

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 1995

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 1-6639

MAGELLAN HEALTH SERVICES, INC.

(Exact name of Registrant as specified in its charter)

Delaware

58-1076937

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

3414 Peachtree Road, N.E.
Suite 1400

Atlanta, Georgia

30326

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (404) 841-9200

See Table of Additional Registrants below.

Securities registered pursuant to Section 12(b) of the Act:

Name of each exchange on which registered

Title of each class

Common Stock (\$0.25 par value)

American Stock Exchange

11 1/4% Series A Senior Subordinated Notes due 2004

American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the voting stock held by non-affiliates of the Registrant at November 30, 1995 was approximately \$510 million.

Indicate by check mark whether the Registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes X No

The number of shares of the Registrant's Common Stock outstanding as of November

30, 1995 was 28,415,081.

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the Registrant's Proxy Statement for the annual meeting of stockholders (which Proxy Statement will be filed with the Securities and Exchange Commission on or before January 29, 1996) are incorporated by reference in Part III hereof.

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ADDITIONAL REGISTRANTS (1)

Exact name of registrant as specified in its charter	State or jurisdiction of incorporation or organization	I.R.S. Employer Identification Number	Address including zip code, including area code, of registrant's principal executive offices
Beltway Community Hospital, Inc.	Texas	58-1324281	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
C.A.C.O. Services, Inc.	Ohio	58-1751511	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
CCM, Inc.	Nevada	58-1662418	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
CMCI, Inc.	Nevada	88-0224620	1061 East Flamingo Road Suite One Las Vegas, NV 89119 (702) 737-0282
CMFC, Inc.	Nevada	88-0215629	1061 East Flamingo Road Suite One Las Vegas, NV 89119 (702) 737-0282
CMSF, Inc.	Florida	58-1324269	3550 Colonial Boulevard Fort Myers, FL 33912 (813) 939-0403
CPS Associates, Inc.	Virginia	58-1761039	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Alvarado Behavioral Health System, Inc.	California	58-1394959	7050 Parkway Drive La Mesa, CA 91942-2352 619) 465-4411
Charter Appalachian Hall Behavioral Health System, Inc.	North Carolina	58-2097827	60 Caledonia Road Asheville, NC 28803 (704) 253-3681
Charter Arbor Indy Behavioral Health System, Inc.	Indiana	35-1916340	11075 N. Pennsylvania Indianapolis, IN 46280 (317) 575-1000
Charter Augusta Behavioral Health System, Inc.	Georgia	58-1615676	3100 Perimeter Parkway P.O. Box 14939 Augusta, GA 30909 (404) 868-6625

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ADDITIONAL REGISTRANTS (1)

Exact name of registrant as specified in its charter	State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification Number	Address including zip code, and telephone number including area code, of registrant's principal executive offices
Charter Bay Harbor Behavioral Health System, Inc.	Florida	58-1640244	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, Georgia 30326 (404) 841-9200

Charter Beacon Behavioral Health System, Inc.	Indiana	58-1524996	1720 Beacon Street Fort Wayne, IN 46805 (219) 423-3651
Charter Behavioral Health System at Fair Oaks, Inc.	New Jersey	58-2097832	19 Prospect Street Summit, NJ 07901 (908) 277-9102
Charter Behavioral Health System at Hidden Brook, Inc.	Maryland	52-1866212	522 Thomas Run Road Bel Air, MD 21014 (410) 879-1919
Charter Behavioral Health System at Los Altos, Inc.	California	33-0606642	3340 Los Coyotes Diagonal Long Beach, CA 90808 (310) 421-9311
Charter Behavioral Health System at Manatee Adolescent Treatment Services, Inc.	Florida	65-0519663	1324 37th Avenue, East Bradenton, FL 4208 (813) 746-1388
Charter Behavioral Health System at Potomac Ridge, Inc.	Maryland	52-1866221	14901 Broschart Road Rockville, MD 20850 (301) 251-4500
Charter Behavioral Health System of Athens, Inc.	Georgia	58-1513304	240 Mitchell Bridge Road Athens, GA 30606 (404) 546-7277
Charter Behavioral Health System of Austin, Inc.	Texas	58-1440665	8402 Cross Park Drive Austin, TX 78754 (512) 837-1800
Charter Behavioral Health System of Baywood, Inc.	Texas	76-0430571	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Behavioral Health System of Bradenton, Inc.	Florida	58-1527678	4480 51st Street, West Bradenton, FL 34210 (813) 746-1388
Charter Behavioral Health System of Central Georgia, Inc.	Georgia	58-1408670	3500 Riverside Drive Macon, GA 31210 (912) 474-6200
Charter Behavioral Health System of Central Virginia, Inc.	Virginia	54-1765921	1500 Westbrook Avenue Richmond, VA 23227 (804) 266-9671

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Exact name of registrant as specified in its charter -----	State or other jurisdiction of incorporation or organization -----	I.R.S. Employer Identification Number -----	Address including zip code, and telephone number including area code, of registrant's principal executive offices -----
Charter Behavioral Health System of Charleston, Inc.	South Carolina	58-1761157	2777 Speissegger Drive Charleston, SC 29405-8299 (803) 747-5830
Charter Behavioral Health System of Charlottesville, Inc.	Virginia	58-1616917	2101 Arlington Boulevard Charlottesville, VA 22903-1593 (804) 977-1120
Charter Behavioral Health System of Chicago, Inc.	Illinois	58-1315760	4700 North Clarendon Avenue Chicago, IL 60640 (312) 728-7100

