

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2018

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-4119

NUCOR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-1860817
(I.R.S. Employer Identification No.)

1915 Rexford Road, Charlotte, North Carolina
(Address of principal executive offices)

28211
(Zip Code)

Registrant's telephone number, including area code: (704) 366-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common stock, par value \$0.40 per share

Name of each exchange
on which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of common stock held by non-affiliates was approximately \$19.67 billion based upon the closing sales price of the registrant's common stock on the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2018.

305,381,583 shares of the registrant's common stock were outstanding at February 22, 2019.

DOCUMENTS INCORPORATED BY REFERENCE

Documents incorporated by reference include: Portions of the registrant's 2018 Annual Report to Stockholders (Parts I, II and IV), and portions of the registrant's definitive Proxy Statement for its 2019 Annual Meeting of Stockholders (Part III) to be filed within 120 days after the registrant's fiscal year end.

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For the Fiscal Year Ended December 31, 2018
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PART I

Item 1. Business

Overview

Nucor Corporation and its affiliates (“Nucor,” the “Company,” “we,” “us” or “our”) manufacture steel and steel products. The Company also produces direct reduced iron (“DRI”) for use in its steel mills. Through The David J. Joseph Company and its affiliates (“DJJ”), the Company also processes ferrous and nonferrous metals and brokers ferrous and nonferrous metals, pig iron, hot briquetted iron (“HBI”) and DRI. Most of the Company’s operating facilities and customers are located in North America. The Company’s operations include international trading and sales companies that buy and sell steel and steel products manufactured by the Company and others.

Nucor is North America’s largest recycler, using scrap steel as the primary raw material in producing steel and steel products. In 2018, we recycled approximately 19.9 million gross tons of scrap steel.

Capital Allocation Strategy

The significant developments in Nucor’s business in recent years have aligned with our capital allocation strategy. Our highest capital allocation priority is to invest in our business for profitable long-term growth through our multi-pronged strategy of optimizing existing operations, acquisitions and greenfield expansions.

Our second priority is to provide our stockholders with cash dividends that are consistent with our success in delivering long-term earnings growth. Nucor has paid \$1.45 billion in dividends to its stockholders during the past three years. That dividend payout represents 28% of cash flows from operations during that three-year period.

Our third priority is to opportunistically repurchase shares of our common stock when our cash position is strong compared to growth investment opportunities. In September 2018, Nucor’s Board of Directors approved a share repurchase program under which the Company is authorized to repurchase up to \$2.0 billion of its common stock. The Board of Directors also terminated any previously authorized repurchase programs. The Company repurchased \$854.0 million of its common stock in 2018 (\$90.3 million in 2017 and \$5.2 million in 2016). As of December 31, 2018, approximately \$1.5 billion remained available for share repurchases under the program.

General Development of our Business in Recent Years

Nucor has invested significant capital in recent years to expand our product portfolio to include more value-added steel mill products, improve our cost structure, enhance our operational flexibility and provide additional channels to market for our products. These investments total approximately \$3.17 billion over the last three years, with approximately two-thirds going to capital expenditures and approximately one-third going to acquisitions. We believe that our focus on lowering costs will enable us to execute on our strategy of delivering profitable long-term growth. Further, we believe shifting our product mix to a greater portion of value-added products and increasing end-user market diversity will make us less susceptible to imports.

Several new capital projects that align with our expansion of value-added product offerings and cost-reduction strategies are expected to be completed in 2019. At our sheet mill located in Ghent, Kentucky, Nucor’s approximately \$176 million investment in a new hot band galvanizing and pickling line is expected to be operational in the first half of 2019. We believe the new galvanizing line will be the widest hot-rolled galvanizing line in North America with its 72-inch product, creating synergies with Nucor’s other sheet mills and allowing us to enter new automotive market segments. Our Nucor Steel Arkansas facility is building an additional specialty cold mill at an estimated cost of \$230 million that is expected to be operational in the first half of 2019. That cold mill facility will expand our ability to produce advanced, high-strength low-alloy and motor lamination steel products.

