STOCKSLAGER MARK J

Form 4

November 18, 2008

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB APPROVAL OMB

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Check this box

Form 5 obligations may continue. See Instruction

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

1(b).

(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)

CFO & Princ. Accounting Ofcr.

(Last)

(First) (Middle) 3. Date of Earliest Transaction

(Month/Day/Year) 11/17/2008

Director 10% Owner Other (specify X_ Officer (give title

below) below)

900 CIRCLE 75 PARKWAY STE. 1120

(Street)

(State)

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

ATLANTA, GA 30339

(City)

(Instr. 3)

1. Title of 2. Transaction Date 2A. Deemed Security

(Month/Day/Year) Execution Date, if

(Month/Day/Year)

(Zip)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 3, 4 and 5) (Instr. 8)

5. Amount of Securities Beneficially Owned Following

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned 6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial Ownership (I) (Instr. 4) (Instr. 4)

> Reported Transaction(s) (Instr. 3 and 4)

Code V Amount (D) Price

(A)

or

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

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Conversion 3. Transaction Date 3A. Deemed

(Month/Day/Year) Execution Date, if

5. Number of TransactionDerivative

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	3)	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			7,536	<u>(1)</u>	11/10/2015	Common Stock	7,536
Employee Stock Option	\$ 8	11/17/2008		D		,	20,000	(2)	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.
- 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.

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