

Global Structured Products



July 2005

Pricing Information

GLACIER FUNDING CDO III

THE OFFERING:

\$499.15 million Collateralized Debt Obligation ("CDO") Notes and Preference Shares issued by Glacier Funding CDO III, 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	\$347.50MM	\$67.50MM	\$42.75MM	\$25.50MM	\$3.00MM	\$12.90MM
Percentage	69.6%	13.5%	8.6%	5.1%	0.6%	2.6%
Coupon	3mL + .27%	3mL + .45%	3mL + .60%	3mL + 2.60%	3mL + 5.50%	Residual
Expected Rating	Aaa/AAA/AAA	Aaa/AAA/AAA	Aa2/AA/AA	Baa2/BBB/BBB	Bal/BB+/BB+	NR
Rating Agency	M/S/F	M/S/F	M/S/F	M/S/F	M/S/F	N/A
Currency Offered	US\$	US\$	US\$	multiple**	multiple**	multiple**
Average Life ⁽²⁾	4.9 yrs.	5.7 yrs	5.7 yrs.	5.7 yrs.	5.7 yrs.	N/A
Stated Maturity	2041	2041	2041	2041	2041	2041
Denomination ⁽¹⁾	\$250,000 min \$1,000 incr	\$250,000 min \$1,000 incr	\$250,000 min \$1,000 incr	\$250,000 min \$1,000 incr	\$250,000 min \$1,000 incr	\$250,000 min \$1,000 incr

**The Class D Notes and Preference Shares are expected to be offered in US Dollars, Euros, Hong Kong Dollars, Australian Dollars, and Korean Won

(1) Payments on the Notes and Preference Shares will be made quarterly.

(2) Based on a 8 year auction call.

STRUCTURE

Issuer:	Glacier Funding CDO III, Ltd.
Investment Advisor:	Terwin Money Management LLC
Closing Date:	July 29, 2005
Coupon Payment Dates:	Quarterly, beginning November 4, 2005
Ramp-Up Period:	At least 80% of the Collateral Portfolio is expected to be purchased or identified at closing.
Non-Call Period:	4 years
Substitution Period:	2 years. Manager may substitute up to 10% of the collateral per annum to improve the portfolio.
Mandatory Auction Call:	8 years
Pro Rata Paydowns:	Principal amortization will be used to pay down the Notes on a pro rata basis until either 50% of the collateral has amortized or if a coverage test is not in compliance.

COVERAGE TESTS

	O/C Tests	Initial O/C	I/C Tests	Initial I/C
Class A/B	104.1%	109.2%	106.00%	135.0%
Class C	101.3%	103.5%	105.00%	124.1%
Class D	100.8%	102.8%	103.00%	122.4%

FEES AND EXPENSES

Senior Advisory and Structuring Fees:	20.0 bps per annum
Subordinate Advisory Fees:	17.0 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⁾	****

(1) On the Closing Date, the Co-Issuers will use a portion of the gross proceeds from the offering to pay various fees and expenses, including expenses, fees and commissions incurred in connection with the acquisition of the Collateral, structuring and placement agency fees payable to Merrill Lynch and legal, accounting, rating agency and other fees. Closing fees and expenses reduce the amount of the gross proceeds of the offering available to purchase Collateral and, therefore, the return to purchasers of the Securities. Rating agencies will consider the amount of net proceeds available to purchase Collateral in determining any ratings assigned by them to the Securities. For information about the amount of such fees and expenses, please review the final Offering Circular before investing.

COLLATERAL CHARACTERISTICS

• Maximum WARF ⁽¹⁾	400	• Below Investment Grade Bucket	5.0%
• Maximum Single Servicer Concentration ⁽²⁾	7.50%	• Maximum Single Issuer Concentration ⁽³⁾	1.5%
• Principal Amount	500MM	• Fixed Collateral Expected	26%
• Minimum/Expected Weighted Avg Spread	1.68%/1.70%	• Minimum rating at Initial Purchase	BB-
• Minimum/Expected Weighted Avg Coupon	5.18%/5.20%	• Maximum CDOs	7.5%

(1) 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.