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We have several growth initiatives underway in our bar mill group with expected completion dates in 2019 that will capitalize on our position as a low-cost producer of bar. Nucor is building a rebar micro mill capable of producing approximately 350,000 tons annually near Kansas City in Sedalia, Missouri at an estimated cost of \$250 million. We believe that positioning the micro mill near the Kansas City market will provide us with a freight cost advantage relative to more distant suppliers, and we will also benefit from the scrap supply in the immediate area provided by our existing DJJ operations. We expect startup of the new mill in late 2019. Nucor Steel Kankakee, Inc. is building a full-range merchant bar quality mill with approximately 500,000 tons of annual capacity at our existing mill in Bourbonnais, Illinois at an estimated cost of \$180 million. Like the new micro mill, we believe that the Kankakee mill will also benefit from logistical advantages and low-cost scrap supply. We expect this project to be completed in late 2019. Nucor is also updating the rolling mill at Nucor Steel Marion, Inc. The approximately \$85 million modernization project is expected to be completed in mid-2019 and will allow us to reduce the mill's operating costs and better serve customers in Ohio and the surrounding states.

Additionally, Nucor has recently announced several major investments that are also in the steel mills segment. In March 2018, Nucor announced that it will build a second rebar micro mill capable of producing approximately 350,000 tons annually in Frostproof, Florida. Similar to the mill under construction in Sedalia, Missouri, we believe this new micro mill will benefit from the scrap supply in the immediate area provided by our existing DJJ operations. This approximately \$240 million investment is expected to be operational in the first half of 2020. In May 2018, Nucor announced an approximately \$240 million investment to construct a new galvanizing line with an annual capacity of approximately 500,000 tons at our Nucor Steel Arkansas facility. This project complements the previously mentioned specialty cold mill project currently underway at the facility and we believe it will accelerate our goal of increasing our automotive market share. The new galvanizing line is expected to be operational in the first half of 2021. In September 2018, Nucor announced an approximately \$650 million investment to expand the production capability at its flat-rolled sheet mill located in Ghent, Kentucky. This investment will increase the production capability from approximately 1,600,000 tons to approximately 3,000,000 tons annually and will increase the maximum coil width to approximately 73 inches. This expansion is expected to be completed in mid-2021 and complements the previously mentioned hot band galvanizing and pickling line that is currently under construction as part of our initiative to further grow our sheet business. Most recently, in January 2019, Nucor announced plans to build a state-of-the-art plate mill in the U.S. Midwest with an expected investment of \$1.35 billion. We expect the mill to be completed in 2022 and to be capable of producing approximately 1,200,000 tons per year of steel plate products.

Nucor's steel products segment has also grown significantly in recent years through the acquisitions of the companies that make up our Nucor Tubular Products group. Nucor Tubular Products consists of the Independence Tube Corporation (acquired in October 2016), Southland Tube, Inc. (acquired in January 2017), Republic Conduit (acquired in January 2017), and the assets of Century Tube, LLC (acquired in December 2018). The combined purchase price of these acquisitions was approximately \$898 million. Nucor Tubular Products is optimizing the teams and assets of the eight strategically located facilities to create leadership positions in the following markets: hollow structural section ("HSS") steel tubing, piling, sprinkler pipe, steel electrical conduit, and mechanical tube for the automotive market. The group has been well received in all markets as demonstrated by growth in revenue and volume shipped. The Nucor Tubular Products group provides Nucor with a new line of value-added products to offer our customers and a value-added channel to market as the businesses are consumers of Nucor's hot-rolled and cold-rolled sheet steel.

The steel products segment has also experienced recent growth as well through the September 2017 acquisition of St. Louis Cold Drawn, Inc. ("St. Louis") for approximately \$60 million. With a manufacturing location in St. Louis, Missouri and another location in Monterrey, Mexico, St. Louis is able to manufacture approximately 200,000 tons annually of cold drawn rounds, hexagons, squares and special sections to serve the U.S. and Mexican automotive and industrial markets. The St. Louis acquisition also provides an additional channel to market for the special bar quality ("SBQ") products that we produce at some of our bar mills. Also within our steel products segment, we have recently acquired the assets of several businesses that will expand our

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bar grating presence in the United States and provide us with joist and deck production capabilities in Eastern and Western Canada to better serve our customers in the Canadian markets.

