Glacier Funding CDO I

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

Managed by:

Terwin Money Management LLC ("Terwin")
a subsidiary of The Winter Group

February 2004

Merrill Lynch
Global Markets & Investment Banking Group
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Glacier Funding CDO I

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1. Executive Summary
Executive Summary

- Glacier Funding CDO I plans to issue a [5296.75] million Asset-Backed CDO ("ABS CDO"). The ABS CDO will be backed by a portfolio of structured finance collateral, which may include Residential Mortgage-Backed Securities ("RMBS"), Commercial Mortgage-Backed Securities ("CMBS"), Asset-Backed Securities ("ABS"), and ABS Collateralized Debt Obligations ("ABS CDOs").

- Glacier Funding CDO I will be managed by Terwin Money Management ("the Investment Advisor"). The Investment Advisor is a part of the Winter Group, which has built an integrated capital markets residential mortgage acquisition, securitization, trading and distribution platform.

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

- Glacier Funding CDO I will issue the following five classes of securities to be backed by ABS, RMBS, CMBS and ABS CDOs:

  ![Diagram of CDO Securities](image)

2. Structured Finance Market Overview
Structured Finance Market Overview

Historical Defaults (1)

BBB-rated Structured Finance Securities (ABS, RMBS and CMBS), as an aggregate, have experienced far fewer defaults in 2002, with an average of only .5% defaults, compared with 1.2% defaults for corporate bonds.

Historically, this BBB-rated Structured Finance Collateral has also shown lower default rates than comparably rated corporate bonds:

- RMBS one-year average default rate (1978 – 2001) ~0.1%
- CMBS one-year average default rate (1985 – 2001) < 0.1%
- ABS one-year average default rate (1985 – 2001) ~0.08%

Corporate one-year average default rate (1981 – 2001) ~0.28%

Structured Finance Market Overview

Historical Recovery Rates

- An S&P study on recovery rates of ABS, RMBS, and CMBS collateral (referred to as "Structured Finance Securities") concluded the following:
  - According to the study, defaulted Structured Finance Securities have had an average recovery rate of 62% from 1978-2002. (1)
  - Unlike other types of securities, Structured Finance Securities may receive substantial cash-flow in respect to interest and principal after a default.
  - Even during the economic recession, recoveries of defaulted credit classes deteriorated only moderately.

<table>
<thead>
<tr>
<th>Average Recovery Rate of Defaulted RMBS</th>
<th>60%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Recovery Rate of Defaulted CMBS</td>
<td>83%</td>
</tr>
<tr>
<td>Average Recovery Rate of Defaulted Other ABS</td>
<td>45%</td>
</tr>
</tbody>
</table>

In contrast, the average recovery rate for corporate bonds from 1982-2002 is approximately 37%. (2)

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(1) Source: Standard and Poor's, "Recoveries of Defaulted U.S. Structured Finance Securities," From Inception (1978) to September 2002. Note that this number excludes instances of credit card charge-offs due to fraud.

Structured Finance Market Overview

Rating Stability

A study published by Moody's concluded that the structured finance sector has exhibited higher rating stability than corporate bonds.

### Annual Downgrade, Upgrade and Rating Unchanged Frequencies in the Structured Finance Sectors (Broad-Rating Based)

<table>
<thead>
<tr>
<th></th>
<th>Downgrade Rate</th>
<th>Upgrade Rate</th>
<th>Unchanged Rate</th>
<th>Withdrawn Rate*</th>
<th>Downgrade/Upgrade Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>All structured finance, 1983-2002</td>
<td>2.99%</td>
<td>2.52%</td>
<td>87.66%</td>
<td>6.84%</td>
<td>1.2</td>
</tr>
<tr>
<td>All corporates, 1983-2002</td>
<td>8.88%</td>
<td>3.90%</td>
<td>81.49%</td>
<td>5.73%</td>
<td>2.3</td>
</tr>
</tbody>
</table>


*Reflects securities whose ratings were withdrawn during the period being analyzed. The vast majority of withdrawn structured finance securities were simply the result of deal paydown and maturity.
Structured Finance Market Overview

Rating Stability (cont’d.)\(^{(1)}\)

- A closer look reveals that RMBS and CMBS, which are expected to comprise the majority of assets in the Glacier Funding CDO I portfolio, have exhibited the best rating performance among the structured finance sectors.
- After conducting a cross-sector analysis, Moody’s found that CMBS and RMBS have higher upgrade frequencies than downgrade frequencies due to more seasoned loans in the underlying collateral pool and the strength of the residential and commercial real estate markets over the last decade.
- ABS have a relatively high average frequency of withdrawn ratings, which reflects the shorter average lives of ABS.

### Annual Downgrade, Upgrade and Rating Unchanged Frequencies in the Structured Finance Sectors (Broad-Rating Based)

<table>
<thead>
<tr>
<th></th>
<th>Downgrade Rate</th>
<th>Upgrade Rate</th>
<th>Unchanged Rate</th>
<th>Withdrawn Rate</th>
<th>Downgrade/Upgrade Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABS, 1991-2002</td>
<td>2.95%</td>
<td>1.27%</td>
<td>86.59%</td>
<td>9.19%</td>
<td>2.3</td>
</tr>
<tr>
<td>High Yield CDOs, 1991-2002</td>
<td>10.88%</td>
<td>0.57%</td>
<td>83.35%</td>
<td>5.20%</td>
<td>19.0</td>
</tr>
<tr>
<td>CMBS, 1991-2002</td>
<td>1.57%</td>
<td>3.49%</td>
<td>88.72%</td>
<td>6.22%</td>
<td>0.4</td>
</tr>
<tr>
<td>RMBS, 1991-2002</td>
<td>1.88%</td>
<td>3.61%</td>
<td>89.18%</td>
<td>5.34%</td>
<td>0.5</td>
</tr>
<tr>
<td>All structured, 1983-2002</td>
<td>2.99%</td>
<td>2.52%</td>
<td>87.66%</td>
<td>6.84%</td>
<td>1.2</td>
</tr>
<tr>
<td>All corporates, 1983-2002</td>
<td>8.88%</td>
<td>3.90%</td>
<td>81.49%</td>
<td>5.73%</td>
<td>2.3</td>
</tr>
</tbody>
</table>