(2) With some exceptions for highly rated servicers

(3) With 7 exceptions of up to 2% each.

Global Structured Products	CDO Marketing/Global Structured Products		ABS Trading and Syndicate
Institution Clients	Global Private Clients		
Christopher Ricciardi (212) 449-9638	US: Doug Mallach (212) 449-6190	Cliff Lanier (212) 449-5383	Trading
Lars Norell (212) 449-9822	Canada: Barry Dennis (212) 449-0394	Marie Walsh (212) 449-5383	Scott Soltas (212) 449-3659
Plamen Mitrinov (212) 449-0466	Europe: Bill Berry 44-20-7995-4678	Jason Lamin (212) 449-5383	
Julie Cutler (212) 449-0196	Asia: Taro Masuyama 81-3-3213-7473		
Jonathan Phair (212) 449-1654		Institutional Advisory Division	Syndicate
		Mike Foggia (212) 449-6190	Andrew Phelps (212) 449-3659

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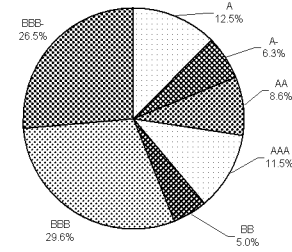
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Why Invest in Residential Mortgage Back Securities?

- Residential Mortgage Back Securities have historically exhibited low default rates and better stability when compared to corporate bonds with similar ratings ^{(1) (2)}
- From 1978 to September 30th, 2004, 188 of Standard & Poor's 20,207 rated classes of residential mortgage-backed securities (RMBS), have defaulted (a cumulative rate of 0.93%) ⁽¹⁾
- The long-term historical average (1981-2004) of unchanged ratings of RMBS Securities compares favorably to the average of unchanged ratings of corporate bonds for the same period. ⁽²⁾

(1) See "Asset Class Selection" in the Confidential Discussion Materials for details.
 (2) Rating Transitions 2004 U.S. RMBS Stellar Performance Continues to Set Records", Standard & Poor's, January 2005.

REPRESENTATIVE PORTFOLIO*

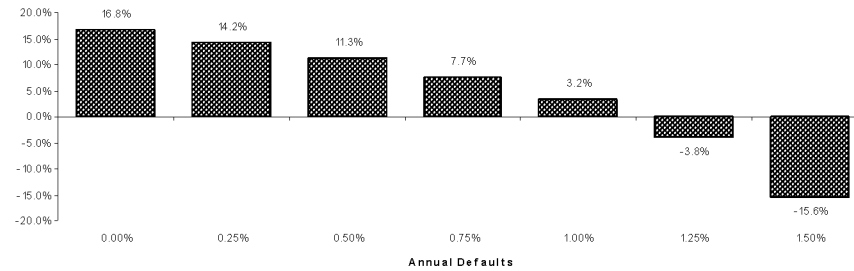


* For illustrative purposes only. Subject to change.

About Terwin Money Management and The Winter Group

- 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 not registered as an investment adviser under the U.S. Investment Advisers Act.
- 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 has closed five transactions to date: two high grade asset backed CDO transactions - "Cascade Funding CDO I" and "Athos Funding Ltd." and three mezzanine ABS CDOs - "Glacier Funding CDO I", "Glacier Funding CDO II" and "Northwall Funding CDO I".
- 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 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.

Hypothetical Illustration of Preference Share Returns (IRR) ⁽¹⁾⁽²⁾⁽³⁾



Class Description (Moody's/S&P/Fitch)	Based on a Break in Yield ⁽⁴⁾		Based on 0% Yield	
	Annual Default Rate	Cumulative Gross Defaults	Annual Default Rate	Cumulative Gross Defaults
Class A1 First Priority Senior Floating Rate Notes (Aaa/AAA/AAA)	20.7%	6%	34.6%	80.2%
Class A2 Second Priority Senior Floating Rate Notes (Aaa/AAA/AAA)	10.6%	41.5%	14.4%	51.1%
Class B Third Priority Senior Floating Rate Notes (Aa2/AA/AA)	5.7%	25.1%	7.8%	32.8%
Class C Fourth Priority Mezzanine Floating Rate Notes (Ba2/BBB/BBB)	2.1%	10.1%	3.6%	17.0%
Class D Fifth Priority Mezzanine Floating Rate Notes (Ba1/BB+BB+)	1.9%	9.1%	2.1%	10.1%

