

FLUOR CORP
Form 4
November 17, 2008

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
HACKETT JAMES T

(Last) (First) (Middle)

C/O FLUOR CORPORATION, 6700
LAS COLINAS BOULEVARD

(Street)

IRVING, TX 75039

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
FLUOR CORP [FLR]

3. Date of Earliest Transaction
(Month/Day/Year)
11/14/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Beneficial Ownership (Instr. 4)
				(A) or (D)	Amount		
				Code	V		Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)

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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Phantom stock units	<u>(1)</u>	11/14/2008	A	787.1537					<u>(2)</u>	<u>(2)</u>	Common Stock	787.1537

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HACKETT JAMES T C/O FLUOR CORPORATION 6700 LAS COLINAS BOULEVARD IRVING, TX 75039	X			

Signatures

/s/ Eric P. Helm by Power of
Attorney
**Signature of Reporting Person
11/17/2008
Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Phantom stock issuable on a one-to-one basis.

(2) These phantom units were acquired under the Fluor Corporation Deferred Directors' Fees Program and are to be settled in cash upon the reporting person's termination of service as a director, death or disability in a single lump sum payment or annual installment payments over a period of two to twenty years. Units are immediately exercisable because they may be transferred into an alternative investment. However, up to 157.4 shares would be forfeited upon such transfer prior to January 1, 2013.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. -indent:0px;padding-left:0px;padding-right:0px; margin-top:8px;margin-bottom:0px;border-width:1px 1px 1px; border-style:none none none none;style-template-id:0;">-20.00%

\$8.00
-20.00%
90.00
-10.00%
\$9.00
-10.00%
94.00
-6.00%
\$9.40
-6.00%
97.00

-3.00%
 \$9.70
 -3.00%
 100.00⁽¹⁾
 0.00%
 \$10.00
 0.00%
 102.00
 2.00%
 \$10.60
 6.00%
 105.00
 5.00%
 \$11.15⁽²⁾
 11.50%
 110.00
 10.00%
 \$11.15
 11.50%
 120.00
 20.00%
 \$11.15
 11.50%
 130.00
 30.00%
 \$11.15
 11.50%
 140.00
 40.00%
 \$11.15
 11.50%
 150.00
 50.00%
 \$11.15
 11.50%
 160.00
 60.00%
 \$11.15
 11.50%

(1) The **hypothetical** Starting Value of 100 used in these examples has been chosen for illustrative purposes only, and does not represent a likely actual Starting Value for the Market Measure.

(2) The Redemption Amount per unit cannot exceed the **hypothetical** Capped Value.

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Redemption Amount Calculation Examples

Example 1

The Ending Value is 80.00, or 80.00% of the Starting Value:

Starting Value: 100.00

Ending Value: 80.00

= **\$8.00** Redemption Amount per unit

Example 2

The Ending Value is 102.00, or 102.00% of the Starting Value:

Starting Value: 100.00

Ending Value: 102.00

= **\$10.60** Redemption Amount per unit

Example 3

The Ending Value is 130.00, or 130.00% of the Starting Value:

Starting Value: 100.00

Ending Value: 130.00

= **\$19.00, however, because the Redemption Amount for the notes cannot exceed the Capped Value, the Redemption Amount will be \$11.15 per unit**

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Risk Factors

There are important differences between the notes and a conventional debt security. An investment in the notes involves significant risks, including those listed below. You should carefully review the more detailed explanation of risks relating to the notes in the Risk Factors sections beginning on page PS-6 of product supplement COMM ARN-1, page S-4 of the Series A MTN prospectus supplement, and page 9 of the prospectus identified above. We also urge you to consult your investment, legal, tax, accounting, and other advisors before you invest in the notes.

Depending on the performance of the Gold Futures Contract as measured shortly before the maturity date, your investment may result in a loss; there is no guaranteed return of principal.

Your return on the notes may be less than the yield you could earn by owning a conventional fixed or floating rate debt security of comparable maturity.

Payments on the notes are subject to our credit risk, and the credit risk of BAC, and actual or perceived changes in our or BAC's creditworthiness are expected to affect the value of the notes. If we and BAC become insolvent or are unable to pay our respective obligations, you may lose your entire investment.

Your investment return is limited to the return represented by the Capped Value and may be less than a comparable investment directly in the Gold Futures Contract (or gold or any other gold futures contract).

We are a finance subsidiary and, as such, will have limited assets and operations.

