

Edgar Filing: MAGELLAN HEALTH SERVICES INC - Form SC 13D

MAGELLAN HEALTH SERVICES INC  
Form SC 13D  
March 18, 2008

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

SCHEDULE 13D

UNDER THE SECURITIES EXCHANGE ACT OF 1934

Magellan Health Services Inc.

-----  
(Name of Issuer)

Common Stock, \$0.01 Par Value Per Share

-----  
(Title Class of Securities)

559079207

-----  
(CUSIP Number)

HealthCor Management, L.P.  
Carnegie Hall Tower  
152 West 57th Street, 47th Floor  
New York, New York 10019  
Attention: Mr. Steven J. Musumeci  
(212) 622-7888

With a Copy to:  
Marc Weingarten  
Schulte Roth & Zabel LLP  
919 Third Avenue  
New York, New York 10022  
(212) 756-2280

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

March 14, 2008

-----  
(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 that is the subject of this Schedule 13D, and is filing this schedule because of ss.240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. [X]

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1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION OF ABOVE PERSON  
HealthCor Management, L.P.  
20-2893581

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS  
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(D) OR 2(E)

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 2,750,000
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 2,750,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
2,750,000

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
6.83%

14 TYPE OF REPORTING PERSON  
PN

CUSIP NO. 559079207

13D

Page 3 of 16 Pages

1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION OF ABOVE PERSON  
HealthCor Associates, LLC  
20-2891849

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

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3 SEC USE ONLY

-----

4 SOURCE OF FUNDS\*  
AF

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5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(D) OR 2(E) [ ]

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6 CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

-----

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 2,750,000
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 2,750,000

-----

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
2,750,000

-----

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

-----

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
6.83%

-----

14 TYPE OF REPORTING PERSON  
OO- limited liability company

-----

CUSIP NO. 559079207

13D

Page 4 of 16 Pages

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1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION OF ABOVE PERSON  
HealthCor Offshore, Ltd.  
N/A

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2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a) [x]  
(b) [ ]

-----

3 SEC USE ONLY

-----

4 SOURCE OF FUNDS  
AF

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5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E) [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
Cayman Islands

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 1,850,122
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 1,850,122

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
1,850,122

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
4.59%

14 TYPE OF REPORTING PERSON  
OO-limited company

CUSIP NO. 559079207

13D

Page 5 of 16 Pages

1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION OF ABOVE PERSON  
HealthCor Hybrid Offshore, Ltd.  
N/A

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a) [x]  
(b) [ ]

3 SEC USE ONLY

4 SOURCE OF FUNDS  
AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E) [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
Cayman Islands

7 SOLE VOTING POWER

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NUMBER OF SHARES	0	
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER 387,267
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 387,267
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 387,267	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* [ ]	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) .96%	
14	TYPE OF REPORTING PERSON OO-limited company	

CUSIP NO. 559079207

13D

Page 6 of 16 Pages

1	NAME OF REPORTING PERSON S.S. OR I.R.S. IDENTIFICATION OF ABOVE PERSON HealthCor Group, LLC 51-0551771	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input checked="" type="checkbox"/> (b) [ ]	
3	SEC USE ONLY	
4	SOURCE OF FUNDS AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E) [ ]	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
NUMBER OF SHARES	7	SOLE VOTING POWER 0
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER 512,611
	9	SOLE DISPOSITIVE POWER 0

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10 SHARED DISPOSITIVE POWER  
512,611

-----

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
512,611

-----

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

-----

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
1.27%

-----

14 TYPE OF REPORTING PERSON  
OO-limited liability company

-----

CUSIP NO. 559079207

13D

Page 7 of 16 Pages

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1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION OF ABOVE PERSON  
HealthCor Capital, L.P.  
51-0551770

-----

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

-----

3 SEC USE ONLY

-----

4 SOURCE OF FUNDS  
AF

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5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(D) OR 2(E) [ ]

-----

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

-----

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 512,611
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 512,611