(1) Please see page entitled "Transaction Highlights - Structuring Assumptions" in the Confidential Discussion Materials for a description of modeling assumptions.
 (2) Annual defaults begin immediately at the stated rate. Recoveries are assumed to occur immediately and to equal 60%.
 (3) All information shown is for illustrative purposes only, actual results may vary. See "Important Notice" in the Confidential Discussion Materials. Definitions and other terms are described in the offering circular.
 (4) Based on a first dollar loss.

Future market and economic conditions are impossible to predict. Future market and 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 III, 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 guarantee of investment performance.

THIS SUMMARY IS A SUMMARY OF THE "CONFIDENTIAL DISCUSSION MATERIAL - GLACIER FUNDING CDO III, LTD." (THE "MATERIAL") AND SHOULD BE READ IN CONJUNCTION THEREWITH, INCLUDING "TRANSACTION HIGHLIGHTS - STRUCTURING ASSUMPTIONS" THEREIN. THE MATERIAL OUTLINES CERTAIN CHARACTERISTICS OF A PROPOSED COLLATERALIZED DEBT OBLIGATION TRANSACTION ("CDO"). THE MATERIAL 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 THE OFFERING OF ANY SECURITIES (THE "SECURITIES").

NEITHER THE MATERIAL NOR THIS SUMMARY IS AN OFFER TO SELL, OR A SOLICITATION TO BUY, THE SECURITIES OR ANY OTHER INVESTMENT. ANY SUCH OFFERING OF THE SECURITIES WILL ONLY BE MADE PURSUANT TO A FINAL OFFERING CIRCULAR RELATING TO THE SECURITIES (THE "OFFERING CIRCULAR"), WHICH WILL CONTAIN MATERIAL INFORMATION NOT CONTAINED IN THE MATERIAL AND TO WHICH THE PROSPECTIVE PURCHASERS ARE DIRECTED. IN THE EVENT OF ANY SUCH OFFERING, THE MATERIAL AND THIS SUMMARY WILL BE DEEMED SUPERCEDED, AMENDED AND SUPPLEMENTED IN THEIR ENTIRETY BY THE OFFERING CIRCULAR (INCLUDING ANY PRELIMINARY VERSION THEREOF).

THIS SUMMARY IS CONFIDENTIAL AND PROPRIETARY TO MERRILL LYNCH, PIERCE, FENNER & SMITH, INCORPORATED AND ITS AFFILIATES (COLLECTIVELY, "MERRILL LYNCH") AND, ACCORDINGLY, EXCEPT AS DESCRIBED BELOW, THE SUMMARY IS TO BE TREATED AS STRICTLY CONFIDENTIAL AND NOT DISCLOSED DIRECTLY OR INDIRECTLY TO ANY PARTY OTHER THAN THE RECIPIENT AND ITS ADVISERS OR USED FOR ANY PURPOSE OTHER THAN TO MAKE A PRELIMINARY ANALYSIS OF THE SECURITIES. NOTWITHSTANDING THE FOREGOING, RECIPIENTS OF THIS SUMMARY AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF ANY SUCH RECIPIENT MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE U.S. FEDERAL INCOME TAX TREATMENT AND TAX STRUCTURE OF THIS TRANSACTION AND ALL MATERIALS OF ANY KIND, INCLUDING OPINIONS OR OTHER TAX ANALYSES, THAT ARE PROVIDED TO THE RECIPIENTS RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. THIS AUTHORIZATION TO DISCLOSE SUCH TAX TREATMENT AND TAX STRUCTURE DOES NOT PERMIT DISCLOSURE OF INFORMATION IDENTIFYING THE ISSUER, THE INVESTMENT ADVISER, COLLATERAL MANAGER OR ANY OTHER PARTY OR THE PRICING (EXCEPT TO THE EXTENT PRICING IS RELEVANT TO TAX STRUCTURE OR TAX TREATMENT) OF THIS TRANSACTION.

