

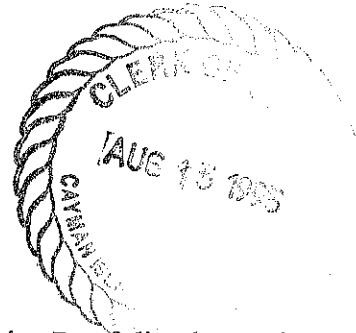
IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 352 OF 1995

IN THE MATTER OF MERRILL LYNCH ADJUSTABLE RATE SECURITIES  
PORTFOLIO  
AND IN THE MATTER OF THE COMPANIES LAW

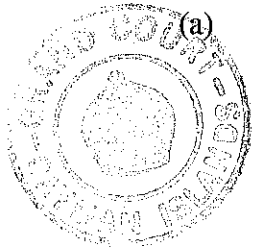
PETITION

TO: The Grand Court



The Humble Petition of Merrill Lynch Adjustable Rate Securities Portfolio shows that:

1. The object of this Petition is to seek



(a) The sanction of the Court to a scheme of arrangement and amalgamation ("the Scheme") under Section 85 of the Companies Law (Revised) Cap. 22 (as amended) between the above named Merrill Lynch Adjustable Rate Securities Portfolio ("MLARSP") and the holders of its Class A Shares and Class B Shares; and

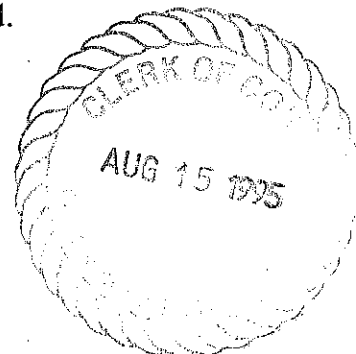
(b) The making by the Court of ancillary orders under Section 86 of the Companies Law (Revised) Cap. 22 (as amended) directing the transfer of the assets of MLARSP to Merrill Lynch Global Currency Bond Series, a Luxembourg Company ("the Luxembourg Company") and the dissolution without winding-up of MLARSP.

2. MLARSP was incorporated on 18th July, 1991 and registered under the Companies Law (Revised) Cap. 22 (as amended) as an exempted company limited by

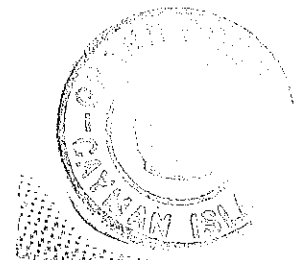
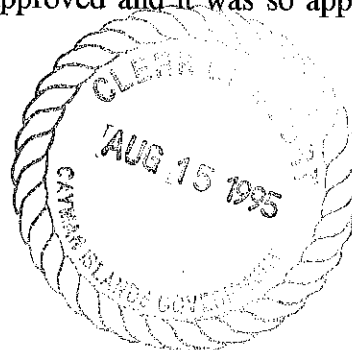
shares. The registered office of MLARSP is situated at the offices of Maples and Calder, P.O. Box 309, George Town, Grand Cayman.

3. The objects for which MLARSP was established are unrestricted and MLARSP has full power and authority to carry out any object not prohibited by any law as provided by Section 6(4) of the Companies Law (Revised). The principal activity of MLARSP is to act as an open-ended investment fund pursuant to which shares are offered to investors on a continuous basis at the then net asset value per share of the company and, also on a continuous basis, shareholders are permitted to redeem their shares at the then net asset value.
4. MLARSP was incorporated with an authorised share capital of US\$100,000 divided into 500,000,000 voting participating redeemable Class A Shares of US\$0.0001 each and 500,000,000 voting participating redeemable Class B Shares of US\$0.0001 each. As at 31st July, 1995 the issued and fully paid share capital of MLARSP was 121,284.00 Class A Shares and 1,456,484.00 Class B shares.
5. The Luxembourg Company was incorporated in Luxembourg under the laws of the Grand Duchy of Luxembourg on 26th January, 1989 also as an open-ended investment fund and has an authorised share capital divided in to category A shares and category B shares (together "the Luxembourg Shares"), each issued with reference to separate portfolios of assets. The capital of the Luxembourg Company is equal to the aggregate net assets of the various portfolios. As at the 7th August, 1995, 20,593,887.504 category A shares of the Basic Value Portfolio of Luxembourg Company and 48,125,684.847 category B Shares of the Basic Portfolio of Luxembourg Company are in issue and are fully paid or credited as fully paid.