BAC's obligations under its guarantee of the notes will be structurally subordinated to liabilities of its subsidiaries

The notes issued by us will not have the benefit of any cross-default or cross-acceleration with other indebtedness of BofA Finance or BAC: events of bankruptcy or insolvency or resolution proceedings relating to BAC and covenant breach by BAC will not constitute an event of default with respect to the notes

The initial estimated value of the notes considers certain assumptions and variables and relies in part on certain forecasts about future events, which may prove to be incorrect. The initial estimated value of the notes is an estimate only, determined as of a particular point in time by reference to our and our affiliates' pricing models. These pricing models consider certain assumptions and variables, including our credit spreads, and those of BAC, BAC's internal funding rate on the pricing date, mid-market terms on hedging transactions, expectations on interest rates and volatility, price-sensitivity analysis, and the expected term of the notes. These pricing models rely in part on certain forecasts about future events, which may prove to be incorrect.

The public offering price you pay for the notes will exceed the initial estimated value. If you attempt to sell the notes prior to maturity, their market value may be lower than the price you paid for them and lower than the initial estimated value. This is due to, among other things, changes in the price of the Gold Futures Contract, BAC's internal funding rate, and the inclusion in the public offering price of the underwriting discount and the hedging related charge, all as further described in Structuring the Notes on page TS-12. These factors, together with various credit, market and economic factors over the term of the notes, are expected to reduce the price at which you may be able to sell the notes in any secondary market and will affect the value of the notes in complex and unpredictable ways.

The initial estimated value does not represent a minimum or maximum price at which we, BAC, MLPF&S or any of our other affiliates would be willing to purchase your notes in any secondary market (if any exists) at any time. The value of your notes at any time after issuance will vary based on many factors that cannot be predicted with accuracy, including the performance of the Gold Futures Contract, our and BAC's creditworthiness and changes in market conditions.

A trading market is not expected to develop for the notes. None of us, BAC or MLPF&S is obligated to make a market for, or to repurchase, the notes. There is no assurance that any party will be willing to purchase your notes at any price in any secondary market.

BAC and its affiliates' hedging and trading activities (including trades in gold and related futures contracts) and any hedging and trading activities BAC or its affiliates engage in that are not for your account or on your behalf, may affect the market value and return of the notes and may create conflicts of interest with you.

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Ownership of the notes will not entitle you to any rights with respect to gold or any related futures contracts. Suspensions or disruptions of trading in gold and related futures contracts may adversely affect the value of the notes.

The notes will not be regulated by the U.S. Commodity Futures Trading Commission.

There may be potential conflicts of interest involving the calculation agent, which is an affiliate of ours. We have the right to appoint and remove the calculation agent.

The U.S. federal income tax consequences of the notes are uncertain, and may be adverse to a holder of the notes.

See Summary Tax Consequences below and U.S. Federal Income Tax Summary beginning on page PS-27 of product supplement COMM ARN-1.

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Additional Risk Factors

The price movements in the Gold Futures Contract may not correlate with changes in gold's spot price.

The Gold Futures Contract is a futures contract for gold bullion that trades on COMEX. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, a commodity futures contract is typically an agreement to buy a set amount of an underlying physical commodity at a predetermined price during a stated delivery period. A futures contract reflects the expected value of the underlying physical commodity upon delivery in the future. In contrast, the underlying physical commodity's current or spot price reflects the immediate delivery value of the commodity.

The notes are linked to the Gold Futures Contract and not to the spot price of gold, and an investment in the notes is not the same as buying and holding gold. While price movements in the Gold Futures Contract may correlate with changes in gold's spot price, the correlation will not be perfect and price movements in the spot market for gold may not be reflected in the futures market (and vice versa). Accordingly, an increase in the spot price of gold may not result in an increase in the price of the Gold Futures Contract. The Gold Futures Contract price may decrease while the spot price for gold remains stable or increases, or does not decrease to the same extent.

The notes include the risk of a concentrated position in a single commodity.

The notes are linked to a single exchange traded physical commodity underlying the Gold Futures Contract, gold bullion. An investment in the notes may therefore carry risks similar to a concentrated investment in a single commodity. Accordingly, a decrease in the value of gold bullion, including as a result of the factors discussed below, may adversely affect the price of the Gold Futures Contract and the value of the notes.

Gold prices can be volatile as a result of various factors that we cannot control, and this volatility may reduce the value of the notes.

