

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
 Estimated average burden
 hours per response: 0.5

☐ 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*		2. Issuer Name and Ticker or Trading Symbol		5. Relationship of Reporting Person(s) to Issuer (Check all applicable)	
<u>ARTHUR MEGAN M</u>		<u>MAGELLAN HEALTH SERVICES INC [</u>		Director 10% Owner	
(Last) (First) (Middle)		<u>MGLN]</u>		X Officer (give title below) Other (specify below)	
<u>C/O MAGELLAN HEALTH SERVICES, INC.</u>		3. Date of Earliest Transaction (Month/Day/Year)		<u>Executive Vice President</u>	
<u>6950 COLUMBIA GATEWAY DR STE 400</u>		<u>01/05/2004</u>			
(Street)		4. If Amendment, Date of Original Filed (Month/Day/Year)		6. Individual or Joint/Group Filing (Check Applicable Line)	
<u>COLUMBIA, MD 21046</u>				X Form filed by One Reporting Person	
(City) (State) (Zip)				Form filed by More than One Reporting Person	

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			
Common Stock, \$0.25 par value	01/05/2004		D		1,042	D	(1)	0	D	
Ordinary Common Stock, \$0.01 par value	01/05/2004		A		3	A	(2)	3	D	

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)	\$12.39	01/05/2004		A			26,640		(3)	01/05/2014	Ordinary Common Stock	26,640	D
Warrants	\$30.2	01/05/2004		A			3		01/05/2004	01/05/2014	Ordinary Common Stock	3	D

Explanation of Responses:

- These shares were cancelled pursuant to the issuer's Chapter 11 plan of reorganization.
- These shares were received pursuant to the issuer's Chapter 11 plan of reorganization as a distribution in respect of shares of the issuer's Common Stock, \$0.25 par value, which were cancelled under the plan.
- The options shall vest, and become exercisable, as follows: 25 percent on January 5, 2006, 25% on January 5, 2007 and 50% on January 5, 2008.
- 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.
- These warrants were received pursuant to the issuer's Chapter 11 plan of reorganization as a distribution in respect of shares of the issuer's Common Stock, \$0.25 par value, which were cancelled under the plan.

/s/ Megan M. Arthur 01/09/2004

** 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.