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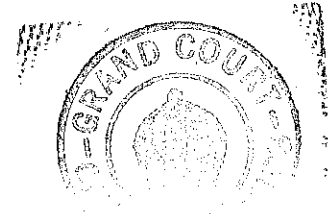


6. The primary object of the Scheme is to carry out a merger between MLARSP and the Luxembourg Company under the terms of which the Luxembourg Company would be the surviving entity, the holders of Class A Shares and Class B Shares in MLARSP would become shareholders in the Luxembourg Company and MLARSP would be dissolved. Briefly, the Scheme involves the transfer of all assets of MLARSP to Luxembourg Company which will issue fully paid shares to the holders of Class A Shares and Class B Shares of MLARSP on the basis of one category A Luxembourg Share for each Class A Share and one category B Luxembourg share for each Class B Share. MLARSP will thereupon be dissolved without liquidation. The directors of MLARSP have declared a temporary suspension of redemptions of Class A Shares and Class B Shares with effect from 9:00 a.m. (Luxembourg time) on 4th August, 1995.
7. By Order of this Honourable Court made on the 18th May 1995 it was ordered that MLARSP should convene meetings of the holders of Class A Shares and Class B Shares for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme, and the Court appointed, inter alia, Terry K. Glenn or, failing him, Randall Fisher to act as Chairman of the said meeting and directed him to report the results thereof to the Court.
8. On the 1st August, 1995 meetings of the shareholders duly convened in accordance with the said Order were held at the offices of Cayman International Trust Company Limited and Randall Fisher presided as Chairman of the Meeting.
9. The number of shareholders present and voting in person or by proxy at each of the said meetings and the number of shares held by such shareholders are set out in the first column of each of the tables below. The resolution submitted at each of the said meetings was that the Scheme should be approved and it was so approved. The votes



given for the resolution that the Scheme be so approved at each meeting were as stated in the second and third columns of the said tables. No votes were given against the resolution.

10. A copy of the Scheme is contained in the Schedule hereto.



CLASS A SHARES

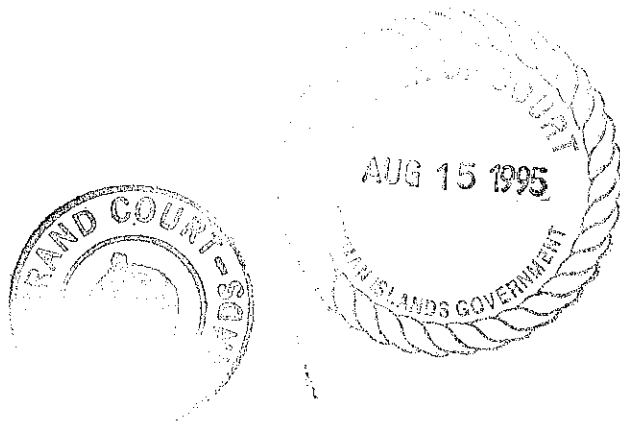
	Present and Voting		Voted for the Resolution		Voted Against the Resolution	
How Present	No.	Shares represented	No.	Shares represented	No.	Shares represented
In person	0	0	0	0	0	0
By Proxy	1	1871	1	1871	0	0
Totals	1	1871	1	1871	0	0



CLASS B SHARES

	Present and Voting		Voted for the Resolution		Voted Against the Resolution	
How	No.	Shares represented	No.	Shares represented	No.	Shares represented
In person	0	0	0	0	0	0
By Proxy	2	123,480	2	123,480	0	0
Totals	2	123,480	2	123,480	0	0

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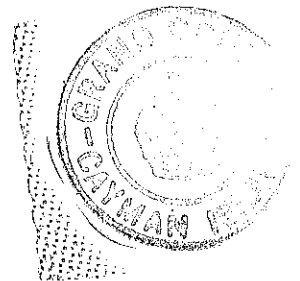
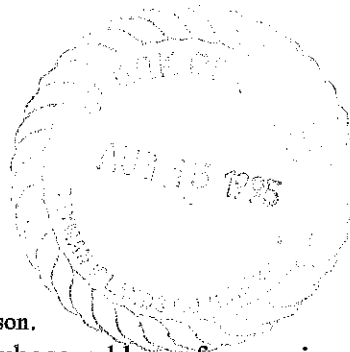
YOUR PETITIONER THEREFORE HUMBLY PRAYS as follows:

- (1) That the Scheme may be sanctioned by the Court so as to be binding on MLARSP and the holders of its Class A Shares and Class B Shares.
- (2) That the Court make an order directing the transfer on the second business day following the date of the said Order being the intended Effective Date of the Scheme of all assets of MLARSP to Luxembourg Company.
- (3) That the Court make an order directing the dissolution without winding-up of MLARSP.
- (4) That the Court make such further orders or directions as it thinks fit.

