

STOCKSLAGER MARK J
Form 4
November 18, 2008

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 *
STOCKSLAGER MARK J

2. Issuer Name and Ticker or Trading Symbol
SUNLINK HEALTH SYSTEMS INC [SSY]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
900 CIRCLE 75 PARKWAY STE.
1120

3. Date of Earliest Transaction (Month/Day/Year)
11/17/2008

___ Director ___ 10% Owner
X Officer (give title below) ___ Other (specify below)
CFO & Princ. Accounting Ofcr.

(Street)
ATLANTA, GA 30339

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

6. Individual or Joint/Group Filing(Check Applicable Line)
X 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
Employee Stock Option	\$ 9.63	11/17/2008	D				<u>(1)</u>	11/10/2015	Common Stock	7,536
Employee Stock Option	\$ 8	11/17/2008	D				<u>(2)</u>	09/23/2017	Common Stock	20,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
STOCKSLAGER MARK J 900 CIRCLE 75 PARKWAY STE. 1120 ATLANTA, GA 30339			CFO & Princ. Accounting Ofcr.	

Signatures

/s/M. Timothy Elder, pursuant to a power of attorney
11/18/2008

__Signature of Reporting Person Date

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) Exercisable in four equal installments of 1,884 shares on 11/11/2006, 11/11/2007, 11/11/2008 and 11/11/2009, respectively.
- (2) Exercisable in four equal installments of 5,000 shares on 9/24/2008, 9/24/2009, 9/24/2010, and 9/24/2011, respectively.
- (3) These options were cancelled by mutual agreement of the reporting person and SunLink Health Systems, Inc. The reporting person agreed to cancel these options for the right to participate in the 2009 Executive Bonus Plan (the "Plan"). Under the Plan, the reporting person may receive \$43,313, \$64,969, or \$86,625, if certain goals are achieved, based on discretionary criteria that revolve around the objective of increasing shareholder value.

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.