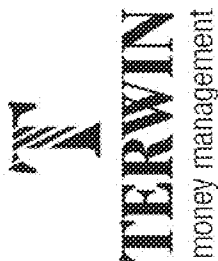
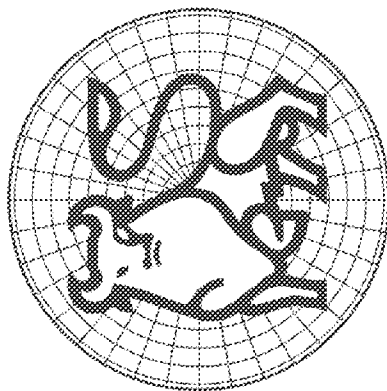


Glacier Funding CDO II, Ltd.

The "RAPID" Structure
("Rapidly Amortizing Principal through Interest Diversion")

Managed by:



a part of *The Winter Group*

October 2004



Global Markets & Investment Banking Group

Important Notice

The following information ("Information") outlines certain characteristics of a proposed collateralized debt obligation transaction ("CDO"). This Information is presented solely for purposes of discussion to assist prospective investors in determining whether they have a preliminary interest in investing in a transaction with the general characteristics described herein. This transaction is in a structuring phase and there may be material changes to the structure, terms and assets prior to any such securities being offered (the "Securities").

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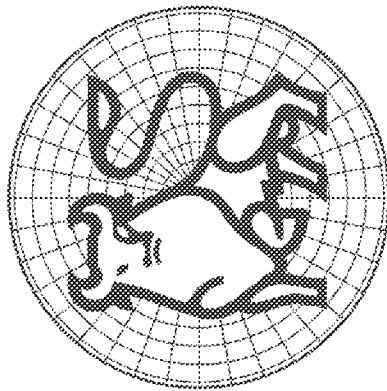
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Glacier Funding CDO II, Ltd.

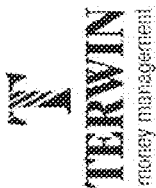
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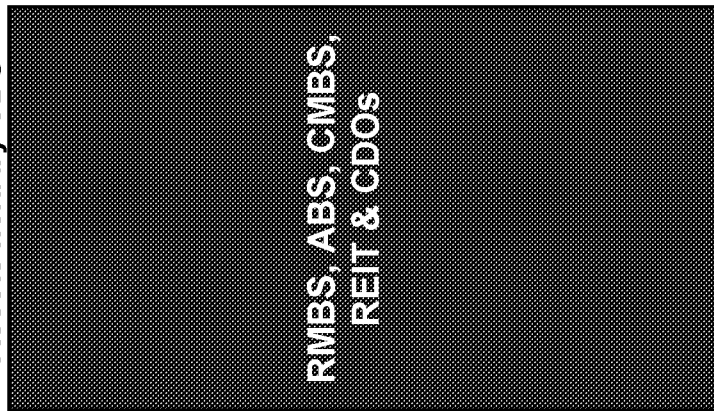
1. Executive Summary



Transaction Summary

- Glacier Funding CDO II, Ltd. plans to issue \$[498.0] MM ABS CDO securities (the "Offered Securities"). Glacier Funding CDO II, Ltd. is a newly formed collateralized debt obligation ("CDO") that will be managed by Terwin Money Management L.L.C. ("Terwin" or the "Collateral Manager").
- The Offered Securities will be backed by a portfolio consisting primarily of Residential Mortgage Backed Securities ("RMBS"), Commercial Mortgage Backed Securities ("CMBS"), REIT Debt Securities ("REITs"), CDOs, Consumer and Commercial Asset-Backed Securities ("ABS"), (the RMBS, CMBS and ABS collectively referred to as "Structured Finance Securities").⁽¹⁾
- Structured Finance Securities, have historically exhibited lower default rates, higher recovery rates upon default and better stability when compared to corporate bonds with similar ratings.⁽²⁾
- Glacier Funding CDO II, Ltd. will issue the following five classes of Offered Securities:

Assets held by CDO



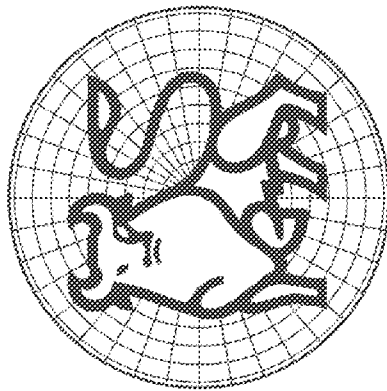
Securities issued by CDO

\$[5.0]MM Class A1 [Aaa/AAA/AAA] (Moody's/S&P/Fitch)
\$ [70.0]MM Class A2 [Aaa/AAA/AAA] (Moody's/S&P/Fitch)
\$ [65.0]MM Class B [Aa2/A+/AA] (Moody's/S&P/Fitch)
\$ [20.25]MM Class C [Baa2/BBB/BBB] (Moody's/S&P/Fitch)
\$[4.0]MM Class D [Ba2/BB/BB] (Moody's/S&P/Fitch)
\$[12.75]MM Preferred Shares [BB-] (S&P)

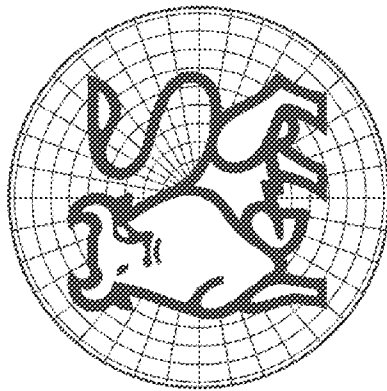
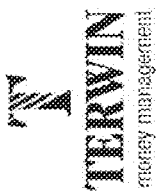
⁽¹⁾ See Glacier Funding CDO II, Ltd. Portfolio-Portfolio Assumption.

⁽²⁾ See Structured Finance Market Overview Section.





2. Asset Class Selection

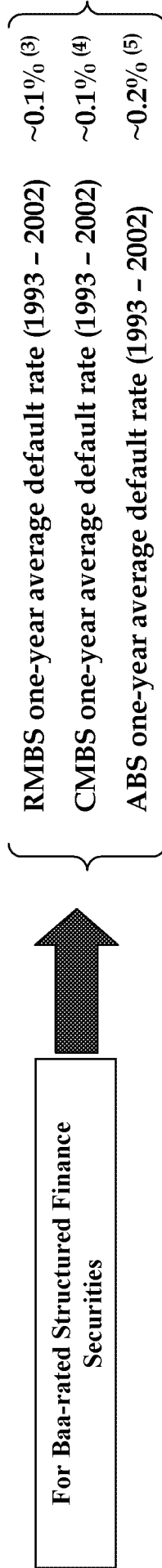


A. Structured Finance Market Overview

Structured Finance Market Overview

Historical Defaults ⁽¹⁾⁽²⁾

The Offered Securities will be backed by a pool of assets that consists primarily of "Baa" rated Structured Finance Securities



(1) Source: Moody's Investors Service, "Payment Defaults and Material Impairments of U.S. Structured Finance Securities: 1993-2002", December 2003.

(2) This information has been obtained from third party sources and neither Merrill Lynch nor any of its affiliates makes any representation or warranty, express or implied as to the accuracy or the completeness of such information. Certain of the information is presented in summary form. Potential investors are urged to conduct their own investigation regarding the underlying asset class including reviewing any sources cited herein and obtaining additional information regarding the underlying collateral.

(3) The data discussed in this information relates only to historical investment performance. Future investment performance may vary. See "Important Notice". This number denotes the total number of material impairments in RMBS (excluding deals originated from the mortgage lender "Quality Mortgage", which will not originate any of the underlying mortgages in the Glacier Funding II) as a percentage of the sample of 4,283 rated RMBS analyzed in the study.

(4) This number denotes the total number of material impairments in CMBS as a percentage of the sample of 2,614 rated CMBS analyzed in the study.

(5) This number denotes the total number of material impairments in ABS (excluding Franchise Loan and Manufactured Housing Securities from 1993-2002, which are prohibited securities in the Glacier Funding II) as a percentage of the total number of the 6,522 rated ABS analyzed in the sample.



Structured Finance Market Overview

Historical Recovery Rates of ABS (1)(4)

- A Moody's study on recovery rates of ABS, RMBS and CMBS collateral (referred to as "Structured Finance Securities") has concluded the following:
 - Compared to corporate securities, Structured Finance Securities may receive more substantial cashflow in respect of interest and principal after a default.
 - Historically, RMBS have recovered at more than 1.5X the rate of corporate bonds and CMBS have recovered at more than twice the rate of corporate bonds.

Average Recoveries of Defaulted RMBS

55%⁽¹⁾

Average Recoveries of Defaulted CMBS

100%⁽¹⁾⁽²⁾

Average Recoveries of Defaulted Other ABS

59%⁽¹⁾

In contrast, the average recovery rate for corporate bonds from 1982-2003 is approximately 43%⁽³⁾.

(1) Moody's Investor Service, "Payment Defaults and Material Impairments of U.S. Structured Finance Securities: 1993-2002", December 2003.
 (2) Losses on defaulted structured finance securities accumulate gradually over time. The information above is limited to those (84 in total) defaulters in the sample study that ceased making their payments (paid down or written down defaulters). Among the 84 defaulters that have had zero outstanding balances, four were from CMBS, all of which were cured before their last payment date, and hence suffered zero lifetime cumulative losses.
 (3) Moody's Investor Service, "Default & Recovery Rates of Corporate Bond Issuers", January 2004. Recovery rate is measured on an issue-weighted basis. For Bau-rated securities.
 (4) Moody's Investor Service, "Measuring Loss Severity Rates of Defaulted Residential Mortgage Backed Securities", April 2004. Express or implied as to the accuracy or the completeness of such information. Certain of the information is presented in summary form. Potential investors are urged to conduct their own investigation regarding the underlying asset class including reviewing any sources cited herein and obtaining additional information regarding the underlying collateral. The data discussed in this Overview relates only to historical investment performance. Future investment performance may vary. See "Important Notice".



Structured Finance Market Overview

Rating Stability (1)(3)

According to a recent Moody's study, the long-term historical average (1983-2003) of unchanged ratings of Structured Finance Securities⁽²⁾ was 92.3%, which compares favorably to the 76.6% average of unchanged ratings of corporate bonds for the same period.

Structured Finance Securities (2003 only)

Rating from:	Rating to:						
	Aaa	Aa	A	Baa	Ba	B	Caa or below
Aaa	98.21%	1.06%	0.50%	0.20%	0.03%		
Aa	5.02%	89.13%	3.43%	1.58%	0.60%	0.19%	0.04%
A	0.65%	3.22%	89.62%	3.75%	1.57%	0.95%	0.24%
Baa	0.31%	0.28%	2.83%	88.20%	3.68%	2.49%	2.20%
Ba	0.07%	0.07%	0.22%	3.26%	83.20%	4.74%	8.44%
B	0.28%			0.98%	3.66%	81.01%	14.06%
Caa or below						0.21%	99.79%

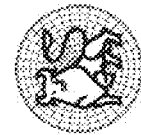
Structured Finance Securities (1983-2003)

Rating from:	Rating to:						
	Aaa	Aa	A	Baa	Ba	B	Caa or below
Aaa	98.86%	0.82%	0.20%	0.07%	0.01%	0.01%	0.04%
Aa	5.48%	91.15%	2.25%	0.77%	0.19%	0.09%	0.08%
A	1.03%	2.42%	93.14%	2.20%	0.72%	0.29%	0.20%
Baa	0.44%	0.50%	2.20%	90.34%	3.65%	1.57%	1.31%
Ba	0.12%	0.06%	0.64%	3.56%	85.92%	3.62%	6.09%
B	0.07%		0.07%	0.67%	1.52%	87.16%	10.51%
Caa or below					0.09%	0.26%	99.65%

(1) Source: "Structured Finance Rating Transitions: 1983-2003", Moody's Investors Service, February 2004.

(2) For the purposes of this page, "Structured Finance Securities" includes ABS, CMBS, RMBS and CDOs.

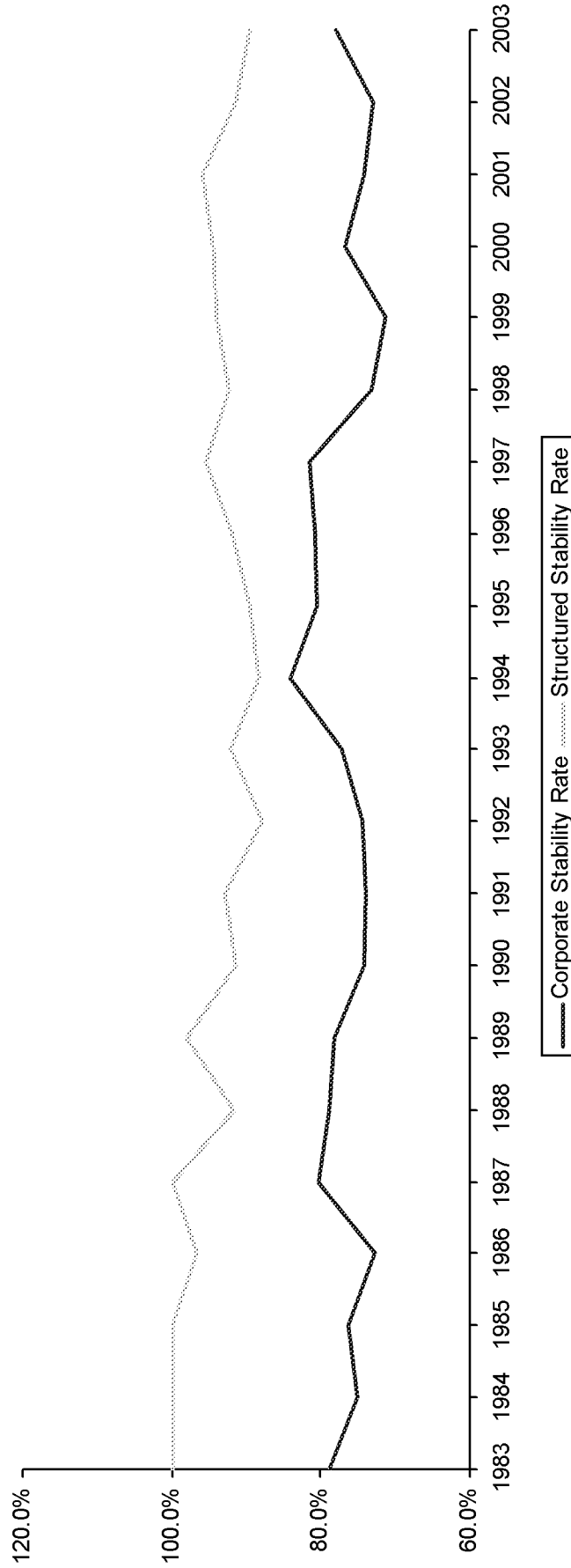
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Structured Finance Market Overview

Rating Stability (cont'd) (1)(3)

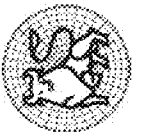
Overall, rating stability in Structured Finance Securities (2) was more than 10 percentage points higher than in corporate bonds in 2003 and has been higher each year since 1983.