AND your Petitioner will ever pray, etc.

DATED this 11th day of August, 1995

*Maples and Calder*  
 MAPLES AND CALDER



NOTE: It is not intended to serve this Petition on any person.

This Petition is presented by Maples & Calder whose address for service is P.O. Box 309, Ugland House, George Town, Grand Cayman, Attorneys-at-law for the Petitioner.

**SCHEDULE**

**IN THE GRAND COURT OF THE CAYMAN ISLANDS**

**HOLDEN AT GEORGE TOWN GRAND CAYMAN**

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**IN THE MATTER**

**OF**

**MERRILL LYNCH ADJUSTABLE RATE SECURITIES PORTFOLIO**

**AND IN THE MATTER OF THE COMPANIES LAW**

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**SCHEME OF ARRANGEMENT AND AMALGAMATION**

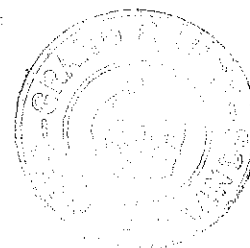
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between

**MERRILL LYNCH ADJUSTABLE RATE SECURITIES PORTFOLIO**

and

the holders of its Participating Shares  
(as defined herein)



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**PRELIMINARY**

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(A) In this scheme of arrangement, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:-

"Class A Luxembourg Shares"	shares of no par value of Luxembourg Co. designated as category A shares and to be issued in relation to the Adjustable Rate Securities Portfolio of Luxembourg Co.;
"Class B Luxembourg Shares"	shares of no par value of Luxembourg Co. designated as category B shares and to be issued in relation to the Adjustable Rate Securities Portfolio of Luxembourg Co.;
"Class A Shares"	shares of US\$0.0001 each in the capital of MLARSP and designated pursuant to the Articles of Association of MLARSP as Class A Shares;
"Class B Shares"	shares of US\$0.0001 each in the capital of MLARSP and designated pursuant to the Articles of Association of MLARSP as Class B Shares;
"Effective Date"	the day on which the Scheme becomes effective in accordance with clause 9 of the Scheme;
"MLARSP"	Merrill Lynch Adjustable Rate Securities Portfolio;

"holder"	includes any person entitled by transmission;
"Luxembourg Co."	Merrill Lynch Global Currency Bond Series
"Luxembourg Shares"	the Class A Luxembourg Shares and the Class B Luxembourg Shares;
"MLIAM"	Merrill Lynch International Asset Management Limited;
"Participating Shares"	the Class A Shares and the Class B Shares;
"Record Date"	9:00 a.m. (Luxembourg time) on the Effective Date;
"Scheme"	this scheme of arrangement and amalgamation in its present form or with or subject to any modification or addition or condition which the Court may think fit to approve or impose;
"U.S.\$"	United States dollars.

(B) The share capital of MLARSP as at the date of this document is as follows:-

Authorised:	U.S.\$
500,000,000 Class A Shares	50,000.00
500,000,000 Class B Shares	50,000.00

Issued and fully paid:

136,607 Class A Shares	1,286,837.94
1,493,311 Class B Shares	14,066,989.62

- (C) Luxembourg Co. was incorporated on 26th January, 1986 under the laws of the Grand Duchy of Luxembourg with an authorised share capital divided into category A shares and category B shares, each issued with reference to separate portfolios of assets. The capital of Luxembourg Co. is equal to the aggregate net assets of the various portfolios. There are now in issue fully paid 21,265,650,642 category A shares and 47,565,881,474 category B Shares of Luxembourg Co.
- (D) The primary purpose of the Scheme is to effect an amalgamation between MLARSP and Luxembourg Co. by the acquisition by Luxembourg Co. of the net assets of MLARSP, the allotment of Luxembourg Shares to the holders of Participating Shares and the dissolution without liquidation of MLARSP.
- (E) At the date of this Scheme Luxembourg Co. does not beneficially own any Participating Shares of MLARSP.
- (F) Luxembourg Co. and, in connection with the matters contained in clause 1(b) hereof, MLIAM will agree by way of written undertaking to the Court to be bound by this Scheme and to execute all such documents and to do all acts and things as may be necessary or desirable to be executed and done by them for the purpose of giving effect to this Scheme.