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NOTE TO HISTORICAL DATA: ANY HISTORICAL INVESTMENT RESULTS OF ANY PERSON OR ENTITY DESCRIBED IN THIS SUMMARY ARE NOT INDICATIVE OF THE ISSUE'S FUTURE INVESTMENT RESULTS. SUCH RESULTS ARE INTENDED ONLY TO GIVE POTENTIAL INVESTORS INFORMATION CONCERNING THE GENERAL EXPERIENCE OF THE RELEVANT PERSON OR ENTITY AS AN ASSET MANAGER OR ADVISER AND IS NOT INTENDED AS A REPRESENTATION OR WARRANTY BY MERRILL LYNCH OR ANY OTHER PERSON OR ENTITY AS TO THE ACTUAL COMPOSITION OF OR PERFORMANCE OF ANY FUTURE INVESTMENTS THAT WOULD BE MADE BY THE ISSUER. THE NATURE OF AND RISKS ASSOCIATED WITH THE ISSUER'S FUTURE INVESTMENTS MAY DIFFER SUBSTANTIALLY FROM (AND WILL BE SUBJECT TO) CONSTRAINTS THAT WERE NOT APPLICABLE TO 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, OR IN A MANNER SIMILAR TO, THE PAST INVESTMENTS OF ANY SUCH PERSONS OR ENTITIES. FOR THESE REASONS, THERE ARE LIMITATIONS ON THE VALUE OF THE HYPOTHETICAL ILLUSTRATIONS CONTAINED HEREIN. THIS SUMMARY IS PROVIDED TO YOU ON THE UNDERSTANDING THAT AS A SOPHISTICATED INVESTOR, YOU WILL UNDERSTAND AND ACCEPT YOUR OWN INVESTMENT 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.

POTENTIAL INVESTORS ARE URGED TO CONDUCT THEIR OWN INVESTIGATIONS REGARDING THE UNDERLYING ASSET CLASSES, INCLUDING REVIEWING ANY SOURCES CITED HEREIN AND OBTAINING ADDITIONAL INFORMATION REGARDING THE UNDERLYING COLLATERAL. FOR UK INVESTORS ONLY: THIS DOCUMENT HAS BEEN APPROVED FOR DISTRIBUTION IN THE UK BY MERRILL LYNCH INTERNATIONAL, WHICH IS REGULATED BY THE SECURITIES AND FUTURES ASSOCIATION. THE SECURITIES DESCRIBED HEREIN ARE NOT AVAILABLE IN THE UK TO PRIVATE INVESTORS AS DEFINED BY THE SECURITIES AND FUTURES ASSOCIATION. THIS DOCUMENT IS ONLY COMMUNICATED TO, AND IS DIRECTED AT, (A) PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATIVE TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION ORDER 2001 (THE "ORDER")), (B) HIGH NET WORTH ENTITIES AND OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED, FALLING WITHIN ARTICLE 47(2)(A)-(D) OF THE ORDER OR (C) ANY CLIENT OF MERRILL LYNCH INTERNATIONAL BANK LIMITED (OR ANY UK AFFILIATE) WHO IS EITHER AN "INTERMEDIATE CUSTOMER" OR "MARKET COUNTERPARTY" FOR THE PURPOSES OF THE FSA HANDBOOK, ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS". IN ADDITION TO BEING AN INTERMEDIATE CUSTOMER, AN INVESTOR MUST ALSO HAVE AT LEAST US \$5 MILLION (OR EQUIVALENT) IN NET INVESTMENTS. THIS DOCUMENT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS ONLY AVAILABLE TO RELEVANT PERSONS.

INVESTING IN COLLATERALIZED DEBT OBLIGATIONS INVOLVES RISKS THAT ARE MORE FULLY DESCRIBED IN THE OFFERING CIRCULAR.