

**Event Notice**  
**Dated March 26, 2008**

**Issuer/Obligated Person:**       **Sisters of Mercy Health System (the “Corporation”)**

**Issue to which this**

**Event Notice relates:**       \$108,900,000 outstanding aggregate principal amount of Health and Educational Facilities Authority of the State of Missouri, Health Facilities Revenue Bonds (Sisters of Mercy Health System), Series 2004A, B, C (Short-Term Adjustable Rate Securities (STARS<sup>SM</sup>)) (the “Bonds”)

**CUSIP Numbers:**               **Series 2004A: 60635R K71**  
  **Series 2004B: 60635R K89**  
  **Series 2004C: 60635R K97**

**Events Reported:**               **Intent of Corporation to Bid for Auction Rate Bonds**  
  **Amendment of Auction Agreement**

**Auction Rate Securities**

In April 2004, the Bonds were issued as Auction Rate Bonds, and since that date have borne interest at Auction Rates for each Auction Period, all determined in accordance with the bond indenture governing each Series of Bonds. The Auction Period for the Series 2004A Bonds is a 7-day period. The Auction Period for the Series 2004B Bonds is a 7-day period. The Auction Period for the Series 2004C Bonds is a 7-day period. The Bonds were offered as Auction Rate Bonds pursuant to an Official Statement dated April 16, 2004 (the “Official Statement”). The Corporation will provide a paper or electronic copy of the Official Statement, at no cost, to any person upon request submitted to the contact person listed at the end of this Event Notice.

**Corporation to Bid for Series 2004A, 2004B and 2004C Auction Rate Securities**

Commencing with the auction for the Series 2004C Bonds on March 28, 2008, for the Series 2004A Bonds on April 2, 2008, for the Series 2004B Bonds on April 3, 2008, or as soon thereafter as practicable, the Corporation intends to submit bids for all outstanding Bonds of each Series. The Corporation will follow the following procedures relating to the bids to be submitted by the Corporation with respect to each Series of Bonds. The ability of the Corporation to submit bids for each Series of Bonds is subject to the Corporation obtaining an amendment to the Auction Agreement relating to the Bonds. The Corporation expects to obtain the amendment to the Auction Agreement by the close of business on Thursday, March 27, 2008. When the Corporation is permitted to bid on its Bonds, it will:

- (i)       submit a bid for 100% of the outstanding Bonds of that Series;
  
- (ii)      submit a bid to purchase the Bonds based on (until further notice) the SIFMA municipal swap index plus a spread of 0.50%;

- (iii) purchase any Bonds allocated to the Corporation in that auction with funds of the Corporation or one of its affiliated entities, including funds available under existing or future credit facilities; and
- (iv) purchase any Bonds from any beneficial owner thereof immediately after each auction, as described below under “Purchase of Bonds after Auction Date.”

The Corporation is prepared to use its cash resources and available borrowing capacity under short-term credit facilities to purchase the Bonds.

### **Corporation Bidding in Future Auctions**

Until further notice given by the Corporation to the Nationally Recognized Municipal Securities Information Repositories, the Corporation intends to bid in all future auctions for each Series of Bonds in accordance with the procedures described above, and will purchase any Bonds from any beneficial owners after each auction, as described above.

### **Purchase of Bonds after Auction Dates**

The Corporation also will promptly purchase from any beneficial owner of any Bonds held by that beneficial owner after the auction dates specified above, or at any other time, at a purchase price equal to par plus accrued and unpaid interest thereon. If any beneficial owner of Bonds is unable to sell his, her or its Bonds in the auction for each Series of Bonds specified above, or would like to sell his, her or its Bonds after the auction results for the three auctions are specified, or at any other time, the beneficial owner should contact its broker or the contact person for the Corporation listed at the end of this Event Notice.

### **Most Recent Auction Results**

The following tables reflect the most recent auction experience for the Series 2004A Bonds on March 19, 2008, the Series 2004B Bonds on March 20, 2008, and the Series 2004C Bonds on March 20, 2008. The Maximum Rate on the Bonds, while in the Auction Rate mode, is 12% per annum.

The auction results for each week, commencing with the week of March 24, will be reported by the Corporation in an event notice submitted on later than Monday of the following week. Accordingly, the auction results for the Series 2004A Bonds on March 26, for the Series 2004B Bonds on March 27, and for the Series 2004C Bonds on March 28, 2008, will be reported by the Corporation in an event notice submitted on Monday, March 31, 2008

#### **Series 2004A Bonds - March 19, 2008 Auction Results**

Amount of Bonds Available for Sale in the Auction	\$8,925,000
Number of Bids Received	15
Amount of Bids Received	\$28,275,000
Number of Bids Received other than from Issuer, the Corporation or Brokers	0
Amount of Bids Received other than from Issuer, the Corporation or Brokers	\$0
Number of Bids by Brokers in the Auction	15

Amount of Bids by Brokers in the Auction	\$28,275,000
Interest Rate Bid by Brokers in the Auction	See schedule below
Number of Bids by the Corporation in the Auction	0
Amount of Bids by the Corporation in the Auction	\$0
Interest Rate Bid by the Corporation in the Auction	NA
Clearing Rate	10.000%
Low Bid	1.040%
High Bid	12.000%
Median Bid	5.750%

