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MAGELLAN HOLDINGS LP  
Form SC 13D  
January 16, 2004

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 13D  
UNDER THE SECURITIES EXCHANGE ACT OF 1934

MAGELLAN HEALTH SERVICES, INC.  
(Name of Issuer)

ORDINARY COMMON SHARES  
(Title of Class of Securities)

CUSIP No. 559079207  
(CUSIP Number)

ONEX CORPORATION  
CANADA TRUST TOWER  
161 BAY STREET - 49TH FLOOR  
TORONTO, CANADA M5J 2S1 CANADA  
ATTENTION: EWOUT R. HEERSINK  
(416) 362-7711

(Name, Address and Telephone  
Number of Person Authorized  
to Receive Notices and  
Communications)

COPIES TO:

JOEL I. GREENBERG, ESQ.  
KAYE SCHOLER LLP  
425 PARK AVENUE  
NEW YORK, NEW YORK 10022  
(212) 836-8000

JANUARY 5, 2004

(Date of Event Which  
Requires Filing of This  
Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b) (3) or (4), check the following box [ ].

Note: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act

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but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13D

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CUSIP NO. 559079207  
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-----  
NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

1. Magellan Holdings LP

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ]  
(b) [ ]

2.

-----  
SEC USE ONLY

3.

-----  
SOURCE OF FUNDS\*

4.

WC

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) OR 2(e) [ ]

5.

-----  
CITIZENSHIP OR PLACE OF ORGANIZATION

6.

Delaware

7. SOLE VOTING POWER  
-0-

-----  
SHARED VOTING POWER

8. 8,332,726 shares of Ordinary Common Stock issuable upon conversion of shares of Multiple and Variable Vote Restricted Convertible Common Stock ("MV Common Stock") of the Issuer. See Row 13 below for a description of the voting power of such shares.

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON  
WITH

-----  
SOLE DISPOSITIVE POWER  
9. -0-

-----  
SHARED DISPOSITIVE POWER  
8,332,726 shares of Ordinary Common Stock issuable upon conversion of shares of MV Common Stock of the Issuer.  
10.

-----  
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
8,332,726 shares of Ordinary Common Stock issuable upon conversion of shares of MV Common Stock of the Issuer.  
11.

-----  
CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

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CERTAIN SHARES\*

[ ]

12.

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PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
 23.6% of the Issuer's shares of Ordinary Common Stock,  
 assuming conversion of all of the Reporting Person's  
 shares of MV Common Stock into Ordinary Common Stock  
 (assuming 26,982,854 shares of Ordinary Common Stock  
 outstanding). Such shares of MV Common Stock entitle the  
 Reporting Person to elect four (4) of nine (9)  
 members of the Issuer's Board of Directors (of the  
 remaining five (5) directors, two (2) are elected by  
 the MV Common Stock and Ordinary Common Stock voting  
 together and three (3) are elected by the Ordinary  
 Common Stock) and to 50% of the voting power of the MV  
 Common Stock and Ordinary Common Stock voting together as  
 a single class.

13.

-----  
TYPE OF REPORTING PERSON\*

14.

PN

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\*SEE INSTRUCTIONS BEFORE FILLING OUT  
 INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7  
 (INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

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SCHEDULE 13D

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CUSIP NO. 559079207  
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NAME OF REPORTING PERSON  
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

1.

Onex Partners LP

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CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ]  
 (b) [ ]

2.

-----  
SEC USE ONLY

3.

-----  
SOURCE OF FUNDS\*

4.

AF

-----

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
 PURSUANT TO ITEMS 2(d) OR 2(e) [ ]

5.

-----  
CITIZENSHIP OR PLACE OF ORGANIZATION

6.

Delaware

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7. SOLE VOTING POWER  
 -0-

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SHARED VOTING POWER

8,332,726 shares of Ordinary Common Stock issuable upon conversion of shares of MV Common Stock of the Issuer. See Row 13 below for a description of the voting power of such shares.

