

MAGELLAN HEALTH SERVICES INC  
 Form 4/A  
 June 15, 2005

**FORM 4**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**LERER RENE**

(Last) (First) (Middle)

C/O MAGELLAN HEALTH SERVICES, 6950 COLUMBIA GATEWAY DRIVE

(Street)

COLUMBIA, MD 21046

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**MAGELLAN HEALTH SERVICES INC [MGLN]**

3. Date of Earliest Transaction (Month/Day/Year)  
 01/05/2004

4. If Amendment, Date Original Filed(Month/Day/Year)  
 01/08/2004

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
 President and COO

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 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 Ownership (Instr. 4)
			(A) or (D)	Code V	Amount	Price	

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

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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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 Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (Right to Buy)	\$ 11.91 <sup>(1)</sup>	01/05/2004		A	247,802	<sup>(2)</sup> 01/05/2014	Ordinary Common Stock	247,802	
Stock Option (Right to Buy)	\$ 11.91 <sup>(1)</sup>	01/05/2004		A	247,802	<sup>(3)</sup> 01/05/2014	Ordinary Common Stock	247,802	

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LERER RENE C/O MAGELLAN HEALTH SERVICES 6950 COLUMBIA GATEWAY DRIVE COLUMBIA, MD 21046	X		President and COO	

## Signatures

/s/ Rene Lerer                      06/15/2005  
 \*\*Signature of                      Date  
 Reporting Person

## Explanation of Responses:

- \* 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).
- As approved by Magellan's Management Compensation Committee on March 26, 2004, the exercise price of this option was adjusted to \$11.91 (from \$11.94) in order to correct an arithmetic error made in the calculation of the applicable purchase price contemplated for options to be granted to Mr. Lerer in connection with the consummation of Magellan's plan of reorganization pursuant to Mr. Lerer's employment agreement with Magellan, which he and Magellan entered into on January 5, 2004 (as was further discussed in Magellan's Current Report on Form 8-K filed with the Commission on January 6, 2004 with regard to the consummation of the plan of reorganization).
- (1) Options vest in 33% increments on January 5 of each of 2005, 2006 and 2007. 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 \$11.91 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.
  - (2) Options vest in 33% increments on January 5, of each of 2005, 2006 and 2007.
  - (3)
  - (4)

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The zero ("0") in this column is a "dummy" amount, solely for the purpose of permitting the use of a descriptive footnote stating that the price is not applicable.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.