(1) Source: "Structured Finance Rating Transitions: 1983-2003", Moody's Investors Service, February 2004.

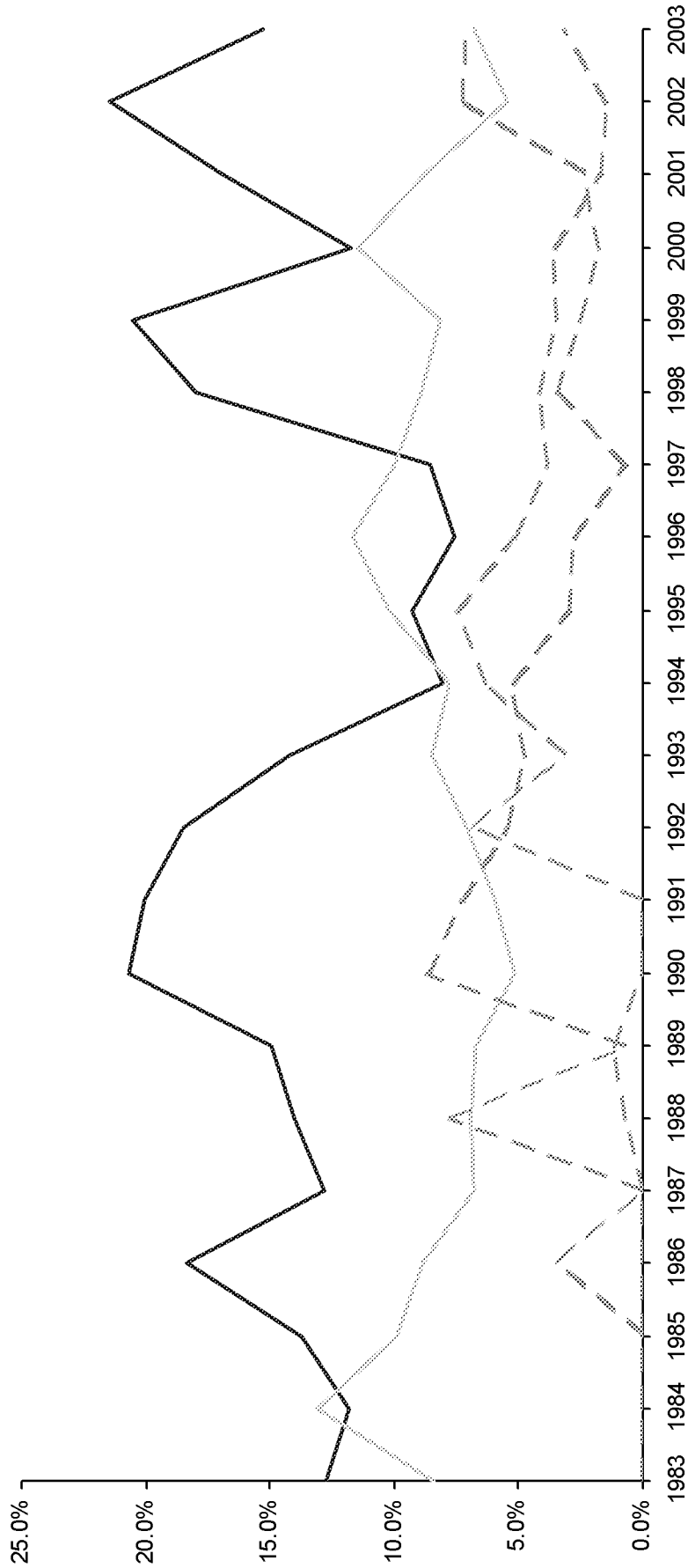
(2) For the purposes of this page, "Structured Finance Securities" includes ABS, CMBS, RMBS and CDOs.

(3) This information has been obtained from third party sources and neither Merrill Lynch nor any of its affiliates makes any representation or warranty, express or implied as to the accuracy or the completeness of such information. Certain of the information is presented in summary form. Potential investors are urged to conduct their own investigation regarding the underlying asset class including reviewing any sources cited herein and obtaining additional information regarding the underlying collateral. The data discussed in this Overview relates only to historical investment performance. Future investment performance may vary. See "Important Notice".



Structured Finance Market Overview

Low Ratings Volatility (1) (2)(3)

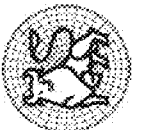


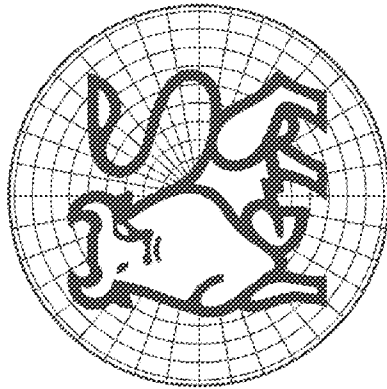
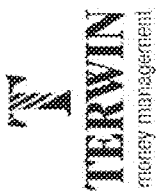
Corporate Downgrade Rate Corporate Upgrade Rate Structured Downgrade Rate Structured Upgrade Rate

(1) Source: "Structured Finance Rating Transitions: 1983-2003", Moody's Investors Service, February 2004.

(2) For the purposes of this page, "Structured Finance Securities" includes ABS, CMBS, RMBS and CDOs.

(3) This information has been obtained from third party sources and neither Merrill Lynch nor any of its affiliates makes any representation or warranty, express or implied as to the accuracy or the completeness of such information. Certain of the information is presented in summary form. Potential investors are urged to conduct their own investigation regarding the underlying asset class including reviewing any sources cited herein and obtaining additional information regarding the underlying collateral. The data discussed in this Overview relates only to historical investment performance. Future investment performance may vary. See "Important Notice".



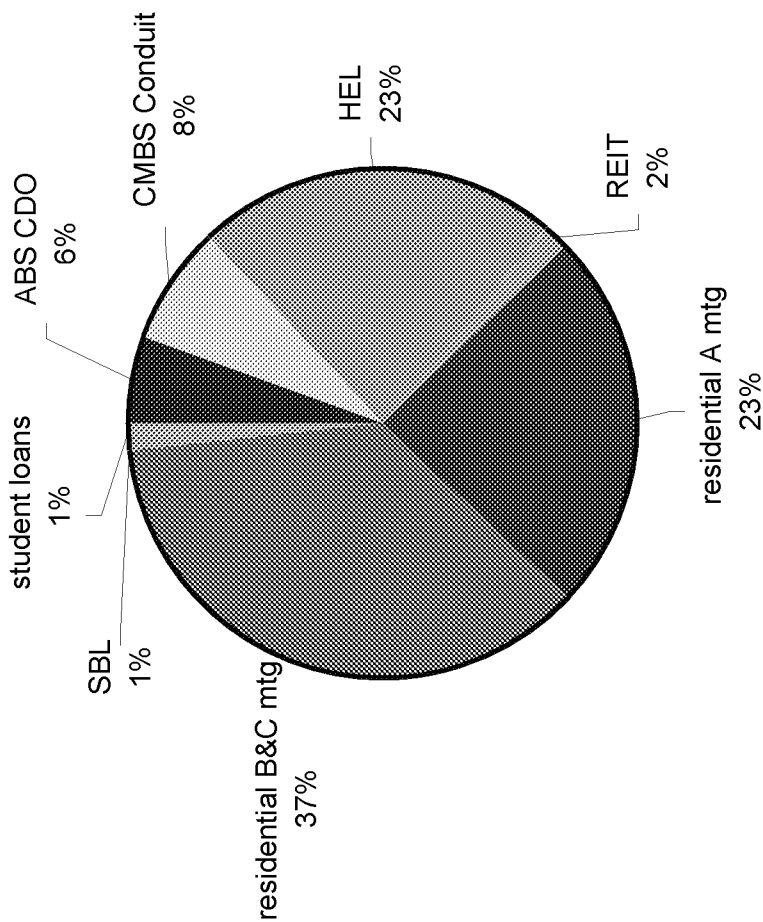


B. Glacier Funding CDO II, Ltd. Portfolio

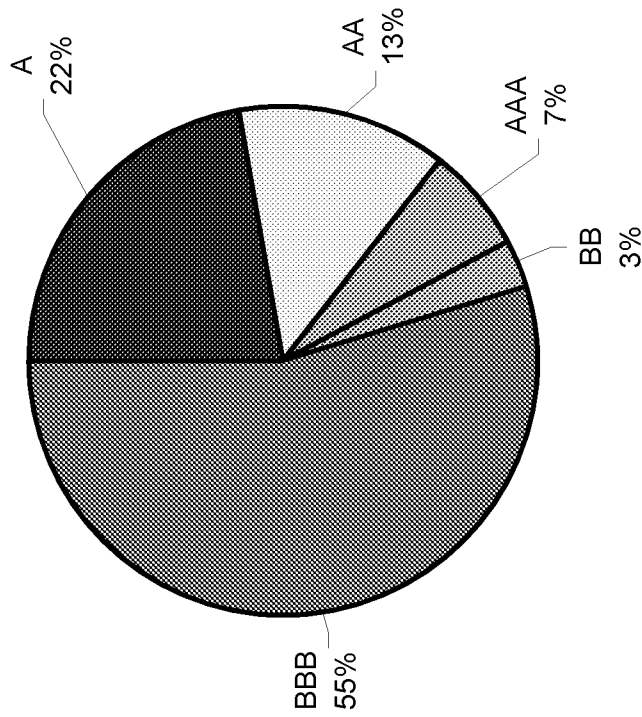
Glacier Funding CDO II, Ltd. Portfolio

Portfolio Assumptions

Portfolio Composition by Asset Type ⁽¹⁾

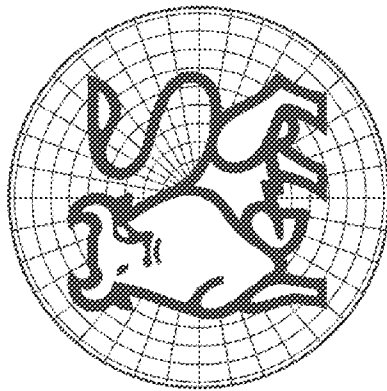


Portfolio Composition by Rating ⁽¹⁾



⁽¹⁾ All information shown in these materials is for illustrative purposes only. The actual structure of a final transaction, including the composition of the collateral to be acquired, will be determined at or around the time of pricing of the Notes based upon market conditions and other factors applicable at that time.





3. Transaction Highlights

Transaction Highlights (1)(4)(5)

Summary of Terms

Type ABS CDO
Issuer Glacier Funding CDO II, Ltd.
Advisor Terwin Money Management
Total Size \$498.0] MM

Class	Type	Ratings (M/S/F)	Par/Investment Amount	Average Life (2)	Legal Maturity Date	Minimum Denomination(6)
A-1	First Priority Senior Floating Rate Notes	[Aaa/AAA/AAA]	[\$325.00] MM	[4.6] yrs	[2042]	[\$500,000 minimum] [\$1,000 increments]
A-2	Second Priority Senior Floating Rate Notes	[Aaa/AAA/AAA]	[\$70.00] MM	[7.8] yrs	[2042]	[\$500,000 minimum] [\$25,000 increments]
B	Third Priority Senior Floating Rate Notes	[Aa2/AA/AA]	[\$65.75] MM	[8.0] yrs	[2042]	[\$500,000 minimum] [\$25,000 increments]
C	Fourth Priority Mezzanine Floating Rate Notes	[Baa2/BBB/BBB]	[\$20.25] MM	[6.3] yrs	[2042]	[\$500,000 minimum] [\$25,000 increments]
D	Fifth Priority Mezzanine Floating Rate Notes	[Ba2/BB/BB]	[\$4.00] MM	[8.0] yrs	[2042]	[\$500,000 minimum] [\$25,000 increments]
	Preferred Shares	[NR/NR/NR]	[\$12.75] MM		[2042]	[\$250,000 minimum] [\$25,000 increments] (7)

Collateral Profile

- Maximum Single Issue Concentration: [2.00%]
- Maximum Single Servicer Concentration: [7.5%] (3)
- Minimum Diversity Score: [15]
- Maximum Average Rating Score: [340] (Baa1 / Baa2)
- Expected Fixed Collateral: [25%]
- Maximum Amount of Obligations rated Ba2: [5.00] %
- Maximum Weighted Average Life: [6.50] Years
- Minimum Rating at Initial Purchase: [Ba2]

(1) The transaction is at a structuring phase, and the actual characteristics of the offered securities may differ from those presented herein. Definitions and other terms will be fully described in the Offering Circular. It is contemplated that the "Collateral Profile" would apply on and after the ramp-up completion date.
(2) Please see "Transaction Highlights - Structuring Assumptions" for a description of modeling assumptions. Based on an auction call in [8] years from closing.
(3) With some exceptions (not to be determined).
(4) Merrill Lynch may, but is not obligated to make a market in the Offered Securities.
(5) Definitions and other terms will be fully described in the Offering Circular.
(6) Non-institutional investors may invest in the rated debt tranches at lower minimum denominations than the stated minimum.
(7) There may be some exceptions.
Note: All information shown in these materials is for illustrative purposes only. The actual structure of the final transaction, including the composition of the collateral to be acquired, will be determined at or around the time of pricing of the Notes based upon market conditions and other factors applicable at that time.



Transaction Highlights

Break Even Default Rates (1)(2)(3)(4)

Class Description (Moody's/S&P/Fitch)	Based on a Break in Yield		Based on 0% Yield	
	Annual Default Rate	Cumulative Gross Defaults	Annual Default Rate	Cumulative Gross Defaults
Class A-1 First Priority Senior Floating Rate Notes (Aaa/AAA/AAA)	[25.2]%	[73.2]%	[35.3]%	[83.0]%
Class A-2 Second Priority Senior Floating Rate Notes (Aaa/AAA/AAA)	[13.0]%	[50.9]%	[16.9]%	[59.0]%
Class B Third Priority Senior Floating Rate Notes (Aa2/AA/AA)	[5.3]%	[25.8]%	[8.5]%	[37.6]%
Class C Fourth Priority Mezzanine Floating Rate Notes (Baa2/BBB/BBB)	[2.9]%	[15.0]%	[4.0]%	[20.1]%
Class D Fourth Priority Mezzanine Floating Rate Notes (Ba2/BB/BB)	[2.1]%	[11.3]%	[2.6]%	[13.7]%

Future market and economic conditions are impossible to predict. Future market or economic conditions that materially differ from those on which the assumptions are based may have a negative impact on the performance of Glacier Funding CDO II, Ltd. For these reasons, there are limitations on the value of this or any hypothetical illustration. This information is

not intended to be either an express or implied guaranty of investment performance.

(1) Break in yield is the default rate at which the first dollar loss in principal occurs, and 0% Yield is the default rate at which total cashflow received does not equal initial investment

(2) Assumes no default lag, 60% immediate recoveries and forward LIBOR.