Structured Finance Market Overview

Low Ratings Volatility

### Moody's Structured Finance Rating Transitions 1983-2002

<table>
<thead>
<tr>
<th>FROM:</th>
<th>TO:</th>
<th>Aaa</th>
<th>Aa</th>
<th>A</th>
<th>Baa</th>
<th>Ba</th>
<th>B</th>
<th>Caa or below</th>
<th>% Downgraded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aaa</td>
<td></td>
<td>98.90%</td>
<td>0.89%</td>
<td>0.13%</td>
<td>0.04%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.03%</td>
<td>1.09%</td>
</tr>
<tr>
<td>Aa</td>
<td></td>
<td>5.45%</td>
<td>91.46%</td>
<td>2.28%</td>
<td>0.63%</td>
<td>0.09%</td>
<td>0.03%</td>
<td>0.06%</td>
<td>3.09%</td>
</tr>
<tr>
<td>A</td>
<td></td>
<td>1.13%</td>
<td>2.74%</td>
<td>93.54%</td>
<td>1.82%</td>
<td>0.52%</td>
<td>0.07%</td>
<td>0.18%</td>
<td>2.59%</td>
</tr>
<tr>
<td>Baa</td>
<td></td>
<td>0.53%</td>
<td>0.65%</td>
<td>2.25%</td>
<td>90.40%</td>
<td>3.63%</td>
<td>1.26%</td>
<td>1.06%</td>
<td>6.17%</td>
</tr>
<tr>
<td>Ba</td>
<td></td>
<td>0.14%</td>
<td>0.06%</td>
<td>0.78%</td>
<td>3.99%</td>
<td>86.33%</td>
<td>3.24%</td>
<td>5.46%</td>
<td>8.70%</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.06%</td>
<td>0.46%</td>
<td>0.85%</td>
<td>88.95%</td>
<td>9.62%</td>
<td>9.62%</td>
</tr>
<tr>
<td>Caa or below</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.17%</td>
<td>0.34%</td>
<td>99.49%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Moody's Corporate Rating Transitions 1983-2002

<table>
<thead>
<tr>
<th>FROM:</th>
<th>TO:</th>
<th>Aaa</th>
<th>Aa</th>
<th>A</th>
<th>Baa</th>
<th>Ba</th>
<th>B</th>
<th>Caa or below</th>
<th>% Downgraded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aaa</td>
<td></td>
<td>89.63%</td>
<td>9.17%</td>
<td>1.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>10.17%</td>
</tr>
<tr>
<td>Aa</td>
<td></td>
<td>0.79%</td>
<td>89.66%</td>
<td>9.04%</td>
<td>0.37%</td>
<td>0.09%</td>
<td>0.02%</td>
<td>0.03%</td>
<td>9.55%</td>
</tr>
<tr>
<td>A</td>
<td></td>
<td>0.05%</td>
<td>2.53%</td>
<td>90.88%</td>
<td>5.77%</td>
<td>0.70%</td>
<td>0.22%</td>
<td>0.22%</td>
<td>6.73%</td>
</tr>
<tr>
<td>Baa</td>
<td></td>
<td>0.05%</td>
<td>0.28%</td>
<td>5.94%</td>
<td>86.95%</td>
<td>5.25%</td>
<td>1.12%</td>
<td>0.41%</td>
<td>6.78%</td>
</tr>
<tr>
<td>Ba</td>
<td></td>
<td>0.01%</td>
<td>0.04%</td>
<td>0.61%</td>
<td>5.50%</td>
<td>82.59%</td>
<td>9.01%</td>
<td>2.23%</td>
<td>11.24%</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td>0.01%</td>
<td>0.06%</td>
<td>0.23%</td>
<td>0.61%</td>
<td>6.19%</td>
<td>81.22%</td>
<td>11.68%</td>
<td>11.68%</td>
</tr>
<tr>
<td>Caa or below</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>1.01%</td>
<td>2.57%</td>
<td>6.53%</td>
<td>89.88%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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3. Adjusted for Withdrawn Ratings.
Structured Finance Market Overview

ABS CDO Performance

- Better performance of structured finance assets has led to better performance of CDOs backed by those assets.

**Moody's CDO Index**

(As of December 2003)

<table>
<thead>
<tr>
<th>Subordinate Over Collateralization (1)</th>
<th>Defaults</th>
<th>Rating Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABS</td>
<td>+1.59%</td>
<td>1.29%</td>
</tr>
<tr>
<td>CLO</td>
<td>+1.81%</td>
<td>4.44%</td>
</tr>
<tr>
<td>IG Corp</td>
<td>&lt;0.22%</td>
<td>1.36%</td>
</tr>
<tr>
<td>HY Corp</td>
<td>&lt;11.58%</td>
<td>10.6%</td>
</tr>
</tbody>
</table>

The Moody’s CDO Index measures defaults in the portfolio as well as the extent of compliance (positive numbers) or non-compliance (negative numbers) with certain deal tests.