Charter Behavioral Health System of Chula Vista, Inc.	California	58-1473063	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Behavioral Health System of Columbia, Inc.	Missouri	61-1009977	200 Portland Street Columbia, MO 65201 (314) 876-8000
Charter Behavioral Health System of Corpus Christi, Inc.	Texas	58-1513305	3126 Rodd Field Road Corpus Christi, TX 78414 (512) 993-8893
Charter Behavioral Health System of Dallas, Inc.	Texas	58-1513306	6800 Preston Road Plano, TX 75024 (214) 964-3939
Charter Behavioral Health System of Delmarva, Inc.	Maryland	52-1866214	3680 Warwick Road, Route 1 East New Market, MD 21631 (410) 943-8108
Charter Behavioral Health System of Evansville, Inc.	Indiana	35-1916338	7200 East Indiana Evansville, IN 47715 (812) 476-7200
Charter Behavioral Health System of Fort Worth, Inc.	Texas	58-1643151	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Behavioral Health System of Jackson, Inc.	Mississippi	58-1616919	3531 Lakeland Drive Jackson, MS 39208 (601) 939-9030
Charter Behavioral Health System of Jacksonville, Inc.	Florida	58-1483015	3947 Salisbury Road Jacksonville, FL 32216 (904) 296-2447
Charter Behavioral Health System of Jefferson, Inc.	Indiana	35-1916342	2700 River City Park Drive Jeffersonville, IN 47130 (812) 284-3400

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Charter Behavioral Health System of Kansas City, Inc.	Kansas	58-1603154	8000 West 127th Street Overland Park, KS 66213 (913) 897-4999
Charter Behavioral Health System of Lafayette, Inc.	Louisiana	72-0686492	302 Dulles Drive Lafayette, LA 70506 (318) 233-9024
Charter Behavioral Health System of Lake Charles, Inc.	Louisiana	62-1152811	4250 Fifth Avenue, South Lake Charles, LA 70605 (318) 474-6133
Charter Behavioral Health System of Michigan City, Inc.	Indiana	35-1916343	3714 S. Franklin Street Michigan City, IN 46360 (219) 872-0531
Charter Behavioral Health	Alabama	58-1569921	3414 Peachtree Rd., N.E.

System of Mobile, Inc.			Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Behavioral Health System of Nashua, Inc.	New Hampshire	02-0470752	29 Northwest Boulevard Nashua, NH 03063 (603) 886-5000
Charter Behavioral Health System of Nevada, Inc.	Nevada	58-1321317	7000 West Spring Mountain Rd. Las Vegas, NV 89117 (702) 876-4357
Charter Behavioral Health System of New Mexico, Inc.	New Mexico	58-1479480	5901 Zuni Road, SE Albuquerque, NM 87108 (505) 265-8800
Charter Behavioral Health System of Northern California, Inc.	California	58-1857277	101 Cirby Hills Drive Roseville, CA 95678 (916) 969-4666
Charter Behavioral Health System of Northwest Arkansas, Inc.	Arkansas	58-1449455	4253 Crossover Road Fayetteville, AR 72703 (501) 521-5731
Charter Behavioral Health System of Northwest Indiana, Inc.	Indiana	58-1603160	101 West 61st Avenue State Road 51 Hobart, IN 46342 (219) 947-4464
Charter Behavioral Health System of Paducah, Inc.	Kentucky	61-1006115	435 Berger Road Paducah, KY 42002-7609 (502) 444-0444
Charter Behavioral Health of Puerto Rico, Inc.	Georgia	66-0523678	Caso Bldg., Suite 1504 1225 Ponce de Leon Avenue Santurce, PR 00907

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Charter Behavioral Health System of San Jose, Inc.	California	58-1747020	455 Silicon Valley Boulevard San Jose, CA 95138 (408) 224-2020
Charter Behavioral Health System of Savannah, Inc.	Georgia	58-1750583	1150 Cornell Avenue Savannah, GA 31406 (912) 354-3911
Charter Behavioral Health System of Tampa Bay, Inc.	Florida	58-1616916	4004 North Riverside Drive Tampa, FL 33603 (813) 238-8671
Charter Behavioral Health System of Texarkana, Inc.	Arkansas	71-0752815	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Behavioral Health System of the Inland Empire, Inc.	California	95-2685883	2055 Kellogg Drive Corona, CA 91719 (714) 735-2910
Charter Behavioral Health System of Toledo, Inc.	Ohio	58-1731068	1725 Timberline Road Maumee, Ohio 43537 (419) 891-9333
Charter Behavioral Health System of Tucson, Inc.	Arizona	86-0757462	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Behavioral Health System of Visalia, Inc.	California	33-0606644	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Behavioral Health System of Waverly, Inc.	Minnesota	41-1775626	109 North Shore Drive Waverly, MN 55390 (612) 658-4811

