

MICHAELS STORES INC
Form 4
September 27, 2006

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

OMB APPROVAL
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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 *
WYLY SAMUEL EVANS

(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)

09/25/2006

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)

Vice-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)
			Code	V	Amount	(A) or (D)	Price
Common Stock	09/25/2006		M		70,000	A	\$ 10.5
Common Stock					400,000	I	By Partnership (1) (2)
Common Stock					27,740	I	By Spouse
Common Stock					149,572	I	By Trust (1) (3)
Common Stock					149,572	I	By Trust (1) (4)

Common Stock 2,142,600 I By Foreign Entity (1) (5)

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

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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)	\$ 10.5	09/25/2006		M	70,000	<u>(6)</u> 10/04/2006	Common Stock	70,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WYLY SAMUEL EVANS 300 CRESCENT COURT SUITE 1000 DALLAS, TX 75201	X		Vice-Chairman of the Board	

Signatures

/s/ Eric Markus, Attorney-in-Fact for Sam Wyly 09/27/2006

__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).

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 the subsidiaries thereof) mentioned in this report, except to the extent of his pecuniary interest in them.

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- (2) Represents shares held by Tallulah, Ltd., a domestic limited partnership of which the Reporting Person is a general partner.
- (3) Represents shares held by the Christiana Parker Wyly Trust, of which the Reporting Person is the trustee.
- (4) Represents shares held by the Andrew David Sparrow Wyly Trust, of which the Reporting Person is the trustee.
- (5) 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.
- (6) Represents options granted under Michaels Stores, Inc. Second Amended and Restated 2001 General Stock Option Plan, all of which vested immediately upon granting.

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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