(3) Please see "Transaction Highlights - Structuring Assumptions" for a description of modeling assumptions.

(4) Definitions and other terms will be fully described in the Offering Circular.

Note: All information shown in these materials is for illustrative purposes only. See Important Notice in the beginning of this Confidential Discussion Materials.



Transaction Highlights Structuring Assumptions ⁽¹⁾⁽⁴⁾

Collateral Assumptions ⁽¹⁾

Maximum Weighted Average Life	[6.50] yrs
Principal Amount	[\$500MM]
Minimum Diversity Score	>=[15]
Maximum Weighted Average Rating	[340] (Baa1/Baa2)

Fees and Expenses ⁽²⁾

Senior Advisory and Structuring Fees	[20.0] bps
Subordinate Advisory Fees	[25.0] bps
Trustee Fees	[1.8] bps
Administrative Expenses	[5.0] bps
Administrative Fee Cap	[\$300,000] yr
Closing Fees and Expenses ⁽⁵⁾	\$[9,500,000]

Benchmark Assumptions

First Period LIBOR ⁽²⁾ [1.89]%

Timing

Closing Date	[10/04/04]
Payment Dates	[1/10], [4/10], [7/10] and [10/10] of each year
Non-Call Period	[3] Years
Substitution Period	[2] years. Manager may substitute up to [10]% of the collateral per annum to improve the portfolio.
Ramp-Up Period	At least [80]% of the Collateral Portfolio is expected to be purchased or identified at closing.

Coverage Tests ⁽³⁾

	O/C Tests	Initial O/C	I/C Tests	Initial I/C
Class A/B	[103.3]%	[108.5]%	[110.00]%	[138.8]%
Class C	[101.6]%	[104.0]%	[105.00]%	[127.3]%
Class D	[100.5]%	[103.1]%	[103.00]%	[123.8]%

(1) These assumptions are general and are not conclusive or exhaustive. Actual collateral characteristics may be different from those assumed and even if they are the same on a weighted average basis, the inclusion of individual securities in the actual CDO structure may substantially change the results indicated.
 (2) Calculated on the outstanding collateral balance as of the first day of each period.
 (3) Subject to change. "Initial" represents expected characteristics of target portfolio.
 (4) Definitions and other terms will be fully described in the Offering Circular.
 (5) Includes certain up-front closing fees associated with this transaction, including Merrill Lynch structuring and placement fees, legal, agency, and other fees.



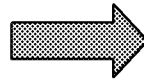
Transaction Highlights

Advantages of Deleveraging

Benefits of the RAPID Structure

Class A1 Notes Early Principal Paydown

- From the inception of the transaction, principal paydowns on the underlying collateral will be used to pay down the Class A1 Notes.

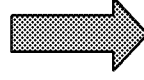


Benefits to Class A1 Noteholders

- Principal payments are expected upon the first distribution date
- Build up of overcollateralization levels

Class C Notes Early Principal Paydown

- Returns on Preferred Shares will be capped at [11 %] until Class C Notes are fully amortized. Excess interest proceeds will be used to fully amortize the Class C (Baa2/BBB/BBB) Notes from the initial distribution date.



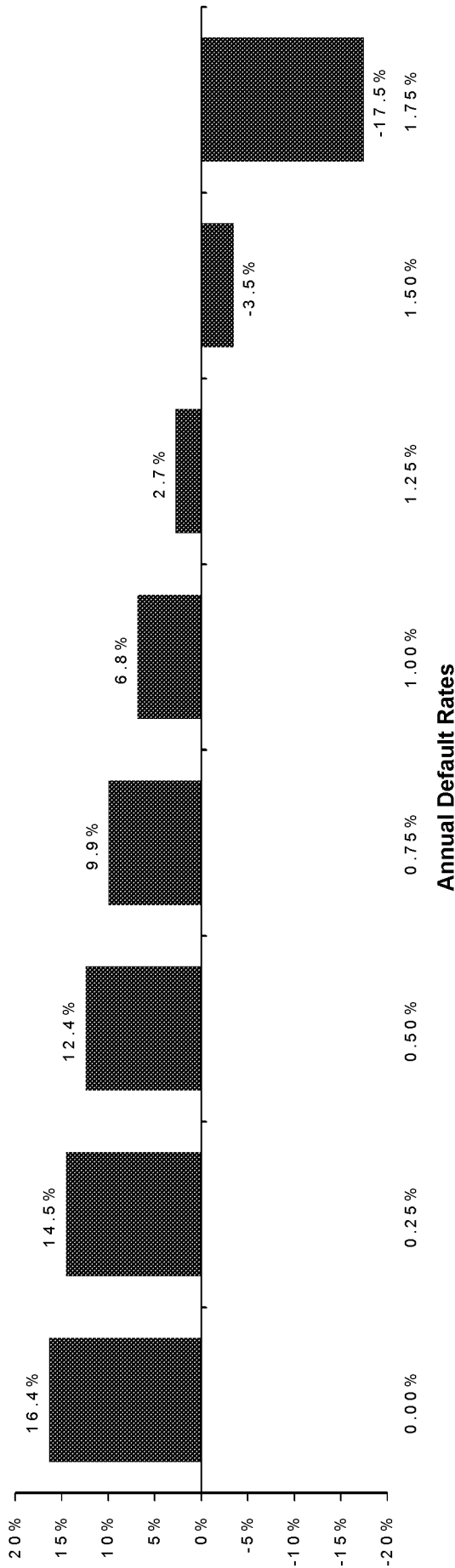
Benefits to Class C Noteholders

- Expected average life of the Class C (Baa2/BBB/BBB) Notes will be shorter as a result
- Build up of overcollateralization levels



Transaction Highlights Transaction Analysis

Preferred Share Return (IRR) (1)



- Assuming every year of the transaction experiences 0.5% default rate, which is approximately 2.5 times the average one-year default rate for ABS and RMBS Securities, the Preferred Share return would be approximately [12.4]%.⁽¹⁾
- Assuming every year of the transaction experiences 1.00% default rate, which is approximately 5 times the average annual default rate for ABS and RMBS Securities, the Preferred Share return would be approximately [6.8]%.⁽¹⁾

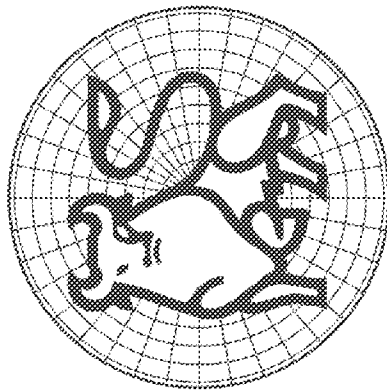
Future market and economic conditions are impossible to predict. Future market or economic conditions that materially differ from those on which the assumptions are based may have a negative impact on the performance of Glacier Funding CDO II, Ltd. For these reasons, there are limitations on the value of this or any hypothetical illustration. This information is not intended to be either an express or implied guaranty of investment performance.

(1) Please see page entitled "Transaction Highlights - Structuring Assumptions" for a description of modeling assumptions.

(2) This material includes illustrative return information that is based in part on hypothetical assumptions. None of the assumptions contained herein are meant to be historical descriptions nor predictors of future performance. In addition, certain of the assumptions contained herein have been made for modeling purposes and it is unlikely that such assumptions will in fact be realized. Such results are presented for illustrative purposes only and are based on various assumptions, not all of which are described herein. No representation or warranty is made by Merrill Lynch or Terwin as to the reasonableness of such assumptions or as to any other financial information contained in such models (including the assumptions on which they are based). These assumptions have certain inherent limitations, and will be affected by any changes in the structure or assets for this transaction. As a sophisticated investor, you should review each assumption carefully and make your own determination as to its accuracy or reasonableness. The actual performance of any securities issued will differ, and may differ substantially, from that set forth in the attached illustrations. No representation is made that such illustrations are accurate or complete or do not contain errors, or that alternative modeling techniques or assumptions would not be more appropriate or produce significantly different results. The attached material is provided to you on the understanding that as a sophisticated investor, you will understand and accept its inherent limitations, will not rely on it in making any investment decision with respect to any securities that may be issued, and will use it only for the purpose of discussing with Merrill Lynch your preliminary interest in investing in a transaction of the type described. Any investor should rely only upon the final offering materials for the definitive conditions and terms of the offering. Neither Merrill Lynch nor Terwin assumes any responsibility for the accuracy or validity of the results of such models.

Scenario assumptions: Annual defaults begin immediately at "Stated Default Rate."
Recovery Assumptions: 60%





4. Risk Factors

Risk Factors

An investment in the Securities described in this Information, if such offering is consummated, will involve certain risks. Set forth below is a summary description of certain of the risks to which an investor in the Securities would be subject. A detailed list of risk factors will be included in the Offering Circular (including the preliminary and final versions thereof). An investor should not make any decision to invest in the Securities until after such investor has had an opportunity to read and review carefully the Offering Circular.

Limited Liquidity. There is currently no market for the Offered Securities. Although Merrill Lynch may from time to time make a market in any class of Offered Securities, it is under no obligation to do so. In the event that Merrill Lynch commences any market-making, it may discontinue the same at any time. There can be no assurance that a secondary market for any of the Offered Securities will develop, or if a secondary market does develop, that it will provide the holders of such Offered Securities with liquidity of investment or that it will continue for the life of the Offered Securities. In addition, the Offered Securities are subject to transfer restrictions and can only be transferred to certain transferees. Consequently, an investor in the Offered Securities must be prepared to hold its Offered Securities for an indefinite period of time.

Limited-Recourse Obligations. The Notes will be limited-recourse obligations of the co-issuers, payable solely from the collateral pledged by the issuer to secure the Notes. None of the security holders, members, officers, directors, managers or incorporators of the issuer, the co-issuer, the trustee, the administrator of the issuer, the Collateral Manager, Merrill Lynch, any of their respective affiliates and any other person or entity will be obligated to make payments on the Notes. Consequently, the holders of the Notes must rely solely on amounts received in respect of the collateral for the payment of principal thereof and interest thereon. There can be no assurance that the distributions on the collateral pledged by the issuer to secure the Notes will be sufficient to make payments on any class of Notes, in particular after making payments on more senior classes of Notes and certain other required amounts ranking senior to such Notes. The issuer's ability to make payments in respect of any Class of Notes will be constrained by the terms of the Notes of classes more senior to such class and the indenture. If distributions on the collateral are insufficient to make payments on the Notes, no other assets will be available for payment of the deficiency and, following liquidation of all of the collateral, the obligations of the co-issuers to pay such deficiencies will be extinguished.

Payments in respect of the Preferred Shares. The issuer will pledge substantially all of its assets to secure the Notes and certain other obligations pursuant to the indenture. The proceeds of such assets will only be available to make payments in respect of the Preferred Shares as and when such proceeds are released from the lien of the indenture in accordance with the priority of payments that will be set forth therein. There can be no assurance that, after payment of principal and interest on the Notes and other fees and expenses of the co-issuers in accordance with such priority of payments, the issuer will have funds remaining to make distributions in respect of the Preferred Shares.



The summary risk factors presented above are generic to the investment category, do not present all of the risks specific to this transaction or the collateral and are subject in their entirety to the complete presentation of risk factors in the final Offering Circular.

THE ATTENTION OF POTENTIAL INVESTORS IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED

Risk Factors

Subordination of Each Class of Subordinate Notes. No payment of interest on any class of Notes will be made until all accrued and unpaid interest on the notes of each class that is senior to such class and that remain outstanding has been paid in full. Except as otherwise described in, and subject to, the priority of payments that will be set forth in the offering circular, no payment of principal of any class of Notes will be made until all principal of, and all accrued and unpaid interest on the Notes of each class that is senior to such class and that remain outstanding have been paid in full. If an event of default occurs, so long as any Notes are outstanding, the holders of the most senior class of Notes then outstanding will be entitled to determine the remedies to be exercised under the indenture. It is anticipated that so long as any Class A and B Notes are outstanding, the failure on any payment date to make payment in respect of interest on the Class C Notes will not constitute an event of default under the indenture and such interest will be deferred and capitalized. Remedies pursued by the holders of the class or classes of Notes entitled to determine the exercise of such remedies could be adverse to the interest of the holders of the other classes of notes. It is anticipated that, to the extent that any losses are suffered by any of the holders of any Offered Securities, such losses will be borne, first, by the holders of the Preferred Shares, second, by the holders of the Class C Notes, third, by the holders of the Class B Notes and fourth, by the holders of the Class A Notes.

Volatility of the Preferred Shares. The Preferred Shares represent a leveraged investment in the underlying collateral. Therefore, it is expected that changes in the value of the Preferred Shares will be greater than the change in the value of the underlying collateral, which will be subject to credit, liquidity, interest rate and other risks. Utilization of leverage is a speculative investment technique and involves certain risks to investors. The indebtedness of the issuer under the Notes will result in interest expense and other costs incurred in connection with such indebtedness that may not be covered by proceeds received from the Collateral. The use of leverage generally magnifies the issuer's opportunities for gain and risk of loss.

Nature of Collateral. The collateral will be subject to credit, liquidity, interest rate, market, fraud, operations and structural risk. The amount and nature of the collateral securing the Notes will be established with a view to withstanding certain assumed deficiencies in payment occasioned by defaults in respect of the securities included in the collateral. If any deficiencies exceed such assumed levels, however, payments on the Notes and distributions on the Preferred Shares could be adversely affected. To the extent that a default occurs with respect to any security included in the collateral, it is not likely that the issuer will receive the full amount of principal and interest owing to the issuer in respect of such security. The market value of the collateral generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the securities included in the collateral, the remaining term thereof to maturity, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

It is currently anticipated that 80% of the collateral will have been purchased by the closing date. The issuer expects that it will have purchased 100% of the collateral by the ramp-up completion date, and that the collateral will satisfy the coverage tests. However, there can be no assurance that this will occur. Failure to satisfy the coverage tests may result in repayment or redemption of all or a portion of the Notes (in accordance with the priority of payments to be specified in the Offering Circular).



The summary risk factors presented above are generic to the investment category, do not present all of the risks specific to this transaction or the collateral and are subject in their entirety to the complete presentation of risk factors in the final Offering Circular.

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Risk Factors

Early Redemption of the Notes. In addition to the risk of early redemption of the Notes discussed in the immediately preceding paragraph, the notes may be subject to early redemption 3 years after the closing date at the election of a majority in interest of the holders of the preferred shares. It is anticipated that if a coverage test is breached, interest proceeds and then principal proceeds will be applied to pay principal on the Notes until the applicable coverage test is met. In addition, it is anticipated that if the Notes have not been paid in full prior to [December 2012], an auction of the collateral will be conducted and subject to satisfaction of certain conditions, will be sold and used to redeem the Notes. The Notes may also be subject to early redemption on the occurrence of certain adverse tax events to be described in the Offering Circular.

Certain Conflicts of Interest. The activities of the Collateral Manager, Merrill Lynch and their respective affiliates may result in certain conflicts of interest.

