

STROME STEPHEN  
Form 4  
July 14, 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 \*  
STROME STEPHEN

2. Issuer Name and Ticker or Trading Symbol  
HANDLEMAN CO /MI/ [HDL]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
07/13/2006

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Chairman of the Board and CEO

500 KIRTS BOULEVARD

(Street)

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

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

TROY, MI 48084

(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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  | Code                           | V   | Amount  | (A) or (D)   | Price                             |
| Common stock one cent par value | 07/13/2006                           |  | S                              |   | 400   | D  | \$ 7.53                           |
| Common stock one cent par value | 07/13/2006                           |  | S                              |   | 5,400   | D  | \$ 7.54                           |
| Common stock one cent par value | 07/13/2006                           |  | S                              |   | 3,000   | D  | \$ 7.55                           |

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|                                 |            |   |       |   |         |                      |   |                |
|---------------------------------|------------|---|-------|---|---------|----------------------|---|----------------|
| Common stock one cent par value | 07/13/2006 | S | 1,200 | D | \$ 7.56 | 294,971              | D |                |
| Common stock one cent par value | 07/14/2006 | S | 300   | D | \$ 7.55 | 294,671              | D |                |
| Common stock one cent par value | 07/14/2006 | S | 1,300 | D | \$ 7.56 | 293,371              | D |                |
| Common stock one cent par value | 07/14/2006 | S | 500   | D | \$ 7.57 | 292,871              | D |                |
| Common stock one cent par value | 07/14/2006 | S | 2,800 | D | \$ 7.58 | 290,071              | D |                |
| Common stock one cent par value | 07/14/2006 | S | 400   | D | \$ 7.59 | 289,671              | D |                |
| Common stock one cent par value | 07/14/2006 | S | 3,800 | D | \$ 7.6  | 285,871              | D |                |
| Common stock one cent par value | 07/14/2006 | S | 900   | D | \$ 7.61 | 284,971              | D |                |
| Common stock one cent par value |            |   |       |   |         | 2,621 <sup>(2)</sup> | I | By 401(k) Plan |

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)

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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. Price of Derivative Security (Instr. 5) | 9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|

## Reporting Owners

| Reporting Owner Name / Address                          | Relationships |           |                               |       | Amount or Number of Shares |
|---|---------------|-----------|-------------------------------|-------|----------------------------|
|   | Director      | 10% Owner | Officer                       | Other |                            |
| STROME STEPHEN<br>500 KIRTS BOULEVARD<br>TROY, MI 48084 | X             |           | Chairman of the Board and CEO |       |                            |

## Signatures

Stephen Strome by Kenneth P. Kartje  
 Attorney-In-Fact 07/14/2006

\*\*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) Includes 1,004 shares of Handleman Company common stock which the reporting person acquired through the Handleman Company Employee Stock Purchase Plan between 07/01/2006 and 07/13/2006.
- (2) Between 07/01/2006 and 07/13/2006 the reporting person acquired 27 shares of Handleman Company common stock under the Handleman Company 401(k) Plan. The information in this report is based on a 401(k)Plan report dated 07/13/2006.

### Remarks:

Exhibit List ----- Exhibit 24 Power of Attorney

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.