Charter Behavioral Health System of Winston-Salem, Inc.	North Carolina	56-1050502	3637 Old Vineyard Road Winston-Salem, NC 27104 (919) 768-7710
Charter Behavioral Health System of Yorba Linda, Inc.	California	33-0606646	16850 Bastanchury Avenue Yorba Linda, CA 92686 (714) 993-3002
Charter Behavioral Health Systems of Atlanta, Inc.	Georgia	58-1900736	811 Juniper St., N.E. Atlanta, GA 30308 (404) 881-5800

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Charter Brawner Behavioral Health System, Inc.	Georgia	58-0979827	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter By-The-Sea Behavioral Health System, Inc.	Georgia	58-1351301	2927 Demere Road St. Simons Island, GA 31522 (912) 638-1999
Charter Canyon Behavioral Health System, Inc.	Utah	58-1557925	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Canyon Springs Behavioral Health System, Inc.	California	33-0606640	69696 Ramon Road Cathedral City, CA 92234 (619) 321-2000
Charter Centennial Peaks Behavioral Health System, Inc.	Colorado	58-1761037	2255 South 88th Street Louisville, CO 80027 (303) 673-9990
Charter Community Hospital, Inc	California	58-1398708	21530 South Pioneer Boulevard Hawaiian Gardens, CA 90716 (310) 860-0401
Charter Contract Services, Inc.	Georgia	58-2100699	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Cove Forge Behavioral Health System, Inc.	Pennsylvania	25-1730464	New Beginnings Road Williamsburg, PA 16693 (814) 832-2121
Charter Fairbridge Behavioral Health System, Inc.	Maryland	52-1866218	14907 Broschart Road Rockville, MD 20850 (301) 251-4565
Charter Fairmount Behavioral Health System, Inc.	Pennsylvania	58-1616921	561 Fairthorne Avenue Philadelphia, PA 19128 (215) 487-4000
Charter Fenwick Hall Behavioral Health System, Inc.	South Carolina	57-0995766	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Financial Offices, Inc.	Georgia	58-1527680	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326

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Charter Forest Behavioral Health System, Inc.	Louisiana	58-1508454	9320 Linwood Avenue Shreveport, LA 71106 (318) 688-3930
Charter Grapevine Behavioral Health System, Inc.	Texas	58-1818492	2300 William D. Tate Ave. Grapevine, TX 76051 (817) 481-1900
Charter Greensboro Behavioral Health System, Inc.	North Carolina	58-1335184	700 Walter Reed Drive Greensboro, NC 27403 (919) 852-4821
Charter Health Management of Texas, Inc.	Texas	58-2025056	6800 Park Ten Blvd. Suite 275-W San Antonio, TX 78213 (210) 699-8585
Charter Hospital of Columbus, Inc.	Ohio	58-1598899	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Hospital of Denver, Inc	Colorado	58-1662413	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Hospital of Ft. Collins, Inc	Colorado	58-1768534	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Hospital of Laredo, Inc.	Texas	58-1491620	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Hospital of Miami, Inc.	Florida	61-1061599	11100 N.W. 27th Street Miami, FL 33172 (305) 591-3230
Charter Hospital of Mobile, Inc.	Alabama	58-1318870	5800 Southland Drive Mobile, AL 36693 (334) 661-3001
Charter Hospital of Santa Teresa, Inc.	New Mexico	58-1584861	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Hospital of St. Louis, Inc.	Missouri	58-1583760	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200

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Charter Hospital of Torrance, Inc.	California	58-1402481	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Indianapolis Behavioral Health System, Inc.	Indiana	58-1674291	5602 Caito Drive Indianapolis, IN 46226 (317) 545-2111
Charter Lafayette Behavioral Health System, Inc.	Indiana	58-1603158	3700 Rome Drive Lafayette, IN 47905 (317) 448-6999
Charter Lakehurst Behavioral Health System, Inc.	New Jersey	22-3286879	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Lakeside Behavioral Health System, Inc.	Tennessee	62-0892645	2911 Brunswick Road Memphis, TN 38134 (901) 377-4700
Charter Laurel Heights Behavioral Health System, Inc.	Georgia	58-1558212	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Linden Oaks Behavioral Health System, Inc.	Illinois	36-3943776	852 West Street Naperville, IL 60540 (708) 305-5500
Charter Little Rock Behavioral Health System, Inc.	Arkansas	58-1747019	1601 Murphy Drive Maumelle, AR 72113 (501) 851-8700
Charter Louisville Behavioral Health System, Inc.	Kentucky	58-1517503	1405 Browns Lane Louisville, KY 40207 (502) 896-0495
Charter Meadows Behavioral Health System, Inc.	Maryland	52-1866216	730 Maryland, Route 3 Gambrills, MD 21054 (410) 923-6022
Charter Medfield Behavioral Health System, Inc.	Florida	58-1705131	12891 Seminole Blvd. Largo, FL 34648 (813) 581-8757
Charter Medical - California, Inc.	Georgia	58-1357345	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200