**Additional Bidding Information - Series 2004A Bonds:**

<b>Broker Name</b>	<b>Bid Rate (%)</b>	<b>E/P*</b>	<b>Principal Amount Bid</b>
Bear Stearns & Co., Inc.	1.040	P	\$25,000
Wachovia Securities, LLC	1.500	P	\$100,000
Wachovia Securities, LLC	3.800	P	\$25,000
Wachovia Securities, LLC	4.000	E	\$50,000
Wachovia Securities, LLC	4.250	P	\$25,000
Bear Stearns & Co., Inc.	5.000	P	\$150,000
Bear Stearns & Co., Inc.	5.750	P	\$325,000
Bear Stearns & Co., Inc.	5.750	P	\$50,000
Bear Stearns & Co., Inc.	6.500	E	\$2,500,000
Wachovia Securities, LLC	7.000	E	\$25,000
Bear Stearns & Co., Inc.	7.150	E	\$4,900,000
Bear Stearns & Co., Inc.	9.200	E	\$100,000
Bear Stearns & Co., Inc.	10.000	P	\$5,000,000
Bear Stearns & Co., Inc.	11.000	P	\$5,000,000
Bear Stearns & Co., Inc.	12.000	P	\$10,000,000

\* Existing or Potential

**Series 2004B Bonds - March 20, 2008 Auction Results**

Amount of Bonds Available for Sale in the Auction	\$8,225,000
Number of Bids Received	5
Amount of Bids Received	\$37,975,000
Number of Bids Received other than from Issuer, the Corporation or Brokers	0
Amount of Bids Received other than from Issuer, the Corporation or Brokers	\$0
Number of Bids by Brokers in the Auction	5
Amount of Bids by Brokers in the Auction	\$37,975,000
Interest Rate Bid by Brokers in the Auction	See schedule below
Number of Bids by the Corporation in the Auction	0
Amount of Bids by the Corporation in the Auction	\$0
Interest Rate Bid by the Corporation in the Auction	NA
Clearing Rate	10.000%
Low Bid	5.000%

High Bid	12.000%
Median Bid	10.000%

**Additional Bidding Information - Series 2004B Bonds:**

<b>Broker Name</b>	<b>Bid Rate (%)</b>	<b>E/P*</b>	<b>Principal Amount Bid</b>
Bear Stearns & Co., Inc.	5.000	E	\$4,575,000
Bear Stearns & Co., Inc.	6.000	E	\$3,400,000
Bear Stearns & Co., Inc.	10.000	P	\$5,000,000
Bear Stearns & Co., Inc.	10.500	P	\$5,000,000
Bear Stearns & Co., Inc.	12.000	P	\$20,000,000

\* Existing or Potential

**Series 2004C Bonds - March 20, 2008 Auction Results**

Amount of Bonds Available for Sale in the Auction	\$16,800,000
Number of Bids Received	10
Amount of Bids Received	\$40,925,000
Number of Bids Received other than from Issuer, the Corporation or Brokers	0
Amount of Bids Received other than from Issuer, the Corporation or Brokers	\$0
Number of Bids by Brokers in the Auction	10
Amount of Bids by Brokers in the Auction	\$40,925,000
Interest Rate Bid by Brokers in the Auction	See schedule below
Number of Bids by the Corporation in the Auction	0
Amount of Bids by the Corporation in the Auction	\$0
Interest Rate Bid by the Corporation in the Auction	NA
Clearing Rate	9.890%
Low Bid	4.950%
High Bid	12.000%
Median Bid	7.990%

**Additional Bidding Information – Series 2004C Bonds:**

<b>Broker Name</b>	<b>Bid Rate (%)</b>	<b>E/P*</b>	<b>Principal Amount Bid</b>
Wachovia Securities, LLC	4.950	E	\$25,000
Bear Stearns & Co., Inc.	6.000	P	\$2,000,000
Bear Stearns & Co., Inc.	6.490	E	\$2,000,000
Bear Stearns & Co., Inc.	6.999	E	\$3,000,000
Bear Stearns & Co., Inc.	7.300	P	\$2,000,000
Bear Stearns & Co., Inc.	8.670	E	\$3,775,000
Wachovia Securities, LLC	8.900	P	\$1,000,000
Bear Stearns & Co., Inc.	9.890	E	\$7,125,000
Bear Stearns & Co., Inc.	11.000	P	\$10,000,000
Bear Stearns & Co., Inc.	12.000	P	\$10,000,000

\* Existing or Potential

## **Planned Amendments to Auction Documents**

The Corporation anticipates that the Auction Agreement will be amended by the close of business on March 27, 2008, to permit the Corporation or any Affiliate to submit bids to purchase the Bonds of each Series while bearing interest at an Auction Rate in auctions held on or after March 28, 2008.

**The information contained in this Event Notice has been submitted by the Corporation to report certain events and future plans of the Corporation with respect to the Bonds. Nothing contained in this Event Notice is, or should be construed as, a representation by the Corporation that the information included in this Event Notice constitutes all of the information that may be material to a decision to invest in, hold or dispose of any of the securities listed above, or any other securities of the Corporation.**

### **For additional information, contact:**

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**SISTERS OF MERCY HEALTH SYSTEM**