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(1) Positive numbers denote compliance, while negative numbers denote a violation with respect to the test level.

Source: *Moody's, "Collateralized Debt Obligations Indices: December 2003"
3. Evolution of ABS CDOs
Evolution of ABS CDOs

Shift from One Generation to Another

- The structure and collateral pools of ABS CDOs have evolved significantly since the first deal ("DASH") was issued in December 1999.
  - The early ABS CDOs ("first generation" deals) were originated during a relatively stable subordinated ABS credit environment. Consequently, such portfolios included less traditional collateral such as franchise loans, manufactured housing, 12b-1 fees, aircraft leases, tobacco bonds, etc.

- However, these first generation deals have recently come under increasing pressure, resulting in the creation of a new generation (post-2001 vintage) of ABS CDOs with improved credit profiles and less diverse portfolio compositions.
  - 13 first generation ABS CDOs have had one or more tranches downgraded. None has had a tranche upgraded to date.
  - 6 post-2001 vintage ("second generation") ABS CDO deals have had one or more tranches upgraded and no downgrades to date.

Second generation ABS CDOs are out-performing first generation ABS CDOs as improved collateral, overcollateralization and other structural features have led to upgrades of second generation ABS CDOs

Evolution of ABS CDOs

Shift from One Generation to Another (1) (cont’d)

- The second generation of ABS CDOs has been differentiated from the first generation based on several key factors:
  - Higher credit quality of portfolios
  - Larger concentrations in mainstream ABS sectors (see table comparison below)
  - Improved structural features

<table>
<thead>
<tr>
<th>First Generation Portfolio Composition</th>
<th>Second Generation Portfolio Composition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential B/C Mtg</td>
<td>Residential A Mtg</td>
</tr>
<tr>
<td>HEL</td>
<td>40 – 60%</td>
</tr>
<tr>
<td>CMBS Conduit</td>
<td>Residential B/C Mtg</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>10 – 15%</td>
</tr>
<tr>
<td>Autos</td>
<td>HEL</td>
</tr>
<tr>
<td>5 – 10%</td>
<td>10 – 25%</td>
</tr>
<tr>
<td>12B-1</td>
<td>CMBS Conduit</td>
</tr>
<tr>
<td>5%</td>
<td>10 – 25%</td>
</tr>
<tr>
<td>Manufactured Housing</td>
<td>Credit Cards</td>
</tr>
<tr>
<td>5%</td>
<td>5 – 10%</td>
</tr>
<tr>
<td>Aircraft/EETC</td>
<td>Autos</td>
</tr>
<tr>
<td>5 – 10%</td>
<td>5 – 10%</td>
</tr>
<tr>
<td>Other</td>
<td>Other</td>
</tr>
<tr>
<td>15%</td>
<td>5 – 10%</td>
</tr>
</tbody>
</table>

Evolution of ABS CDOs

Shift from One Generation to Another (1)

- The second generation of ABS CDOs has been distinguished from the first generation based on the following key factors:

  - Focus on mainstream ABS sectors
  - Smaller collateral concentration limits
  - Improved structural features
  - Higher credit quality of portfolios

Evolution of ABS CDOs

Shift from One Generation to Another (1) (cont’d)

- Second generation ABS CDOs adapted to the performance challenges of their predecessors and can be differentiated by the following key factors:

  - Seasoned sectors with strong track records are core components of ABS CDO portfolios
  - Portfolios now consist of primarily RMBS, CMBS and traditional ABS assets

  - Greater liquidity in current portfolio profile which allows the Investment Advisor to mitigate losses
  - Managers who recognize problem positions early can trade out (2)

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(2) Subject to any restrictions under the related indenture.
Evolution of ABS CDOs

Improved Structural Features (1)

- In addition to collateral pool improvements, second generation ABS CDOs incorporate key structural features that offer investors better credit protection.

<table>
<thead>
<tr>
<th>Shorter Average Lives</th>
<th>Lower Diversity Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerated Deleveraging</td>
<td></td>
</tr>
<tr>
<td>Dividend Yield Cap</td>
<td>Auction Call</td>
</tr>
</tbody>
</table>

4. Transaction Highlights
# Transaction Highlights

## Summary of Terms

<table>
<thead>
<tr>
<th>Type</th>
<th>ABS CDO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer</td>
<td>Glacier Funding CDO I</td>
</tr>
<tr>
<td>Advisor</td>
<td>Terwin Money Management</td>
</tr>
<tr>
<td>Total Size</td>
<td>[$296.75] MM</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Class</th>
<th>Type</th>
<th>Ratings (1)</th>
<th>Par/Investment Amount</th>
<th>Average Life (2)</th>
<th>Legal Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-1</td>
<td>First Priority Senior Secured Floating Rate Notes</td>
<td>[Aaa/AAA]</td>
<td>[$195.0] MM</td>
<td>[4.5] yrs</td>
<td>[2039]</td>
</tr>
<tr>
<td>A-2</td>
<td>Second Priority Senior Secured Floating Rate Notes</td>
<td>[Aaa/AAA]</td>
<td>[$39.0] MM</td>
<td>[7.6] yrs</td>
<td>[2039]</td>
</tr>
<tr>
<td>B</td>
<td>Third Priority Senior Secured Floating Rate Notes</td>
<td>[Aa2/AA]</td>
<td>[$43.5] MM</td>
<td>[8.0] yrs</td>
<td>[2039]</td>
</tr>
<tr>
<td>C</td>
<td>Fourth Priority Senior Secured Floating Rate Notes</td>
<td>[Baa2/BBB]</td>
<td>[$9.0] MM</td>
<td>[7.0] yrs</td>
<td>[2039]</td>
</tr>
<tr>
<td></td>
<td>Preference Shares</td>
<td>[N/R]</td>
<td>[$10.25] MM</td>
<td></td>
<td>[2039]</td>
</tr>
</tbody>
</table>