8. -----  
 NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

9. -----  
 SOLE DISPOSITIVE POWER  
 -0-

10. -----  
 SHARED DISPOSITIVE POWER  
 8,332,726 shares of Ordinary Common Stock issuable upon conversion of shares of MV Common Stock of the Issuer.

11. -----  
 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
 8,332,726 shares of Ordinary Common Stock issuable upon conversion of shares of MV Common Stock of the Issuer.

12. -----  
 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\* [ ]

13. -----  
 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
 23.6% of the Issuer's shares of Ordinary Common Stock, assuming conversion of all of the Reporting Person's shares of MV Common Stock into Ordinary Common Stock (assuming 26,982,854 shares of Ordinary Common Stock outstanding). Such shares of MV Common Stock entitle the Reporting Person to elect four (4) of nine (9) members of the Issuer's Board of Directors (of the remaining five (5) directors, two (2) are elected by the MV Common Stock and Ordinary Common Stock voting together and three (3) are elected by the Ordinary Common Stock) and to 50% of the voting power of the MV Common Stock and Ordinary Common Stock voting together as a single class.

14. -----  
 TYPE OF REPORTING PERSON\*  
 PN

-----  
 \*SEE INSTRUCTIONS BEFORE FILLING OUT  
 INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7  
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SCHEDULE 13D

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CUSIP NO. 559079207  
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PAGE 4 OF 29 PAGES  
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 NAME OF REPORTING PERSON  
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

1. -----  
 Onex Partners GP LP

-----  
 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ]

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(b) [ ]

2. -----  
 SEC USE ONLY

3. -----  
 SOURCE OF FUNDS\*

4. AF  
 -----  
 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
 PURSUANT TO ITEMS 2(d) OR 2(e) [ ]

5. -----  
 CITIZENSHIP OR PLACE OF ORGANIZATION

6. Delaware  
 -----

7. SOLE VOTING POWER  
 -0-  
 -----  
 SHARED VOTING POWER

8. 8,332,726 shares of Ordinary Common Stock issuable upon  
 conversion of shares of MV Common Stock of the Issuer.  
 See Row 13 below for a description of the voting power  
 of such shares.

NUMBER OF  
 SHARES  
 BENEFICIALLY  
 OWNED BY  
 EACH  
 REPORTING  
 PERSON  
 WITH

9. SOLE DISPOSITIVE POWER  
 -0-  
 -----  
 SHARED DISPOSITIVE POWER  
 8,332,726 shares of Ordinary Common Stock issuable  
 upon conversion of shares of MV Common Stock of the  
 10. Issuer.

11. -----  
 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING  
 PERSON  
 8,332,726 shares of Ordinary Common Stock issuable upon  
 conversion of shares of MV Common Stock of the Issuer.

12. -----  
 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES  
 CERTAIN SHARES\* [ ]

13. -----  
 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
 23.6% of the Issuer's shares of Ordinary Common Stock,  
 assuming conversion of all of the Reporting Person's  
 shares of MV Common Stock into Ordinary Common Stock  
 (assuming 26,982,854 shares of Ordinary Common Stock  
 outstanding). Such shares of MV Common Stock entitle the  
 Reporting Person to elect four (4) of nine (9)  
 members of the Issuer's Board of Directors (of the  
 remaining five (5) directors, two (2) are elected by  
 the MV Common Stock and Ordinary Common Stock voting  
 together and three (3) are elected by the Ordinary  
 Common Stock) and to 50% of the voting power of the MV  
 Common Stock and Ordinary Common Stock voting together as  
 a single class.

-----  
 TYPE OF REPORTING PERSON\*

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14. PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT
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CUSIP NO. 559079207

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NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

1. Onex Partners GP Inc.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ]
(b) [ ]

2.

SEC USE ONLY

3.

SOURCE OF FUNDS\*

4. AF

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e) [ ]

5.

CITIZENSHIP OR PLACE OF ORGANIZATION

6. Delaware

7. SOLE VOTING POWER
-0-

SHARED VOTING POWER

8,332,726 shares of Ordinary Common Stock issuable upon
conversion of shares of MV Common Stock of the Issuer.
See Row 13 below for a description of the voting power
of such shares.

