August 18, 2010

The Honorable Troy A. Paredes  
Commissioner  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

RE: Proxy Access Proposed Regulations

Dear Commissioner Paredes:

I am the Chairman and Chief Executive Officer of Universal Health Services, Inc. (UHS) based in King of Prussia, Pennsylvania. UHS is one of the country’s largest healthcare management companies operating acute care hospitals, behavioral facilities and ambulatory centers nationwide and Puerto Rico. Our shares are publicly traded on the New York Stock Exchange.

I am writing this letter to address my concerns over the SEC’s proxy access regulations. Many in the business community oppose the concept of proxy access as it is contrary to the interests of the long term shareholders. It is my belief that the proxy access rule will only exacerbate the short term focus on earnings that is widely considered to be the contributing factor to our current financial crisis. The prospect of frequent election contests could serve to emphasize the importance of the short term stock price rather than the creation of long shareholder value. In addition, the increased number of proxy contests that may result from new federal proxy access rule will create significant costs to companies and distract management and board attention from the creation of long term shareholder value. Further, it could well discourage the kind of well qualified people who we want to serve as corporate directors who generally abhor publicity and negative press.

I am aware and understand that you have announced that the SEC is expected to issue regulations providing for shareholder proxy access. We would ask that such a regulation must create a workable process that serves the interest of mainstream investors, and not just special interests with ulterior motives and purposes. As such, I would urge the commission to adopt a 5% ownership threshold and a 2-year net long holding requirement. Establishing the currently proposed 3% ownership threshold would only allow special interest groups to aggregate their shares to pursue their own narrow agendas, rather than the creation of long term shareholder value. At Universal Health Services, Inc., a 5% threshold would assure that a mainstream investor, such as a mutual fund, is a part of the shareholder group nominating a director. Critics of the 5% threshold ignore the concentration of ownership of the larger companies in the United States. Only shareholders who have a long term economic interest in the company should be able to nominate directors under the proxy access process. In this regard, shareholders should not be allowed to cheaply borrow shares to meet a low, eligibility threshold to nominate
candidates for their own purposes. The commission has articulated that one of the principles behind proxy access is that shareholders should be allowed to "meaningfully exercise their rights to vote for and nominate directors of companies in which they invest." It would undermine this principal to allow persons who do not have a genuine economic investment in the company to hijack the nomination process.

I thank you for your consideration in this matter and hope that you will adopt the recommendations which I have set forth above.

Sincerely,

[Signature]

AM/hml

Universal Health Services, Inc.