-----

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
512,611

-----

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

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SHARES\* [ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
1.27%

14 TYPE OF REPORTING PERSON  
PN

CUSIP NO. 559079207

13D

Page 8 of 16 Pages

1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION OF ABOVE PERSON  
HealthCor L.P.  
20-3240266

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS  
AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(D) OR 2(E) [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 512,611
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 512,611

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
512,611

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
1.27%

14 TYPE OF REPORTING PERSON  
PN

Edgar Filing: MAGELLAN HEALTH SERVICES INC - Form SC 13D

CUSIP NO. 559079207

13D

Page 9 of 16 Pages

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1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION OF ABOVE PERSON  
Arthur Cohen

-----

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

-----

3 SEC USE ONLY

-----

4 SOURCE OF FUNDS\*  
AF

-----

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(D) OR 2(E)

-----

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
United States

-----

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 2,750,000
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 2,750,000

-----

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
2,750,000

-----

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

-----

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
6.83%

-----

14 TYPE OF REPORTING PERSON  
IN

-----

CUSIP NO. 559079207

13D

Page 10 of 16 Pages



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1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION OF ABOVE PERSON  
Joseph Healey

---

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

---

3 SEC USE ONLY

---

4 SOURCE OF FUNDS\*  
AF

---

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(D) OR 2(E)

---

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
United States

---

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER 0
	8 SHARED VOTING POWER 2,750,000
	9 SOLE DISPOSITIVE POWER 0
	10 SHARED DISPOSITIVE POWER 2,750,000

---

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
2,750,000

---

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

---

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
6.83%

---

14 TYPE OF REPORTING PERSON  
IN

---

CUSIP NO. 559079207

13D

Page 11 of 16 Pages

ITEM 1. SECURITY AND ISSUER

This statement on Schedule 13D relates to the shares ("Shares") of common stock, \$0.01 par value, of Magellan Health Services Inc. (the "Issuer"), a Delaware corporation. The principal executive office of the Issuer is located at 55 Nod Road, Avon, Connecticut 06001.

ITEM 2. IDENTITY AND BACKGROUND

(a) - (c), (f) This statement is being filed by the following:

## Edgar Filing: MAGELLAN HEALTH SERVICES INC - Form SC 13D

- (i) HealthCor Management, L.P., a Delaware limited partnership, Carnegie Hall Tower, 152 West 57th Street, 47th Floor New York, New York 10019;
- (ii) HealthCor Associates, LLC, a Delaware limited liability company, Carnegie Hall Tower, 152 West 57th Street, 47th Floor New York, New York 10019;
- (iii) HealthCor Offshore, Ltd., a Cayman Islands limited company, Carnegie Hall Tower, 152 West 57th Street, 47th Floor New York, New York 10019;
- (iv) HealthCor Hybrid Offshore, Ltd., a Cayman Islands limited company, Carnegie Hall Tower, 152 West 57th Street, 47th Floor New York, New York 10019;
- (v) HealthCor Group, LLC, a Delaware limited liability company, Carnegie Hall Tower, 152 West 57th Street, 47th Floor New York, New York 10019;
- (vi) HealthCor Capital, L.P., a Delaware limited partnership, Carnegie Hall Tower, 152 West 57th Street, 47th Floor New York, New York 10019;
- (vii) HealthCor, L.P., a Delaware limited partnership, Carnegie Hall Tower, 152 West 57th Street, 47th Floor New York, New York 10019;
- (viii) Joseph Healey; Carnegie Hall Tower, 152 West 57th Street, 47th Floor New York, New York 10019; and
- (ix) Arthur Cohen, 12 South Main Street, #203 Norwalk, Connecticut 06854. Both Mr. Healey and Mr. Cohen are United States citizens.