## Collateral Profile

- Maximum Single Issuer Concentration: [1.50%]
- Maximum Single Servicer Concentration: [7.5%](3)
- Minimum Diversity Score: [16]
- Maximum Moody's Weighted Average Rating Score: [325]

- Below Investment Grade Bucket (4): [10%]
- Maximum Weighted Average Life: [7.5] Years
- Minimum Weighted Average Coupon: [5.24%]
- Minimum Weighted Average Spread: [1.86%]

---

(1) The classes will be rated by Moody's and S&P.
(2) Please see "Transaction Highlights - Structuring Assumptions" for a description of modeling assumptions. Based on an auction call in [8] years.
(3) With some exceptions.
(4) Used for ratings migration purposes. All the collateral must be rated investment grade by at least one Rating Agency at Closing. Note: 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.
Transaction Highlights

Advantages of Deleveraging\(^{(1)}\)

- The following table illustrates the change in O/C levels for Notes of two ABS CDOs with a delevered structure:

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Tranche</th>
<th>Rating Action</th>
<th>Agency</th>
<th>From</th>
<th>To</th>
<th>Date</th>
<th>Original O/C Level</th>
<th>O/C Level as of 2/28/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-BASS CBO III</td>
<td>Class A</td>
<td>unchanged</td>
<td>Fitch</td>
<td>AAA</td>
<td>AAA</td>
<td>02/15/2002</td>
<td>118.52</td>
<td>120.6</td>
</tr>
<tr>
<td>C-BASS CBO III</td>
<td>Class B</td>
<td>up</td>
<td>Fitch</td>
<td>AA</td>
<td>AAA</td>
<td>03/14/2003</td>
<td>118.52</td>
<td>120.6</td>
</tr>
<tr>
<td>C-BASS CBO III</td>
<td>Class C</td>
<td>up</td>
<td>Fitch</td>
<td>A</td>
<td>AA</td>
<td>03/14/2003</td>
<td>115.11</td>
<td>116.75</td>
</tr>
<tr>
<td>C-BASS CBO III</td>
<td>Class D</td>
<td>up</td>
<td>Fitch</td>
<td>BBB</td>
<td>A-</td>
<td>03/14/2003</td>
<td>106.24</td>
<td>109.42</td>
</tr>
<tr>
<td>Solstice ABS CDO</td>
<td>Class A</td>
<td>unchanged</td>
<td>Fitch</td>
<td>AAA</td>
<td>AAA</td>
<td>04/19/2001</td>
<td>132.9</td>
<td>132.4</td>
</tr>
<tr>
<td>Solstice ABS CDO</td>
<td>Class B</td>
<td>unchanged</td>
<td>Fitch</td>
<td>AA</td>
<td>AA</td>
<td>04/19/2001</td>
<td>106.8</td>
<td>108.4</td>
</tr>
<tr>
<td>Solstice ABS CDO</td>
<td>Class C</td>
<td>up</td>
<td>Fitch</td>
<td>BBB</td>
<td>A-</td>
<td>02/19/2003</td>
<td>104</td>
<td>104.5</td>
</tr>
</tbody>
</table>

...which has led to a number of upgrades for structured finance CDOs at different tranche levels

<table>
<thead>
<tr>
<th>ISSUER</th>
<th>Tranche</th>
<th>Original Amount</th>
<th>Rating Action</th>
<th>Agency</th>
<th>From</th>
<th>To</th>
<th>Date of Upgrade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific Coast CDO</td>
<td>Class C</td>
<td>30MM</td>
<td>UP</td>
<td>Fitch</td>
<td>BBB</td>
<td>BBB+</td>
<td>12/20/02</td>
</tr>
<tr>
<td>Solstice ABS CDO</td>
<td>Class C</td>
<td>13MM</td>
<td>UP</td>
<td>Fitch</td>
<td>BBB</td>
<td>A-</td>
<td>2/19/03</td>
</tr>
<tr>
<td>CBASS III</td>
<td>Class B</td>
<td>50MM</td>
<td>UP</td>
<td>S&amp;P/Fitch</td>
<td>AA/AA</td>
<td>AA+/AAA</td>
<td>3/14/03</td>
</tr>
<tr>
<td>CBASS III</td>
<td>Class C</td>
<td>10MM</td>
<td>UP</td>
<td>S&amp;P/Fitch</td>
<td>A/A</td>
<td>A+/AAA</td>
<td>3/14/03</td>
</tr>
<tr>
<td>CBASS III</td>
<td>Class D</td>
<td>29MM</td>
<td>UP</td>
<td>S&amp;P/Fitch</td>
<td>BBB/BBB</td>
<td>BBB+/A-</td>
<td>3/14/03</td>
</tr>
<tr>
<td>CBASS III</td>
<td>Class E</td>
<td>4MM</td>
<td>UP</td>
<td>S&amp;P</td>
<td>BB</td>
<td>BB+</td>
<td>3/14/03</td>
</tr>
</tbody>
</table>

Transaction Highlights

Advantages of Deleveraging (cont.)

Benefits of the RAPID Structure

- The "RAPID" structure allows for limited reinvestment.