In addition to growing through capital expansions at our existing operations and acquisitions, Nucor also uses joint ventures as a platform for growth. In 2016, we announced the formation of a joint venture (Nucor-JFE) with JFE Steel Corporation of Japan in which Nucor will have 50% ownership in a plant that is being built in central Mexico to supply galvanized sheet steel to the growing Mexican automotive market. The plant, which is expected to be operational in the second half of 2019, will have a total cost of approximately \$300 million (50% of which provided by Nucor) and will have an annual capacity of approximately 400,000 tons. Nucor's sheet mills are expected to provide approximately half of the hot-rolled steel substrate that will be consumed by the joint venture.

Segments

Nucor reports its results in three segments: steel mills, steel products and raw materials. The steel mills segment is Nucor's largest segment, representing approximately 65% of the Company's sales to external customers in the year ended December 31, 2018.

Principal Products Produced

In the steel mills segment, Nucor produces sheet steel (hot-rolled, cold-rolled and galvanized), plate steel, structural steel (wide-flange beams, beam blanks, H-piling and sheet piling) and bar steel (blooms, billets, concrete reinforcing bar, merchant bar and SBQ). Nucor manufactures steel principally from scrap steel and scrap steel substitutes using electric arc furnaces ("EAFs"), continuous casting and automated rolling mills. The steel mills segment also includes Nucor's equity method investments in Duferdofin Nucor S.r.l., NuMit LLC and Nucor-JFE, as well as Nucor's steel trading businesses and rebar distribution businesses. In the steel products segment, Nucor produces HSS steel tubing, electrical conduit, steel joists and joist girders, steel deck, fabricated concrete reinforcing steel, cold finished steel, steel fasteners, metal building systems, steel grating and expanded metal, and wire and wire mesh. The steel products segment also includes our piling distributor. In the raw materials segment, Nucor produces DRI; brokers ferrous and nonferrous metals, pig iron, HBI and DRI; supplies ferro-alloys; and processes ferrous and nonferrous scrap metal. The raw materials segment also includes our natural gas drilling operations.

Markets and Marketing

The steel mills segment sells its products primarily to steel service centers, fabricators and manufacturers located throughout the United States, Canada, Mexico. Nucor produces hot-rolled, cold-rolled and galvanized sheet steel to customers' specifications while maintaining inventories to fulfill anticipated orders. We estimate that approximately 75% of our sheet steel sales in 2018 were to contract customers. The balance of our sheet steel sales was made in the spot market at prevailing prices at the time of sale. The proportion of tons sold to contract customers at any given time depends on a variety of factors, including our consideration of current and future market conditions, our strategy to appropriately balance spot and contract tons in a manner to meet our customers' requirements while considering the expected profitability, our desire to sustain a diversified customer base, and our end-use customers' perceptions about future market conditions. These sheet sales contracts permit price adjustments to reflect changes in the current market-based indices and/or raw material costs at or near the time of shipment. These sheet sales contracts typically have terms ranging from six to 12 months. Steel contract sales outside of our sheet operations are not significant.

Our plate, structural, reinforcing and merchant bar steel come in standard sizes and grades, which allows us to maintain inventory levels of these products to meet our customers' expected orders. In addition, our bar mill group manufactures hot-rolled SBQ products to exacting specifications primarily servicing the automotive, energy, agricultural, heavy equipment and transportation sectors. The significant majority of our plate, structural, rebar, merchant bar and SBQ steel sales occur in the spot market at prevailing market prices.

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In 2018, approximately 80% of the shipments made by our steel mills segment were to external customers. The remaining 20% of the steel mills segment's shipments went to our tubular products, piling distributor, joist, deck, rebar fabrication, fastener, metal buildings and cold finish operations.

One of Nucor's strategies for growth is expanding the channels by which our steel mills' products can reach end-use customers. The percentage of shipments consumed internally increased from 16% in 2016 to 20% in 2018 due to some of the recent investments in our downstream business, such as the tubular products plants and St. Louis that consume steel produced by our steel mills.

In the steel products segment, we sell steel joists and joist girders, and steel deck to general contractors and fabricators located throughout the United States and Canada. We make these products to the customers' specifications and do not maintain inventories of these finished steel products. The majority of these contracts are firm, fixed-price contracts that are in most cases competitively bid against other suppliers. Longer-term supply contracts may or may not permit us to adjust our prices to reflect changes in prevailing raw material costs. We sell and install fabricated reinforcing products primarily on a construction contract bid basis. These products are used by contractors in constructing highways, bridges, reservoirs, utilities, hospitals, schools, airports, stadiums and high-rise buildings. We manufacture cold finished steel, steel fasteners, steel grating, wire and wire mesh in standard sizes and maintain inventories of these products to fulfill anticipated orders. We sell cold finished steel and steel fasteners primarily to distributors and manufacturers located throughout the United States and Canada.