8.

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

SOLE DISPOSITIVE POWER

9. -0-

SHARED DISPOSITIVE POWER

8,332,726 shares of Ordinary Common Stock issuable
upon conversion of shares of MV Common Stock of the
Issuer.

10.

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING
PERSON

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11. 8,332,726 shares of Ordinary Common Stock issuable upon conversion of shares of MV Common Stock of the Issuer.

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\* [ ]

12.

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 23.6% of the Issuer's shares of Ordinary Common Stock, assuming conversion of all of the Reporting Person's shares of MV Common Stock into Ordinary Common Stock (assuming 26,982,854 shares of Ordinary Common Stock outstanding). Such shares of MV Common Stock entitle the Reporting Person to elect four (4) of nine (9) members of the Issuer's Board of Directors (of the remaining five (5) directors, two (2) are elected by the MV Common Stock and Ordinary Common Stock voting together and three (3) are elected by the Ordinary Common Stock) and to 50% of the voting power of the MV Common Stock and Ordinary Common Stock voting together as a single class.

13.

TYPE OF REPORTING PERSON\*

14.

CO

\*SEE INSTRUCTIONS BEFORE FILLING OUT INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7 (INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

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SCHEDULE 13D

CUSIP NO. 559079207

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NAME OF REPORTING PERSON S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

1

Onex Corporation

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ] (b) [ ]

2

SEC USE ONLY

3

SOURCE OF FUNDS\*

4

AF

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) [ ]

5

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CITIZENSHIP OR PLACE OF ORGANIZATION

6

Ontario, Canada

7. SOLE VOTING POWER  
-0-

SHARED VOTING POWER

8. 8,332,726 shares of Ordinary Common Stock issuable upon conversion of shares of MV Common Stock of the Issuer. See Row 13 below for a description of the voting power of such shares.

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON  
WITH

9. SOLE DISPOSITIVE POWER  
-0-

10. SHARED DISPOSITIVE POWER  
8,332,726 shares of Ordinary Common Stock issuable upon conversion of shares of MV Common Stock of the Issuer.

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
8,332,726 shares of Ordinary Common Stock issuable upon conversion of shares of MV Common Stock of the Issuer.

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
23.6% of the Issuer's shares of Ordinary Common Stock, assuming conversion of all of the Reporting Person's shares of MV Common Stock into Ordinary Common Stock (assuming 26,982,854 shares of Ordinary Common Stock outstanding). Such shares of MV Common Stock entitle the Reporting Person to elect four (4) of nine (9) members of the Issuer's Board of Directors (of the remaining five (5) directors, two (2) are elected by the MV Common Stock and Ordinary Common Stock voting together and three (3) are elected by the Ordinary Common Stock) and to 50% of the voting power of the MV Common Stock and Ordinary Common Stock voting together as a single class.

14. TYPE OF REPORTING PERSON\*  
CO

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	NAME OF REPORTING PERSON
	S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
1.	Gerald W. Schwartz
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	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) [ ]
	(b) [ ]
2.	
-----	
	SEC USE ONLY
3.	
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	SOURCE OF FUNDS*
4.	AF
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	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
	PURSUANT TO ITEMS 2(d) OR 2(e) [ ]
5.	
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	CITIZENSHIP OR PLACE OF ORGANIZATION
6.	Canada
-----	
7.	SOLE VOTING POWER
	-0-
-----	
	SHARED VOTING POWER
	8,332,726 shares of Ordinary Common Stock issuable upon
	conversion of shares of MV Common Stock of the Issuer.
	See Row 13 below for a description of the voting power
8.	of such shares.
-----	
	NUMBER OF
	SHARES
	BENEFICIALLY
	OWNED BY EACH
	REPORTING
	PERSON
	WITH
	-----
	SOLE DISPOSITIVE POWER
9.	-0-
-----	
	SHARED DISPOSITIVE POWER
10.	
-----	
	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING
	PERSON
	8,332,726 shares of Ordinary Common Stock issuable upon
	conversion of shares of MV Common Stock of the Issuer.**
11.	
-----	
	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
	CERTAIN SHARES* [ ]
12.	
-----	
	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
	23.6% of the Issuer's shares of Ordinary Common Stock,
	assuming conversion of all of the Reporting Person's
	shares of MV Common Stock into Ordinary Common Stock
	(assuming 26,982,854 shares of Ordinary Common Stock
	outstanding). Such shares of MV Common Stock entitle the
	Reporting Person to elect four (4) of nine (9)
	members of the Issuer's Board of Directors (of the
	remaining five (5) directors, two (2) are elected by