HealthCor, L.P., HealthCor Offshore, Ltd. and HealthCor Hybrid Offshore, Ltd. (the "HealthCor Funds") are the three beneficial owners of the Common Stock. The investment manager of each of these funds is HealthCor Management, L.P. HealthCor Associates, LLC is the general partner of HealthCor Management, L.P. and Arthur Cohen and Joseph Healey are the managers of HealthCor Associates, LLC. The general partner of HealthCor, L.P. is HealthCor Capital, L.P. and the general partner of HealthCor Capital, L.P. is HealthCor Group, LLC.

Collectively, the foregoing entities and individuals will be referred to as "HEALTHCOR" or the "Reporting Persons". The principal business of HealthCor is the providing of investment advisory services to the HealthCor Funds. No officer or director of HealthCor other than Messrs. Healey and Cohen holds a controlling number of ownership shares or membership interests or has voting or investment power.

(d) - (e)

During the last five years, no member of HealthCor has been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), or (ii) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order

CUSIP NO. 559079207

13D

Page 12 of 16 Pages

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 CONSIDERATION

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The total amount HealthCor has paid for the 2,750,000 Shares reported herein is \$110,639,992.76. The Shares were paid for by cash provided by the HealthCor Funds that are managed by HealthCor Management, L.P. Such cash consists of capital contributions from investors in the HealthCor Funds and the capital appreciation thereon.

### ITEM 4. PURPOSE OF TRANSACTION

The Reporting Persons originally acquired Shares of for investment in the ordinary course of business because they believed that the Shares, when purchased, were undervalued and represented an attractive investment opportunity. The Reporting Persons were originally passive investors who reported their Common Stock ownership on a form Schedule 13G filed with the Securities and Exchange Commission (the "SEC") on August 6, 2008, as thereafter amended. Realizing that the Issuer was not maximizing shareholder value, the Reporting Persons sent the Issuer a letter on March 14, 2008, setting forth their strategy for improving such value, and thereby became obligated to file this Schedule 13D.

The letter sent by the Reporting Persons praised the Issuer's growth but noted as problematic the Issuer's previously-announced plan to diversify by using its high cash balances to make strategic acquisitions. The Reporting Persons noted the flaws in this strategy, citing the market's recent negative reaction to transactions considered to be "empire building" acquisitions. The Reporting Persons expressed their view that the best means of maximizing the Issuer's large accrued balances at this time is by paying the cash back to the shareholders, whether it be through a dividend or through some comparable means. A copy of the March 14, 2008 letter is attached as Exhibit 2 hereto and is incorporated by reference.

Except as set forth herein or as would occur upon completion of any of the actions discussed herein, including in any Exhibits hereto, the Reporting Persons have no present plan or proposal that would relate to or result in any of the matters set forth in subparagraphs (a)-(j) of Item 4 of Schedule 13D. The Reporting Persons intend to review their investment in the Issuer on a continuing basis and may engage in discussions with management, the board of directors, other shareholders of the Issuer and other relevant parties concerning the business, operations, management, strategy and future plans of the Issuer. Depending on various factors including, without limitation, the Issuer's financial position and strategic direction, the outcome of the discussions and actions referenced above, actions taken by the board of directors, price levels of the Shares, other investment opportunities available to the Reporting Persons, conditions in the securities market and general economic and industry conditions, the Reporting Persons may in the future take such actions with respect to their investment in the Issuer as they deem appropriate including, without limitation, purchasing additional Shares or selling some or all of their Shares, engaging in short selling of or any hedging or similar transactions with respect to the Shares and/or otherwise changing their intention with respect to any and all matters referred to in Item 4 of Schedule 13D.

### ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

(a) - (b) As of March 14, 2008, the Reporting Persons beneficially own in the aggregate 2,750,000 Shares which represents approximately 6.83% of the Issuer's Common Stock outstanding.

The aggregate percentage beneficially owned by the Reporting Persons is based upon 40,280,161 Shares of the Issuer issued and outstanding as of December 31, 2007, as reported in the Issuer's 10-K filed for the fiscal year ending December 31, 2007.

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The HealthCor Funds are the beneficial owners of the Shares of the Issuer. As the investment manager of each of these funds, HealthCor Management, L.P. may also be deemed to be the beneficial owner of the Shares.

