

MAGELLAN HEALTH SERVICES INC

Form 4

May 18, 2006

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

OMB  
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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 \*  
**LERER RENE**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)

**55 NOD ROAD**

(Street)

**AVON, CT 06001**

(City) (State) (Zip)

3. Date of Earliest Transaction  
(Month/Day/Year)  
**05/16/2006**4. If Amendment, Date Original  
Filed(Month/Day/Year)☒ Director ☐ 10% Owner  
☒ Officer (give title below) ☐ Other (specify below)

President &amp; 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price

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

**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 control  
number.**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 Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount Number Shares
Stock Option (right to buy)	\$ 38.52	05/16/2006 <sup>(1)</sup>		A			132,531		<sup>(2)</sup>	02/24/2016	Common Stock	132,531
Restricted Stock Units	<sup>(4)</sup>	05/16/2006		A			16,869		<sup>(5)</sup>	<sup>(3)</sup>	Common Stock	16,869

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LERER RENE 55 NOD ROAD AVON, CT 06001	X		President & COO	

## Signatures

/s/ Rene Lerer                      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 5/16/06. 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, subject to satisfaction of certain performance requirements for certain of such options.
- (3) Not applicable.
- (4) 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.
- (5) Restricted Stock Units shall vest in one-third increments on February 24, of each of 2007, 2008 and 2009, subject to satisfaction of certain performance requirements.

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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