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13. the MV Common Stock and Ordinary Common Stock voting together and three (3) are elected by the Ordinary Common Stock) and to 50% of the voting power of the MV Common Stock and Ordinary Common Stock voting together as a single class.

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TYPE OF REPORTING PERSON\*

14. IN

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\*SEE INSTRUCTIONS BEFORE FILLING OUT  
INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7  
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

\*\*Gerald W. Schwartz expressly disclaims beneficial ownership of the shares of Magellan Health Services, Inc. beneficially owned by Magellan Holdings LP, Onex Partners LP, Onex Partners GP LP, Onex Partners GP Inc. and Onex Corporation.

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Item 1. Security and Issuer.

The securities to which this Statement on Schedule 13D relates are the shares of Ordinary Common Stock , par value \$0.01 per share ("Ordinary Common Stock"), of Magellan Health Services, Inc., a Delaware corporation (the "Issuer"). The principal executive office of the Issuer is located at 6950 Columbia Gateway Drive, Suite 400, Columbia, Maryland 21046.

Item 2. Identity and Background.

(a), (b), (c) and (f). This Statement on Schedule 13D is being filed by Magellan Holdings LP, a Delaware limited partnership ("Holdings"), Onex Partners LP, a Delaware limited partnership ("Partners"), Onex Partners GP LP, a Delaware limited partnership ("Partners GP LP"), Onex Partners GP Inc., a Delaware corporation ("Partners GP"), Onex Corporation, an Ontario corporation ("Onex"), and Mr. Gerald W. Schwartz ("Mr. Schwartz").

Holdings

Holdings is a Delaware limited partnership. Holdings is a holding company through which the other Reporting Persons hold securities of the Issuer. The address of the principal business and principal offices of Holdings is c/o Onex Investment Corp., 712 Fifth Avenue, New York, NY 10019. The general partner of Holdings is Partners.

Partners

Partners is a Delaware limited partnership. Partners' principal business is investing in securities. The address of the principal business and principal offices of Partners is c/o Onex Investment Corp., 712 Fifth Avenue, New York, NY 10019. The general partner of Partners is Partners GP LP.

Partners GP LP

Partners GP LP is a Delaware limited partnership. Partners GP

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LP's principal business is being the general partner of Partners. The address of the principal business and principal offices of Partners GP LP is c/o Onex Investment Corp., 712 Fifth Avenue, New York, NY 10019. The general partner of Partners GP LP is Partners GP.

Partners GP

Partners GP is a Delaware corporation. Partners GP's principal business is being the general partner of Partners GP LP. The address of the principal business and principal offices of Partners GP is c/o Onex Investment Corp., 712 Fifth Avenue, New York, NY 10019. Information relating to the directors and executive officers of Partners GP is set forth on Schedule A hereto which is incorporated herein by reference.

Onex

Onex is an Ontario, Canada corporation. It is a diversified company that operates through autonomous subsidiaries, associated companies and strategic partnerships. The address of the principal business and principal offices of Onex is 161 Bay Street, P.O. Box 700, Toronto, Ontario, Canada M5J 2S1. Information relating to the directors and executive officers of Onex is set forth on Schedule B hereto which is incorporated herein by reference. Onex indirectly owns 100% of the equity of Partners GP.