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Charter Medical - Clayton County, Inc.	Georgia	58-1579404	3414 Peachtree Rd., N.E. Suite 1400 Atlant30326 (404) 841-9200
Charter Medical - Cleveland, Inc.	Texas	58-1448733	3414 Peachtree Rd., N.E. Suite 1400 Atlant30326 (404) 841-9200
Charter Medical - Dallas, Inc.	Texas	58-1379846	3414 Peachtree Rd., N.E. Suite 1400 Atlant30326 (404) 841-9200
Charter Medical - Long Beach, Inc.	California	58-1366604	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Medical - New York, Inc.	New York	58-1761153	3414 Peachtree Rd., N.E. Suite 1400 Atlant30326 (404) 841-9200
Charter Medical (Cayman Islands) Ltd.	Cayman Islands, BWI	58-1841857	Caledonian Bank & Trust Swiss Bank Building Caledonian House Georgetown-Grand Cayman Cayman Islands (809) 949-0050
Charter Medical Executive Corporation	Georgia	58-1538092	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, Ga 30326 (404) 841-9200
Charter Medical Information Services, Inc.	Georgia	58-1530236	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Medical International, Inc	Cayman Islands, BWI	N/A	Caledonian Bank & Trust Swiss Bank Building Caledonian House Georgetown-Grand Cayman Cayman Islands (809) 949-0050
Charter Medical International, S.A., Inc.	Nevada	58-1605110	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200

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Charter Medical Management Company	Georgia	58-1195352	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Medical of East Valley, Inc.	Arizona	58-1643158	2190 N. Grace Boulevard Chandler, AZ 85224 (602) 899-8989
Charter Medical of England, Ltd.	United Kingdom	N/A	111 Kings Road Box 323 London SW3 4PB London, England 44-71-351-1272
Charter Medical of Florida, Inc.	Florida	58-2100703	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Medical of North Phoenix, Inc.	Arizona	58-1643154	6015 W. Peoria Avenue Glendale, AZ 85302 (602) 878-7878
Charter Medical of Puerto Rico, Inc.	Commonwealth of Puerto Rico	58-1208667	Caso Building, Suite 1504 1225 Ponce De Leon Avenue Santurce, P.R. 00907 (809) 723-8666
Charter Mental Health Options, Inc.	Florida	58-2100704	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Milwaukee Behavioral Health System, Inc.	Wisconsin	58-1790135	11101 West Lincoln Avenue West Allis, WI 53227 (414) 327-3000
Charter Mission Viejo Behavioral Health System, Inc.	California	58-1761156	23228 Madero Mission Viejo, CA 92691 (714) 830-4800
Charter MOB of Charlottesville, Inc.	Virginia	58-1761158	1023 Millmont Avenue Charlottesville, VA 22901 (804) 977-1120
Charter North Behavioral Health System, Inc.	Alaska	58-1474550	2530 DeBarr Road Anchorage, AK 99508-2996 (907) 258-7575
Charter Northbrooke Behavioral Health System, Inc.	Wisconsin	39-1784461	46000 W. Shroeder Drive Brown Deer, WI 53223 (414) 355-2273

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Charter North Counseling Center, Inc.	Alaska	58-2067832	2530 DeBarr Road Anchorage, AL 99508-2996

(907) 258-7575

Charter Northridge Behavioral Health System, Inc.	North Carolina	58-1463919	400 Newton Road Raleigh, NC 27615 (919) 847-0008
Charter Oak Behavioral Health System, Inc.	California	58-1334120	1161 East Covina Boulevard Covina, CA 91724 (818) 966-1632
Charter of Alabama, Inc.	Alabama	63-0649546	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Palms Behavioral Health System, Inc.	Texas	58-1416537	1421 E. Jackson Avenue McAllen, TX 78502 (512) 631-5421
Charter Peachford Behavioral Health System, Inc.	Georgia	58-1086165	2151 Peachford Road Atlanta, GA 30338 (404) 455-3200
Charter Petersburg Behavioral Health System, Inc.	Virginia	58-1761160	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Pines Behavioral Health System, Inc.	North Carolina	58-1462214	3621 Randolph Road Charlotte, NC 28211 (704) 365-5368
Charter Plains Behavioral Health System, Inc.	Texas	58-1462211	801 N. Quaker Avenue Lubbock, TX 79408 (806) 744-5505
Charter-Provo School, Inc.	Utah	58-1647690	4501 North University Ave. Provo, UT 84604 (801) 227-2000
Charter Real Behavioral Health System, Inc.	Texas	58-1485897	8550 Huebner Road San Antonio, TX 78240 (512) 699-8585
Charter Regional Medical Center, Inc.	Texas	74-1299623	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Ridge Behavioral Health System, Inc.	Kentucky	58-1393063	3050 Rio Dosa Drive Lexington, KY 40509 (606) 269-2325

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Charter Rivers Behavioral Health System, Inc.	South Carolina	58-1408623	2900 Sunset Boulevard West Columbia, SC 29169 (803) 796-9911
Charter San Diego Behavioral Health System, Inc.	California	58-1669160	11878 Avenue of Industry San Diego, CA 92128 (619) 487-3200

