Global Structured Products

Pricing Information
GLACIER FUNDING CDO III

THE OFFERING:
$450.15 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 ("WG")

CLASS A-1 NOTES(1)
Principal $347.50M
Percentage 6.9%
Coupon 3.6%/27%
Expected Rating Aaa/AAA/AAA
Rating Agency Moody's/Moody's/Fitch/Fitch
Currency Outstanding USD
Average Life 4.8 yrs.
Stated Maturity 2041
Denomination $250,000 min
O/C Test 104.1%
I/C Test 106.00%
Debt Service Coverage Ratio 1.58x

CLASS A-2 NOTES(1)
Principal $375.50M
Percentage 3.6%
Coupon 3.6%/40%
Expected Rating Aaa/AAA/AAA
Rating Agency Moody's/Moody's/Fitch/Fitch
Currency Outstanding USD
Average Life 5.7 yrs.
Stated Maturity 2041
Denomination $250,000 min
O/C Test 109.2%
I/C Test 105.00%
Debt Service Coverage Ratio 1.58x

CLASS B NOTES(1)
Principal $42.50M
Percentage 6.9%
Coupon 3.6%/20%
Expected Rating Aaa/AAA/AAA
Rating Agency Moody's/Moody's/Fitch/Fitch
Currency Outstanding USD
Average Life 5.7 yrs.
Stated Maturity 2041
Denomination $1,000
O/C Test 103.5%
I/C Test 108.2%
Debt Service Coverage Ratio 1.58x

CLASS C NOTES(1)
Principal $25.50M
Percentage 5.1%
Coupon 3.6%/20%
Expected Rating Aaa/AAA/AAA
Rating Agency Moody's/Moody's/Fitch/Fitch
Currency Outstanding USD
Average Life 5.7 yrs.
Stated Maturity 2041
Denomination $1,000
O/C Test 105.00%
I/C Test 122.4%
Debt Service Coverage Ratio 1.58x

CLASS D NOTES(1)
Principal $10.00M
Percentage 6.9%
Coupon 3.6%/20%
Expected Rating Aaa/AAA/AAA
Rating Agency Moody's/Moody's/Fitch/Fitch
Currency Outstanding USD
Average Life 5.7 yrs.
Stated Maturity 2041
Denomination $1,000
O/C Test 108.2%
I/C Test 122.4%
Debt Service Coverage Ratio 1.58x

PREFERENCE SHARES(1)
Principal $12.00M
Percentage 2.6%
Coupon 3.6%/5.50%
Expected Rating Aaa/AAA/AAA
Rating Agency Moody's/Moody's/Fitch/Fitch
Currency Outstanding USD
Average Life 5.7 yrs.
Stated Maturity 2041
Denomination $1,000
O/C Test N/A
I/C Test N/A
Debt Service Coverage Ratio N/A

**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 5-year auction call.

STRUCTURE
Issuer: Glacier Funding CDO III, Ltd.
Investment Advisor: Terwin Money Management LLC
Closing Date: July 20, 2005
Coupon Payment Dates: Quarterly, beginning November 4, 2005
Ramp-Up Period: At least 50% 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

<table>
<thead>
<tr>
<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>Class A/B</td>
<td>104.1%</td>
<td>109.2%</td>
<td>106.00%</td>
</tr>
<tr>
<td>Class C</td>
<td>101.3%</td>
<td>103.5%</td>
<td>105.00%</td>
</tr>
<tr>
<td>Class D</td>
<td>108.2%</td>
<td>108.2%</td>
<td>122.4%</td>
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FEES AND EXPENSES
Senior Advisory and Structuring Fees: 2.0 bps per annum
Subordinate Advisory Fees: 1.7 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)

COLLATERAL CHARACTERISTICS
- Maximum WARP(1): 400
- Maximum Single Servicer Concentration(2): 7.50%
- Principal Amount: 500MM
- Minimum/Expected Weighted Avg Spread: 1.68%/1.70%
- Minimum/Expected Weighted Avg Coupon: 5.18%/5.20%
- Below Investment Grade Bucket: 5.0%
- Maximum Single Issuer Concentration(2): 1.5%
- Fixed Collateral Expected: 29%
- Minimum rating at Initial Purchase: BB-
- Maximum CDOs: 7.5%

(1) For purposes of calculating the Moody's rating factor, any Collateral Obligation that has been placed and remains on post-secured credit watch will be deemed to have a Moody's rating of the next higher/longer rating category respectively.
(2) With some exceptions for highly rated servicers.

CDO Marketing/Global Structured Products
ABBA Trading and Syndicate

<table>
<thead>
<tr>
<th>Global Structured Products</th>
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<th>ABBA Trading and Syndicate</th>
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</thead>
<tbody>
<tr>
<td>Institution/Client</td>
<td>Global Primary/Client</td>
<td>ABBA Trading/Client</td>
</tr>
<tr>
<td>Christopher Boyd (212) 445-2391</td>
<td>212-445-2391</td>
<td>212-445-2391</td>
</tr>
<tr>
<td>Mark Rose (212) 445-4845</td>
<td>212-445-4845</td>
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<tr>
<td>Christopher Boyd (212) 445-4845</td>
<td>212-445-4845</td>
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<tr>
<td>Lisa Horowitz (212) 445-2500</td>
<td>212-445-2500</td>
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<tr>
<td>Lisa Horowitz (212) 445-3312</td>
<td>212-445-3312</td>
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<tr>
<td>Lisa Horowitz (212) 445-2500</td>
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This term sheet may be distributed only together with and as a part of, the Confidential Discussion Materials to pre-qualified Merrill Lynch clients who are (a) "Qualified Purchasers" and (b) "qualified institutional buyers" within the meaning of Rule 506(a) of the Securities Act of 1933, as amended (the "Securities Act") or (ii) "accredited investors" within the meaning of Rule 501(a) under the Securities Act.

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Global Structured Products

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, 168 of Standard & Poor's 20,207 rated classes of residential mortgage-backed securities (RMBS) have defaulted (a cumulative rate of 0.93%).3
- The long-term historical average (1961–2004) of unchanged ratings of RMBS Securities compares favorably to the average of unchanged ratings of corporate bonds for the same period.4

About Tenenbaum Money Management and The Winter Group

- Tenenbaum Asset Management LLC ("TAM") is an asset management business, which focuses on credit related mortgage backed securities investments.
- TAM is a wholly-owned subsidiary of Tenenbaum Money Management LLC ("TMM") and is not registered as an investment adviser under the U.S. Investment Advisors Act.
- TMM is comprised of individuals with extensive expertise in mortgage credit investing. Their portfolio management and credit expertise includes managing mortgage credit for the largest publicly traded insurance group. TAM’s objective is to ensure 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.
- TAM has direct access to several high grade assisted loan transactions, a seasoned CDO investor in "Equity Funding CDO I" and "Equity Funding CDO II" and three mezzanine ABS CDOs. "Equity Funding CDO I" and "Equity Funding CDO II" and "NorthPoint Capital I".
- TAM receives considerable support from their 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 products. The founders of TWG has extensive industry experience, trading, sourcing and distributing mortgage credit risk.
- TWG will provide support services to TAM in a variety of areas including operations, systems, control, and risk management. TAM will have access to the subordinated securities produced by TWG, thereby insuring a consistent flow of high quality assets. TAM will have the ability to obtain in-depth information on the mortgage loans underlying TWG's securitizations prior to purchase.

Hypothetical Illustration of Preference Share Returns (IRR)

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

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