Mr. Schwartz

The principal occupation of Mr. Schwartz is the Chairman of the Board, President and Chief Executive Officer of Onex. The business address of Mr. Schwartz is c/o Onex Corporation, 161 Bay Street, P.O. Box 700, Toronto, Ontario, M5J 2S1. Mr. Schwartz is a citizen of Canada. Mr. Schwartz is the indirect holder of all the issued and outstanding shares of Multiple Voting Shares of Onex, ownership of which entitles Mr. Schwartz to elect sixty percent (60%) of the members of Onex's Board of Directors.

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(d) and (e). No Reporting Person, nor to the best knowledge of each Reporting Person, any of the other persons identified in this Item 2 has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of which any such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Compensation.

Pursuant to a stock purchase agreement dated as of December 18, 2003, between the Issuer and Holdings (the "Stock Purchase Agreement"), Holdings purchased 8,415,580 shares of Multiple and Variable Vote Restricted Convertible Common Stock, par value \$0.01 per share ("MV Common Stock") of the Issuer, which is convertible at any time at the option of the holder into the same number of shares of Ordinary Common Stock, for an aggregate purchase price of \$100,572,185.50. The source of funds for such purchase was Holdings' working capital. The purchase was made in connection with the consummation of the Third Amended Joint Plan of Reorganization of the Issuer and certain of its subsidiaries under Chapter 11 of the United States Bankruptcy Code dated August 18, 2003, as amended (the "Plan of Reorganization"), and the Issuer's emergence from Chapter 11 proceedings.

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### Item 4. Purpose of Transaction.

Holdings acquired the MV Common Stock for investment purposes and to influence control of the Issuer. Pursuant to the Stock Purchase Agreement and the terms of the Plan of Reorganization, Holdings has committed to purchase up to an additional \$5,000,000.00 of shares of MV Common Stock at a price of \$9.78 per share, upon settlement of disputed claims of certain of the Issuer's creditors. In addition, Reporting Persons may from time to time acquire shares of Ordinary Common Stock in the open market or in privately negotiated transactions, subject to the availability of such shares at prices deemed favorable, the Issuer's business or financial condition and to other factors and conditions the Reporting Persons deem appropriate. In the event the Reporting Persons acquire shares of Ordinary Common Stock, such shares will automatically be converted into the same number of shares of MV Common Stock and will not entitle the Reporting Persons to additional voting rights. See Exhibit 4. Alternatively, the Reporting Persons may sell all or a portion of their shares of MV Common Stock, or shares of Ordinary Common Stock obtained upon conversion of such shares of MV Common Stock, in the open market or in privately negotiated transactions, subject to the rights referred to in Item 6. Holdings has registration rights with respect to the shares of Ordinary Common Stock underlying its shares of MV Common Stock. See Exhibit 5.

Holder of MV Common Stock are entitled to elect, and to remove and replace, four (4) out of nine (9) members of the board of directors of the Issuer ("Class 1 Directors"). The Reporting Persons are entitled to cast 100% of the votes in any election of, or any vote to remove or replace, Class 1 Directors. Holders of MV Common Stock and Ordinary Common Stock, voting together as a single class, are entitled to elect, and to remove and replace, an additional two (2) members of the Issuer's board of directors ("Class 2 Directors"). The Reporting Persons are entitled to cast 50% of the votes entitled to be cast in any election of, or any vote to remove or replace, Class 2 Directors. See Exhibit 4. The current Class 1 Directors are Steven J. Shulman, the chief executive officer of the Issuer; Robert Haft; Mark L. Hilson, a Managing Director of Onex; and Christopher A. Govan, the Managing Director Taxation of Onex. The current Class 2 Directors are Dr. Rene Lerer, the chief operating officer of the Issuer; and Robert M. Leblanc, a Managing Director of Onex Investment Corp., a subsidiary of Onex.

Except as set forth above in this Item 4, no Reporting Person has any present plans or proposals that relate to or would result in: (a) the acquisition by any person of additional securities of the Issuer, or the disposition of securities of the Issuer; (b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Issuer or any of its subsidiaries; (c) a sale or transfer of a material amount of assets of the Issuer or of any of its subsidiaries; (d) any change in the present board of directors or management of the Issuer, including any plans or proposals to change the number or term of such directors or to fill any existing vacancies on such board; (e) any material change in the present capitalization or dividend policy of the Issuer; (f) any other material change in the Issuer's business or corporate structure; (g) changes in the Issuer's charter, by-laws or instruments corresponding thereto or other actions that may impede the acquisition of control of the Issuer by any person; (h) causing a class of securities of the Issuer to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association; (i) a class of equity securities of the Issuer becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934; or (j) any action similar to any of those enumerated above.

