SUNLINK HEALTH SYSTEMS INC

Form 4

March 02, 2006

FORM 4

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

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Form 4 or Form 5 obligations may continue.

See Instruction

Check this box

if no longer

subject to

Section 16.

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 * **BAILEYS STEVEN J**

2. Issuer Name and Ticker or Trading

Issuer

Symbol

SUNLINK HEALTH SYSTEMS

(Check all applicable)

5. Relationship of Reporting Person(s) to

INC [SSY]

(Middle)

(Zip)

(Last) (First)

30691 HUNT CLUB DRIVE

3. Date of Earliest Transaction

X_ Director Officer (give title below)

10% Owner Other (specify

11/11/2005

(Month/Day/Year)

Filed(Month/Day/Year)

(Street)

4. If Amendment, Date Original

(Instr. 8)

Applicable Line)

X Form filed by One Reporting Person

6. Individual or Joint/Group Filing(Check

(Instr. 4)

Form filed by More than One Reporting Person

SAN JUAN

CAPISTRANO, CA 92675 (State) (City)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)

2. Transaction Date 2A. Deemed (Month/Day/Year)

Execution Date, if

(Month/Day/Year)

4. Securities TransactionAcquired (A) or Code Disposed of (D) 5. Amount of Securities Beneficially Owned

Following

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial Ownership (I)

(A)

Reported Transaction(s)

(Instr. 3 and 4)

Code V Amount (D) Price

(Instr. 3, 4 and 5)

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)

(Instr. 4)

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 Transaction of Derivative Expiration Date

5. Number

6. Date Exercisable and

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 (Month/Da Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		ear)	(Instr. 3 and	4)
				Code V	(A) (D) Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option	\$ 9.63	11/11/2005		A	5,500	11/11/2006	11/11/2015	Common Stock	5,500

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

BAILEYS STEVEN J
30691 HUNT CLUB DRIVE X
SAN JUAN CAPISTRANO, CA 92675

Signatures

/s/ M. Timothy Elder, Pursuant to a Power of Attorney 02/28/2006

**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).

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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