CUSIP NO. 559079207

13D

Page 13 of 16 Pages

As the general partner of HealthCor, L.P., HealthCor Capital, L.P., and its general partner, HealthCor Group, LLC, may be deemed the beneficial owners of that portion of the Shares beneficially owned by HealthCor, L.P.

HealthCor Associates, LLC, the general partner of HealthCor Management, L.P., may also be deemed to be the beneficial owner of the Shares. The managers of HealthCor Associates, LLC, Arthur Cohen and Joseph Healey, have both voting and investment power with respect to the Shares reported herein, and therefore may also be deemed to be the beneficial owners of the Shares.

As a result of the foregoing, HealthCor comprises a "group" within the meaning of Section 13(d)(3) of the Exchange Act. The filing of this Statement and any future amendment by HealthCor, and the inclusion of information herein or therein with respect to HealthCor Associates, LLC, HealthCor, L.P., HealthCor Offshore, Ltd., HealthCor Hybrid Offshore, Ltd., HealthCor Capital, L.P., HealthCor Group, LLC, and Messrs. Cohen and Healey, shall not be considered an admission that any of such persons, for the purpose of Section 16(b) of the Exchange Act, are the beneficial owners of any Shares in which such persons do not have a pecuniary interest. HealthCor Associates, LLC, HealthCor, L.P., HealthCor Offshore, Ltd., HealthCor Hybrid Offshore, Ltd., HealthCor Capital, L.P., HealthCor Group, LLC and Messrs. Cohen and Healey disclaim any beneficial ownership of the Shares covered by this Schedule 13D.

(c) The following transactions in the Shares were effected by the Reporting Persons during the past 60 days, each of which was effected in open market transactions.

HealthCor, L.P.

Trade Date	Shares Purchased(Sold)	Price per Share
2/26/2008	6,923.00	43.27
2/26/2008	4,651.00	43.35
2/26/2008	22,328.00	43.37
2/26/2008	3,311.00	43.51
2/29/2008	9,303.00	43.52
3/3/2008	27,910.00	42.13
3/6/2008	19,025.00	40.81
3/7/2008	9,512.00	40.49
3/11/2008	9,512.00	38.61
3/13/2008	9,512.00	38.70

HealthCor Offshore, Ltd.

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Trade Date	Shares Purchased(Sold)	Price per Share
2/26/2008	25,067.00	43.27
2/26/2008	16,848.00	43.35

CUSIP NO. 559079207

13D

Page 14 of 16 Pages

2/26/2008	80,864.00	43.37
2/26/2008	11,994.00	43.51
2/29/2008	33,694.00	43.52
3/3/2008	101,080.00	42.13
3/6/2008	67,110.00	40.81
3/7/2008	33,556.00	40.49
3/11/2008	33,556.00	38.61
3/13/2008	33,556.00	38.70

HealthCor Hybrid Offshore, Ltd.

Trade Date	Shares Purchased(Sold)	Price per Share
2/26/2008	5,210.00	43.27
2/26/2008	3,501.00	43.35
2/26/2008	16,808.00	43.37
2/26/2008	2,495.00	43.51
2/29/2008	7,003.00	43.52
3/3/2008	21,010.00	42.13
3/6/2008	13,865.00	40.81
3/7/2008	6,932.00	40.49
3/11/2008	6,932.00	38.61
3/13/2008	6,932.00	38.70

(d) 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, such Shares .

(e) Not applicable.

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ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

To the best knowledge of HealthCor, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the Reporting Persons and between such persons, and any other person, with respect to any securities of the Issuer, including, but not limited to, transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, divisions of profits or loss, or the giving or withholding of proxies.

CUSIP NO. 559079207

13D

Page 15 of 16 Pages

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

Exhibit 1. Joint Filing Agreement, dated as of March 17, 2008 among HealthCor Management, L.P., HealthCor Associates, LLC, HealthCor, L.P., HealthCor Offshore, Ltd., HealthCor Hybrid Offshore, Ltd., HealthCor Capital, L.P., HealthCor Group, LLC, Joseph Healey and Arthur Cohen.