Charter Sioux Falls Behavioral Health System, Inc.	South Dakota	58-1674278	2812 South Louise Avenue Sioux Falls, SD 57106 (605) 361-8111
Charter South Bend Behavioral Health System, Inc.	Indiana	58-1674287	6704 N. Gumwood Drive Granger, IN 46530 (219) 272-9799
Charter Springs Behavioral Health System, Inc.	Florida	58-1517461	3130 S.W. 27th Avenue Ocala, FL 32674 (904) 237-7293
Charter Springwood Behavioral Health System, Inc.	Virginia	58-2097829	Route 4, Box 50 Leesburg, VA 22075 (703) 777-0800
Charter Suburban Hospital of Mesquite, Inc.	Texas	75-1161721	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Terre Haute Behavioral Health System, Inc.	Indiana	58-1674293	1400 Crossing Boulevard Terre Haute, IN 47802 (812) 299-4196
Charter Thousand Oaks Behavioral Health System, Inc.	California	58-1731069	150 Via Merida Thousand Oaks, CA 91361 (805) 495-3292
Charter Treatment Center of Michigan, Inc.	Michigan	58-2025057	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Charter Westbrook Behavioral Health System, Inc.	Virginia	54-0858777	1500 Westbrook Avenue Richmond, VA 23227 (804) 266-9671
Charter White Oak Behavioral Health System, Inc.	Maryland	52-1866223	1441 Taylors Island Road Woolford, MD 21677 (410) 228-7000
Charter Wichita Behavioral Health System, Inc.	Kansas	58-1634296	8901 East Orme Wichita, KS 67207 (316) 686-5000

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Charter Woods Behavioral Health System, Inc.	Alabama	58-1330526	700 Cottonwood Road Dothan, AL 36301 (205) 794-4357
Desert Springs Hospital, Inc.	Nevada	88-0117696	414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Employee Assistance Services, Inc.	Georgia	58-1501282	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200

Florida Health Facilities, Inc.	Florida	58-1860493	21808 State Road 54 Lutz, FL 33549 (813) 948-2441
Gulf Coast EAP Services, Inc.	Alabama	58-2101394	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Hospital Investors, Inc.	Georgia	58-1182191	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, Ga 30326 (404) 841-9200
Illinois Mentor, Inc.	Illinois	36-3643670	45 Milk Street Boston, MA 02109 (617) 654-0500
Magellan Public Solutions, Inc.	Delaware	04-3250732	45 Milk Street Boston, MA 02109 (617) 654-0500
Mandarin Meadows, Inc.	Florida	58-1761155	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Massachusetts Mentor, Inc.	Massachusetts	04-2799071	45 Milk Street Boston, MA 02109 (617) 654-0500
National Mentor, Inc.	Delaware	04-2794857	45 Milk Street Boston, MA 02109 (617) 654-0500
National Mentor Healthcare, Inc.	Massachusetts	04-2893910	45 Milk Street Boston, MA 02109 (617) 654-0500

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ADDITIONAL REGISTRANTS (1)

Exact name of registrant as specified in its charter - - - - -	State or other jurisdiction of incorporation or organization - - - - -	I.R.S. Employer Identification Number - - - - -	Address including zip code, and telephone number including area code, of registrant's principal executive offices - - - - -
NEPA - Massachusetts, Inc.	Massachusetts	58-2116751	#6 Courthouse Lane Chelmsford, MA 01863 (508) 441-2332
NEPA - New Hampshire, Inc.	New Hampshire	58-2116398	29 Northwest Boulevard Nashua, NH 03063 (603) 886-5000
Ohio Mentor, Inc.	Ohio	31-1098345	45 Milk Street Boston, MA 02109 (617) 654-0500
Pacific-Charter Medical, Inc.	California	58-1336537	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
South Carolina Mentor, Inc.	South Carolina	57-0782160	45 Milk Street Boston, MA 02109 (617) 654-0500

Southeast Behavioral Systems, Inc	Georgia	58-2100700	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Schizophrenia Treatment and Rehabilitation, Inc.	Georgia	58-1672912	209 Church Street Decatur, GA 30030 (404) 377-1986
Sistemas De Terapia Respiratoria, S.A., Inc.	Georgia	58-1181077	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200
Western Behavioral Systems, Inc.	California	58-1662416	3414 Peachtree Rd., N.E. Suite 1400 Atlanta, GA 30326 (404) 841-9200

(1) The Additional Registrants listed are wholly-owned subsidiaries of the Registrant and are guarantors of the Registrant's 11 1/4% Series A Senior Subordinated Notes due 2004. The Additional Registrants have been conditionally exempted, pursuant to Section 12(h) of the Securities Exchange Act of 1934, from filing reports under Section 13 of the Securities Exchange Act of 1934.

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MAGELLAN HEALTH SERVICES, INC.
ANNUAL REPORT ON FORM 10-K

For the Fiscal Year Ended September 30, 1995

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PART I

Item 1. Business

General

Magellan Health Services, Inc. (the "Company") (formerly Charter Medical Corporation) , which was incorporated in 1969, is a behavioral healthcare company. As of September 30, 1995, the Company operated 98 acute care psychiatric hospitals and four residential treatment centers with an aggregate capacity of 8,939 licensed beds. Ninety-three of the Company's hospitals operate partial hospitalization programs, and the Company operates 144 outpatient centers, staffed by mental health professionals. In this report, the Company uses the term "psychiatric hospitals" or "hospitals" to refer to the 98 facilities licensed as acute care psychiatric hospitals and the four facilities licensed as residential treatment centers. A residential treatment center offers less intensive and longer stay services than acute

care psychiatric hospitals.