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### Item 5. Interest in Securities of the Issuer.

(a) and (b). As of the date hereof, Holdings beneficially owns 8,332,726 shares of Ordinary Common Stock (which may be obtained at any time by conversion of shares of MV Common Stock held by Holdings), which constitute 23.6% of the Issuer's shares of Ordinary Common Stock (assuming 26,982,854 additional shares of Ordinary Common Stock outstanding). The shares of MV Common Stock beneficially owned by Holdings entitle Holdings to 50% of the voting power of the MV Common Stock and Ordinary Common Stock voting together as a single class and the power to vote for the election of directors of the Issuer as described in Item 4.

All of the shares beneficially owned by Holdings may be deemed as beneficially owned by each of Partners, Partners GP LP, Partners GP and Onex. As discussed above, such shares constitute 23.6% of the Issuer's shares of Ordinary Common Stock (assuming 26,982,854 additional shares of Ordinary Common Stock outstanding). The shares of MV Common Stock beneficially owned by such Reporting Persons entitle such Reporting Persons to 50% of the voting power of the MV Common Stock and Ordinary Common Stock voting together as a single class and the power to vote for the election of directors of the Issuer as described in Item 4. Mr. Schwartz may be deemed a beneficial owner of the shares of Ordinary Common Stock beneficially owned by the other Reporting Persons but disclaims beneficial ownership of such shares.

(c) On January 5, 2004, Holdings sold 82,854 shares of MV Common Stock, for a price of \$12.07 per share, in a private transaction. Except as described herein and in Item 3, no Reporting Person nor, to the best knowledge of each Reporting Person, any person identified in Item 2, has effected any transaction in shares of Ordinary Common Stock during the preceding 60 days.

(d) To the best knowledge of the Reporting Persons, no person other than the Reporting Persons has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, shares of Ordinary Common Stock or MV Common Stock, except that limited partners of the Reporting Persons may receive distributions including a portion of such dividends or proceeds.

(e) Not applicable.

### Item 6. Contracts, Arrangement, Understandings or Relationships with Respect to the Securities of the Issuer.

To the best of knowledge of the Reporting Persons, except as set forth herein or in the Exhibits filed herewith, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the persons named in Item 2 and between such persons and any person with respect to any securities of the Issuer, including, but not limited to, transfer or voting of any securities of the Issuer, finder's fees, joint ventures, loan or option agreements, puts or calls, guarantees of profits, division of profits or loss or the giving or withholding of proxies except as set forth in the other items hereof and the Exhibits, and except as follows:

The partnership agreement of Partners contains provisions whereby the partnership's general partner, Partners GP LP, will receive a certain percentage of net income, if any, derived from the partnership's investments.

In addition, pursuant to the Co-Investment Agreement dated as of January 5, 2004 among (i) R(2) Investments, LDC, Amalgamated Gadget, L.P. and Scepter Holdings, Inc. (collectively "R(2)") and (ii) Holdings, Onex and

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Partners (collectively the "Onex Group"), R(2) and the Onex Group agreed that neither party would commence any tender offer for shares of Ordinary Common Stock or securities convertible into or exchangeable or exercisable for, or which participate in dividends or distributions upon liquidation with, Ordinary Common Stock, unless whichever of the Onex Group or R(2) desires to commence a tender offer affords the other the opportunity to participate in such tender offer as a bidder in proportion to the relative proportion of shares of Ordinary Common Stock and MV Common Stock beneficially owned, or in which an economic interest is held, by the Onex Group and R(2), respectively. See Exhibit 2.

