

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 15
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BEAR STEARNS HIGH-GRADE STRUCTURED : Case No. 07-12383 (BRL)
CREDIT STRATEGIES MASTER FUND, LTD., :
(IN PROVISIONAL LIQUIDATION) :
: :
Debtor in a Foreign Proceeding. :
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In re: : Chapter 15
: :
BEAR STEARNS HIGH-GRADE STRUCTURED : Case No. 07-12384 (BRL)
CREDIT STRATEGIES ENHANCED :
LEVERAGE MASTER FUND, LTD., :
(IN PROVISIONAL LIQUIDATION) :
: :
Debtor in a Foreign Proceeding. :
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**STATEMENT OF MERRILL LYNCH, PIERCE, FENNER & SMITH, INC.,
MERRILL LYNCH INTERNATIONAL AND MERRILL LYNCH CAPITAL
SERVICES, INC. REGARDING DEBTORS' PETITIONS AND
VERIFIED PETITIONS SEEKING RECOGNITION OF
FOREIGN MAIN PROCEEDINGS PURSUANT TO 11 U.S.C. §§ 1515 AND 1517**

Merrill Lynch, Pierce, Fenner & Smith, Inc., Merrill Lynch International and Merrill Lynch Capital Services, Inc. (collectively, the "Merrill Lynch Entities"), by their attorneys, Kaye Scholer LLP, for their statement regarding the Petitions and Verified Petitions filed, respectively, by Bear Stearns High-Grade Structured Credit Strategies Master Fund, Ltd. (in Provisional Liquidation) ("High-Grade") and Bear Stearns High-Grade Structured Credit Strategies Enhanced Leverage Master Fund, Ltd. (in Provisional Liquidation) ("Enhanced," and together with High-Grade, the "Funds"), respectfully represent as follows:

1. Messrs. Simon Whicker and Kristen Beighton, the duly appointed Joint Provisional Liquidators for each of the Funds (the "JPLs"), should, in the exercise of their fiduciary duties, investigate all transactions effected while the Funds were in the zone of

insolvency. As a result of such investigations, the JPLs may have claims which would be beneficial to pursue under U.S. law (the “U.S. Actions”).

2. At this early stage, it is important that the JPLs preserve the broadest ability to bring any U.S. Actions. Therefore, the Merrill Lynch Entities file this statement to assure that no finding or conclusion as to the Funds’ center of main interest would control any choice of law determination for the U.S. Actions. *See In re SPhinX, Ltd.*, 351 B.R. 103, 117 (Bankr. S.D.N.Y. 2006) (“Nor would recognition of a foreign main proceeding necessarily be binding on choice of law determinations [I]t has limited specified consequences under chapter 15 (particularly since the chapter gives the bankruptcy court the ability to grant substantially the same types of relief in assistance of foreign nonmain proceedings as main proceedings”). Accordingly, the Merrill Lynch Entities ask this Court to determine that recognition of the Cayman Proceedings would not be binding on choice of law determinations in connection with any possible U.S. Actions.

Dated: New York, New York
August 21, 2007

KAYE SCHOLER LLP
Attorneys for the Merrill Lynch Entities

By: _____/s/
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