Gold prices, including the price of the Gold Futures Contract, are subject to volatile price movements over short periods of time and are affected by numerous factors. These include economic factors, including the structure of and confidence in the global monetary system, expectations of the future rate of inflation, the relative strength of, and confidence in, the U.S. dollar (the currency in which the price of gold is generally quoted), interest rates and gold borrowing and lending rates, and global or regional economic, financial, political, regulatory, judicial, or other events. Gold prices may also be affected by industry factors such as industrial and jewelry demand, lending, sales and purchases of gold by the official sector, including central banks and other governmental agencies and multilateral institutions which hold gold, levels of gold production and production costs, and short-term changes in supply and demand because of trading activities in the gold market. It is not possible to predict the aggregate effect of all or any combination of these factors.

The market value of the notes may be affected by price movements in distant-delivery futures contracts associated with the Gold Futures Contract.

The price movements in the Gold Futures Contract may not be reflected in the market value of the notes. If you are able to sell your notes, the price you receive could be affected by changes in the values of futures contracts for gold that have more distant delivery dates than the Gold Futures Contract to which your notes are linked. The prices for these distant-delivery futures contracts, may not increase to the same extent as the price of the Gold Futures Contract, or may decrease to a greater extent, which may adversely affect the value of the notes.

The policies of COMEX are subject to change, in a manner which may reduce the value of the notes.

The policies of the COMEX concerning the manner in which the price of the Gold Futures Contract is calculated may change in the future. The COMEX is not our affiliate, and we have no ability to control or predict the actions of the COMEX. The COMEX may also from time to time change its rules or bylaws or take emergency action under its rules. The COMEX may discontinue or suspend calculation or dissemination of information relating to the Gold Futures Contract. Any such actions could affect the price of the Gold Futures Contract, and therefore, the value of the notes.

Other Terms of the Notes

The provisions of this section supersede and replace the definitions of Market Measure Business Day and Market

Disruption Event set forth in product supplement COMM ARN-1.

Market Measure Business Day

A Market Measure Business Day means a day on which the official settlement price of the Gold Futures Contract or any successor thereto is determined and published.

Market Disruption Event

A Market Disruption Event means any of the following events, as determined by the calculation agent:

the suspension of or material limitation on trading for more than two hours of trading, or during the one-half

(A) hour period preceding the close of trading on COMEX (without taking into account any extended or after-hours trading session), in the Gold Futures Contract;

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- the suspension of or material limitation on trading for more than two hours of trading, or during the one-half hour period preceding the close of trading, on the applicable exchange (without taking into account any extended (B) or after-hours trading session), whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise, in option contracts or futures contracts related to the Gold Futures Contract, which are traded on any major U.S. exchange;
- (C) the failure on any day of COMEX to publish the official daily settlement price for that day for the Gold Futures Contract; or
- any other event, if the calculation agent determines in its sole discretion that the event materially interferes with (D) our ability or the ability of any of our affiliates to unwind all or a material portion of a hedge that we or our affiliates have effected or may effect as to the notes.

For the purpose of determining whether a Market Disruption Event has occurred:

- a limitation on the hours in a trading day and/or number of days of trading will not constitute a Market (A) Disruption Event if it results from an announced change in the regular business hours of the applicable exchange;
- (B) a suspension in trading on COMEX (without taking into account any extended or after hours trading session), in the Gold Futures Contract, by reason of a price change reflecting the maximum or minimum permitted price change from the previous trading day's settlement price will constitute a Market Disruption Event; and
- (C) a suspension of or material limitation on trading on the applicable exchange will not include any time when that exchange is closed for trading under ordinary circumstances.

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The Gold Futures Contract

We have derived all information regarding the Gold Futures Contract and COMEX from publicly available sources. Such information reflects the policies of, and is subject to change without notice by, COMEX. The consequences of COMEX discontinuing trading in the Gold Futures Contract are discussed in the section entitled Discontinuance of a Market Measure beginning on page PS-22 of product supplement COMM ARN-1. None of us, the calculation agent, or the selling agent accepts any responsibility for the calculation or dissemination of information relating to the Gold Futures Contract.