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

Benefits to Class A Noteholders
- Principal payments will be received upon the first distribution date
- Build up of overcollateralization levels

Class C Notes
Early Principal Paydown
- Returns on equity will be capped at [12%] until Class C Notes are fully amortized. Excess interest will be used to fully amortize the Class C (Baa2/BBB) Notes from the initial distribution date.

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

Glacier Funding CDO I Portfolio Composition

GLACIER FUNDING CDO I IS EXPECTED TO HAVE A MAJORITY OF ITS PORTFOLIO IN ASSETS BACKED BY RESIDENTIAL AND COMMERCIAL REAL ESTATE

- Resi A: 36%
- Resi B/C: 31%
- HEL: 12%
- CMBS: 9%
- REIT: 2%
- SBL: 2%
- CDO: 7%
- Student Loan: 1%

(1) This is an indicative portfolio. The portfolio on the effective date may be different from the one presented above and may change over time.
GLACIER FUNDING CDO I PORTFOLIO COMPOSITION (CONT.)

GLACIER FUNDING CDO I IS EXPECTED TO HAVE THE FOLLOWING RATING BREAKDOWN:

- A: 20%
- AA: 21%
- BBB: 6%
- BB: 52%

1%
**Transaction Highlights**

### Break-Even Default Rate Comparison (1)

- Merrill Lynch compared a hypothetical high yield CBO Aaa class and Baa2 class with the proposed Glacier Funding CDO I Aaa class and Baa2 class to determine the break-even default rate at which losses occurred (2). These were then compared with historical default rates for corporates with a rating corresponding to the average rating of the related CDO collateral (3) (4) (5).

<table>
<thead>
<tr>
<th></th>
<th>Annual Default Rate Before Loss of Yield (50% Recovery)</th>
<th>Historical Annual Default Rate by Rating (10yr Cum. / 10) (6)</th>
<th>Break-Even Default / Historical</th>
</tr>
</thead>
<tbody>
<tr>
<td>HY CBO Aaa Class</td>
<td>15.00%</td>
<td>B2 = 4.74%</td>
<td>15.00% / 4.74% = 3.17 times coverage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Baa2 / Baa3 (5) = 0.72%</td>
<td>17.00% / 0.72% = 23.60 times coverage</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>= 7.44 times greater coverage</td>
</tr>
<tr>
<td>ABS CDO Aaa Class</td>
<td>17.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HY CBO Baa2 Class</td>
<td>7.25%</td>
<td>B2 = 4.74%</td>
<td>7.25% / 4.74% = 1.53 times coverage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Baa2 / Baa3 (5) = 0.72%</td>
<td>2.25% / 0.72% = 3.13 times coverage</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>= 2.05 times greater coverage</td>
</tr>
<tr>
<td>ABS CDO Baa2 Class</td>
<td>2.25%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) For this comparison, corporate Baa2/Baa3 default rates were used because Moody's has recorded no defaults for ABS during the related period. The same analysis using actual rates would produce even more favorable results for the ABS CDOs.

(2) Hypothetical high yield CDO structure consists of AAA 70.5%, AA 8%, A 6%, BBB 3% and equity 12.5%.

(3) Glacier Funding CDO I will be structured to have a rating of [S&]; or better. An interpolation at the midpoints between Baa2 and Baa3 was used.

(4) The existence of any greater loss coverage does not eliminate the possibility of losses on the Glacier Funding CDO I Notes.

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

(6) Annual default rates were assumed to be the 10-year cumulative corporate default rate divided by 10. (Source: Moody's, "Default and Recovery Rates of Corporate Bond Issuers", February 2003).

Note: 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 Offered Securities based upon market conditions and other factors applicable at that time.
Transaction Highlights

Breakeven Default Rate Comparison (1)

<table>
<thead>
<tr>
<th>Class Description (Moody's/S&amp;P)</th>
<th>Annual Default Rate</th>
<th>Cumulative Gross Defaults</th>
<th>Annual Default Rate</th>
<th>Cumulative Gross Defaults</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A-1 First Priority Senior Floating Rate Notes (Aaa/AAA)</td>
<td>24.5%</td>
<td>70.9%</td>
<td>34.3%</td>
<td>80.9%</td>
</tr>
<tr>
<td>Class A-2 Second Priority Senior Floating Rate Notes (Aaa/AAA)</td>
<td>13.2%</td>
<td>49.9%</td>
<td>16.9%</td>
<td>58.3%</td>
</tr>
<tr>
<td>Class B Third Priority Senior Floating Rate Notes (Aa/AA)</td>
<td>4.8%</td>
<td>22.8%</td>
<td>8.6%</td>
<td>36.7%</td>
</tr>
<tr>
<td>Class C Fourth Priority Mezzanine Floating Rate Notes (Baa2/BBB)</td>
<td>2.8%</td>
<td>14.1%</td>
<td>3.8%</td>
<td>18.6%</td>
</tr>
</tbody>
</table>

(1) Assumes constant annual default rate beginning immediately, 60% immediate recoveries and forward LIBOR.
## Transaction Highlights

**Structuring Assumptions**

### Collateral Assumptions (1)

<table>
<thead>
<tr>
<th>Collateral Parameter</th>
<th>Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted Average Fixed Coupon</td>
<td>5.24%</td>
</tr>
<tr>
<td>Weighted Average Floating Spread</td>
<td>1.86%</td>
</tr>
<tr>
<td>Weighted Average Price</td>
<td>98.45%</td>
</tr>
<tr>
<td>Maximum Weighted Average Life</td>
<td>7.5 yrs</td>
</tr>
<tr>
<td>Principal Amount</td>
<td>$300MM</td>
</tr>
<tr>
<td>Diversity Score</td>
<td>&gt;=16</td>
</tr>
<tr>
<td>Weighted Average Rating</td>
<td>325 (Baa2)</td>
</tr>
</tbody>
</table>