In addition, pursuant to the Issuer's amended and restated certificate of incorporation, until the earlier of January 5, 2007 and the first date on which the equity interest in the Issuer held by the Reporting Persons and their affiliates falls below certain specified levels, all holders of common stock of the Issuer have the right to participate in certain sales of MV Common Stock by the Reporting Persons and the Reporting Persons have the right to participate in certain sales of Ordinary Common Stock by certain other stockholders. See Exhibit 4.

Item 7. Material to Be Filed as Exhibits.

1. Joint Filing Agreement.

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2. Co-Investment Agreement, dated January 5, 2004, by and among R2 Investments, LDC, Amalgamated Gadget, L.P., Scepter Holdings, Inc., Magellan Holdings LP, Onex Corporation and Onex Partners LP.
3. Stock Purchase Agreement, dated as of December 18, 2003, between Magellan Health Services, Inc. and Magellan Holdings LP (incorporated by reference to Exhibit 2.4 to the Form 8-K/A filed with the Securities and Exchange Commission by the Issuer on January 7, 2004).
4. Amended and Restated Certificate of Incorporation of Magellan Health Services, Inc., as in effect on January 5, 2004 (incorporated by reference to Exhibit 2.9 to the Form 8-K filed with the Securities and Exchange Commission by the Issuer on January 6, 2004).
5. Registration Rights Agreement, dated as of January 5, 2004, among Magellan Health Services, Inc., Magellan Holdings LP and Aetna, Inc. (incorporated by reference to Exhibit 2.15 to the Form 8-K filed with the Securities and Exchange Commission by the Issuer on January 6, 2004).
6. Power of Attorney incorporated by reference to the Amendment to Form 4 for Dura Automotive Systems, Inc. filed with the Securities and Exchange Commission by Gerald W. Schwartz on September 10, 1996.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I hereby certify that the information set forth in this statement is true, complete and correct.

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Dated: January 15, 2004

MAGELLAN HOLDINGS LP

By: ONEX PARTNERS LP, its General Partner

By: ONEX PARTNERS GP LP, its General Partner

By: ONEX PARTNERS GP INC., its General Partner

By: /s/ Robert Le Blanc

-----  
Name: Robert Le Blanc  
Title: Vice President

ONEX PARTNERS LP

By: ONEX PARTNERS GP LP, its General Partner

By: ONEX PARTNERS GP INC., its General Partner

By: /s/ Robert Le Blanc

-----  
Name: Robert Le Blanc  
Title: Vice President

ONEX PARTNERS GP LP

By: ONEX PARTNERS GP INC., its General Partner

By: /s/ Robert Le Blanc

-----  
Name: Robert Le Blanc  
Title: Vice President

ONEX PARTNERS GP INC.

By: /s/ Robert Le Blanc

-----  
Name: Robert Le Blanc  
Title: Vice President

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ONEX CORPORATION

By: /s/ Donald Lewtas

-----  
Name: Donald Lewtas  
Title: Authorized Signatory

GERALD W. SCHWARTZ

By: /s/ Donald Lewtas

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Name: Donald Lewtas  
Title: Authorized Signatory for GERALD W. SCHWARTZ

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SCHEDULE A

Directors and Executive Officers of Onex Partners GP Inc. ("Partners GP")

The name, business address, present principal occupation of each director and executive officer of Partners GP are set forth below. All executive officers and directors listed on this Schedule B are United States citizens, except as specifically indicated below.

Name	Business Address	Present Principal Occupation or Employment
Eric Rosen	c/o Onex Investment Corp. 712 Fifth Avenue New York, NY 10019	President and Director; Managing Director of Onex Investment Corp.
Anthony Munk	c/o Onex Investment Corp. 712 Fifth Avenue New York, NY 10019	Vice President; Managing Director of Onex Investment Corp.
John Troiano	c/o Onex Investment Corp. 712 Fifth Avenue New York, NY 10019	Vice President; Managing Director of Onex Investment Corp.
Robert Le Blanc	c/o Onex Investment Corp. 712 Fifth Avenue New York, NY 10019	Vice President and Director; Managing Director of Onex Investment Corp.