Conflicts of Interest Involving the Collateral Manager. Various potential and actual conflicts of interest may arise from the overall investment activities of the Collateral Manager and its affiliates for their own accounts or for the accounts of others. The Collateral Manager and its affiliates may invest for their own accounts or for the accounts of others in debt obligations that would be appropriate investments for the issuer and they have no duty, in making such investments, to act in a way that is favorable to the issuer or the holders of the Offered Securities. Such investments may be different from those made on behalf of the issuer. The Collateral Manager and its affiliates may have economic interests in or other relationships with issuers in whose obligations or securities the issuer may invest. In particular, such persons may make and/or hold an investment in an securities that may be *pari passu*, senior or junior in ranking to an investment in securities of the same issuer that are held by the issuer or in which partners, security holders, officers, directors, agents or employees of such persons serve on boards of directors or otherwise have ongoing relationships. Each of such ownership and other relationships may result in securities laws restrictions on transactions in such securities by the issuer and otherwise create conflicts of interest for the Issuer. In such instances, the Collateral Manager and its affiliates may in their discretion, subject to certain restrictions, make investment recommendations and decisions that may be the same as or different from those made with respect to the issuer's investments.

Although the officers and employees of the Collateral Manager will devote as much time to the issuer as the Collateral Manager deems appropriate, the principals and employees may have conflicts in allocating their time and services among the issuer and other accounts advised by the Collateral Manager and/or its affiliates. In addition, the Collateral Manager and its affiliates, in connection with their other business activities, may acquire material non-public confidential information that may restrict the Collateral Manager from purchasing securities or selling securities for itself or its clients (including the Issuer) or otherwise using such information for the benefit of its clients or itself.

The Collateral Manager and any of its affiliates may engage in any other business and furnish investment management and advisory services to others, which may include, without limitation, serving as collateral manager or investment manager for, investing in, lending to, or being affiliated with, other entities organized to issue collateralized bond obligations secured by securities such as those included in the collateral and other trusts and pooled investment vehicles that acquire interests in, provide financing to, or otherwise deal with securities issued by issuers that would be suitable for inclusion in the collateral. The Collateral Manager will be free, in its sole discretion, to make recommendations to others, or effect transactions on behalf of itself or for others, that may be the same as or different from those effected on behalf of the issuer, and the Collateral Manager may furnish investment management and advisory services to others who may have investment policies similar to those followed by the Collateral Manager with respect to the issuer and who may own securities of the same class, or which are the same type as, the securities included in the Collateral.



The summary risk factors presented above are generic to the investment category, do not present all of the risks specific to this transaction or the collateral and are subject in their entirety to the complete presentation of risk factors in the final Offering Circular.

THE ATTENTION OF POTENTIAL INVESTORS IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED

Risk Factors

Although the Collateral Manager or one of its affiliates may at times be a holder of the Offered Securities, its interests and incentives will not necessarily be completely aligned with those of the other holders of the Offered Securities (or of the holders of any particular class of the Notes or of the Preferred Shares). Furthermore, although the Collateral Manager is expected to purchase preferred shares, it is not required to maintain minimum holdings in the preferred shares.

Conflicts of Interest Involving Merrill Lynch. Certain of the securities acquired by the issuer may consist of obligations of issuers or obligors, or obligations sponsored or serviced by companies, for which Merrill Lynch or an affiliate of Merrill Lynch acted as underwriter, agent, placement agent or dealer or for which an affiliate of Merrill Lynch acted as lender or provided other commercial or investment banking services. Merrill Lynch or one or more of its affiliates may also act as counterparty with respect to synthetic securities acquired by the issuer or interest rate hedging arrangements entered into by the issuer. In addition, Merrill Lynch, its employees, affiliates and employees of affiliates will receive compensation in connection with the structuring of the CDO and/or distribution of the Securities.

It is anticipated that, in the event that the transaction will include an administrative agency agreement, an affiliate of Merrill Lynch, as administrative agent, would become successor collateral manager, if the Collateral Manager were removed pursuant to the collateral management agreement. If this occurs, such affiliate could experience conflicts of interest similar to those described above with respect to the collateral manager.

Purchase of Collateral Debt Securities. It is anticipated that many of the securities that will be purchased by the issuer on the date on which the Offered Securities are issued will be purchased from one or more portfolios of securities held by affiliates of Merrill Lynch pursuant to separate warehousing agreements between such affiliates of Merrill Lynch and the Collateral Manager. Some of the securities subject to such warehousing agreements may have been originally acquired by Merrill Lynch from the Collateral Manager or one of its Affiliates. The issuer will purchase securities included in such warehouse portfolios only to the extent that such purchases are consistent with the investment guidelines of the issuer, the restrictions contained in the indenture and the collateral management agreement and applicable law. The purchase price payable by the issuer for such securities will be based on the purchase price paid when such securities were acquired under the warehousing agreements, accrued and unpaid interest on such securities as of the date they are acquired by the issuer and gains or losses incurred in connection with hedging arrangements entered into with respect to such securities. Accordingly, it is likely that the issuer will bear the risk of market changes subsequent to the acquisition of such securities and related hedging arrangements pursuant to the warehousing agreements as if it had acquired such securities directly.

Redemption and Diversion of Interest Proceeds. The Securities will be subject to redemption under certain circumstances described in the Offering Circular (including, under certain circumstances, upon the failure of certain financial coverage tests to be satisfied). Any such redemption may cause the economic return from an investment in the Securities to vary from the economic returns that may be modeled in this Information. In addition, the failure to satisfy certain financial coverage tests could result in an elimination, deferral or reduction in the payments to be made to holders of one or more classes of notes or equity securities, which could adversely impact the economic return realized by such holders.

Auction Call Redemption. If the Notes have not been redeemed in full prior to the Payment Date occurring in [October], [2012], then an auction of the Collateral Debt Securities will be conducted and, provided that certain conditions are satisfied, in particular with respect to the sufficiency of anticipated proceeds from the proposed sale of the Collateral Debt Securities, the Collateral Debt Securities will be sold and the Notes will be redeemed on such Payment Date. If such conditions are not satisfied and the auction is not successfully conducted on such Payment Date, the Collateral Manager will conduct auctions on each Payment Date thereafter, however, the Notes will not be redeemed until the conditions are satisfied.



The summary risk factors presented above are generic to the investment category, do not present all of the risks specific to this transaction or the collateral and are subject in their entirety to the complete presentation of risk factors in the final Offering Circular.

THE ATTENTION OF POTENTIAL INVESTORS IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED

Risk Factors

Application of Principal Proceeds. Principal Proceeds from the Collateral Debt Securities, except for sales proceeds that are reinvested during the substitution period in substitute Collateral Debt Securities, will be used to pay principal on the Notes. The timing of receipts of principal on the Collateral Debt Securities with respect to such substitute Collateral Debt Securities will depend on, among other factors, the rate of prepayments on Collateral Debt Securities which may be influenced by the level of interest rates and economic conditions. The Issuers cannot predict the actual rate of principal payments that will be experienced on the Collateral Debt Securities. After the rampup completion date, there will be no further purchases made in the portfolio.

Redemption of Class C Notes. On any Payment Date occurring after the [January], [2005] Payment Date, if Preferred Shareholders have received distributions on the Preferred Shares sufficient to achieve a Preferred Share Preferred Return (as defined herein) of [11.0]% during the related calculation period for such Payment Date, any remaining Interest Proceeds will be applied to redeem the Class C Notes. While the anticipated effect of this feature is to accelerate the payment of the Class C Notes, the Issuers cannot predict whether Interest Proceeds received on the Collateral Debt Securities will be sufficient to make such redemptions. Moreover, if the Class C Notes are redeemed sooner than anticipated due to this feature, investors in the Class C Notes may not be able to reinvest the proceeds in investments with the same yield.

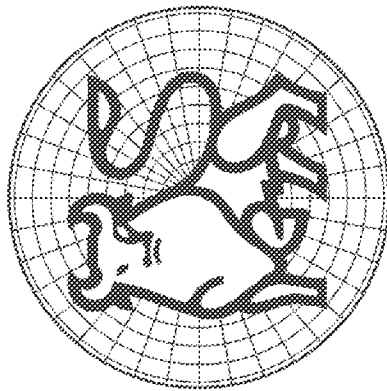
CDO of CDOs. The assets held by Glacier Funding CDO II, Ltd. ("Glacier") which back the Offered Securities consist of (i) Asset Backed Securities including RMBS and (ii) ABS CDOs. The majority of the assets held by Glacier may consist of ABS CDO securities; provided that the securities issued by any one CDO may not exceed [2]% of Glacier's portfolio. As a result, purchasers of the Offered Securities must understand that if they hold debt or equity issued by other CDOs, their credit exposure to such CDOs will increase to the extent securities issued by those CDOs are also included in the assets of Glacier.

Investment in CDO Equity. CDO equity securities are a first loss, leveraged credit position. An investor in a CDO is exposed to a portfolio of diversified credits, but only a portion of those credits need to default (recovery values adjust this range upward) for clients that invest in CDO equity securities to lose 100% of their original investment — hence the leveraged credit position. Client loss is limited to original investment. CDO debt tranche investors effectively loan money to CDO equity investors. Criteria governing a CDO will divert cashflow intended for equity to start paying down debt in the event that certain coverage ratios (over-collateralization and interest coverage tests) are triggered. Collateral deterioration is the cause for these ratios to be triggered. This may result in a cutoff of cashflow to CDO equity securities for some time and potential phantom income tax issues. Equity investors are leveraged. Spread movement in the underlying collateral portfolio will have exaggerated mark-to-market effect on client positions. These cashflows are amortizing in nature, i.e., investors do not normally receive their full principal at maturity. CDO equity returns are projected in terms of the IRR of this stream of cashflows. The earlier cash is received, the higher the IRR will be.

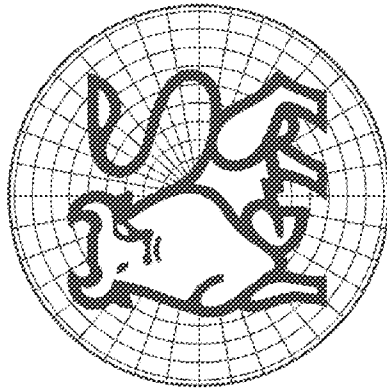
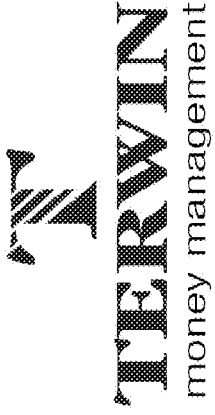
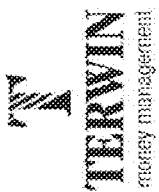


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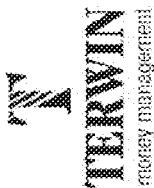
THE ATTENTION OF POTENTIAL INVESTORS IS DRAWN TO THE RISK FACTORS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED



5. About the Collateral Manager



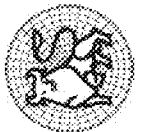
A. Introduction to Terwin Money Management



Introduction to Winter Group ⁽¹⁾

Terwin Asset Management and Terwin Money Management

- Terwin Asset Management LLC ("TAM") is an asset management business which focuses on credit related mortgage backed securities investments. Terwin Money Management LLC ("TMM") is a wholly-owned subsidiary of TAM dedicated to the issuance and management of structured finance CDOs.
- TMM is comprised of individuals with extensive expertise in mortgage credit investing. Their portfolio management and credit experience includes managing mortgage credit for the largest publicly traded insurance group. TMM's objective is to insure delivery of the stated returns by purchasing high quality assets which have historically had excellent performance, and which form the core of the team's expertise.
- TMM closed its first mezzanine ABS CDO, "Glacier Funding CDO I" in March 2004, and its first high grade ABS CDO, "Cascade Funding CDO I" in July 2004.
- Additionally, The Winter Group is currently managing a fund which focuses on non-performing loans. Future expansion for TAM-TMM includes a residual fund and a high grade income fund. TAM's investment vehicles will benefit from access to its affiliate company, Specialized Loan Servicing LLC.
- TMM receives considerable support from its parent, The Winter Group ("TWG"), which has built an integrated capital markets residential mortgage acquisition, securitization, trading and distribution platform. TWG focuses primarily on non-agency jumbo, Alt-A, subprime, and fixed rate first and second lien mortgage product. The founding partners of TWG have extensive industry experience trading, sourcing and distributing mortgage credit risk.



(1) Source: Terwin Money Management, as of July 29, 2004

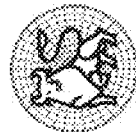
Introduction to Winter Group ⁽¹⁾⁽²⁾ Overview – Terwin Money Management

- Experienced and successful Management Team ⁽³⁾
 - Sam Rainieri, CIO of Terwin Money Management (“TMM”) has over 20 years of MBS experience.
 - Ms. Rainieri, as Senior Vice President/Portfolio Manager, grew the MBS portfolio at AIG SunAmerica from \$626 Million to over \$6.9 billion over a ten year period.
 - At AIG SunAmerica, Ms. Rainieri managed \$4.3 billion of subordinated MBS securities and \$2.6 billion of AAA MBS securities.
 - ◆ Long-term “buy and hold” investment philosophy based on rigorous up-front credit analysis.
 - Roseanna Sevcik, EVP/Portfolio Manager, has over 18 years experience in structured finance and portfolio management.
 - Throughout her career, Ms. Sevcik has focused on both senior and subordinate securities within residential and commercial structures with a primary focus on analysis of credit quality within structures. She also has experience in documentation and structuring of securities.
 - Karen Schnurr, Senior Vice President and manager of operations and investor relations, has over 17 years of investment experience.
 - Ms. Schnurr’s experience has been focused on mortgage credit, including portfolio performance analysis and originator/servicer due diligence. In addition, she has substantial securitization transaction experience, and supervised AIG SunAmerica’s relationship with its primary outside mortgage servicer, issuers and trustees.
 - Madelyn Schwartz, Vice President Credit has over 25 years of credit experience.
 - Ms. Schwartz’s expertise includes risk management, compliance, loan servicing, loan origination, business applications and project management.

(1) Source: Terwin Money Management, as of July 29, 2004

(2) The prior investment results of the Collateral Manager and the persons associated with the Collateral Manager or any other entity or person described herein are not indicative of the Issuer’s future investment results. The nature of, and risks associated with, the Issuer’s future investments may differ substantially from those investments and strategies undertaken historically by such persons and entities. There can be no assurance that the Issuer’s investments will perform as well as the past investments of any such persons or entities.

(3) As of July 2004. There is no guarantee that specific individuals will continue to be employed by Terwin Money Management.

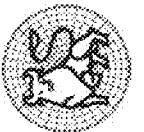




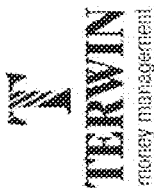
Introduction to Winter Group ⁽¹⁾

Overview – Terwin Money Management (cont.)

- Unique Platform: Terwin Money Management benefits from its relationship with TWG
 - TWG’s founders represent the core of an industry leading mortgage team that held the number one underwriting position of Whole-Loan Non-Agency CMOs for five consecutive years (from June 1995-September 2000).
 - TWG’s sourcing and distribution platform is well positioned to create attractive assets for TMM
- TMM has access to an experienced residential loan special servicing management team through Specialized Loan Servicing (see page 32).



