

MICHAELS STORES INC

Form 424B3

July 25, 2003

PROSPECTUS SUPPLEMENT

(to Prospectus dated March 19, 2002)

16,375,714 Shares

MICHAELS STORES, INC.

Common Stock

This prospectus supplement supplements the prospectus dated March 19, 2002 of Michaels Stores, Inc. relating to 16,375,714 shares of common stock, par value \$.10 per share, of Michaels Stores, Inc. issuable by us upon exercise of options granted from time to time to eligible persons under the Michaels Stores, Inc. Amended and Restated 1997 Stock Option Plan and the subsequent offer and resale of such shares of common stock from time to time by selling stockholders or permitted transferees. This prospectus supplement should be read in conjunction with the prospectus, and this prospectus supplement is qualified by reference to the prospectus except to the extent that information herein contained supersedes the information contained in the prospectus. Capitalized terms used in this prospectus supplement and not otherwise defined herein have the meanings specified in the prospectus.

This prospectus supplement restates in its entirety the information set forth under the captions Use of Proceeds, Resale of Shares; Selling Stockholders, 1997 Stock Option Plan and Federal Income Tax Consequences in the prospectus.

The date of this prospectus supplement is July 25, 2003.

USE OF PROCEEDS

The cash proceeds from the issuance of the shares of common stock upon exercise of options under the plan will be added to our funds and used for general corporate purposes. We will not receive any of the cash proceeds from the sale of shares of common stock by the selling stockholders following the exercise of their options.

RESALE OF SHARES; SELLING STOCKHOLDERS

The persons listed in the following table are eligible pursuant to the registration statement and this prospectus to offer and sell shares of common stock acquired by them upon the exercise of options. The inclusion of any person in the following table is not an indication or admission that such person is our affiliate. The ownership information set forth in the following table is presented as of the close of business on July 23, 2003. 66,784,201 shares of common stock were issued and outstanding as of that date.

We are unaware whether the selling stockholders listed below intend to exercise the options or sell the shares of common stock they may acquire upon exercise of options.

In the future we may grant additional options to the persons listed below and may allow persons other than those listed below to offer and sell shares of common stock acquired upon exercise of options pursuant to the registration statement and this prospectus. We will supplement this prospectus to reflect such changes as and when required by law.

Name and Position	Common Stock Ownership Prior to Offering (1)(2)		Number of Shares of Common Stock Offered Hereby	Common Stock Ownership After Offering (1)(2)	
	Number	Percentage		Number	Percentage
Charles J. Wyly, Jr. (3) Chairman of the Board of Directors	1,802,988	2.7%	800,000	1,002,988	1.5%
Sam Wyly (4) Vice Chairman of the Board of Directors	1,589,992	2.3%	1,150,000	439,992	*
Stargate, Ltd. (5)	560,000	*	400,000	160,000	*
Richard E. Hanlon (6) Director	105,200	*	30,000	75,200	*
The Patrick Reid Hanlon Trust (7)	10,000	*	10,000	0	*
Richard C. Marcus (8) Director	105,000	*	30,000	75,000	*
R. Michael Rouleau (9) President and Chief Executive Officer	767,233	1.1%	700,000	67,233	*
Mark V. Beasley (10) Senior Vice President, General Counsel and Secretary	63,736	*	32,500	31,236	*
Jeffrey N. Boyer (11) Executive Vice President - Chief Financial Officer	75,000	*	75,000	0	*

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Name and Position	Common Stock Ownership Prior to Offering (1)(2)		Number of Shares of Common Stock Offered Hereby	Common Stock Ownership After Offering (1)(2)	
	Number	Percentage		Number	Percentage
J. Samuel Crowley (12) Senior Vice President - New Ventures	17,500	*	17,500	0	*
Thomas C. DeCaro (13) Senior Vice President - Inventory Management	53,152				