### Benchmark Assumptions

<table>
<thead>
<tr>
<th>Benchmark Parameter</th>
<th>Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Period LIBOR (2)</td>
<td>1.17%</td>
</tr>
</tbody>
</table>

### Funding and Payment Dates

<table>
<thead>
<tr>
<th>Date Description</th>
<th>Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Date</td>
<td>3/15/04</td>
</tr>
<tr>
<td>Payment Dates</td>
<td>6/15, 9/15, 12/15 and 3/15 of each year</td>
</tr>
</tbody>
</table>

### Ongoing Fees and Expenses (2)

<table>
<thead>
<tr>
<th>Fee Type</th>
<th>Fee Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Advisory Fees</td>
<td>20.0 bps</td>
</tr>
<tr>
<td>Subordinate Advisory Fees</td>
<td>24.0 bps</td>
</tr>
<tr>
<td>Trustee Fees</td>
<td>1.0 bps</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>3.5 bps</td>
</tr>
<tr>
<td>Administrative Fee Cap</td>
<td>$250,000 yr</td>
</tr>
</tbody>
</table>

### Coverage Tests

<table>
<thead>
<tr>
<th>Class</th>
<th>O/C Tests</th>
<th>Initial O/C</th>
<th>I/C Tests</th>
<th>Initial I/C</th>
</tr>
</thead>
<tbody>
<tr>
<td>A/B</td>
<td>104.0%</td>
<td>108.1%</td>
<td>110.0%</td>
<td>173.1%</td>
</tr>
<tr>
<td>C</td>
<td>102.7%</td>
<td>104.7%</td>
<td>107.6%</td>
<td>159.7%</td>
</tr>
</tbody>
</table>

---

(1) As of 3/17/04. These assumptions are general and are not exclusive or exhaustive. Actual collateral characteristics may be different from those assumed and even if they are the same on a weighted average basis, the use of individual securities in the actual CBO structure may substantially change the results indicated.

(2) Calculated on the outstanding collateral balance as of the first day of each payment period.
## Transaction Highlights

### Form of Offering

| Form of Securities | Rated Notes: DTC/Euroclear  
| Preference Shares: Physical/Euroclear |
| U.S. Investors | Accredited Investors/QIBs/Qualified Purchasers |
| SEC Registration Exemption | 4(2) / Rule 144A / Regulation S |
| Investment Company Act Exemption | 3(c)(7) |
| Domicile/Form of Issuer | Cayman Islands Exempted Company |
| Domicile/Form of Co-Issuer | Delaware Limited Liability Company |
| Listed | Irish Stock Exchange (Preference Shares and Notes) |
# Transaction Highlights

## Key Dates

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of Ramp Up</td>
<td>August 2003</td>
</tr>
<tr>
<td>Debt Pricing</td>
<td>February 2004</td>
</tr>
<tr>
<td>Funding/Settlement Date</td>
<td>March 2004</td>
</tr>
<tr>
<td>End of Non-Call Period</td>
<td>March 2007</td>
</tr>
<tr>
<td>First Auction Call Date</td>
<td>March 2012</td>
</tr>
<tr>
<td>Stated Maturity</td>
<td>2039</td>
</tr>
</tbody>
</table>
5. About the Investment Advisor
A. Introduction to Winter Group
Introduction to Winter Group

Terwin Asset Management and Terwin Money Management

- 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.

- Currently TAM is managing a Fund which focuses on non-performing loans and ramping up two CDOs. Future expansion for TAM 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.

- TWG will provide support services to TMM in a variety of areas including operations, systems, control, and risk management. TMM or one of its affiliates will purchase up to 100% of the Preference Shares of the Issuer. Additionally, TMM will have access to the subordinated securities produced by TWG, thereby insuring a consistent flow of high quality assets. TMM will have the ability to obtain in depth information on the mortgage loans underlying TWG securitizations prior to purchase.

(1) Source: Terwin Money Management
Introduction to Winter Group

Overview – Terwin Money Management

- Experienced and successful Management Team
  - Sam Rainieri, Senior Portfolio Manager and CIO of Terwin Money Management ("TMM") has over 20 years of MBS experience.
    - Ms. Rainieri, over a ten year period, grew the MBS portfolio at AIG SunAmerica from $626 Million to over $6.9 Billion.
    - She 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
  - Karen Schnurr, Senior Vice President and manager of operations and investor relations, has over 17 years of investment experience, and has also joined TMM from AIG SunAmerica.
    - 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.
  - 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
(2) The prior investment results of the Investment Advisor and the persons associated with the Investment Advisor 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.
Introduction to Winter Group

Overview - Terwin Money Management (cont.)

- Unique Platform: Terwin Money Management benefits from its relationship with The Winter Group ("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.
  - 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.

- Significant financial commitment and alignment of interests
  - TMM or affiliates will purchase up to 100% of the CDO preference shares.
Introduction to Winter Group

Terwin Money Management Resources

Terwin Money Management

- Excellent track record in achieving high return on mortgage credit risk.
- A leader in the 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

TWG Partners / Relationships

- GreenPoint Financial ("GP") a leading originator of prime and Alt-A loans ($32 billion in 2002) 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

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.
- Within 9 months of new management, Olympus achieved a Fitch RSS rating of 2+.

