

MAGELLAN HEALTH SERVICES INC  
 Form 4  
 May 18, 2006

**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 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 \*  
 WEST JEFFREY N

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

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)  
 14100 MAGELLAN PLAZA  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 05/16/2006

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 SVP & Controller

MARYLAND  
 HEIGHTS, MO 63043

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

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 \_\_\_\_\_ Form filed by More than One Reporting Person

(City) (State) (Zip)

**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	(D)	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)**

1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction	5. Number of Derivative	6. Date Exercisable and Expiration Date	7. Title and Amount of Underlying Securities
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Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)	(Instr. 3 and 4)				
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (right to buy)	\$ 38.52	05/16/2006 <sup>(1)</sup>	A		13,000		<sup>(2)</sup>	02/24/2016	Common Stock	13,000
Restricted Stock Units	<sup>(4)</sup>	05/16/2006	A		1,600		<sup>(5)</sup>	<sup>(3)</sup>	Common Stock	1,600
Stock Option (right to buy)	\$ 40.21	05/16/2006	A		2,000		<sup>(6)</sup>	05/16/2016	Common Stock	2,000
Restricted Stock Units	<sup>(7)</sup>	05/16/2006	A		301		<sup>(8)</sup>	<sup>(3)</sup>	Common Stock	301

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WEST JEFFREY N 14100 MAGELLAN PLAZA MARYLAND HEIGHTS, MO 63043				SVP & Controller

## Signatures

/s/ Jeff West                      05/18/2006  
 \*\*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).
- (1) The option grant was approved by the Board of Directors of the Issuer on February 24, 2006, subject to shareholder approval of the 2006 Management Incentive Plan under which the options were granted. The shareholders of the Issuer approved the Plan on May 16, 2006. As per the Plan, the exercise price of the options was the fair market value on the date of grant determined by using the average of the opening and closing price of the Issuer's Ordinary Common Stock on NASDAQ on February 24, 2006.
- (2) Options vest and become exercisable in one-third increments on February 24, of each of 2007, 2008 and 2009.
- (3) Not applicable.

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- The restricted stock unit award was approved by the Board of Directors of the Issuer on February 24, 2006, subject to shareholder approval of the 2006 Management Incentive Plan under which the restricted stock units were granted. The shareholders of the Issuer approved the Plan on May 16, 2006. Each restricted stock unit represents a contingent right to receive one share of Magellan common stock.
- (4) Restricted Stock Units shall vest in one-third increments on February 24, of each of 2007, 2008 and 2009.
  - (5) Options vest and become exercisable in one-third increments on May 16, of each of 2007, 2008 and 2009.
  - (6) Grant of Restricted Stock Units.
  - (7) Restricted Stock Units shall vest in one-third increments on May 16 of each of 2007, 2008, and 2009.

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

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