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SCHEDULE B

Directors and Executive Officers of Onex Corporation ("Onex")

The name, business address, present principal occupation of each director and executive officer of Onex are set forth below. All executive officers and directors listed on this Schedule B are Canadian citizens, except as specifically indicated below.

Name	Business Address	Present Principal Occupation or Employment
Gerald W. Schwartz	161 Bay Street P.O. Box 700 Toronto, Ontario Canada M5J 2S1	Chairman of the Board, Officer and Director
Ewout R. Heersink (Netherlands Citizen)	161 Bay Street P.O. Box 700 Toronto, Ontario Canada M5J 2S1	Managing Director and Officer
Mark L. Hilson	161 Bay Street P.O. Box 700 Toronto, Ontario Canada M5J 2S1	Managing Director



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Donald W. Lewtas	161 Bay Street P.O. Box 700 Toronto, Ontario Canada M5J 2S1	Managing Director Finan
Anthony R. Melman	161 Bay Street P.O. Box 700 Toronto, Ontario Canada M5J 2S1	Managing Director
Seth M. Mersky (U.S. Citizen)	161 Bay Street P.O. Box 700 Toronto, Ontario Canada M5J 2S1	Managing Director
Andrew J. Sheiner	161 Bay Street P.O. Box 700 Toronto, Ontario Canada M5J 2S1	Managing Director
Nigel S. Wright	161 Bay Street P.O. Box 700 Toronto, Ontario Canada M5J 2S1	Managing Director

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Name	Business Address	Present Princip
John S. Elder, Q.C.	Fraser Milner Casgrain LLP 100 King Street West 42nd Floor - 1 First Canadian Place Toronto, Ontario Canada M5X 1B2	Secretary; Partner at F
Christopher A. Govan	161 Bay Street P.O. Box 700 Toronto, Ontario Canada M5J 2S1	Managing Director Taxat
Daniel C. Casey	Creson Corporation 16 Clarence Square Toronto, Ontario Canada M5V 1H1	Director; Chairman and Creson Corporation, an
Donald H. Gales	P.O. Box 31489SMB, Villa 639 Grand Cayman Island British West Indies	Director; Corporate Dir
Serge Gouin	Citigroup Global Markets Canada Inc. 630 Rene-Levesque Blvd. W. Suite 2450 Montreal Quebec H3B 1S6	Director; Vice-Chariman Canada Inc., an investm
Brian M. King	10 Sunset Trail Kenora, Ontario	Director; Corporate Dir

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	Canada P9N 4H9	
J. William E. Mingo, Q.C.	Stewart McKelvey Stirling Scales 1959 Upper Water St. 10th Floor Halifax, Nova Scotia Canada B3J 2X2	Director; Partner at St a law firm in Halifax,
J. Robert S. Prichard, O.C.	One Yonge Street Toronto, Ontario Canada M5E 1E6	Director; President and Operating Officer of To
R. Geoffrey P. Styles	8 York Ridge Rd. Willowdale, Ontario Canada M2P 1R7	Director; Corporate Dir
Arni C. Thorsteinson	Shelter Canadian Properties Limited 2600-7 Evergreen Place Winnipeg, Manitoba Canada R3L 2T3	Director; President of Limited
Heather M. Reisman	Indigo Books & Music Inc. 468 King St. W. Suite 500 Toronto, Ontario M5V 1L8	Director; President and Indigo Books & Music In

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### INDEX TO EXHIBITS

Exhibit		Page No. in Sequential Number System
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1.	Joint Filing Agreement.	
2.	Co-Investment Agreement, dated January 5, 2004, by and among R2 Investments, LDC, Amalgamated Gadget, L.P., Scepter Holdings, Inc., Magellan Holdings LP, Onex Corporation and Onex Partners LP.	
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Aetna, Inc. (incorporated by reference to Exhibit 2.15 to the Form 8-K filed with the Securities and Exchange Commission by the Issuer on January 6, 2004).

6. Power of Attorney incorporated by reference to the Amendment to Form 4 for Dura Automotive Systems, Inc. filed with the Securities and Exchange Commission by Gerald W. Schwartz on September 10, 1996.

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