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Glacier Funding II CDO Term Sheet

Merrill Lynch International

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Global Structured Products

October 2004

Final Information

GLACIER FUNDING CDO II

THE OFFERING:

\$498.0 million Collateralized Debt Obligation ("CDO") Notes and Preference Shares issued by Glacier Funding CDO II, Ltd.



INVESTMENT ADVISOR:

Terwin Money Management LLC ("TMM"),
a part of the Winter Group ("TWG")

	CLASS A-1 NOTES ⁽¹⁾	CLASS A-2 NOTES ⁽¹⁾	CLASS B NOTES ⁽¹⁾	CLASS C NOTES ⁽¹⁾	CLASS D NOTES ⁽¹⁾	PREFERENCE SHARES ⁽¹⁾
Principal	\$325,000,000	\$70,000,000	\$65,750,000	\$20,250,000	\$4,000,000	\$12,750,000
Percentage	65.3%	14.1%	13.2%	4.1%	0.8%	2.6%
Coupon Type	Floating	Floating	Floating	Floating	Floating	Residual
Coupon	3mL+0.33%	3mL+0.62%	3mL+0.90%	3mL+3.00%	3mL+6.75%	
Expected Rating	Aaa/AAA/AAA	Aaa/AAA/AAA	Aa2/AA/AA	Baa2/BBB/BBB	Ba2/BB/BB	BB-
Rating Agency	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	Moody's/S&P/Fitch	S&P
Average Life ⁽²⁾	4.6 yrs.	7.8 yrs	8.0 yrs.	6.2 yrs.	8.0 yrs.	
Stated Maturity	2042	2042	2042	2042	2042	2042
Denomination ⁽¹⁾	\$500,000 minimum \$1,000 increments	\$500,000 minimum \$25,000 increments	\$500,000 minimum \$25,000 increments	\$500,000 minimum \$25,000 increments	\$500,000 minimum \$25,000 increments	\$250,000 minimum \$25,000 increments

(1) Payments on the Notes and Preferred Shares will be made quarterly.
(2) Based on a 8 year auction call.

STRUCTURE

Issuer:	Glacier Funding CDO II, Ltd.
Investment Advisor:	Terwin Money Management LLC
Anticipated Closing Date:	October 12, 2004
Coupon Payment Dates:	Quarterly, beginning in February 2005
Ramp-Up Period:	85% of the Collateral Portfolio was purchased or identified at closing.
Non-Call Period:	3 years
Substitution Period:	2 years. Manager may substitute up to 10% of the collateral per annum to improve the portfolio.
"RAPID" Features:	I. Principal amortization will be used to pay down the Notes on a sequential basis. II. Until the Class C (BBB) Notes are fully paid down, the Preference Shares will be capped at a per annum dividend yield of 11% and the excess cashflows will be used to pay down the Class C Notes.
Mandatory Auction Call:	8 years

COVERAGE TESTS

	O/C Tests	Initial O/C	I/C Tests	Initial I/C
Class A/B	[103.3]%	[108.5]%	[110.0]%	[138.8]%
Class C	[101.6]%	[104.0]%	[105.0]%	[127.3]%
Class D	[100.5]%	[103.1]%	[103.0]%	[123.8]%

FEES AND EXPENSES

Senior Management Fee:	20.0 bps per annum
Subordinated Management Fee:	25.0 bps per annum
Trustee Fees	1.8 bps per annum
Administrative Expenses	5.0 bps per annum
Administrative Fee Cap	\$300,000
Closing Fees and Expenses ⁽¹⁾	\$9,500,000

(1) Includes certain up-front closing fees associated with this transaction, including Merrill Lynch structuring and placement fees, legal, agency, and other fees.

COLLATERAL CHARACTERISTICS

• Maximum WARF ⁽²⁾	340	• Below Investment Grade Bucket	5.0%
• Minimum Diversity Score	15	• Maximum Single Issuer Concentration	2.0%
• Maximum Single Servicer Concentration ⁽³⁾	7.50%	• Fixed Collateral Expected	25%
• Maximum Weighted Average Life	6.50 years	• Minimum Rating at Initial Purchase	Ba2

(2) For purposes of calculating the Moody's rating factor, any Collateral Obligation that has been placed and remains on positive/negative credit watch will be deemed to have a Moody's rating of the next higher/lower rating subcategory respectively.

(3) With some exceptions.

Global Structured Products	CDO Marketing/Global Structured Products	Global Private Clients	ABS Trading and Syndicate
<i>Institution Clients</i>			
Christopher Ricciardi (212) 449-9638	US: Doug Mallach (212) 449-6190	Cliff Lanier (212) 449-5383	Scott Soltas (212) 449-3659
Lars Norell (212) 449-9822	Canada: Barry Dennis (212) 449-0394	Marie Walsh (212) 449-5383	Brian Stoker (212) 449-3659
Plamen Mirnikov (212) 449-0466	Europe: Bill Berry 44-20-7995-4678	Jason Lamin (212) 449-5383	Brian Stoker (212) 449-3660
Julie Cutler (212) 449-0196	Asia: Taro Masuyama 81-3-3213-7473	Marco Pavoncelli 44-207-996-3743	
		<i>Institutional Advisory Division</i>	
		Mike Foggia (212) 449-6190	

This term sheet may only be distributed along with the Confidential Discussion Materials to pre-qualified Merrill Lynch clients who are Qualified Purchasers within the meaning of Investment Company Act of 1940.