The Futures Market

An exchange-traded futures contract, such as the Gold Futures Contract, provides for the future purchase and sale of a specified type and quantity of a commodity at a particular price and on a specific date. Futures contracts are standardized so that each investor trades contracts with the same requirements as to quality, quantity, and delivery terms. Rather than settlement by physical delivery of the commodity, futures contracts may be settled for the cash value of the right to receive or sell the specified commodity on the specified date. Exchange-traded futures contracts are traded on organized exchanges such as COMEX, known as contract markets, through the facilities of a centralized clearing house and a brokerage firm which is a member of the clearing house.

The Commodity Exchange, Inc.

COMEX, located in New York City, is one of the world's largest physical commodities futures exchange and one of four Designated Contract Markets (each a self-regulatory exchange) comprising the CME Group Inc. (the CME Group). It offers futures contracts and options on futures contracts based on precious metals commodities and clearing services for privately negotiated energy transactions. COMEX uses both an open outcry trading facility and an electronic trading system. COMEX was established in 1933 through the merger of four smaller exchanges. As one of the largest and most active commodities exchanges in the world, COMEX provides an organized, centralized market where commodities contracts of precious metals are traded. In 1994, COMEX was bought by NYMEX, which trades futures and options contracts in precious metals, oil, and gas. COMEX maintains its name as a division of NYMEX. Gold was introduced as a contract on December 31, 1974, the date after which Americans were permitted to hold gold after more than 40 years. In August 2008, NYMEX was acquired by CME Group.

COMEX members include individual traders, as well as most of the world's largest banks, hedge funds, and brokerage and investment houses. Members can execute trades for their own accounts, for clearing firm accounts, for the accounts of other members, or for the accounts of customers of clearing firms. Applicants for membership must meet certain requirements. They must also comply with the provisions of the Commodity Exchange Act and the rules and regulations issued by the CFTC, and register with the National Futures Association either as a floor trader or floor broker if they intend to access the trading floors. NYMEX's board of directors adopts rules and regulations governing the trading on the exchange, as well as to maintain appropriate business conduct and to provide protection to the public in its dealings with COMEX and its members.

The Gold Futures Contract

The Gold Futures Contract is the front-month gold futures contract traded on COMEX. The Gold Futures Contract trades in units of 100 troy ounces, and is deliverable to a COMEX-approved warehouse. The contract provides for delivery of a specified grade (an assayed minimum fineness of 995) of gold. The prices for the Gold Futures Contract are published by Bloomberg under the symbol GC1 <Cmnty>.

A front-month contract is the unexpired contract next scheduled for delivery. Because trading terminates, and a Gold Futures Contract for a particular month expires, on the Last Trading Day (as defined below), typically, the front-month contract is a futures contract that specifies a delivery date for a commodity that is in the first or second month following the current date. However, in the case of the Gold Futures Contract, which rolls on a bi-monthly basis, the delivery date for the Gold Futures Contract may be in the same month.

For example, the Last Trading Day for the Gold Futures Contract specifying delivery in June 2017 will be June 28, 2017. Consequently, as of June 29, 2017, the front-month gold futures contract will be a contract specifying delivery of gold in August 2017.

The following summarizes selected specifications relating to the Gold Futures Contract:

Price Quotation: U.S. dollars and cents per troy ounce.

Minimum Price Fluctuation: \$0.10 per troy ounce (\$10.00 per contract).

Maximum Daily Price Fluctuation: On each trading day, COMEX imposes a price fluctuation limit for the Gold Futures Contract of \$100.00 per troy ounce above or below the previous day's official settlement price. If the Gold Futures Contract is traded, bid or offered at the upper or lower price fluctuation limit, trading is halted for five minutes. When trading resumes, the limit is expanded by \$100.00 per troy ounce in either direction (that is, \$200.00 above and below the previous day's official settlement price). If another halt is triggered, the market would continue to be expanded by \$100.00 per troy ounce in either direction after each successive five-minute trading halt. Following the fourth trading halt, there will be no further limits. *Last Trading Day:* Trading terminates at the close of business on the third last business day of the delivery month. For example, trading for the June 2017 futures contract, which is a contract for delivery of gold in June 2017, will end on June 28, 2017.

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The following graph shows the daily historical performance of the Gold Futures Contract in the period from January 1, 2008 through March 14 2017. We obtained this historical data from Bloomberg L.P. We have not independently verified the accuracy or completeness of the information obtained from Bloomberg L.P. On March 14, 2017, the settlement price of the Gold Futures Contract was 1,202.60.