1. (a) Luxembourg Co. shall acquire and amalgamate with its own undertaking the undertaking and all the property, assets and rights, real and personal of MLARSP and all the property, assets and rights of MLARSP as aforesaid shall be transferred to and vest in Luxembourg Co. The value of the property, assets and rights transferred to Luxembourg Co. shall be audited by Deloitte & Touche, (Luxembourg).
- (b) All liabilities and obligations of MLARSP shall, to the extent possible, be discharged by MLARSP on or prior to the Effective Date. To the extent that liabilities and obligations of MLARSP shall then remain outstanding the same shall, with the consent of the relevant creditors (if any), be assumed by MLIAM.
2. As consideration for the foregoing, Luxembourg Co. shall allot and issue without further charge Luxembourg Shares credited as fully paid up at an issue price equal to the respective net asset value of the Class A Shares and the Class B Shares to the persons who at the Record Date were registered holders of Participating Shares on the following terms:-
 

In respect of every Class A Share in MLARSP  
One Class A Luxembourg Share and so in proportion

In respect of every Class B Share in MLARSP  
One Class B Luxembourg Share and so in proportion
3. The Luxembourg Shares shall entitle the holders thereof to any and all dividends declared in relation to the Adjustable Rate Securities Portfolio of Luxembourg Co., after the

Effective Date which will include any accrued dividends on MLARSP shares that had not been paid out prior to the Effective Date.

4. In any case where the directors of Luxembourg Co. have been advised that the allotment and issue of Luxembourg Shares to a holder of Participating Shares may be prohibited by the law of the place where such holder is resident or so prohibited except after compliance with conditions which the directors of Luxembourg Co. or MLARSP regard as unduly onerous by reason of delay, expense or otherwise, Luxembourg Co. shall allot and issue the relevant Luxembourg Shares to a person selected by MLARSP who shall sell the same and account to such holder of Participating Shares for the net proceeds of sale in full satisfaction of his or her rights under the Scheme.
  
5. Luxembourg Co. shall:-
  - (a) on the Effective Date effect the allotment and issue of the Luxembourg Shares allotted and issued in accordance with clauses 2 and 4 of this Scheme; and
  
  - (b) by its Transfer Agent not later than fourteen days after the Effective date despatch share confirmations for the Luxembourg Shares allotted and issued in accordance with clauses 2 and 4 of this Scheme to the persons to whom the same shall have been respectively so allotted and issued by sending such share confirmations through the post in prepaid envelopes addressed to such persons:-
    - (i) in the case of sole holders to their respective registered addresses as appearing in the register of members of MLARSP on the Record Date; or

- (ii) in the case of joint holders, to the registered address as appearing in the register of members of MLARSP on the Record Date of that one of the joint holders whose name stands first in such register in respect of the joint holding.

Certificates shall be posted at the risk of the addressees and neither MLARSP nor Luxembourg Co. shall be responsible for any loss or delay in transmission.

6. All mandates or other instructions to MLARSP in force at the opening of business on the Effective Date relating to the Participating Shares shall unless and until revoked be deemed as from the Effective Date to be valid and subsisting mandates or instructions to Luxembourg Co. in relation to the corresponding Luxembourg Shares to be allotted and issued pursuant to the Scheme.
7. As from and including the Effective Date all existing certificates representing Participating Shares shall cease to have effect as documents of title and every holder thereof shall be bound on the request of Luxembourg Co. to deliver up to MLARSP the certificate(s) for his or her existing holding(s).
8. MLARSP shall be dissolved without winding-up on such date as the Court may by Order prescribe.
9. This Scheme shall become effective on 14th August, 1995 (or such later date being not later than 31st August, 1995 as shall have been resolved upon by the Directors of MLARSP and Luxembourg Co.) provided always that an office copy of the Order of the Court sanctioning this Scheme under Section 85 of the Companies Law (Revised)(Cap.

22) (as amended) shall have been registered by the Registrar of Companies in the Cayman Islands.

10. Unless this Scheme shall have become effective on or before 31st August, 1995 this Scheme shall lapse.
11. MLARSP and Luxembourg Co. may jointly consent for and on behalf of all concerned to any modification of or addition to this Scheme or to any condition which the Court may think fit to approve or impose.

Dated 26th June, 1995