

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

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported) March 15, 2006

UNIVERSAL HEALTH SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-10765
(Commission File Number)

23-2077891
(IRS Employer
Identification No.)

Universal Corporate Center
367 South Gulph Road
King of Prussia, Pennsylvania
(Address of principal executive offices)

19406
(Zip Code)

Registrant's telephone number, including area code: (610) 768-3300

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d- 2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e- 4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On March 15, 2006, the Compensation Committee (the "Committee") of the Board of Directors of Universal Health Services, Inc. (the "Company") approved the issuance of 200,000 restricted shares of the Company's Class B Common Stock to Alan B. Miller, the Company's Chief Executive Officer and Chairman of the Board, pursuant to the Company's Amended and Restated 2001 Employees' Restricted Stock Purchase Plan. Subject to the Company's attainment of a reported earnings per diluted share from continuing operations of \$2.60 or greater for 2006, 50% of the shares of restricted stock will vest on each of March 15, 2007 and March 15, 2008 if Mr. Miller remains employed by the Company through each applicable vesting date. In the event that Mr. Miller's employment with the Company is terminated by reason of disability, retirement or death, that portion of shares of restricted stock that would have otherwise vested within three months (or, in the case of death, twelve months) after the date of such termination will vest. Continuing operations shall mean the Company's net income before taxes as reported in its audited consolidated financial statements for the relevant fiscal year, adjusted to eliminate, with respect to such fiscal year write downs, significant litigation or claim judgments or settlements, the effect of changes in tax laws, accounting principles or other laws or provisions affecting reported Company results, extraordinary, unusual or non-recurring items, effects of financing activities, restructuring expenses, non-operating items, acquisition expenses, gains/losses from divestitures that would be reported as discontinued operations, expenses and insurance recoveries that are the direct result of a major casualty or natural disaster.

In addition, on March 15, 2006, the Committee approved the repurchase, at the original purchase price of \$.01 per share, of 200,000 shares of Class B restricted stock previously issued to Alan B. Miller on March 11, 2005 as a result of the Company's failure to achieve the 2005 earnings per share from continuing operations target required under the terms of the original grant of such restricted stock.

On March 15, 2006, the Committee certified the level of attainment of the 2005 performance goals under the Executive Incentive Plan and authorized the payment of an annual incentive bonus to Alan B. Miller, the Company's President and Chief Executive Officer, in the amount of \$549,000, in respect of the year ended December 31, 2005. Consistent with previous years, the amount of Mr. Miller's annual incentive bonus was determined as a percentage of his annual salary based on the achievement of corporate performance criteria, and equaled 46% of his annual base salary for 2005.

On March 15, 2006, the Committee certified the level of attainment of the 2005 performance goals under the Executive Incentive Plan and authorized the payment of an annual incentive bonus to Debra K. Osteen, the Company's Senior Vice President, in the amount of \$280,000, in respect of the year ended December 31, 2005. Consistent with previous years, the amount of Ms. Osteen's annual incentive bonus was determined as a percentage of her annual salary based on the achievement of divisional and corporate performance criteria, and equaled 81% of her annual base salary for 2005.

On March 15, 2006, the Committee certified the level of attainment of the 2005 performance goals under the Executive Incentive Plan and authorized the payment of an annual incentive bonus to Steve G. Filton, the Company's Senior Vice President and Chief Financial Officer, in the amount of \$114,000, in respect of the year ended December 31, 2005. Consistent with previous years, the amount of Mr. Filton's annual incentive bonus was determined as a percentage of his annual salary based on the achievement of corporate performance criteria, and equaled 31% of his annual base salary for 2005.

On March 15, 2006, the Committee certified the level of attainment of the 2005 performance goals under the Executive Incentive Plan and authorized the payment of an annual incentive bonus to Richard C. Wright, the Company's Vice President of Development, in the amount of \$46,000 in respect of the year ended December 31, 2005. Consistent with previous years, the amount of Mr. Wright's annual incentive bonus was determined as a percentage of his annual salary based on corporate and acquisition performance criteria and equaled 18% of his annual base salary for 2005.

On March 15, 2006, the Committee approved specific bonus formulae for the determination of annual incentive compensation for the Company's executive officers pursuant to the Executive Incentive Plan in respect of the year ending December 31, 2006. Under the formulae approved by the Committee, each of the Company's executive officers was assigned a percentage of such executive officer's 2006 base salary as a target bonus. The following table shows each executive officer's target bonus as a percentage of his or her base salary for 2006:

Name	Title	Target Award
Alan B. Miller	President, Chief Executive Officer & Chairman of the Board	75%
Steve G. Filton	Senior Vice President & Chief Financial Officer	50%
Kevin J. Gross	Senior Vice President	50%
Debra K. Osteen	Senior Vice President	50%
Richard C. Wright	Vice President Development	40%

