽¹⁾

\$ 41.87

10/31/2006

D

30,000

⁽¹⁶⁾

06/15/2010

Common
Stock

30,000

Stock

Option
(Right to
Buy) ⁽¹⁾

\$ 37.96

10/31/2006

D

175,000

⁽¹⁷⁾

08/04/2010

Common
Stock

175,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WYLY JR CHARLES J 300 CRESCENT COURT, SUITE 1000 DALLAS, TX 75201	X		Chairman of the Board	

Signatures

/s/ Eric Markus, Attorney-in-Fact for Charles J.
Wyly, Jr.

10/31/2006

 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 June 30, 2006 (the "Merger Agreement"), between Bain Paste Mergerco, Inc., Blackstone Paste Mergerco, Inc., Bain Paste Finco, LLC, and Blackstone Paste Finco, LLC, and Michaels Stores, Inc. (the "Issuer").

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

(3) Notwithstanding the inclusion of the securities reported in this Form 4, the Reporting Person disclaims beneficial ownership of the securities held in the various trusts (and/or the subsidiaries thereof) mentioned in this report, except to the extent of his pecuniary interest in them.

(4) Represents shares held by Stargate, Ltd. The Reporting Person is a co-trustee of the trust that is the general partner of Stargate, Ltd.

(5) Represents shares held by Shadywood USA, Ltd., a limited partnership of which the Reporting Person is a general partner.

(6) Represents shares held by the Martha Caroline Wyly Trust, of which the Reporting Person is the trustee.

(7) Represents shares held by the Charles J. Wyly III Trust, of which the Reporting Person is the trustee.

(8) Represents shares held by the Jennifer Lynn Wyly Trust, of which the Reporting Person is the trustee.

(9) Represents shares held by subsidiaries formed under the laws of the Isle of Man. Each subsidiary is owned by a foreign trust that either (i) was formed by the Reporting Person, and/or (ii) benefits, inter alia, the Reporting Person, his spouse, and his issue.

(10) This option to purchase issuer common stock was granted under the Michaels Stores, Inc. 2001 General Stock Option Plan, and vested immediately upon grant (6/20/2002). In accordance with the Merger Agreement, this option was cancelled 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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- (11) This option to purchase issuer common stock was granted under the Michaels Stores, Inc. 1997 Stock Option Plan. Vesting of approximately one-third of the option was scheduled to occur on each of the first, second, and third anniversary of the date of the grant (8/7/2002). In accordance with the Merger Agreement, this option was cancelled 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.
- (12) This option to purchase issuer common stock was granted under the Michaels Stores, Inc. 2001 General Stock Option Plan, and vested immediately upon grant (6/19/2003). In accordance with the Merger Agreement, this option was cancelled 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.
- (13) This option to purchase issuer common stock was granted under the Michaels Stores, Inc. 1997 Stock Option Plan. Vesting of approximately one-third of the option was scheduled to occur on each of the first, second, and third anniversary of the date of the grant (8/7/2003). In accordance with the Merger Agreement, this option was cancelled 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.
- (14) This option to purchase issuer common stock was granted under the Michaels Stores, Inc. 2001 General Stock Option Plan, and vested immediately upon grant (6/17/2004). In accordance with the Merger Agreement, this option was cancelled 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.
- (15) This option to purchase issuer common stock was granted under the Michaels Stores, Inc. 1997 Stock Option Plan. Vesting of approximately one-third of the option was scheduled to occur on each of the first, second, and third anniversary of the date of the grant (8/6/2004). In accordance with the Merger Agreement, this option was cancelled 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.
- (16) This option to purchase issuer common stock was granted under the Michaels Stores, Inc. 2005 Stock Option Plan, and vested immediately upon grant (6/16/2005). In accordance with the Merger Agreement, this option was cancelled 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.
- (17) This option to purchase issuer common stock was granted under the Michaels Stores, Inc. 2005 Stock Option Plan. Vesting of approximately one-third of the option was scheduled to occur on each of the first, second, and third anniversary of the date of the grant (8/5/2005). In accordance with the Merger Agreement, this option was cancelled 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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