

SUNLINK HEALTH SYSTEMS INC
 Form 4
 October 10, 2007

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 *
 ALVIS HARRY R

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
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 09/24/2007

____ Director
 Officer (give title below)
 ____ 10% Owner
 ____ Other (specify below)
 Chief Operating Officer

ATLANTA, GA 30339

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

6. Individual or Joint/Group Filing(Check Applicable Line)
 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 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.

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)

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
Employee Stock Option ⁽¹⁾	\$ 8	09/24/2007	10/09/2007	A	40,000		⁽²⁾	09/23/2017	Common Stock	40,000

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

ALVIS HARRY R
900 CIRCLE 75 PARKWAY STE. 1120
ATLANTA, GA 30339

Chief Operating Officer

Signatures

/s/M. Timothy Elder, pursuant to a Power of Attorney

10/10/2007

 **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) Granted pursuant to the 2005 Equity Incentive Plan.
- (2) These options vest in four equal installments beginning 9/24/2008.
- (3) 56,250 exercisable at \$1.50; 7,000 exercisable at \$3.00; 20,000 exercisable at \$6.57; 17,500 exercisable at \$9.63; and 40,000 exercisable at \$8.00.

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.