Pursuant to the 2006 Executive Incentive Plan and the formulae approved by the Committee, each executive officer will be entitled to receive between 0% and 250% of that executive officer's target bonus based, either entirely or in part, on the Company's achievement of a combination of: (i) a specified range of target levels of earnings per share from continuing operations and (ii) a specified range of target levels of return on capital (net income divided by quarterly average net capital) for the year ending December 31, 2006. In addition, with respect to Mr. Gross, Ms. Osteen and Mr. Wright, 25% of their annual incentive bonus for 2006 will be determined using the corporate performance criteria described above and the remaining 75% will be determined using divisional performance criteria based on achievement of specified pre-tax income targets or, with respect to Mr. Wright, based on the achievement of specified operating income targets of designated acquired facilities. Continuing operations shall be subject to the adjustments set forth above in paragraph one.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

10.1 Universal Health Services, Inc. Restricted Stock Purchase Agreement dated as of March 15, 2006, by and between Universal Health Services, Inc and Alan B. Miller.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UNIVERSAL HEALTH SERVICES, INC.

Date: March 15, 2006

By: /s/ ALAN B. MILLER

Name: Alan B. Miller

Title: President and Chief Executive Officer

By: /s/ STEVE FILTON

Name: Steve Filton

Title: Senior Vice President and
Chief Financial Officer

UNIVERSAL HEALTH SERVICES, INC.
RESTRICTED STOCK PURCHASE AGREEMENT

This Agreement is made as of March 15, 2006, by and between Universal Health Services, Inc., a Delaware Corporation, having its principal place of business at 367 South Gulph Road, P.O. Box 61558, King of Prussia, Pennsylvania 19406-0958 (the "Company"), and Alan B. Miller (the "Purchaser").

W I T N E S S E T H:

WHEREAS, pursuant to the Company's 2001 Employees' Restricted Stock Purchase Plan, as amended (the "Plan"), the Company desires to issue and sell to Purchaser, and Purchaser desires to purchase, shares of the Company's Class B Common Stock, par value \$.01 per share (the "Common Stock"), upon the terms and conditions set forth in this Agreement and the Plan.

NOW, THEREFORE, the parties hereto agree as follows:

1. SALE OF SHARES. The Company hereby issues and sells to Purchaser, and Purchaser hereby purchases from the Company, 200,000 shares of Common Stock (the "Shares"), at a price of \$.01 per share, for an aggregate purchase price of \$2,000.00, which amount shall be paid by Purchaser to the Company by cash or check simultaneous with his execution and delivery of this Agreement.

2. REPURCHASE RIGHTS. The Shares shall be subject to rights of repurchase by the Company in the manner set forth in this Paragraph:

2.1 2006 EARNINGS TARGET. If the Company's reported earnings per diluted share from "continuing operations" (as defined below) is less than \$2.60 for the 2006 fiscal year (the "2006 Earnings Target"), the Company shall have the right to repurchase the Shares from Purchaser at a price of \$.01 per share. As soon as practicable following 2006 (but in no event later than March 1, 2007) and as condition to the lapse of any of the Company's repurchase rights hereunder with respect to the Shares, the Compensation Committee (the "Committee") of the Company's Board of Directors shall certify in writing whether or not the 2006 Earnings Target has been satisfied in accordance with Treas. Reg. Section 1.162-27(e)(5). For purposes hereof, "continuing operations" shall mean the Company's net income before taxes as reported in its audited consolidated financial statements for the 2006 fiscal year, adjusted to eliminate, with respect to such fiscal year, (a) write downs, (b) significant litigation or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles or other laws or provisions affecting reported Company results, (d) extraordinary, unusual or non-recurring items, (e) effects of financing activities, restructuring expenses, non-operating items and acquisition expenses, (f) gains/losses from divestitures that would be reported as discontinued operations, and (g) expenses and insurance recoveries that are the direct result of a major casualty or natural disaster.

2.2 **TERMINATION OF EMPLOYMENT.** If at any time prior to March 16, 2008, Purchaser's employment with the Company shall terminate for any reason other than disability, retirement with the consent of the Committee or death, the Company shall have the right to repurchase from Purchaser, at a price of \$.01 per share, the portion of the Shares, if any, that shall not have been repurchased by the Company pursuant to Paragraph 2.1 above set forth in the following table:

<u>Termination Date</u>	<u>Portion of Shares Subject to Right of Repurchase</u>
Prior to March 15, 2007	100%
March 16, 2007 until March 15, 2008	50%
On or after March 16, 2008	None

2.3 DISABILITY OR RETIREMENT. If, at any time prior to March 16, 2008, Purchaser's employment with the Company shall terminate either by reason of disability (as determined by the Committee in its sole discretion) or retirement with the consent of the Committee, the Company shall have the repurchase right set forth in Paragraph 2.2 above, except that for purposes of determining the portion of the Shares subject to repurchase, Purchaser's employment shall be deemed to terminate as of three (3) months after the date of such disability or retirement.

2.4 DEATH. In the event that Purchaser dies prior to March 16, 2008, while still employed by the Company, the Company shall have the repurchase right set forth in Paragraph 2.2 above, except that for purposes of determining the portion of the Shares subject to repurchase, Purchaser's employment shall be deemed to terminate as of twelve (12) months after the date of death.