The Company's business strategy is to develop and operate fully integrated behavioral healthcare delivery systems in certain markets in which it presently operates one or more hospitals and in selected other markets in which the Company does not presently operate a hospital. The fully integrated delivery systems that the Company is developing offer a comprehensive range of behavioral healthcare services including inpatient treatment, day and partial hospitalization services, group and individual outpatient treatment, residential treatment programs and other less intensive behavioral healthcare services. The Company is establishing such systems by using its hospitals as a base and by arranging for other services through acquisitions, contracts or affiliations with physicians, psychologists and other mental health professionals and, in some markets, with general acute care hospitals and other institutional healthcare providers.

Recent Developments

Green Spring Health Services Acquisition

On December 13, 1995, the Company acquired a 51% ownership interest in Green Spring Health Services, Inc. ("Green Spring") for approximately \$73.2 million in cash and Common Stock and the contribution of Group Practice Affiliates ("GPA"), a wholly-owned Magellan subsidiary, which became a wholly-owned subsidiary of Green Spring. GPA was organized by the Company for the purpose of acquiring and managing professional group practices and has acquired five group practices through September 30, 1995. Green Spring is a leading provider of managed behavioral healthcare services, which includes utilization management, care management and employee assistance programs through a 50-state provider network for approximately 12 million people nationwide.

The Green Spring acquisition creates the first fully integrated national behavioral healthcare system and gives the Company the capability to provide case management and delivery services to large private organizations and a public sector marketplace seeking increased privatization of services. The Company changed its name to Magellan Health Services, Inc. on December 21, 1995 to reflect the broader range of services it expects to provide as a result of the Green Spring acquisition.

The Company will operate its integrated national behavioral healthcare system through three principal subsidiaries beginning in fiscal 1996 engaging in (i) the provider business, (ii) the managed care business and (iii) the public sector business. Each principal subsidiary will operate autonomously and enter into contractual arrangements with the other subsidiaries as necessary.

The minority shareholders of Green Spring consist of four Blue Cross/Blue Shield organizations (the "Blues") that are key customers of Green Spring. In addition, two other Blues organizations that formerly owned a portion of Green Spring will continue as customers of Green Spring. The minority shareholders of Green Spring will have the option, under certain circumstances, to exchange their ownership interests ("exchange option") in Green Spring for

approximately 3.6 million shares of Magellan Common Stock or \$81.8 million in subordinated notes. The Company may elect to pay cash in lieu of issuing the subordinated notes. The exchange option expires December 13, 1998.

On December 20, 1995, the Company acquired an additional 10% ownership interest in Green Spring for approximately \$16.7 million in cash as a result of an exchange option exercised by certain of the minority shareholders of Green Spring. The Company has a 61% ownership interest in Green Spring subsequent to the exercise of the aforementioned exchange option.

Fiscal 1994 and Prior Developments

NME Acquisition

During fiscal 1994, the Company agreed to acquire 40 psychiatric hospitals (the "Acquired Hospitals") from National Medical Enterprises, Inc. ("NME"). The purchase price for the Acquired Hospitals was approximately \$120.4 million in cash plus an additional cash amount of approximately \$51 million,

subject to adjustment, for the net working capital of the Acquired Hospitals (the "Hospital Acquisition".) The Acquired Hospitals had an aggregate capacity of 2,873 licensed beds when acquired and were located in 19 states. For their fiscal year ended May 31, 1994, the Acquired Hospitals had net revenue of approximately \$315.1 million.

On June 30, 1994, the Company completed the purchase of 27 of the Acquired Hospitals for a cash purchase price of approximately \$129.6 million, which included approximately \$39.3 million, subject to adjustment, for the net working capital of the facilities. On October 31, 1994, the Company completed the purchase of three additional Acquired Hospitals for a cash purchase price of approximately \$5 million, which included approximately \$2.2 million related to the net working capital of the facilities. On November 30, 1994, the Company completed the purchase of the remaining ten Acquired Hospitals for a cash purchase price of approximately \$36.8 million, including approximately \$9.5 million related to the net working capital of the ten Acquired Hospitals. During the year ended September 30, 1995, the Company received approximately \$3.5 million from NME as a partial payment related to the settlement of the working capital portion of the purchase price. The Company accounted for the Hospital Acquisition using the purchase method of accounting.

Debt Refinancing

In order to finance the Hospital Acquisition and to refinance substantially all of the Company's outstanding long-term debt, on May 2, 1994, the Company entered into a Second Amended and Restated Credit Agreement with certain financial institutions for a five-year reducing, revolving credit facility in an aggregate committed amount of \$300 million (the "Revolving Credit Agreement") and issued \$375 million of 11 1/4% Series A Senior Subordinated Notes which mature on April 15, 2004 (the "Notes") and are general unsecured obligations of the Company. (See Note 6 of the Company's Consolidated Financial Statements.)

Sale of General Hospitals

On September 30, 1993, the Company sold its general hospitals and related assets to Quorum, Inc. for approximately \$338 million. The Company retained the assets and liabilities relating to these hospitals for professional liability claims incurred and cost report settlements for periods prior to September 30, 1993.

For fiscal 1993, the general hospitals had net revenue of approximately \$347 million, a net loss of approximately \$15 million, and admissions and patient days of 39,669 and 205,843, respectively. In 1993, the Company restated its consolidated financial statements to reflect the sales of the general hospitals and its interest in a non-hospital subsidiary as discontinued operations.