We market products from the steel mills and steel products segments mainly through in-house sales forces. We also utilize our internal distribution and trading companies to market our products abroad. The markets for these products are largely tied to capital and durable goods spending and are affected by changes in general economic conditions.

In the raw materials segment, we process ferrous and nonferrous scrap metal for use in our steel mills and for sale to various domestic and international external customers. We also broker ferrous and nonferrous metals and scrap substitutes, supply ferro-alloys and provide transportation, material handling and other services to users of scrap metals. Our primary external customers for ferrous scrap are EAF steel mills and foundries that use ferrous scrap as a raw material in their manufacturing process. External customers purchasing nonferrous scrap metal include aluminum can producers, secondary aluminum smelters, steel mills and other processors and consumers of various nonferrous metals. We market scrap metal products and related services to our external customers through in-house sales forces. In 2018, approximately 10% of the ferrous and nonferrous metals and scrap substitutes tons we processed were sold to external customers. We consumed the balance in our steel mills.

Also within the raw materials segment are our DRI plants in Trinidad and Louisiana that produce high quality iron inputs able to be used in our steel mills' melting process and our natural gas production operations. All natural gas produced by the drilling operations is and will be sold to outside parties.

Competition

We compete in a variety of steel and metal markets, including markets for finished steel products, unfinished steel products and raw materials. These markets are highly competitive with many domestic and foreign firms participating, and, as a result of this highly competitive environment, we find that we primarily compete on price and service.

Our EAF steel mills face many different forms of competition, including integrated steel producers (who use iron ore converted into liquid form in a blast furnace as their basic raw material instead of scrap steel), other EAF steel mills, foreign imports and alternative materials. Large domestic integrated steel producers have the ability to manufacture a variety of products but face significantly higher energy costs and are often burdened with higher capital and fixed operating costs. EAF steel mill producers, such as Nucor, are sensitive to increases in scrap prices but tend to have lower capital and fixed operating costs compared with large integrated steel producers.

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Excess global steelmaking capacity, particularly in non-market economies, continues to be a significant challenge for Nucor and the entire U.S. steel industry. Steel production in China rose in 2018, going from approximately 960 million tons in 2017 to approximately 1.02 billion tons in 2018 – an increase of 6.6%. China's share of global crude steel production rose from 50.3% in 2017 to 51.3% in 2018. The Organisation for Economic Co-operation and Development estimates that global excess steel production capacity was approximately 600 million tons at the end of 2017, a drop from its peak levels in 2015 and 2016. Nearly half of that excess capacity is located in China, where the largest steel companies are state-owned and receive significant financial support from the Chinese government.

The Section 232 steel tariffs are having their intended impact by preventing the dumping of steel products in the U.S. market. For the full year 2018, steel imports were down more than 10% from the previous year and imports accounted for approximately 23% of U.S. market share. About 4.1 million fewer tons of imports entered the United States in 2018. Ninety percent of the decrease in imports took place after the tariffs were fully implemented on June 1, 2018. The strong economy and lower imports generated 5 to 6 million tons in increased production for the U.S. steel industry this year. The comprehensive nature of the Section 232 tariffs are also preventing the transshipment of artificially low-cost steel through third party countries.

The U.S. government is negotiating with several other countries to change the terms of our trading relationship with them. Agreements have been reached with Brazil, Argentina and South Korea which exempted these countries from the steel tariffs in exchange for quotas limiting their exports of steel to the United States. The United States also reached a new trade agreement with Canada and Mexico – the United States-Mexico-Canada Agreement – though the steel tariffs still apply to those two countries. Trade negotiations are ongoing with China, the E.U. and Japan. These negotiations, particularly with China, provide an opportunity to address the structural issues that encourage excess steel capacity, which we believe would create a sustainable level playing field. International efforts to address overcapacity, namely the G-20 Global Forum on Steel Excess Capacity, also continue. Failure to curb production overcapacity, particularly if the Section 232 tariffs are lifted in the future, would risk the resumption of steel dumping in the U.S. market by foreign competitors.