(1) Source: Terwin Money Management, as of July 29, 2004



Introduction to Winter Group ⁽¹⁾

Terwin Money Management Resources

Terwin Money Management

- Track record of achieving high return on mortgage credit risk.
- Strong breadth of due diligence and analysis of issuers and securities prior to purchase and in performance tracking after.
- Experienced in all aspects of the residential MBS market, including Prime and Alternative A MBS, Home Equity, Tax Liens and MH.
- Expertise in purchasing and securitizing residential mortgage loans and in re-remics of existing MBS portfolios.

TWG Team Expertise

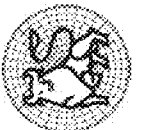
- Industry leaders from DLJ/ CSFB
- Ranked #1 Five Straight Years in non-agency CMOs
- Securitized and distributed over \$100 billion of RMBS
- Proprietary pricing model
- Extensive loan- level due diligence
- Experience in all major types of collateral:
 - Agency (FHLMC, FNMA)
 - Non-Agency Jumbo
 - Alt- A
 - Sub- Prime
 - HELS

Specialized Loan Servicing

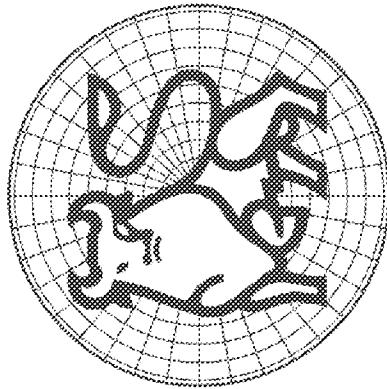
- TWG owns a majority interest in Specialized Loan Servicing ("SLS"), a newly created Denver based servicing platform focused on resolving 90+ day delinquent loans.
- The CEO of SLS is John Beggins, the former COO of Olympus Servicing, who with his team of experienced managers grew Olympus from 6,000 loans to over 110,000 loans within a two year period.
- As of May 1, 2004 SLS is servicing \$1.7 billion of residential loans.

TWG Partners / Relationships

- GreenPoint Financial ("GP") a leading originator of prime and Alt-A loans (\$39 billion in 2003) owns a 20% interest in TWG and TMM and provides the following:
 - Access to collateral
 - Interim Servicing
 - A limited guarantee on a \$450mm Alt-A warehouse line



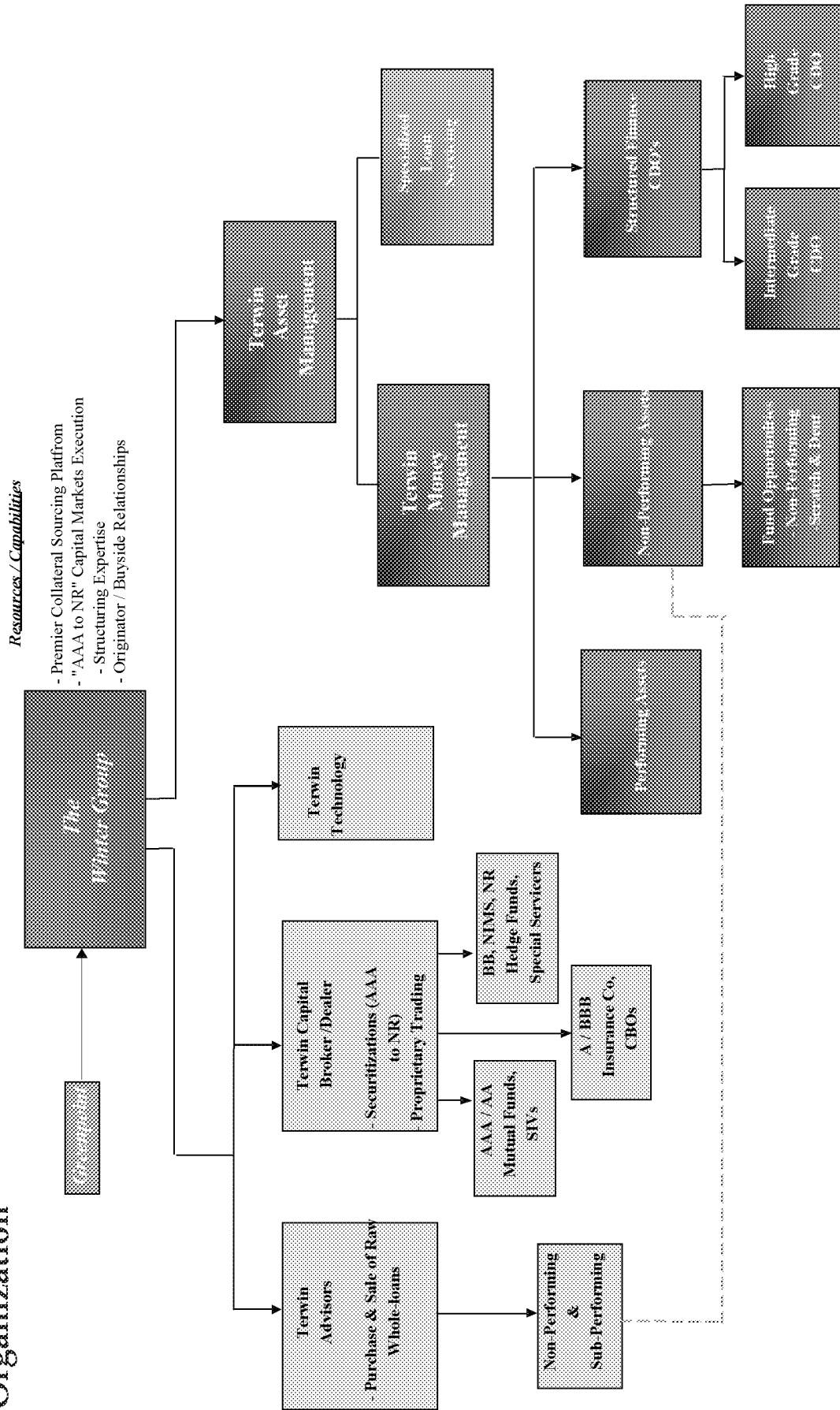
(1) Source: Terwin Money Management, as of July 29, 2004



B. Terwin Money Management

Terwin Money Management (1) The Winter Group

Organization

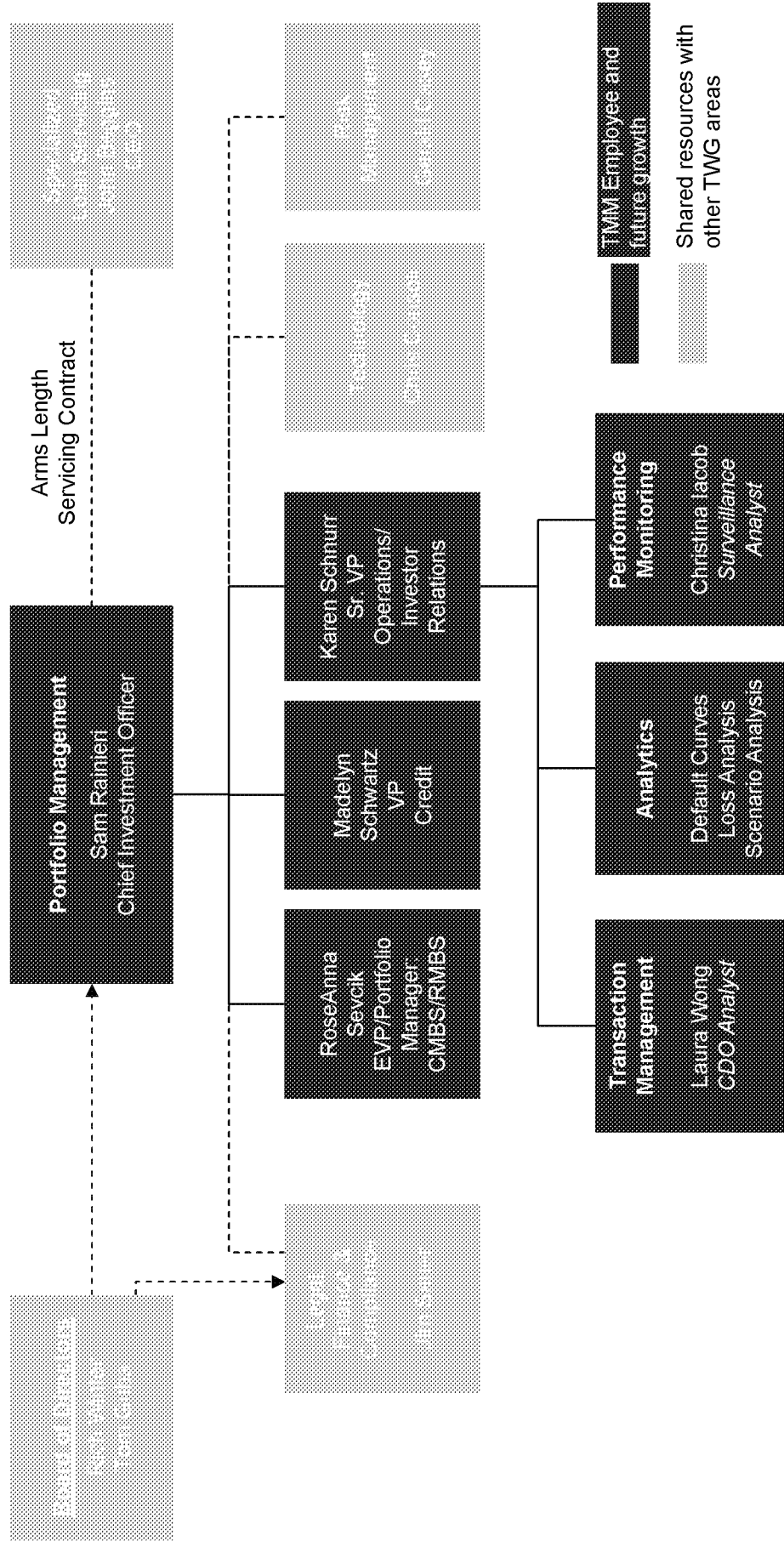


(1) Source: Terwin Money Management, as of July 29, 2004



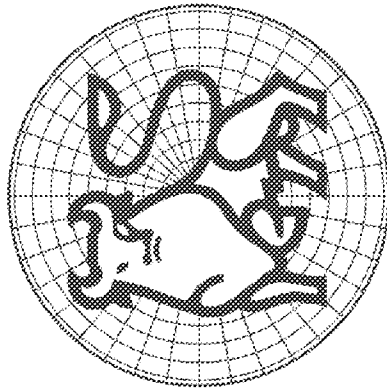
Terwin Money Management (1)(2)

Current Organization and Anticipated Growth



(1) Source: Terwin Money Management, as of July 29, 2004.
 (2) As of July 2004. There is no guarantee that specific individuals will continue to be employed by The Winter Group

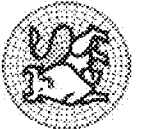




C. Internal Controls, Audit and Compliance

Internal Controls, Audit and Compliance ⁽¹⁾ Board Oversight Responsibilities

- Determine and approve the type of vehicles to be created and managed by TMM
- Approve the amount of equity to be invested
- Approve the terms of any financing
- Approve the general investment profile of the vehicle
- Approve TMM's Investment Policies and Guidelines, and any exceptions
- Approve hedging strategies



(1) Source: Terwin Money Management, as of July 29, 2004

Internal Controls, Audit and Compliance ⁽¹⁾ Investment Policies and Guidelines

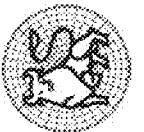
- TMM will only invest in securities that meet the following criteria, in addition to each investment vehicle's limitations:
 - RMBS
 - Real estate-related ABS (home equity, seconds, and B&C first)
 - CMBS
 - REITs
 - ABS CDOs
 - Synthetic RMBS/ABS securities (maximum 20%)
 - No manufactured housing
 - Other ABS
- Additional criteria include:
 - Debt securities issued in USD by a US issuer.
 - Fixed or floating rate
 - Public or 144A
 - Maximum 15% private placements
 - Maximum 20% noninvestment grade
 - No PIK securities except BBB ABS CDOs
 - Maximum 7.5% ownership of a single issue
 - Financial statements of all Issuers and/or servicers rated below BBB- must be reviewed and approved by the audit and compliance department of TMM



(1) Source: Terwin Money Management, as of July 29, 2004

Internal Controls, Audit and Compliance ⁽¹⁾ Compliance Officer/Internal Audit Responsibilities

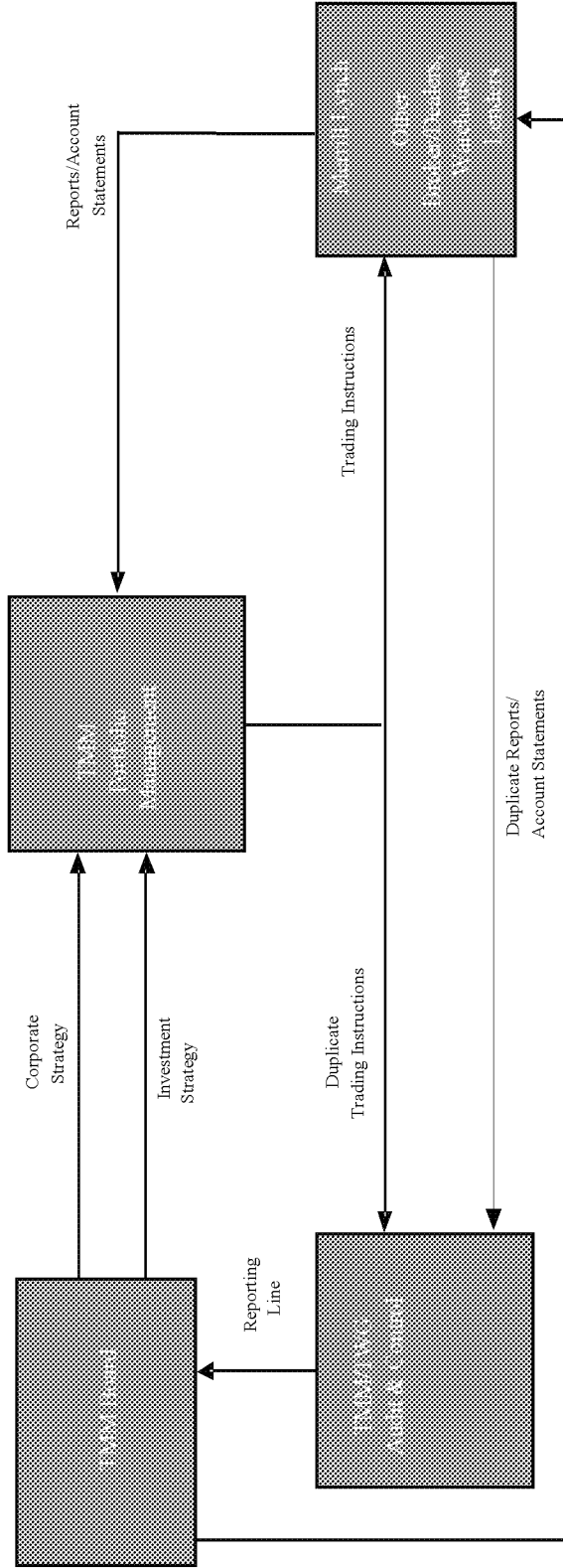
- Review and approve financial statements of any issuer/servicers rated below BBB- or unrated
- Approve hedging counterparties
- Monitor performance of TMM's investment vehicles
- Monitor adherence to the stated investment profile
- Monitor choice of hedging instruments



(1) Source: Terwin Money Management, as of July 29, 2004

Internal Controls, Audit and Compliance (1) Audit and Control Process Flow

TMM Audit & Control Process Flow (reporting line)



TMM/WGC Audit and Control Action

Review and approve all trading instructions and account authorizations.

