

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

Washington, D.C. 20549

OMB APPROVAL

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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>DEMILIO MARK S</u> (Last) (First) (Middle) <u>C/O MAGELLAN HEALTH SERVICES, INC.</u> <u>6950 COLUMBIA GATEWAY DR STE 400</u> (Street) <u>COLUMBIA, MD 21046</u> (City) (State) (Zip)			2. Issuer Name and Ticker or Trading Symbol <u>MAGELLAN HEALTH SERVICES INC [</u> <u>MGLN]</u> 3. Date of Earliest Transaction (Month/Day/Year) <u>01/05/2004</u> 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>CFO</u> 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			
Common Stock, \$0.25 par value	01/05/2004		D		10,000	D	(1)	0	D	
Ordinary Common Stock, \$0.01 par value	01/05/2004		A		32	A	(2)	32	D	
Ordinary Common Stock, \$0.01 par value	01/05/2004		A		33,501	A	(3)	33,533	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)	\$11.94	01/05/2004		A		165,201		(4)	01/05/2014	Ordinary Common Stock	165,201	\$0 ⁽⁵⁾	165,201	D	
Stock Option (Right to Buy)	\$10.43	01/05/2004		A		247,802		(6)	01/05/2014	Ordinary Common Stock	247,802	\$0 ⁽⁵⁾	247,802	D	
Stock Option (Right to Buy)	\$11.94	01/05/2004		A		165,201		(7)	01/05/2014	Ordinary Common Stock	165,201	\$0 ⁽⁵⁾	165,201	D	
Warrants	\$30.2	01/05/2004		A		32		01/05/2004	01/05/2011	Ordinary Common Stock	32	\$0 ⁽⁸⁾	32	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.
- Grant of restricted stock.
- Options vest, and become exercisable in 33% increments on January 5 of each of 2005, 2006 and 2007. Further, options are exercisable only if market price of the common stock has increased from 1/5/04 through the determination date at a cumulative rate of 16% per annum, with daily compounding, over \$11.94 per share. The determination of whether these options are exercisable shall be determined on each trading day occurring on or after a vesting date and shall be based on the average closing prices of the common stock for each of the 20 consecutive trading days ending on each such determination date. In all events, the options fully vest and are exercisable on 1/5/11.
- 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.

6. Options vest, and become exercisable, in 33% increments on January 5 of each of 2005, 2006 and 2007. Further, options are exercisable only if the market price of the common stock has increased from 1/5/04 through the determination date at a cumulative rate of 10% per annum, with daily compounding, over \$11.94 per share. The determination of whether these options have become exercisable shall be determined on each trading day occurring on or after a vesting date and shall be based on the average closing prices of the common stock for each of the 20 consecutive trading days ending on each such determination date. In all events, options shall become fully vested and exercisable on 1/5/11.

7. Options vest, and become exercisable in 33% increments on January 5, of each of 2005, 2006 and 2007.

8. 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/ Mark S. Demilio

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.