(1) Source: Terwin Money Management
B. Terwin Money Management
Terwin Money Management (1)
The Winter Group

Organization

Terwin Advisors
- Purchase & Sale of Raw Whole-loans
  - Non-Performing & Sub-Performing
  - AAA / AA Mutual Funds, SIVs

Terwin Capital Broker / Dealer
- Securitizations (AAA to NR)
- Proprietary Trading
  - AAA / AA Mutual Funds, SIVs
  - BB, NMS, NR Hedge Funds, Special Servicers

Terwin Technology

Terwin Asset Management

Terwin Money Management

Specialized Loan Servicing

Structured Finance CDOs

Performing Assets
- A / BBB Insurance Co, CDOs

Non-Performing Assets
- Fund Opportunities: Non-Performing Serviced & Dealt

Intermediate Grade CDO

High Grade CDO

Resources / Capabilities
- Premium Collateral Sourcing Platform
- "AAA to NR" Capital Markets Execution
- Structuring Expertise
- Originator / Buyside Relationships

(1) Source: Terwin Money Management
Terwin Money Management

Current Organization and Anticipated Growth

Board of Directors
- Rich Winter
- Tom Gaba

Portfolio Management
- Elio Bongiorno
- Chief Investment Officer

Legal, Finance & Compliance
- Jim Sauer
- Steve Sherwyn
- Scott Schuman

Portfolio Manager
- PMBS
- CMBS
  (April 2004)

Madeni Schneider
- VP
- Credit

Barry Schneider
- VP
- Operations
- Information Technology
- Technology
- Chris Consoli

Risk Management
- Gerald Casey

Transaction Management
- Underwriting
- Compliance
- Deal-Documentation

Analysis
- Default Curves
- Loss Analysis
- Scenario analysis

Performance Monitoring
- One-Dimensional Report
- Reporting
- Scenarios

Arms Length Servicing Contract

Specialized Loan Servicing
- John Baggs
- CFO

TMM Employee

Shared resources
with other TWG areas

(1) Source: Terwin Money Management
C. Internal Controls, Audit and Compliance
Internal Controls, Audit and Compliance
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
Internal Controls, Audit and Compliance
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 BC first)
  - CMBS
  - REITs
  - ABS CDOs
  - Synthetic RMBS/ABS securities (maximum 5%)
  - 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
  - Issuer and/or servicers rated below BBB- must be approved by the audit and compliance department of TMM

(1) Source: Terwin Money Management
Internal Controls, Audit and Compliance
Compliance Officer/Internal Audit Responsibilities

- Review and approve 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
Internal Controls, Audit and Compliance

Audit and Control Process Flow

TMM Audit & Control Process Flow
(reporting line)

TMM Board

Corporate Strategy

TMM Portfolio Management

Investment Strategy

Reports/Account Statements

Merrill Lynch

Other Broker/Dealers,
Warehouse Lenders

Duplicate Reporting Line

Trading Instructions

limits/names/instruments
settlement instructions

Duplicate Reports/
Account Statements

Account Authorizations:

TMM: TGG Audit and Control Review

Process: Evaluate trading instructions and reports

Compare with trading authorizations by fund and key person

Independent reviews and analyses of the portfolio

Track compliance with the fund's investment policies

(1) Source: Terwin Money 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.
D. Investment Strategy
Investment Strategy

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
Investment Strategy

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
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 the 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 Greenpoint portfolio.
- Market trends from consistent dialogue with investment bankers and issuers, including TWG

(1) Source: Terwin Money Management
Investment Strategy

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.
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
Investment Strategy

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
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
E. Post-Purchase Surveillance
Post-Purchase Surveillance

- 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 an outside vendor, Murray Hill
  - Monitor rating agency actions
  - Monitor trustee distributions

(1) Source: Terwin Money Management
Post-Purchase Surveillance

- 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

(1) Source: Terwin Money Management
## Post-Purchase Surveillance (1)
### Systems Utilized

<table>
<thead>
<tr>
<th>System</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intex</td>
<td>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</td>
</tr>
<tr>
<td>Bloomberg</td>
<td>Individual analytics for all structured finance securities</td>
</tr>
<tr>
<td>Realpoint</td>
<td>Extensive research for CMBS and REITs, including access to analysts</td>
</tr>
<tr>
<td>Trepp</td>
<td>Cash flow and credit modeling for CMBS. Allows TMM to view information and cash flows on individual securities and to run credit stresses</td>
</tr>
<tr>
<td>CDO Sentry</td>
<td>CDO monitoring and portfolio management system</td>
</tr>
<tr>
<td>TWG Surveillance System</td>
<td>Deal remittance report monitoring and control</td>
</tr>
</tbody>
</table>

(1) Source: Terwin Money Management
The Winter Group

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 the core 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.
The Winter Group
Strategic Partners / Alliances

GreenPoint Financial ("GP") – Equity Partner
- GP has made a substantial equity investment in The Winter Group.
- GP is a top originator ($32 billion in 2002) and a dominant player in Alt-A product, TWG's core expertise.
- GP provides TWG with (i) access to collateral (ii) a warehouse financing facility guarantee on $450 million for non-agency "A" credit collateral and (iii) interim loan servicing.