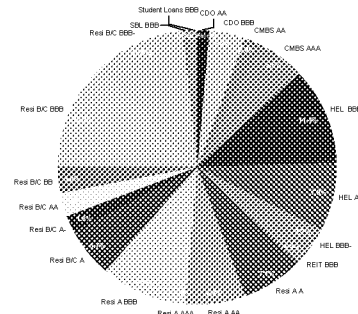
Why Invest in Structured Finance Securities?

Structured Finance Securities (including ABS, RMBS and CMBS) and CDOs have historically exhibited lower default rates, higher recovery upon default and better rating stability than comparably rated corporate bonds. Consequently, CDOs consisting of Structured Finance Securities and CDOs have outperformed other CDO types.⁽¹⁾

- According to a recent Moody's study, the long-term historical average (1983-2003) of unchanged ratings of Structured Finance Securities and CDOs was 92.3%, which compares favorably to the 76.6% average of unchanged ratings of corporate bonds for the same period.⁽¹⁾
- Structured Finance Securities have historically had an average recovery rate of 58% compared to approximately 35% for corporate bonds.^{(2) (3)}

(1) Moody's Investors Service, "Structured Finance Rating Transitions: 1983-2003," February 2004.
 (2) Moody's Investor Service, "Measuring Loss Severity Rates of Defaulted Residential Mortgage Backed Securities," April 2004.
 (3) Moody's Investors Service, "Default & Recovery Rates of Corporate Bond Issuers," January 2004.

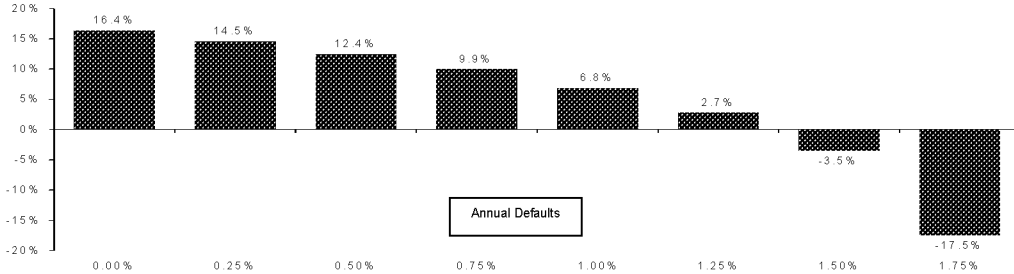
REPRESENTATIVE PORTFOLIO*



About Terwin Money Management and The Winter Group

- Terwin Asset Management LLC ("TAM") is a recently formed 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.
- 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'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.
 - TWG's sourcing and distribution platform is well positioned to create attractive assets for TMM

Preference Share Returns (IRR):



BREAKEVEN DEFAULT RATES⁽⁶⁾

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/A/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/B/BB)	[2.1%]	[11.3%]	[2.6%]	[13.7%]

(6) Assumes 60% immediate recoveries based on forward LIBOR.

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.

THIS SUMMARY OUTLINES CERTAIN CHARACTERISTICS OF A PROPOSED COLLATERALIZED DEBT OBLIGATION TRANSACTION ("CDO"). THIS SUMMARY IS A SUMMARY OF THE "CONFIDENTIAL DISCUSSION MATERIAL - GLACIER FUNDING CDO II, LTD." (THE "CONFIDENTIAL DISCUSSION MATERIAL") AND SHOULD BE READ IN CONJUNCTION THEREWITH, INCLUDING "SECTION 9 - TRANSACTION HIGHLIGHTS" THERETO. THIS MATERIAL IS PRESENTED SOLELY FOR PURPOSES OF DISCUSSION, TO DETERMINE PRELIMINARY INTEREST IN INVESTING IN A TRANSACTION WITH THE GENERAL CHARACTERISTICS DESCRIBED. THIS TRANSACTION IS AT A STRUCTURING PHASE AND THERE MAY BE MATERIAL CHANGES TO THE STRUCTURE AND COLLATERAL PRIOR TO THE SECURITIES BEING OFFERED (SUCH SECURITIES, THE "OFFERED SECURITIES") NO CIRCUMSTANCES IS THIS PRESENTATION TO BE USED OR CONSIDERED AS AN OFFER TO SELL, OR A SOLICITATION OF ANY OFFER TO BUY, ANY SECURITY. ANY SUCH OFFERING MAY BE MADE ONLY BY THE OFFERING CIRCULAR. THE INFORMATION CONTAINED HEREIN IS IN SUMMARY FORM FOR CONVENIENCE OF PRESENTATION. 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INVESTING IN COLLATERALIZED DEBT OBLIGATIONS INVOLVES RISKS THAT ARE MORE FULLY DESCRIBED IN THE OFFERING CIRCULAR