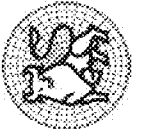
Review and approve all trading instructions and account authorizations.

(1) Source: Terwin Money Management, as of July 29, 2004

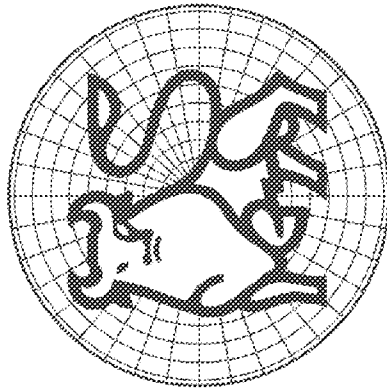


Internal Controls, Audit and Compliance ⁽¹⁾ Risk Management

- TMM employs hedging tools primarily to offset interest rate risk during the accumulation period.
- TMM's Board has approved the use of interest rate swaps, caps, and forward sales and shorting of US Treasuries, as hedges for either individual securities or aggregate portfolios.
- Determination of specific hedging strategies is the responsibility of TMM's chief investment officer.
- Use of any additional hedging instruments must be approved by the Board.



(1) Source: Terwin Money Management, as of July 29, 2004



D. Investment Strategy

Investment Strategy ⁽¹⁾ Terwin Money Management Investment Strategy

- Provide a value oriented, highly disciplined approach, investing in mortgage credit assets designed to perform over the long term.
- Employ extensive portfolio management experience to invest in higher quality assets that will ensure a more stable return profile.
- Invest primarily in assets that leverage the expertise of the group and which are issued by high quality issuers.
- Maximize returns and minimize losses by maintaining a consistently high level of due diligence and surveillance. Loss mitigation relies on in-depth knowledge of the seller / servicers and their product, extensive bond credit analysis, close performance tracking on a bond-by-bond basis and enforcement of representation and warranties.



(1) Source: Terwin Money Management, as of July 29, 2004

Investment Strategy ⁽¹⁾ Asset Allocation

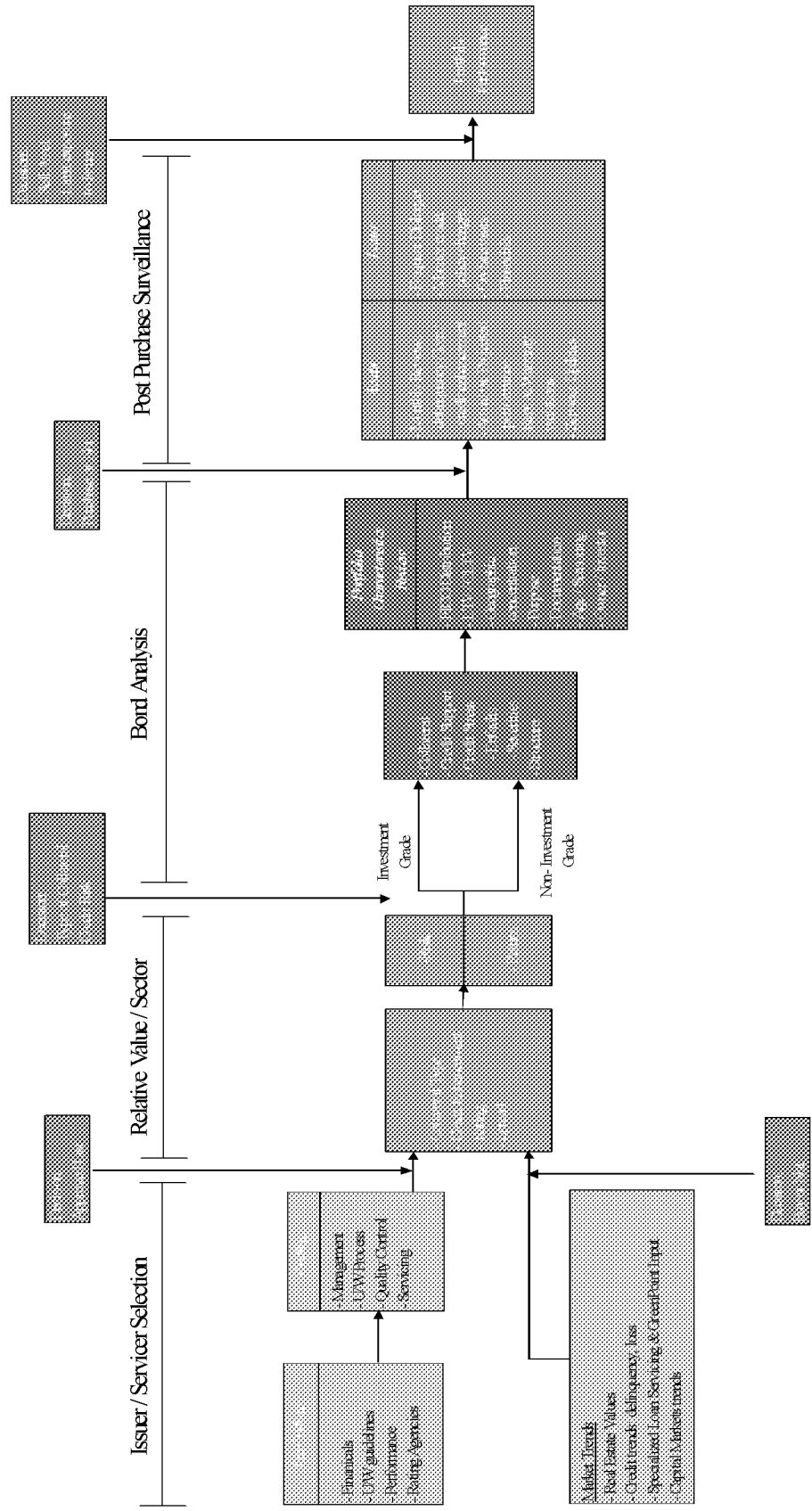
- TMM invests primarily in RMBS and real estate related ABS, with lesser allocations to CMBS/REIT
- Asset allocation within these asset types is made by the CIO and portfolio managers with the oversight of the Board and is divided as follows:
 - Prime A
 - Alt-A
 - Subprime
 - CMBS conduit or single asset
 - REITs
 - ABS CDOs
 - The credit curve
 - Issuer/servicer



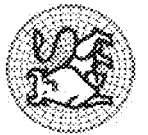
(1) Source: Terwin Money Management, as of July 29, 2004

Investment Strategy (1)

Investment Process – Securities Analysis



Macro Analysis



Investment Strategy ⁽¹⁾ Analysis of Market Trends

- Macro economic data from Wall Street, rating agencies and others
- Real estate value trends from FHLMC, OFHEO, rating agencies, Wall Street and issuers
- General credit trends by review of delinquencies and loss statistics from outside sources such as rating agencies and the MBA
- Review of specific issuer and individual bond's performance statistics
- TMM will have access to in-depth performance data from SLS and the GP portfolio. (See page 32).
- Market trends from consistent dialogue with investment bankers and issuers, including TWG



(1) Source: Terwin Money Management, as of July 29, 2004

Investment Strategy ⁽¹⁾ Issuer/ Servicer Selection

Pre On Site Due Diligence

- Obtain and review financials
- TMM Board review and approval is required if the issuer is either unrated or rated below BBB
- Review issuer's underwriting and product guidelines for level of risk and compare to peers
- Review the past performance of each product type, including:
 - Current year
 - Year by year vintage analysis
- Review rating agency and Wall Street research
- Review the issuer's standard reps and warranties



(1) Source: Terwin Money Management, as of July 29, 2004

Investment Strategy ⁽¹⁾ Issuer/ Servicer Selection (cont.)

On Site Due Diligence

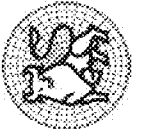
- Conducted prior to commencing a significant purchase program with an issuer
- Repeat On Site due diligence every 18 months to 2 years thereafter, with a focus on material adverse changes in strategy and operations
- On site review includes a discussion of:
 - Management, especially credit risk management, their experience and depth
 - Origination process, including credit scoring systems
 - Underwriting process and quality
 - Appraisal process
 - Pre-funding quality control and fraud prevention.
 - Post funding quality control process and results
 - Servicing quality, with an emphasis on loss mitigation
 - Compliance/ predatory lending



(1) Source: Terwin Money Management, as of July 29, 2004

Investment Strategy ⁽¹⁾ Relative Value and Sector Analysis

- Constant review of relative value between each sub-sector of RMBS targeted by the Fund:
 - Prime
 - Alt-A
 - Subprime
 - HELs
 - Credit enhancement
 - Rating
 - Fixed/floating
 - Spreads
- Relative value comparison of the credit curve vis à vis the manager's credit outlook
- Tracking of industry trends with emphasis on movement in credit risk profiles of originations



(1) Source: Terwin Money Management, as of July 29, 2004

Investment Strategy ⁽¹⁾ Bond Analysis

Structure Analysis:

- Depth and robustness of the reps and warranties made by the issuer
- Cash flow waterfall
- Lock outs and triggers
- Type and amount of credit enhancement

Credit Analysis – Investment Grade Bonds:

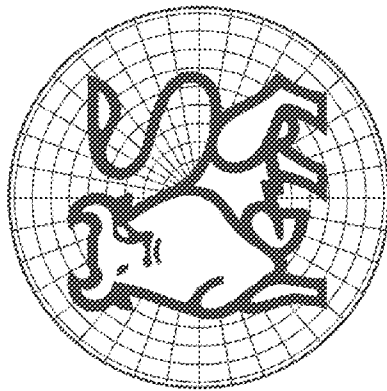
- In depth review of collateral characteristics and levels of credit enhancement with emphasis on any concentration of risk
- Loan level review of any areas of the collateral pool identified as presenting undue risk
- Credit stressing analysis using Intex, Bloomberg, Rating Agency and/or dealer systems and utilizing TMM's default and loss severity assumptions

Non Investment Grade Bonds (Prime and Alt A):

- In depth review of collateral characteristics and levels of credit enhancement with emphasis on any concentrations of risk
- Loan level review of any areas of the collateral pool identified as presenting undue risk
- Where possible, re-underwriting of a percentage of the mortgage loans
- Where possible, re-evaluation of a percentage of the real estate values
- Credit stressing analysis using Intex, Bloomberg, Rating Agency and/or dealer systems and utilizing TMM's default and loss severity assumptions



(1) Source: Terwin Money Management, as of July 29, 2004



E. Post-Purchase Surveillance

Post-Purchase Surveillance (1)

- Post Purchase Issuer Due Diligence
 - Ongoing dialogue with credit risk management to monitor any changes in the credit risk profile
 - Periodic follow up visits
- Post Purchase Asset Performance Monitoring
 - Monthly review of the delinquency and loss statistics and a twelve month history for each asset in the Fund – place any bond or residual which shows potential credit deterioration on a watch list
 - Monthly review of the adequacy of the remaining credit enhancement, and a sell versus hold analysis is completed to determine the maximum recovery amount
 - Ongoing discussions with the servicer regarding any rapid increase in delinquencies, early payment defaults or any violations of representation and warranties
 - Track the actual versus the projected delinquency and loss performance of the asset
 - Any TWG bonds or residuals benefit from an additional level of surveillance and loss mitigation conducted by outside vendors Murray Hill and RMG, who perform additional surveillance on the collateral of the TMTS deals
- Monitor rating agency actions
- Monitor trustee distributions

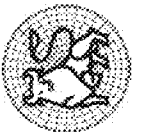


(1) Source: Terwin Money Management, as of July 29, 2004

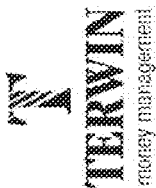
Post-Purchase Surveillance (1)

- Post Issuance CDO Monitoring
 - TMM will utilize the CDO Sentry system to monitor
 - Collateral holdings
 - Hedges
 - Transaction tests
 - Trustee monitoring and reconciliation
 - Preferred share returns
 - CDO Sentry reports will be made available to investors via a protected website :

www.terwinmoneymanagement.com

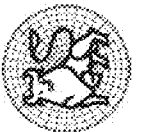


(1) Source: Terwin Money Management, as of July 29, 2004



Post-Purchase Surveillance (1) Systems Utilized

System	Function
Intex	Cash flow and credit modeling system for RMBS and ABS. Allows TMM to view information and cash flows on individual securities and to run credit stresses
Bloomberg	Individual analytics for all structured finance securities
Realpoint	Extensive research for CMBS and REITs, including access to analysts
Trepp	Cash flow and credit modeling for CMBS. Allows TMM to view information and cash flows on individual securities and to run credit stresses
CDO Sentry	CDO monitoring and portfolio management system



(1) Source: Terwin Money Management, as of July 29, 2004



Terwin Money Management Website

www.terwinmoneymanagement.com

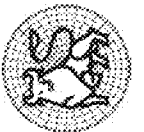
Provides investor information to registered security holders and rating agencies only

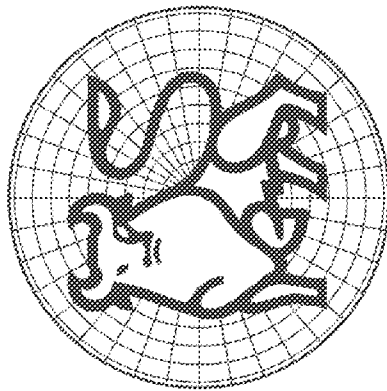
Login is tied to investor's specific holdings

Reports and Documents can be viewed online and printed

Reports and Documents include

- 12 Month Rolling Delinquency
- Actual vs. Projected Performance
- Compliance Reports
- Portfolio Holdings
- Defaulted Securities
- Trustee Reports
- Offering Circular
- Indenture





F. Overview of completed CDO transactions



Overview of Completed CDO transactions

Terwin Money Management Historical ABS CDO Structures⁽¹⁾

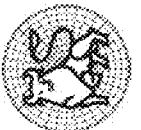
There are two ABS CDOs which Terwin Money Management currently has under management: Glacier Funding CDO I and Cascade Funding CDO I:

