

WYLY JR CHARLES J
Form 4
January 11, 2005

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 JR CHARLES J

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)
8000 BENT BRANCH DRIVE

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
12/16/2004

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

IRVING, TX 75063

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)
			Code	V	Amount	(A) or (D)			
Common Stock	12/16/2004		G	V	10,300	D	\$ 0 405,312	I	By Trust ⁽¹⁾
Common Stock	12/16/2004		G	V	5,000	D	\$ 0 402,080	I	By Trust ⁽²⁾
Common Stock	12/20/2004		G	V	5,000	D	\$ 0 282,876	I	By Trust ⁽³⁾
Common Stock	12/21/2004		G	V	5,000	D	\$ 0 410,208	I	By Limited Partnership ⁽⁴⁾
Common Stock	01/07/2005		M		200,000	A	\$ 8.75 200,200	D	

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Common Stock	01/07/2005	F ⁽⁵⁾	57,471	D	\$ 30.45	142,729	D	
Common Stock						760,410	I	By Limited Partnership <u>(6)</u>

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

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(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)	Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	
Stock Option (Right to Buy)	\$ 8.75	01/07/2005		M	200,000	<u>(7)</u>	08/30/2005	Common Stock	200,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WYLY JR CHARLES J 8000 BENT BRANCH DRIVE IRVING, TX 75063	X			Chairman of the Board

Signatures

/s/ Elizabeth K. Giddens Elizabeth K. Giddens, Attorney-in-Fact for Charles J. Wyly, Jr.

01/11/2005

**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) Represents shares held by the Charles J. Wyly, III Trust of which the reporting person is the trustee.

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- (2) Represents shares held by the Jennifer Lynn Wyly Trust of which the reporting person is the trustee.
- (3) Represents shares held by the Martha Caroline Wyly Trust of which the reporting person is the trustee.
- (4) Represents shares held by Shadywood USA, Ltd., a limited partnership of which the reporting person is a general partner.
200,000 shares of Michaels Stores, Inc. common stock were acquired by the reporting person upon the exercise of stock options, and the
- (5) exercise price of those stock options was paid by surrendering to Michaels Stores, Inc. 57,471 shares of Michaels Stores, Inc. common stock that would otherwise be issuable to the reporting person in connection with the exercise of the stock options.
- (6) Represents shares held by Stargate, Ltd., a limited partnership, the general partner of which is a trust of which the reporting person is one of the trustees.
Exercise of stock options pursuant to original grant to the reporting person on August 31, 2000 of options under the Michaels Stores, Inc. Amended and Restated 1997 Stock Option Plan to purchase 200,000 shares of Michaels Stores, Inc. common stock (adjusted to give
- (7) effect to a two-for-one stock split to stockholders of record as of the close of business on each of November 12, 2001 and September 27, 2004). The options associated with this grant vested immediately upon grant. After giving effect to the transaction that is the subject of this report, no options remain outstanding under this grant.

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.