Merrill Lynch – Financing Partner
- Merrill Lynch has provided TWG with (i) a financing facility totaling over $700 million for Jumbo A, Alt-A, Second Lien and Sub-Prime mortgage product and (ii) $10 million in subordinated mezzanine debt.
- These strategic relationships will greatly enhance the overall liquidity and marketing of TWG securitized product.
The Winter Group (1)
TWG Capital Structure

Senior Lending Facilities

- GreenPoint
- Merrill Lynch

Mezzanine Finance
$20mm

Equity $20mm

Terwin Employees LLC

80%

20%

GreenPoint

Deal Closed April 2003

Closed in October 2003

(1) Source: Terwin Money Management
The Winter Group (1)
Loan Aggregation

- Loan by Loan
  - Alt-A & Seconds
    - TWG Web Site
    - Lydian Processing
    - The Winter Group
    - Securitization
    - 100% Due Diligence
    - Servicing Tape created

- Mini Bulk
  - Sub-Prime & Seconds
    - TWG Sales Force
    - Clayton and AMC
    - The Winter Group
    - Whole Loan Sale
    - Statistical Sample Due Diligenced

- Bulk
  - Sub-Prime Alt-A & Seconds

(1) Source: Terwin Money Management
# The Winter Group (1)
**TWG Securitizations**

<table>
<thead>
<tr>
<th>Deal Name</th>
<th>Lead Underwriter</th>
<th>Collateral Type</th>
<th>Par</th>
<th>Closing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMTS 2003 – 1SL</td>
<td>TWG</td>
<td>Second Lien</td>
<td>$96mm</td>
<td>June 2003</td>
</tr>
<tr>
<td>TMTS 2003-2HE</td>
<td>ML</td>
<td>Sub-Prime</td>
<td>$170mm</td>
<td>July 2003</td>
</tr>
<tr>
<td>TMTS 2003-3SL</td>
<td>TWG</td>
<td>Second Lien</td>
<td>$80mm</td>
<td>Aug 2003</td>
</tr>
<tr>
<td>GMSI 2003-1</td>
<td>TWG</td>
<td>5/1 ARMS</td>
<td>$209mm</td>
<td>Aug 2003</td>
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<tr>
<td>TMTS 2003-4HE</td>
<td>ML</td>
<td>Sub-Prime</td>
<td>$250mm</td>
<td>Oct 2003</td>
</tr>
<tr>
<td>TMTS 2003-6HE</td>
<td>DB</td>
<td>Sub-Prime</td>
<td>$225mm</td>
<td>Nov 2003</td>
</tr>
<tr>
<td>TMTS 2003-7SL</td>
<td>TWG</td>
<td>Second Lien</td>
<td>$145mm</td>
<td>Dec 2003</td>
</tr>
<tr>
<td>TMTS 2003-8HE</td>
<td>ML</td>
<td>Sub-Prime</td>
<td>$275mm</td>
<td>Dec 2003</td>
</tr>
<tr>
<td>TMTS 2004-1HE</td>
<td>TWG</td>
<td>Sub-Prime</td>
<td>$204mm</td>
<td>Feb 2004</td>
</tr>
<tr>
<td>TMTS 2004-2SL</td>
<td>TWG</td>
<td>Second Lien</td>
<td>$215mm</td>
<td>Feb 2004</td>
</tr>
<tr>
<td>Whole Loan Trades</td>
<td></td>
<td></td>
<td>$1,769mm</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Terwin Money Management

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Sam Rainieri</td>
<td>Senior Vice President and Chief</td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>Investment Officer</td>
<td></td>
</tr>
</tbody>
</table>

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.

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.

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.

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.

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# Key Investment Professionals (1)

## Biographical Information - Terwin Money Management

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<th>Name</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Karen Schnurr</td>
<td>Operations Manager and Investor Relations</td>
<td>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. 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. Ms. Schnurr participated in many phases of mortgage loan securitization for 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. 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.</td>
</tr>
</tbody>
</table>

Key Investment Professionals
Biographical Information-Terwin Money Management

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</tr>
</thead>
<tbody>
<tr>
<td>Madelyn Schwartz</td>
<td>Vice President Credit</td>
<td>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. 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. 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. 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 &amp; Loan</td>
</tr>
</tbody>
</table>
### Key Investment Professionals

#### Biographical Information – Terwin Money Management

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</thead>
<tbody>
<tr>
<td>Jim Sauer</td>
<td>Audit and Control, TMM</td>
<td>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&amp;A projects and currency hedging analysis. Jim has a B.S. from Rutgers University, an MBA from Temple University and is a CPA.</td>
</tr>
<tr>
<td>Steve Sherwyn</td>
<td>Legal and Compliance, TMM</td>
<td>Steven Sherwyn is responsible for all internal legal and compliance matters for TMM. Prior to making the move to Wall Street, Steve practiced tax law for seven years. He joined Oppenheimer &amp; Co., Inc. in 1993 where as a Vice President in the Fixed Income Department he was responsible for the origination, structuring and placement of structured product. In 1996, he was one of the four founding members of the Commercial Mortgage Department of Daiwa Securities America, Inc. where he initially ran the group's contract finance area and subsequently was in charge of their high LTV residential mortgage business. In 2000, Steve joined the Asset Securitization Department of SG Cowen Securities Corporation where he was instrumental in the formation of their CMBS effort. He later became a Managing Director in the Sports Advisory Group, providing investment banking services and financing to professional sports franchises and leagues. Steve has a B.S. in Economics from the Wharton School of the University of Pennsylvania, a J.D. from Stanford University Law School and a L.L.M. in Taxation from New York University Law School. He is a member of the both the New York and New Jersey Bars.</td>
</tr>
</tbody>
</table>

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# Key Investment Professionals

## Biographical Information - Winter Group

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rich Winter</td>
<td>CEO, Managing Director</td>
<td>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.</td>
</tr>
<tr>
<td>Thomas Guba</td>
<td>President, Managing Director</td>
<td>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.</td>
</tr>
</tbody>
</table>