Glacier Funding CDO I, Ltd. (closed: March 10, 2004)

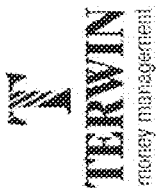
	Class A-1 Notes	Class A-2 Notes	Class B Notes	Class C Notes	Preference Shares
Rating	Aaa/AAA	Aaa/AAA	Aa2/AA	Baa2/BBB	BB-
Rating Agency	Moody's/S&P	Moody's/S&P	Moody's/S&P	Moody's/S&P	S&P
Principal (mm)	\$190.00	\$44.00	\$43.50	\$9.00	\$10.25
WAL (yrs)	4.1	7.6	8.0	6.7	--
Stated Maturity	March 2039	March 2039	March 2039	March 2039	March 2039

Cascade Funding CDO I, Ltd. (closed: July 26, 2004)

	Class A-1 Notes	Class A-2 Notes	Class A-3 Notes	Class B Notes	Preference Shares
Rating	Aaa/AAA/AAA	Aaa/AAA/AAA	Aa2/AA/AA	Baa2/BBB/BBB	Baa3
Rating Agency	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's
Principal (mm)	\$328.00	\$46.00	\$14.00	\$7.00	\$7.70
WAL (yrs)	6.1	8.0	8.0	7.3	--
Stated Maturity	March 2042	March 2042	March 2042	March 2042	March 2042



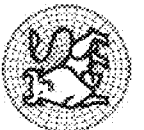
⁽¹⁾ Source: Terwin Money Management, as of July 29, 2004



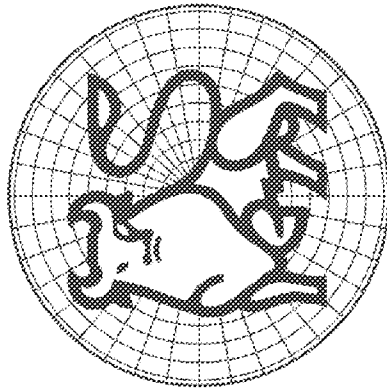
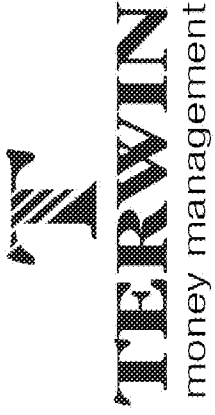
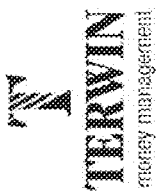
Overview of Completed CDO transactions

Terwin Money Management Historical ABS CDO Collateral Characteristics ⁽¹⁾⁽²⁾

	Glacier Funding CDO I	
	as of	Constraint
	6/30/04	
Floating Spread (basis points)	186.1	≥ 185
Fixed Coupon	5.265%	≥ 5.25%
Moody's Rating Factor	301	≤ 325
Weighted Average Life	6.29	NA
Class A/B OC Test	108.2%	104.0%
Class C OC Test	104.78%	102.7%



(1) Source: Terwin Money Management, as of July 29, 2004
(2) Trustee report not yet available for Cascade Funding CDO I.



G. The Winter Group

The Winter Group (1)

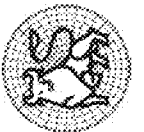
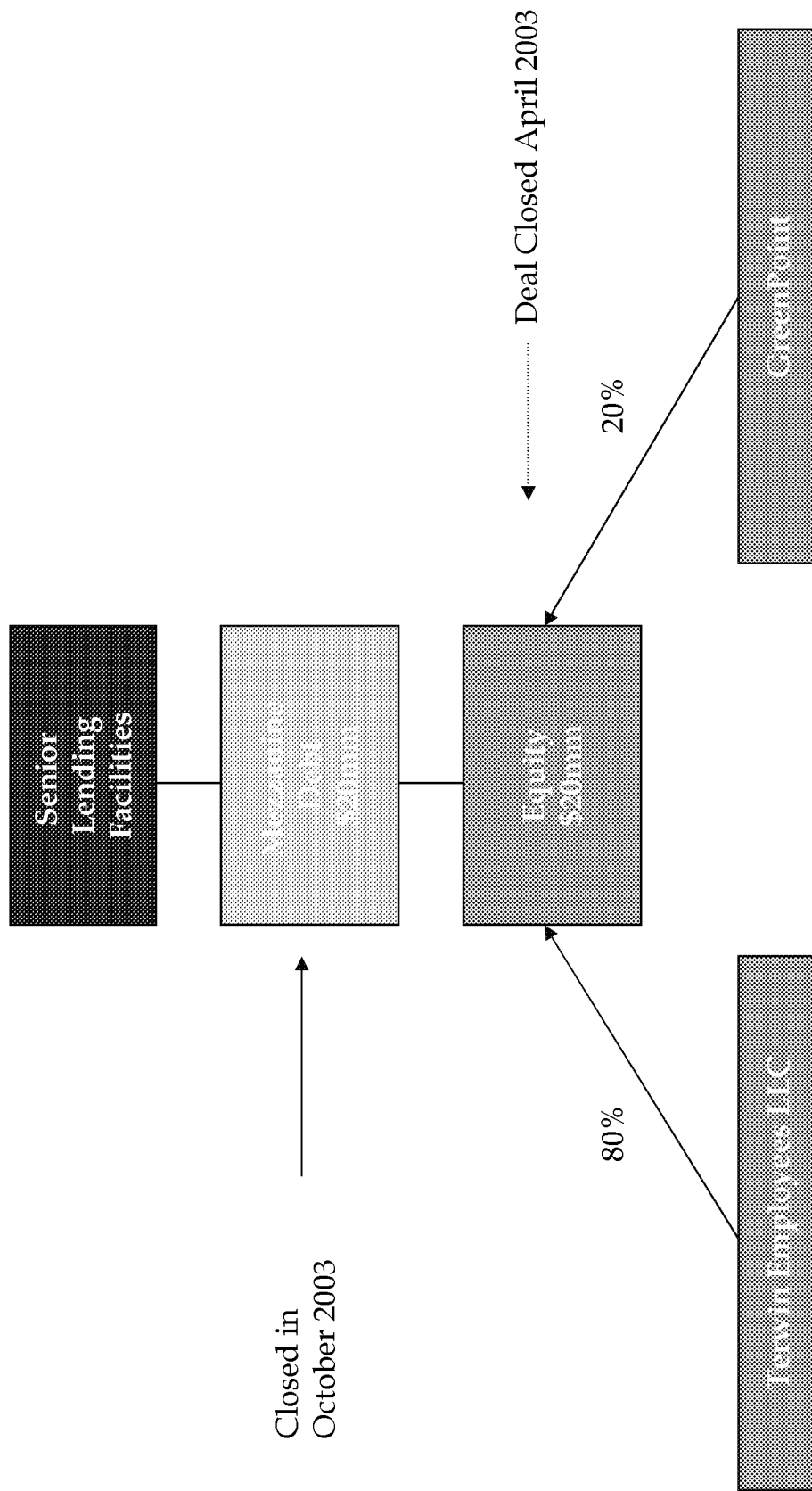
Introduction

- The Winter Group (“TWG”) is a fully integrated Capital Markets residential mortgage securitization, trading and distribution platform.
- TWG’s operations encompass loan origination / acquisition, aggregation, securitization, new issue distribution and secondary market trading. The firm primarily focuses on agency, non-agency jumbo, alternative-A, sub-prime and fixed rate first and second lien mortgage product.
- The founding partners (the “Partners”) have extensive industry experience trading, sourcing and distributing residential mortgage credit risk. The Partners represent senior members of an industry leading mortgage team that propelled DLJ and subsequently CSFB to the number one underwriting position of Whole Loan CMOs for five consecutive years.
- TWG’s strategy in establishing its securitization platform is to:
 - Leverage the Partners existing origination and distribution client relationships.
 - Form new “synergistic” strategic partnerships that can provide capital, collateral, financing, servicing and also provide full “wrap” around services.
 - Establish a commission or performance based sales payout / trading environment.
 - Outsource all non-value administrative functions to maintain a flexible cost structure.

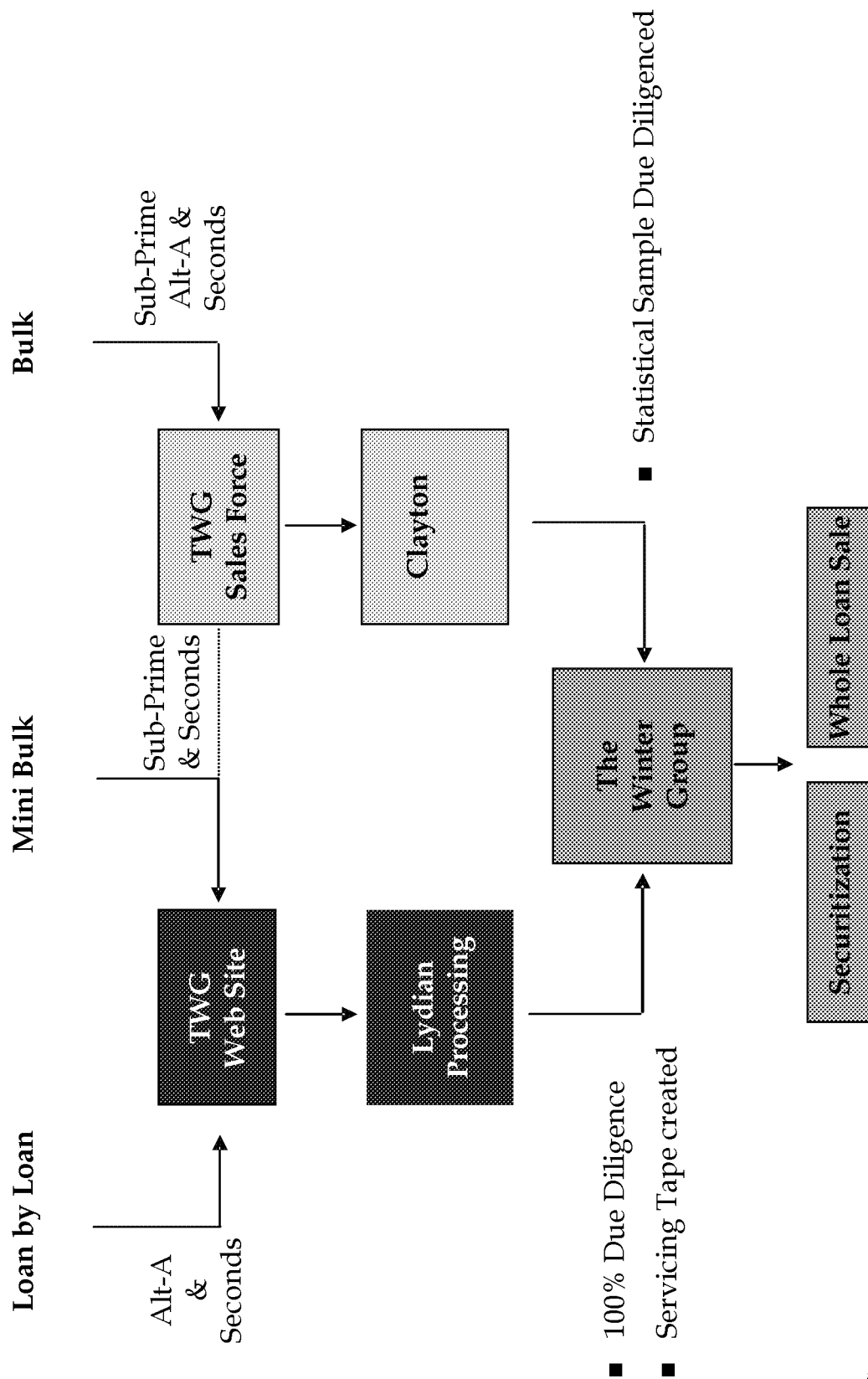


(1) Source: Terwin Money Management, as of July 29, 2004

The Winter Group (1) TWG Capital Structure



The Winter Group (1) Loan Aggregation



(1) Source: Terwin Money Management, as of July 29, 2004





The Winter Group (1) TWG Securitizations

The Winter Group has significant experience with securitization of residential securities

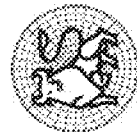
June - December 2003

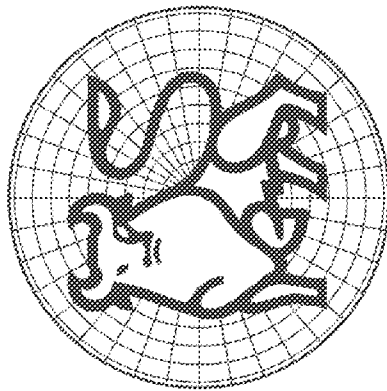
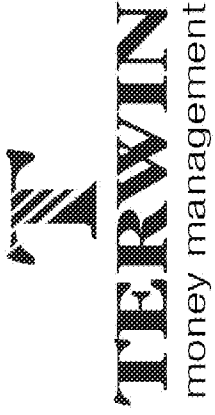
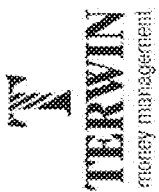
Deal Name	Lead Underwriter	Collateral Type	Par (\$MM)	Closing Date
TMTS 2003-1SL	TWG	Second Lien	\$ 96	June 2003
TMTS 2003-2HE	ML	Sub-Prime	170	July 2003
TMTS 2003-3SL	TWG	Second Lien	80	Aug 2003
GMSI 2003-1	TWG	5/1 ARMS	208	Aug 2003
TMTS 2003-4HE	ML	Sub-Prime	232	Oct 2003
TMTS 2003-5SL	TWG	Second Lien	127	Oct 2003
TMTS 2003-6HE	DB	Sub-Prime	205	Nov 2003
TMTS 2003-7SL	TWG	Second Lien	135	Dec 2003
TMTS 2003-8HE	ML	Sub-Prime	265	Dec 2003
Total			\$2,142MM	

January - June 2004

Deal Name	Lead Underwriter	Collateral Type	Par (\$MM)	Closing Date
GPHE 2004-1	Wachovia	HELOC	\$202	Jan 2004
TMTS 2004-1HE	TWG	Sub-Prime	202	Feb 2004
TMTS 2004-2SL	TWG	Second Lien	199	Feb 2004
Glacier Funding CDO I	ML	Securities	300	Mar 2004
TMTS 2004-4SL	TWG	Second Lien	150	Mar 2004
TMTS 2004-EQR1	TWG	Non-Performing	34	Mar 2004
TMTS 2004-3HE	ML	Sub-Prime	236	Apr 2004
GPHE 2004-2	Wachovia	HELOC	249	Apr 2004
TMTS 2004-7HE	TWG	Sub-Prime	198	Apr 2004
TMTS 2004-8HES	TWG	Second Lien	33	May 2004
TMTS 2004-5HE	ML	Sub-Prime	306	Jun 2004
TMTS 2004-6SL	TWG	Second Lien	226	Jun 2004
TMTS 2004-15ALT	TWG	Ait-A	54	Jun 2004
GPHE 2004-3	Wachovia	HELOC	227	Jun 2004
Whole Loan Trades			269	
Total			\$2,885MM	

