

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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934
 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>GREGOIRE DANIEL N</u> <hr/> (Last) (First) (Middle) <u>C/O MAGELLAN HEALTH SERVICES, INC.</u> <u>6950 COLUMBIA GATEWAY, STE. 400</u> <hr/> (Street) <u>COLUMBIA MD 21046</u> <hr/> (City) (State) (Zip)			2. Issuer Name and Ticker or Trading Symbol <u>MAGELLAN HEALTH SERVICES INC [</u> <u>MGLN]</u> <hr/> 3. Date of Earliest Transaction (Month/Day/Year) <u>01/24/2005</u> <hr/> 4. If Amendment, Date of Original Filed (Month/Day/Year)			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>General Counsel and Secretary</u> <hr/> 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person		
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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			

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 Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Stock Option (right to buy) ⁽¹⁾	\$36.16 ⁽²⁾	01/24/2005		D		50,000		⁽³⁾	01/05/2014	Ordinary Common Stock	50,000	\$0 ⁽⁴⁾	50,000	D	

Explanation of Responses:

- Granted pursuant to Mr. Gregoire's employment agreement dated as of January 17, 2005 and the Company's Management Incentive Plan.
- Equal to the closing price of the Company's Ordinary Common Stock on NASDAQ on January 24, 2005.
- Options vest, and become exercisable in 33% increments on January 24 of each of 2005, 2006 and 2007.
- The zero ("0") in this column is a "dummy" amount, solely for the purpose of permitting the use of the following explanation: No price was applicable to the acquisition of this security.

/s/ Daniel N. Gregoire 01/24/2005

** Signature of Reporting Person Date

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

* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.