Historical Performance of the Gold Futures Contract

This historical data on the Gold Futures Contract is not necessarily indicative of the future performance of the Gold Futures Contract or what the value of the notes may be. Any historical upward or downward trend in the price of the Gold Futures Contract during any period set forth above is not an indication that the price of the Gold Futures Contract is more or less likely to increase or decrease at any time over the term of the notes.

Before investing in the notes, you should consult publicly available sources for the prices and trading pattern of the Gold Futures Contract.

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Supplement to the Plan of Distribution; Conflicts of Interest

Under our distribution agreement with MLPF&S, MLPF&S will purchase the notes from us as principal at the public offering price indicated on the cover of this term sheet, less the indicated underwriting discount.

MLPF&S, a broker-dealer subsidiary of BAC, is a member of the Financial Industry Regulatory Authority, Inc.

(FINRA) and will participate as selling agent in the distribution of the notes. Accordingly, offerings of the notes will conform to the requirements of Rule 5121 applicable to FINRA members. MLPF&S may not make sales in this offering to any of its discretionary accounts without the prior written approval of the account holder.

We may deliver the notes against payment therefor in New York, New York on a date that is greater than three business days following the pricing date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, if the initial settlement of the notes occurs more than three business days from the pricing date, purchasers who wish to trade the notes more than three business days prior to the original issue date will be required to specify alternative settlement arrangements to prevent a failed settlement.

The notes will not be listed on any securities exchange. In the original offering of the notes, the notes will be sold in minimum investment amounts of 100 units. If you place an order to purchase the notes, you are consenting to MLPF&S acting as a principal in effecting the transaction for your account.

MLPF&S may repurchase and resell the notes, with repurchases and resales being made at prices related to then-prevailing market prices or at negotiated prices, and these will include MLPF&S's trading commissions and mark-ups. MLPF&S may act as principal or agent in these market-making transactions; however, it is not obligated to engage in any such transactions. At MLPF&S's discretion, for a short, undetermined initial period after the issuance of the notes, MLPF&S may offer to buy the notes in the secondary market at a price that may exceed the initial estimated value of the notes. Any price offered by MLPF&S for the notes will be based on then-prevailing market conditions and other considerations, including the performance of the Gold Futures Contract and the remaining term of the notes. However, neither we nor any of our affiliates is obligated to purchase your notes at any price, or at any time, and we cannot assure you that we or any of our affiliates will purchase your notes at a price that equals or exceeds the initial estimated value of the notes.

The value of the notes shown on your account statement will be based on MLPF&S's estimate of the value of the notes if MLPF&S or another of our affiliates were to make a market in the notes, which it is not obligated to do. That estimate will be based upon the price that MLPF&S may pay for the notes in light of then-prevailing market conditions and other considerations, as mentioned above, and will include transaction costs. At certain times, this price may be higher than or lower than the initial estimated value of the notes.

An investor's household, as referenced on the cover of this term sheet, will generally include accounts held by any of the following, as determined by MLPF&S in its discretion and acting in good faith based upon information then available to MLPF&S:

- the investor's spouse (including a domestic partner), siblings, parents, grandparents, spouse's parents, children and grandchildren, but excluding accounts held by aunts, uncles, cousins, nieces, nephews or any other family relationship not directly above or below the individual investor;

- a family investment vehicle, including foundations, limited partnerships and personal holding companies, but only if the beneficial owners of the vehicle consist solely of the investor or members of the investor's household as described above; and

- a trust where the grantors and/or beneficiaries of the trust consist solely of the investor or members of the investor's household as described above; provided that, purchases of the notes by a trust generally cannot be aggregated together with any purchases made by a trustee's personal account.

Purchases in retirement accounts will not be considered part of the same household as an individual investor's personal or other non-retirement account, except for individual retirement accounts (IRAs), simplified employee pension plans (SEPs), savings incentive match plan for employees (SIMPLEs), and single-participant or owners only accounts (i.e., retirement accounts held by self-employed individuals, business owners or partners with no employees other than their

spouses).

Please contact your Merrill Lynch financial advisor if you have any questions about the application of these provisions to your specific circumstances or think you are eligible.