We also experience competition from other materials. Depending on our customers' end use of our products, there are sometimes other materials, such as concrete, aluminum, plastics, composites and wood that compete with our steel products. When the price of steel relative to other raw materials rises, these alternatives become more attractive to our customers.

Competition in our scrap and raw materials business is also vigorous. The scrap metals market consists of many firms and is highly fragmented. Firms typically compete on price and geographic proximity to the sources of scrap metal.

Backlog

In the steel mills segment, Nucor's backlog of orders was approximately \$2.08 billion and \$1.62 billion at December 31, 2018 and 2017, respectively. Order backlog for the steel mills segment includes only orders from external customers and excludes orders from other Nucor businesses. Nucor's backlog of orders in the steel products segment was approximately \$2.26 billion and \$1.83 billion at December 31, 2018 and 2017, respectively. The majority of these orders will be filled within one year. Order backlog within our raw materials segment is not significant because the majority of the raw materials that segment produces are used internally.

Sources and Availability of Raw Materials

For the past decade, Nucor has focused on securing access to low-cost raw material inputs as they are the Company's largest expense. Nucor's broad, balanced supply chain is an important strength which allows us to reduce the cost of our steelmaking operations, create a shorter supply chain and have greater optionality over our metallic inputs. Our investment in DRI production facilities and scrap yards, as well as our access to international

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raw materials markets, provides Nucor with significant flexibility in optimizing our raw material costs. Additionally, having a significant portion of our raw materials supply under our control minimizes risk associated with the global sourcing of raw materials, particularly since a good deal of scrap substitutes comes from regions of the world that have historically experienced greater political turmoil. Continued successful implementation of our raw material strategy, including key investments in DRI production, coupled with the scrap brokerage and processing services performed by our team at DJJ, give us greater control over our metallic inputs and thus help us mitigate the risk of significant price fluctuations in input costs.

The primary raw materials for our steel mills segment are ferrous scrap and scrap substitutes, such as pig iron, DRI and HBI. On average, it takes approximately 1.1 tons of scrap and scrap substitutes to produce a ton of steel. DJJ operates six regional scrap companies within the United States that have a combined annual scrap processing capability of approximately 5,000,000 tons. DJJ acquires ferrous scrap from numerous sources, including manufacturers of products made from steel, industrial plants, scrap dealers, peddlers, auto wreckers and demolition firms. We purchase pig iron as needed from a variety of sources and operate DRI plants in Trinidad and Louisiana with respective capacities of approximately 2,000,000 and 2,500,000 metric tons annually. The primary raw material for our DRI facilities is iron ore, which we purchase from various international suppliers.

In October 2016, Nucor concluded several transactions to improve its access to a long-term supply of natural gas. Nucor purchased 49% of Encana Oil & Gas (USA) Inc.'s ("Encana") leasehold interest covering approximately 54,000 acres in the South Piceance Basin. The determination of whether or not to participate and invest in all future drilling capital investment by one working interest owner is independent of the other working interest owners. As such, Nucor has full discretion on its participation in all future drilling capital investments. Nucor retains all existing producing wells it currently owns. To support Nucor's operating wells and potential future well developments on the approximately 54,000 acres, Nucor has entered into long-term agreements directly with existing third-party gathering and processing service providers.

The primary raw material for our steel products segment is steel produced by Nucor's steel mills.

DJJ generally purchases ferrous and nonferrous scrap for sale to external customers from the same variety of sources it purchases ferrous scrap for use as a raw material in Nucor's steel mills. DJJ does not purchase a significant amount of scrap metal from a single source or from a limited number of major sources. The availability and price of ferrous scrap and other metallic inputs such as iron ore are affected by changes in the global supply and demand for steel and steel products.

Energy Consumption and Costs

Our steel mills are large consumers of electricity and natural gas. Our DRI facilities in Trinidad and Louisiana are also large consumers of natural gas. Consequently, we use a variety of strategies to manage our exposure to price risk of natural gas, including cash flow hedges and our natural gas drilling operations.