Financial Restructuring

In its 1992 fiscal year, the Company completed a restructuring of its debt and equity capitalization (the "Restructuring") pursuant to a prepackaged plan of reorganization filed under Chapter 11 of the United States Bankruptcy Code (the "Plan"), which became effective on July 21, 1992. As a result of the Restructuring, the Company's long-term debt was reduced by approximately \$700 million and its redeemable preferred stock of \$233 million was eliminated. The holders of the debt and preferred stock that were reduced or eliminated received approximately 97% of the Company's common stock outstanding on July 21, 1992.

Psychiatric Hospital Operations

The Company's psychiatric hospitals in operation on September 30, 1995 are located in well-populated urban and suburban locations in 32 states and two foreign countries. Five of the Company's hospitals are affiliated with medical schools for residency and other post-graduate teaching programs.

Most of the Company's hospitals offer a full continuum of behavioral care in their service area. The continuum includes inpatient hospitalization,

partial hospitalization, intensive outpatient services and, in some markets, residential treatment services.

The Company's hospitals provide structured and intensive treatment programs for mental health and alcohol and drug dependency disorders in children, adolescents and adults. The specialization of programs enables the clinical staff to provide care that is specific to the patient's needs and facilitates monitoring the patient's progress. A typical treatment program of the Company integrates physicians and other patient-care professionals with structured activities, providing patients with testing, adjunctive therapies (occupational, recreational and other), group therapy, individual therapy and educational programs. A treatment program includes one or more of the types of treatment settings provided by the Company's continuum of care. For those patients who do not have a personal psychiatrist or other specialist, the hospital refers the patient to a member of its medical staff.

A significant portion of hospital admissions are provided by referrals from former patients, local marketplace advertising, managed care organizations and physician referrals. Professional relationships are an important aspect of the Company's ongoing business. Management believes the quality of the Company's treatment programs, staff employees and physical facilities are important factors in maintaining good professional relationships.

The Company's hospitals work closely with mental health professionals, non-psychiatric physicians, emergency rooms and community agencies that come in contact with individuals who may need treatment for mental illness or substance abuse. A portion of the Company's marketing efforts is directed at increasing general awareness of mental health and addictive disease and the services offered by the Company's hospitals.

Seasonality

The Company's business is seasonal in nature, with a reduced demand for certain services generally occurring in the first fiscal quarter around major holidays, such as Thanksgiving and Christmas, and during the summer months comprising the fourth fiscal quarter.

Related Businesses

As part of the Company's business strategy during the past three fiscal years, the Company (i) acquired a company that develops information systems relating to the financing and delivery of behavioral healthcare services, (ii) acquired a company that provides outpatient treatment for schizophrenia patients, and (iii) acquired a company that provides specialized health services in mentor homes. To date, the activities of these subsidiaries have not been material to the Company.

Hospital Properties

The following table provides information relating to the 102 hospitals operated by the Company as of September 30, 1995.

State/Country -----	Number of Hospitals -----	Number of Licensed Beds -----
Alabama	2	169
Alaska	1	74
Arizona	2	170
Arkansas	2	125
California	11	889
Colorado	1	72

England	2	123
Florida	10	833
Georgia	8	840
Illinois	2	215
Indiana	10	746
Kansas	2	160
Kentucky	3	256
Louisiana	3	259
Maryland	6	350
Massachusetts	2	215
Minnesota	1	40
Mississippi	1	111
Missouri	1	96
Nevada	1	84
New Hampshire	1	100
New Jersey	1	150
New Mexico	2	172
North Carolina	4	398
Ohio	1	38
Pennsylvania	2	265
South Carolina	3	260
South Dakota	1	60
Switzerland	1	69
Tennessee	1	204
Texas	8	662
Utah	1	212
Virginia	3	362
Wisconsin	2	160
	-----	-----
Total	102	8,939
	=====	=====

All of the Company's hospitals located in the United States have been accredited by the Joint Commission on Accreditation of Healthcare Organizations (the "Joint Commission"). The Joint Commission is a national commission which establishes standards relating to the physical plant, administration, quality of patient care, governing body and medical staffs of hospitals.

The Company operates 13 leased hospitals, including one 150-bed general hospital, not listed above, which is managed by an unaffiliated third party. The leases for such hospitals have terms expiring between 1996 and 2069. The leases for two hospitals contain options to purchase these hospitals for nominal consideration at the end of their respective lease terms.

Sixty-two of the Company's hospitals listed above are subject to mortgages. The stock of substantially all of the domestic subsidiaries of the Company has been pledged as collateral for the Company's secured bank financing.

The Company owns 16 medical office buildings and leases an additional 19 such buildings. Five of the Company's medical office buildings are subject to mortgages.

The Company leases office space for its outpatient centers. The leases generally have terms of less than five years.

Divestitures

During fiscal 1995, the Company sold the following facilities:

Location	Size/Type of Facility	Date
-----	-----	----
Chesapeake, VA	Outpatient psychiatric hospital	December 1994
Norfolk, VA	65-bed psychiatric hospital	December 1994

In addition, the Company leases, with options to purchase by the lessees, three facilities which it previously operated prior to fiscal 1991. The Company is also attempting to sell or lease 11 other previously operated hospitals and related medical office buildings and certain unimproved real estate.