2.5 METHOD OF REPURCHASE. Within thirty (30) days after the occurrence of any of the events set forth in Paragraphs 2.1 through 2.4 above (which, for purposes of Paragraph 2.1 shall be the date of the Committee's certification as to whether the applicable 2005 target has been satisfied), the Company shall notify Purchaser (or, in the case of Purchaser's death, his personal representative) in the manner set forth in Paragraph 12, of the number of Shares it wishes to repurchase. Within thirty (30) days after the giving of such notice by the Company, Purchaser (or his personal representative) shall deliver to the Company any certificates evidencing such number of Shares, and upon such delivery the Company shall deliver to Purchaser (or his personal representative) cash or a check in an amount equal to the aggregate cash price paid by Purchaser upon the purchase of such number of Shares from the Company. Any Shares with respect to which the Company does not timely exercise its rights of repurchase shall cease to be subject to such rights.

3. NONTRANSFERABILITY. Purchaser shall not sell, assign, transfer, dispose of, pledge or otherwise hypothecate any Shares that are subject to the Company's rights of repurchase pursuant to Paragraph 2 above. Any attempt to do any of the foregoing will cause the immediate forfeiture of such Shares.

4. RIGHT OF COMPANY TO TERMINATE EMPLOYMENT. Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company to terminate Purchaser's employment for any reason, with or without cause.

5. PAYMENT OF TAXES. In the event Purchaser does not make an election with respect to the Shares pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the

“Code”), the Company shall require, at the time at which the Company’s rights of repurchase lapse with respect to a portion of the Shares, a payment by Purchaser equal to the applicable withholding taxes imposed on the difference between the purchase price of such Shares and the fair market value of such Shares at such time, minus the portion of such taxes, if any, that the Company withholds from Purchaser’s wages. In the event Purchaser elects, in accordance with Section 83(b) of the Code, to recognize ordinary income on the transfer of the Shares in the year the Shares are purchased, the Company shall require, at the time of such election, an additional payment equal to the applicable withholding taxes imposed on the difference between the purchase price of such Shares and the fair market value of such Shares on the date of purchase, minus the portion of such taxes, if any, that the Company withholds from Purchaser’s wages. Participant may satisfy the withholding obligation described under this Paragraph 5 by tendering previously-owned shares of Common Stock having a value equal to the amount of tax to be withheld.

6. CASH DIVIDENDS. Purchaser shall be entitled to receive any cash dividends that are declared and payable with respect to the Shares, subject to applicable income and employment tax withholding requirements.

7. LEGENDS. Any stock certificate(s) issued with respect to the Shares shall contain a legend indicating that the Shares are subject to the transfer restrictions and Company repurchase rights contained herein. The legend will be removed if and when the Shares are no longer subject to such transfer restrictions and repurchase rights.

8. COMPLIANCE WITH LAW. The delivery of any certificate representing the Shares may be postponed by the Company for such period as may be required for it to comply with any applicable federal or state securities law, or any national securities exchange listing requirements and the Company is not obligated to issue or deliver any securities if, in the opinion of counsel for the Company, the issuance of such securities shall constitute a violation by Purchaser or the Company of any provisions of any law or of any regulations of any governmental authority or any national securities exchange.

9. STOCK CERTIFICATES. Promptly after the date of this Agreement, the Company shall issue one or more stock certificate(s) representing the Shares unless it elects to recognize such issuance through book entry or another similar method. The stock certificate(s) shall be registered in Purchaser’s name and shall bear any legend required under the Plan, this Agreement or applicable law. Such stock certificate(s) shall be held in custody by the Company (or its designated agent) until the restrictions thereon shall have lapsed. Upon the Company’s request, Purchaser shall deliver to the Company a duly signed stock power, endorsed in blank, relating to the Shares. The Company is hereby appointed the attorney-in-fact, with full power of substitution, of Purchaser for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments which such attorney-in-fact may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest.

10. ENFORCEABILITY. This Agreement shall bind and benefit Purchaser and his heirs, legal representatives and assigns, and the Company, its legal representatives, successors and assigns, and shall be governed by the laws of the State of Delaware.

11. INCORPORATION OF PLAN. Notwithstanding the terms and conditions herein, any purchase of Shares pursuant to this Agreement shall be subject to and governed by all the terms and conditions of the Plan. A copy of the Plan has been delivered to Purchaser and is hereby incorporated by reference. In the event of any discrepancy or inconsistency between this Agreement and the Plan, the terms of the Plan shall govern.

12. NOTICES. All notices and other communications required or permitted to be given under this agreement shall be in writing and shall be deemed to have been duly given upon personal delivery or deposit in a United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to the other party at the address shown above, or at such other address as such party shall designate by notice to the other party given as provided in this Paragraph 12.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

UNIVERSAL HEALTH SERVICES, INC.

/s/ Steve Filton

Steve Filton
Senior Vice President &
Chief Financial Officer

/s/ Alan B. Miller

Alan B. Miller