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Structuring the Notes

The notes are our debt securities, the return on which is linked to the performance of the Gold Futures Contract. The related guarantee is BAC's obligation. As is the case for all of our and BAC's respective debt securities, including our market-linked notes, the economic terms of the notes reflect our and BAC's actual or perceived creditworthiness at the time of pricing. In addition, because market-linked notes result in increased operational, funding and liability management costs to us and BAC, BAC typically borrows the funds under these types of notes at a rate that is more favorable to BAC than the rate that it might pay for a conventional fixed or floating rate debt security. This rate, which we refer to in this term sheet as BAC's internal funding rate, is typically lower than the rate BAC would pay when it issues conventional fixed or floating rate debt securities. This generally relatively lower internal funding rate, which is reflected in the economic terms of the notes, along with the fees and charges associated with market-linked notes, typically results in the initial estimated value of the notes on the pricing date being less than their public offering price.

At maturity, we are required to pay the Redemption Amount to holders of the notes, which will be calculated based on the performance of the Gold Futures Contract and the \$10 per unit principal amount. In order to meet these payment obligations, at the time we issue the notes, we may choose to enter into certain hedging arrangements (which may include call options, put options or other derivatives) with MLPF&S or one of our other affiliates. The terms of these hedging arrangements are determined by seeking bids from market participants, including MLPF&S and its affiliates, and take into account a number of factors, including our and BAC's creditworthiness, interest rate movements, the volatility of the Gold Futures Contract, the tenor of the notes and the tenor of the hedging arrangements. The economic terms of the notes and their initial estimated value depend in part on the terms of these hedging arrangements.

MLPF&S has advised us that the hedging arrangements will include a hedging related charge of approximately \$0.075 per unit, reflecting an estimated profit to be credited to MLPF&S from these transactions. Since hedging entails risk and may be influenced by unpredictable market forces, additional profits and losses from these hedging arrangements may be realized by MLPF&S or any third party hedge providers.

For further information, see Risk Factors—General Risks Relating to ARNs beginning on page PS-6 and Use of Proceeds on page PS-17 of product supplement COMM ARN-1.

Summary Tax Consequences

You should consider the U.S. federal income tax consequences of an investment in the notes, including the following:

There is no statutory, judicial, or administrative authority directly addressing the characterization of the notes.

You agree with us (in the absence of an administrative determination, or judicial ruling to the contrary) to characterize and treat the notes for all tax purposes as a single financial contract with respect to the Gold Futures Contract.

Under this characterization and tax treatment of the notes, a U.S. Holder (as defined beginning on page 50 of the prospectus) generally will recognize capital gain or loss upon maturity or upon a sale or exchange of the notes prior to maturity. This capital gain or loss generally will be long-term capital gain or loss if you held the notes for more than one year.

No assurance can be given that the IRS or any court will agree with this characterization and tax treatment.

You should consult your own tax advisor concerning the U.S. federal income tax consequences to you of acquiring, owning, and disposing of the notes, as well as any tax consequences arising under the laws of any state, local, foreign, or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws. You should review carefully the discussion (including the opinion of our counsel, Morrison & Foerster LLP) under the section entitled U.S. Federal Income Tax Summary beginning on page PS-27 of product supplement COMM ARN-1.

Where You Can Find More Information

We and BAC have filed a registration statement (including a product supplement, a prospectus supplement, and a

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prospectus) with the SEC for the offering to which this term sheet relates. Before you invest, you should read the Note Prospectus, including this term sheet, and the other documents relating to this offering that we and BAC have filed with the SEC, for more complete information about us, BAC and this offering. You may get these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, we, any agent, or any dealer participating in this offering will arrange to send you these documents if you so request by calling MLPF&S toll-free at 1-800-294-1322.

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Linked to the Gold Futures Contract, due May , 2018

Market-Linked Investments Classification

MLPF&S classifies certain market-linked investments (the Market-Linked Investments) into categories, each with different investment characteristics. The following description is meant solely for informational purposes and is not intended to represent any particular Enhanced Return Market-Linked Investment or guarantee any performance.

Enhanced Return Market-Linked Investments are short- to medium-term investments that offer you a way to enhance exposure to a particular market view without taking on a similarly enhanced level of market downside risk. They can be especially effective in a flat to moderately positive market (or, in the case of bearish investments, a flat to moderately negative market). In exchange for the potential to receive better-than market returns on the linked asset, you must generally accept market downside risk and capped upside potential. As these investments are not market downside protected, and do not assure full repayment of principal at maturity, you need to be prepared for the possibility that you may lose all or part of your investment.

"Accelerated Return Notes[®]" and "ARNs[®]" are BAC's registered service marks.

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