Competition

Each of the Company's hospitals competes with other hospitals, some of which are larger and have greater financial resources. Some competing hospitals are owned and operated by governmental agencies, others by nonprofit organizations supported by endowments and charitable contributions and others by proprietary hospital corporations. The hospitals frequently draw patients from areas outside their immediate locale and, therefore, the Company's hospitals may, in certain markets, compete with both local and distant hospitals. In addition, the Company's hospitals compete not only with other psychiatric hospitals, but also with psychiatric units in general hospitals, and outpatient services provided by the Company may compete with private practicing mental health professionals. The competitive position of a hospital is, to a significant degree, dependent upon the number and quality of physicians who practice at the hospital and who are members of its medical staff. The Company has entered into joint venture arrangements with other healthcare providers in certain markets to promote more efficiency in the local delivery system.

In recent years, the competitive position of hospitals has been affected by the ability of such hospitals to obtain contracts with Preferred Provider Organizations ("PPO's"), Health Maintenance Organizations ("HMO's") and other managed care programs to provide inpatient and other services. Such contracts normally involve a discount from the hospital's established charges, but provide a base of patient referrals. These contracts also frequently provide for pre-admission certification and for concurrent length of stay reviews. The importance of obtaining contracts with HMO's, PPO's and other managed care companies varies from market to market, depending on the individual market strength of the managed care companies. The Company's acquisition of Green Spring creates opportunities to increase its revenues through managed care contracts utilizing the continuum of care described above, information systems that support care management and at-risk pricing mechanisms.

State certificate of need laws place limitations on the Company's and its competitors' ability to build new hospitals and to expand existing hospitals. Protection from new competition is reduced in those states where there is no certificate of need law. The Company operates 44 hospitals in 12 states (Arizona, Arkansas, California, Colorado, Indiana, Kansas, Louisiana, Nevada, New Mexico, South Dakota, Texas and Utah) which do not have certificate of need

laws applicable to hospitals. In most cases, these state laws do not restrict the ability of the Company or its competitors to offer new outpatient services.

Industry Trends

The Company's hospitals have been adversely affected by factors influencing the entire psychiatric hospital industry. Factors which affect the Company include (i) the imposition of more stringent length of stay and admission criteria by payors; (ii) the failure of reimbursement rate increases from certain payors that reimburse on a per diem or other discounted basis to offset increases in the cost of providing services; (iii) an increase in the percentage of its business that the Company derives from payors that reimburse on a per diem or other discounted basis; (iv) a trend toward higher deductible and co-insurance for individual patients; and (v) a trend toward limiting employee health benefits, such as reductions in annual and lifetime limits on mental health coverage. In response to these conditions, the Company has (i) strengthened controls to reduce costs and capital expenditures, (ii) reviewed its portfolio of hospitals and sold, closed or leased hospitals or consolidated operations in certain locations, (iii) developed strategies to increase outpatient services and partial hospitalization programs to meet the demands of the marketplace, and (iv) created a national, fully integrated behavioral

healthcare system upon acquiring Green Spring in December 1995, thereby improving the Company's ability to obtain contracts with large private and public payors.

Governmental Budgetary Constraints and Healthcare Reform

In the 1995 session of the United States Congress, the focus of healthcare legislation has been on budgetary and related funding mechanism issues. A number of reports, including the 1995 Annual Report of the Board of Trustees of the Federal Hospital Insurance Program (Medicare) have projected that the Medicare "trust fund" is likely to become insolvent by the year 2002 if the current growth rate of approximately 10% per annum in Medicare expenditures continues. Similarly, federal and state expenditures under the Medicaid program are projected to increase significantly during the same seven-year period. In response to these projected expenditure increases, and as part of an effort to balance the federal budget, both the Congress and the Clinton Administration have made proposals to reduce the rate of increase in projected Medicare and Medicaid expenditures and to change funding mechanisms and other aspects of both programs. Congress has passed legislation that would reduce projected expenditure increases substantially and would make significant changes in the Medicare and the Medicaid programs. The Clinton Administration has proposed alternate measures to reduce, to a lesser extent, projected increases in Medicare and Medicaid expenditures. As of the date of this filing, neither proposal has become law.

The Medicare legislation that has been adopted by Congress would, with some differences, reduce projected expenditure increases by a variety of means, including reduced payments to providers (including the Company), increased beneficiary premiums for physician and certain other services, and creation of incentives for Medicare beneficiaries to enroll in managed care plans or to accept Medicare coverage with a substantially increased deductible, with the savings being available to the beneficiaries to pay non-covered expenses. Changes in the Medicaid program would reduce the number and extent of federal mandates concerning how state Medicaid programs operate (including levels of benefits provided and levels of payments to providers) and would change the funding mechanism from a sharing formula between the federal government and a state to "block grant" funding. The Company cannot predict the effect of any such legislation, if adopted, on its operations; but the Company anticipates that, although overall Medicare and Medicaid funding may be reduced from projected levels, the changes in such programs may provide opportunities to the Company to obtain increased Medicare and Medicaid business through risk-sharing or partial risk-sharing contracts with managed care plans and state Medicaid programs.

Although the United States Congress, in 1995, has not considered healthcare reform proposals, the Company anticipates that numerous healthcare reform proposals will continue to be introduced in future sessions of Congress. The Company cannot predict whether any such proposal will be adopted or the effect on the Company of any proposal that does become law.