(1) Source: Terwin Money Management, as of July 29, 2004





H. Key Investment Professionals



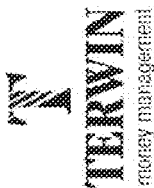
Key Investment Professionals ⁽¹⁾ Biographical Information-Terwin Money Management

Name	Position	Description
Sam Rainieri	Chief Investment Officer	<p>Ms. Rainieri has over 20 years experience in portfolio management and structured finance for financial institutions. She has extensive experience in the capital markets in mortgage-backed securities, primarily in mortgage credit.</p> <p>Prior to her tenure as Chief Credit Officer at Countrywide, Ms. Rainieri was Senior Vice President/Portfolio Manager at AIG SunAmerica Investments, where she managed one of the largest subordinated mortgage-backed securities portfolios in the United States. In over ten years at AIG SunAmerica she grew the portfolio from \$626 million at year-end 1993 to \$6.9 billion as of April 30, 2002, of which \$4.3 billion were subordinated securities and \$2.6 billion were senior securities. During this time the subordinated portfolio experienced minimal losses over ten years. As of April 2002 the portfolio had experienced significant upgrades and minimal downgrades.</p> <p>During her tenure at AIG SunAmerica she invested in a variety of mortgage related subordinated instruments including prime and Alt-A MBS, home equity, tax liens, and manufactured housing. She also managed the purchase of performing and nonperforming mortgage loans both for investment and securitization. Several re-securitizations, including the first and largest public Re-Remic, were executed resulting in significant profits to AIG SunAmerica.</p> <p>The investment decision making process relied on a high level of knowledge of the real estate and mortgage markets, purchasing assets from top tier issuers, extensive up front due diligence of issuers including on site visits, in depth credit analysis of each individual bond, and a comprehensive monthly or quarterly surveillance of the performance of each bond owned. This resulted in superior returns due to the high quality of the investments and the ability to remove assets that were likely to experience a downturn prior to its occurrence.</p> <p>Prior to joining AIG SunAmerica, Ms. Rainieri had over 10 years of experience in the Secondary Marketing division of various banks and mortgage companies. She held several positions where she managed securitizations, mortgage purchases, contract negotiations, investor sales, investor delivery and mortgage loan underwriting.</p>

(1) Source: Terwin Money Management, as of July 29, 2004.

(2) As of July 2004. There is no guarantee that specific individuals will continue to be employed by Terwin Money Management.





Key Investment Professionals ⁽¹⁾ Biographical Information-Terwin Money Management

Name	Position	Description
RoseAnna Sevcik	EVP/ Portfolio Manager	<p>Ms. Sevcik has over 18 years experience in structured finance and portfolio management. Ms Sevcik's experience includes both portfolio management and trading in structured products within the asset backed, mortgaged backed and commercial mortgage backed sectors. She was 1st Vice President/Portfolio Manager at Countrywide Home Loans responsible for trading the mortgage companies Non-Conforming, Heloc, Subprime and Fixed Rate Seconds pipelines which totaled approximately 5 billion per month. Ms. Sevcik was also responsible for management of the subordinated portfolio for Balboa Insurance, a sister company of Countrywide. Prior to her position with Countrywide she held the position of Vice President/Assistant Portfolio Manager at AIG SunAmerica Investment where she assisted with the management of a multi billion dollar portfolio invested in both Senior and Subordinated securities. She was also responsible for ongoing security performance analysis as well as originator and servicer due diligence reviews. Ms. Sevcik managed the Commercial, Residential and Asset backed security portfolios for Penn Mutual Insurance prior to her position with SunAmerica AIG. This included supervising the securitization of the Insurance Company's commercial loan portfolio. Throughout her career she has focused on both senior and subordinate securities within residential and commercial structures with a primary focus on analysis of credit quality within structures. She also has experience in documentation and structuring of securities.</p>



(1) Source: Terwin Money Management, as of July 29, 2004.
(2) As of July 2004. There is no guarantee that specific individuals will continue to be employed by Terwin Money Management.



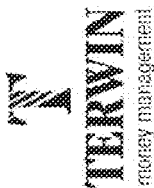
Key Investment Professionals ⁽¹⁾ Biographical Information-Terwin Money Management

Name	Position	Description
Karen Schnurr	Senior Vice President/ Operations Manager and Investor Relations	<p>Ms. Schnurr has 18 years of investment management experience primarily in the area of mortgage credit. She worked at AIG SunAmerica assisting with the subordinated mortgage-backed securities portfolio that grew to \$6.9 billion by providing ongoing performance analysis of the portfolio. Additionally, she conducted originator and servicer due diligence visits to ensure the quality of product purchased and continued performance of collateral. During her tenure, she also co-managed a \$3 billion portfolio of senior mortgage-backed securities.</p> <p>Ms. Schnurr held the position of loan servicing manager. She managed the company's relationship as seller/servicer with Fannie Mae, Freddie Mac and private issuers as well as relationships with document custodians and trustees. She supervised the outside mortgage servicing company that serviced 10,000 loans the company securitized. For certain investors, she directed the disposition of defaulted assets.</p> <p>Ms. Schnurr participated in many phases of mortgage loan securitization for four private transactions, and Freddie Mac and Fannie Mae swaps including due diligence, accounting, engagement of trustees and document custodians, preparation and recording of assignments, coordination of transfer of loans to securities by servicers, and trailing document research.</p> <p>Prior to working in the mortgage area of AIG SunAmerica, Ms. Schnurr produced reports and modeling for the Chief Investment Officer and Treasurer for the company's fixed income and equity portfolio which at that time totaled \$10 billion. She forecasted investment income for annual and quarterly business plans, coordinating investment assumptions with various department managers. She also managed a \$200 million short term portfolio for a newly acquired subsidiary.</p>

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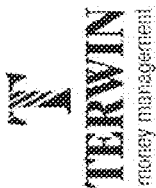


Key Investment Professionals ⁽¹⁾ Biographical Information-Terwin Money Management

Name	Position	Description
Madelyn Schwartz	Vice President Credit	<p>Ms Schwartz has over 25 years of experience in all aspects of credit and lending and obtained a broad based understanding of the financial services industry through management level positions at mortgage banking firms, commercial banks and savings banks.</p> <p>Ms. Schwartz was with Bank of America for nine years. As Senior Vice President, Investor and Mortgage Insurance Relationship Manager she was responsible for all aspects of agency (Fannie Mae and Freddie Mac) relations. This included contract negotiations, credit variances and coordination of investor audits. Annual sales were in excess of \$40 billion. As vendor manager for the Bank's relationships with all mortgage insurance providers she negotiated contracts, service level performance and pricing, and captive reinsurance structures.</p> <p>Previous responsibilities with Bank of America included portfolio sales generating \$40 million in revenue annually; development of a Long Term Standby Commitment structure with Fannie Mae wherein assets remained on the Bank's balance sheet but credit risk transferred to Fannie Mae, these assets although in whole loan form, received MBS risk based capital treatment. As Commercial Credit Compliance Officer for The Private Bank division of Bank of America, she was responsible for all aspects of credit compliance as well as the coordination of internal audits and external examinations.</p> <p>Her other financial services experience includes: Senior Vice President at a national warehouse lending company where she guided account managers in the analysis and preparation of credit packages for company approval; First Vice President responsible for all mortgage origination functions, secondary marketing and loan servicing at a Savings & Loan</p>

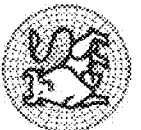


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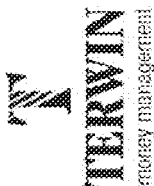


Key Investment Professionals ⁽¹⁾ Biographical Information – Terwin Money Management

Name	Position	Description
Jim Sauer	Audit and Control, TMM	Jim Sauer is responsible for all audit and control matters for TMM. Jim began his career with Coopers and Lybrand as an associate in both the audit and tax practices. In 1993, he joined AstraZeneca Pharmaceuticals and held a variety of positions in the Controllers Departments in the US and London offices, prior to becoming the Finance Director for the US Oncology business unit. Jim's experience with AstraZeneca included financial reporting, several international M&A projects and currency hedging analysis. Jim has a B.S. from Rutgers University, an MBA from Temple University and is a CPA.



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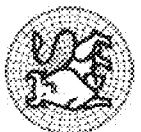
Key Investment Professionals ⁽¹⁾ Biographical Information – Winter Group

Name	Position	Description
Rich Winter	CEO, Managing Director	Richard Winter is the architect of the pricing technology and the visionary leader of the company. Rich began his career in 1988 at Deloitte, Haskins, Sells as an auditor. He joined Kidder Peabody in 1991 and Donaldson, Lufkin and Jenrette in 1994. Rich ran the #1 ranked Whole Loan CMO desk for 21 straight quarters, from June 1995 until Sept. 2000, with a market share that exceeded 20%. In 2000, DLJ was acquired by Credit Suisse First Boston and Rich was named the Co-Head of the Residential Mortgage Group. By July 2002, he had overseen the securitization and sale of more than \$100 billion in Non-Agency Mortgage products which include Jumbo A, Alt-A, A-Minus, Sub-prime, Scratch and Dent and Non-performing. Rich was twice awarded DLJ "Super Achiever" Award, given to the top 1% at the firm. Rich has a B.A. from Wesleyan University, a MBA from New York University and is a CPA

Thomas Guba

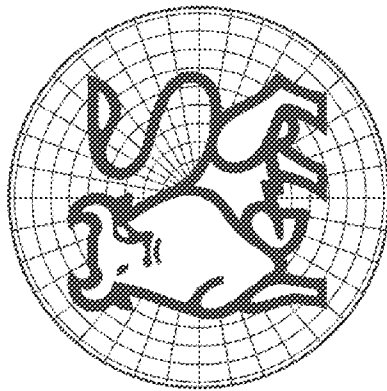
President, Managing Director

Thomas Guba is responsible for all administrative aspects of the company. Tom began his career on Wall Street in 1974 and has a wide variety of mortgage experience. He was responsible for running the mortgage trading operation at Paine Webber from 1977-1984 and at Drexel Burnham Lambert from 1984-1990. During the early 1990's he ran Mabon Securities' mortgage and treasury operation and headed Smith Barney's Fixed Income department. In 1994, he joined DLJ and ran their residential mortgage business, their U.S. Treasury operation and was the National Sales Manager for Fixed Income when DLJ was acquired by Credit Suisse First Boston. At CSFB, Tom was responsible for all structured product sales, which included MBS, CMBS, Asset Backed and CLO/CBOs. Tom is a graduate of Cornell University and has an MBA from New York University.



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6. Tax Considerations

Tax Considerations

The following is a general discussion of the US federal income tax consequences of investment in securities issued by CDO Issuers. The precise tax consequences of investment in the Offered Securities may vary based on the terms of those Securities.

EXPECTED TAX TREATMENT

- The Class A Notes and the Class B Notes [will] be debt and the C Notes [should] be debt for U.S. Federal income tax purposes.
- The issuer will be a passive foreign investment company (a "PFIC"). Tax treatment of a US investor in the Preferred Shares thus generally will depend on whether it elects to treat the issuer as a qualified electing fund (a "QEF").
 - If a US investor in Preferred Shares makes the QEF election, it will be required to include in gross income each year, whether or not the issuer makes distributions, its pro rata share of the issuer's net earnings. Amounts required to be included will not be taxed again when distributed. The issuer will provide the information needed to make a QEF election
 - If a US investor in Preferred Shares fails to make the QEF election, it will be taxable only when it receives a distribution or sells its Preferred Shares. However, "excess distributions" (generally, distributions in any year exceeding 125% of the average amount received during the three preceding years or, if shorter, the investor's holding period) and gains on sale will be subject to an additional tax.
 - To compute the tax on any excess distribution or gain, (i) the excess distribution or gain is allocated ratably over the investor's holding period, (ii) the amount allocated to the current year is taxed as ordinary income and (iii) the amount allocated to each previous year is taxed at the highest applicable marginal rate for that year and an interest charge is imposed to offset the deemed benefit or deferral of that tax.
 - These rules effectively prevent a US investor from treating gain as capital gain.
- The issuer may also be a controlled foreign corporation (a "CFC") and/or a foreign personal holding company (a "PFHC"), as well as a PFIC.
 - The issuer will be a PFHC if five or fewer US citizens or resident individuals own more than 50% of the Preferred Shares. If the issuer is a PFHC, a US investor in Preferred Shares (i) generally will be required to include in income constructive dividends equal to its share of the issuer's specially adjusted taxable income whether or not it receives distributions and (ii) may be subject to the PFIC rules with respect to excess distributions and gains not taxed under the PFHC rules.
 - The issuer may be a CFC if US persons that each own at least 10% of the Preferred Shares together own more than 50% of the Preferred Shares. If the issuer is a CFC, a US investor that owns 10% of the Preferred Shares (i) will not be subject to the PFIC rules or FPHC rules and (ii) should recognize each year as ordinary income its pro rata share of the issuer's net earnings whether or not the issuer makes a distribution.
- Distributions to US investors in the Preferred Shares will not be eligible for either (i) the dividends received deduction allowed to corporations or (ii) the preferential rate allowed to individuals for dividends from previously taxed earnings of US and certain foreign corporations.
- A tax-exempt investor generally should not be subject to unrelated business income tax ("UBIT") unless the investor either (i) holds more than 50% of the Preferred Shares and also holds Notes or (ii) holds Notes or Preferred Shares that are debt-financed property.
- The issuer expects to conduct its affairs so that it will not be treated as engaged in a trade or business within the United States and so that its income therefore will not be subject to US net income tax. The issuer also expects that interest income from collateral debt securities generally will not be subject to withholding tax imposed by the United States or other countries.
- A US investor [(including a US tax-exempt entity) that acquires Preferred Shares at issuance will be required to file a Form 926 or a similar form with the IRS. In the event that a US Shareholder fails to file any such required form, such US investor could be subject to a penalty (generally up to a maximum of \$100,000), computed in the amount of 10% of the fair market value of the Preferred Shares purchased by such US investor. US investor may in some cases be subject to additional reporting requirements under tax shelter regulations.
- [Payments on the Notes and Preferred Shares will not be subject to Cayman Islands tax. The issuer's income will not be subject to Cayman Islands tax.]
- The foregoing outline summarizes some points relevant to prospective investors in general. Some types of investors (e.g., banks, insurance companies, securities dealers and traders, tax-exempt organizations, investors holding Securities as part of a hedge, straddle, conversion or constructive sale transaction) are subject to special US federal income tax regimes not considered here.

PROSPECTIVE INVESTORS SHOULD READ THE DISCUSSION OF US TAX CONSIDERATIONS IN THE OFFERING CIRCULAR TO BE PROVIDED WHICH WILL INCLUDE MORE DETAILED INFORMATION. THE ATTENTION OF POTENTIAL INVESTORS IS DRAWN TO THE TAX CONSIDERATIONS WHICH ARE DESCRIBED IN THE OFFERING CIRCULAR TO BE PROVIDED UNDER

