

WYLY SAMUEL EVANS
 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 *
WYLY SAMUEL EVANS

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)
300 CRESCENT COURT, SUITE 1000
 (Street)

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

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

DALLAS, TX 75201

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

(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 Indirect Beneficial Ownership (Instr. 4)
Common Stock ⁽¹⁾	10/31/2006		D	V Amount \$ 44 (2) 1,338,351	0	D	
Common Stock ⁽¹⁾	10/31/2000		D	V Amount \$ 44 (2) 400,000	0	I ⁽³⁾	By Partnership ⁽⁴⁾
Common Stock ⁽¹⁾	10/31/2006		D	V Amount \$ 44 (2) 27,740	0	I ⁽³⁾	By Spouse
Common Stock ⁽¹⁾	10/31/2006		D	V Amount \$ 44 (2) 145,472	0	I ⁽³⁾	By Trust ⁽⁵⁾
Common Stock ⁽¹⁾	10/31/2006		D	V Amount \$ 44 (2) 149,572	0	I ⁽³⁾	By Trust ⁽⁶⁾

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Common Stock (1) 10/31/2006 D 2,142,600 D \$ 44 (2) 0 I (3) By Foreign Entity (7)

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>(8)</u> 06/19/2007	Common Stock 35,000
Stock Option (Right to Buy) <u>(1)</u>	\$ 17.05	10/31/2006		D	100,000	<u>(9)</u> 08/06/2007	Common Stock 100,000
Stock Option (Right to Buy) <u>(1)</u>	\$ 19.48	10/31/2006		D	35,000	<u>(10)</u> 06/18/2008	Common Stock 35,000
Stock Option (Right to Buy) <u>(1)</u>	\$ 17.66	10/31/2006		D	100,000	<u>(11)</u> 08/06/2008	Common Stock 100,000
Stock Option (Right to Buy) <u>(1)</u>	\$ 26.64	10/31/2006		D	35,000	<u>(12)</u> 06/16/2009	Common Stock 35,000
Stock Option (Right to Buy) <u>(1)</u>	\$ 25.59	10/31/2006		D	100,000	<u>(13)</u> 08/05/2009	Common Stock 100,000
Stock Option	\$ 41.87	10/31/2006		D	30,000	<u>(14)</u> 06/15/2010	Common Stock 30,000

(Right to
Buy) (1)

Stock

Option
(Right to
Buy) (1)

\$ 37.96

10/31/2006

D

87,500

(15)

08/04/2010

Common
Stock

87,500

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, 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 Tallulah, Ltd., a domestic limited partnership of which the Reporting Person is a general partner.

(5) Represents shares held by Christiana Parker Wyly Trust, of which the Reporting Person is the trustee.

(6) Represents shares held by Andrew David Sparrow Wyly Trust, of which the Reporting Person is the trustee.

(7) 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.

(8) 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.

(9) 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.

(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 (6/19/2003). In accordance with the Merger Agreement, this option was cancelled and converted into the right

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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.

- (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 (8/7/2003). 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.

- (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 (6/17/2004). 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.

- (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 (8/6/2004). 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.

- (14) 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.

- (15) 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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