Exhibit 2. Letter from the Reporting Persons to the Issuer's Board of Directors, dated March 14, 2008

CUSIP NO. 559079207

13D

Page 16 of 16 Pages

SIGNATURE

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

Date: March 17, 2008

HEALTHCOR MANAGEMENT, L.P., FOR ITSELF  
AND AS MANAGER ON BEHALF OF (I) HEALTHCOR  
OFFSHORE, LTD. AND (II) HEALTHCOR HYBRID  
OFFSHORE, LTD.

HEALTHCOR ASSOCIATES, LLC

By: /s/ Steven J. Musumeci

By: HealthCor Associates, LLC, its general partner

Name: Steven J. Musumeci  
Title: Chief Operating Officer

By: /s/ Steven J. Musumeci

-----  
Name: Steven J. Musumeci  
Title: Chief Operating Officer

HEALTHCOR GROUP, LLC

By: /s/ Steven J. Musumeci

HEALTHCOR CAPITAL, L.P., FOR ITSELF AND  
AS GENERAL PARTNER ON BEHALF OF  
HEALTHCOR, L.P.

-----  
Name: Steven J. Musumeci  
Title: Chief Operating Officer

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By: HealthCor Group, LLC, its general partner /s/ Joseph Healey  
-----  
JOSEPH HEALEY, Individually

By: /s/ Steven J. Musumeci  
-----  
Name: Steven J. Musumeci /s/ Arthur Cohen  
Title: Chief Operating Officer -----  
ARTHUR COHEN, Individually

EXHIBIT INDEX

- Exhibit 1. Joint Filing Agreement, dated as of March 17, 2008 among HealthCor Management, L.P., HealthCor Associates, LLC, HealthCor, L.P., HealthCor Offshore, Ltd., HealthCor Hybrid Offshore, Ltd., HealthCor Capital, L.P., HealthCor Group, LLC, Joseph Healey and Arthur Cohen.
- Exhibit 2. Letter from the Reporting Persons to the Issuer's Board of Directors, dated March 14, 2008

Exhibit 1

AGREEMENT OF JOINT FILING

The undersigned acknowledge and agree that the foregoing statement on Schedule 13D is filed on behalf of each of the undersigned and that all subsequent amendments to this statement on Schedule 13D shall be filed on behalf of each of the undersigned without the necessity of filing additional joint acquisition statements. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning him or it contained therein, but shall not be responsible for the completeness and accuracy of the information concerning the others, except to the extent that he or it knows or has reason to believe that such information is inaccurate.

Date: March 17, 2008

HEALTHCOR MANAGEMENT, L.P., FOR ITSELF AND AS MANAGER ON BEHALF OF (I) HEALTHCOR OFFSHORE, LTD. AND (II) HEALTHCOR HYBRID OFFSHORE, LTD. HEALTHCOR ASSOCIATES, LLC

By: /s/ Steven J. Musumeci  
-----  
Name: Steven J. Musumeci  
Title: Chief Operating Officer

By: HealthCor Associates, LLC, its general partner

By: /s/ Steven J. Musumeci  
-----  
Name: Steven J. Musumeci  
Title: Chief Operating Officer

HEALTHCOR GROUP, LLC

By: /s/ Steven J. Musumeci  
-----

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HEALTHCOR CAPITAL, L.P., FOR ITSELF AND  
AS GENERAL PARTNER ON BEHALF OF  
HEALTHCOR, L.P.

Name: Steven J. Musumeci  
Title: Chief Operating Officer

By: HealthCor Group, LLC, its general  
partner

/s/ Joseph Healey

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JOSEPH HEALEY, Individually

By: /s/ Steven J. Musumeci

/s/ Arthur Cohen

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Title: Chief Operating Officer

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ARTHUR COHEN, Individually