Historically, manufacturers in the United States have benefited from relatively stable and competitive energy costs. The availability and prices of electricity and natural gas are influenced today by many factors, including fuel switching (coal to natural gas by public utilities), changes in supply and demand, and pipeline and export infrastructure expansion. Because energy is such a significant cost for Nucor, we strive continually to make our operations in all three of our business segments more energy efficient. We also closely monitor developments in public policy relating to energy production and consumption. When appropriate, we work to shape those developments in ways that we believe will allow us to continue to be a competitive producer of steel and steel products in an increasingly competitive global marketplace.

Environmental Laws and Regulations

Our business operations are subject to numerous federal, state and local laws and regulations intended to protect the environment. The principal federal environmental laws include the Clean Air Act that regulates air

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emissions; the Clean Water Act (the “CWA”) that regulates water discharges and withdrawals; the Resource Conservation and Recovery Act (the “RCRA”) that addresses solid and hazardous waste treatment, storage and disposal; and the Comprehensive Environmental Response, Compensation and Liability Act (the “CERCLA”) that governs releases of, and remediation of, sites contaminated by hazardous substances. Our operations are also subject to state laws and regulations that are patterned on these and other federal laws.

We believe that we are in substantial compliance with the provisions of all federal and state environmental laws and regulations applicable to our business operations.

Nucor uses EAFs to recycle scrap metal and scrap substitutes into new steel products. These EAFs use electricity as their primary source of energy. As the Trump administration revisits any number of recently implemented environmental regulations, such as greenhouse gas (“GHG”) regulations, air toxics rules and emissions standards imposed on coal-fired electric utilities, it is reasonable to assume that any cost implications would be delayed until those reviews are complete.

The CWA regulates water discharges and withdrawals. Nucor maintains discharge and withdrawal permits as appropriate at its facilities under the national pollutant discharge elimination system program of the CWA and conducts its operations in compliance with those permits. Nucor also maintains permits from local governments for the discharge of water into publicly owned treatment works where available.

The RCRA establishes standards for the management of solid and hazardous wastes. The RCRA also addresses the environmental impact of contamination from waste disposal activities and from recycling and storage of most wastes. While Nucor believes it is in substantial compliance with these regulations, past waste disposal activities that were legal when conducted but now may pose a contamination threat are periodically discovered. These activities and off-site properties that the U.S. Environmental Protection Agency (the “EPA”) has determined are contaminated, for which Nucor may be potentially responsible at some level, are quickly evaluated and corrected. While Nucor has conducted and is in the final stages of completing some cleanups under the RCRA, these liabilities either are identified already and being resolved or have been fully resolved.

Because Nucor long ago implemented environmental practices that have resulted in the responsible disposal of waste materials, Nucor is also not presently considered a major contributor to any major cleanups under the CERCLA for which Nucor has been named a potentially responsible party. Nucor continually evaluates these types of potential liabilities and, if appropriate, maintains reserves sufficient to remediate the identified liabilities. Under the RCRA, private citizens may also bring an action against the operator of a regulated facility for potential damages and payment of cleanup costs. Nucor is confident that its system of internal evaluation and due diligence has sufficiently identified these types of potential liabilities so that compliance with these regulations will not have a material adverse effect on our results of operations, cash flows or financial condition beyond that already reflected in the reserves established for them.

The primary raw material of Nucor’s steelmaking operations is scrap metal. The process of recycling scrap metal brings with it many contaminants such as paint, zinc, chrome and other metals that produce air emissions which are captured in specialized emission control equipment. This filtrant (EAF dust) is classified as a listed hazardous waste under the RCRA. Because these contaminants contain valuable metals, this filtrant is recycled to recover those metals. Nucor sends all but a small fraction of the EAF dust it produces to recycling facilities that recover the zinc, lead, chrome and other valuable metals from this dust. By recycling this material, Nucor is not only acting in a sustainable, responsible manner but is also substantially limiting its potential for future liability under both the CERCLA and the RCRA.

Nucor operates an aggressive and sustainable environmental program that incorporates the concept of individual employee, as well as management responsibility for environmental performance. All of Nucor’s steelmaking operations are ISO 14001 certified. Achieving ISO 14001 certification means that each of Nucor’s steel mills has put an environmental management system in place with measurable targets and objectives, such as

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reducing the use of oil and grease and minimizing electricity use, and has implemented site-wide recycling programs. Many of our facilities have incorporated energy efficiency targets to reduce both cost and environmental impacts into their environmental management systems. These environmental management systems help facilitate compliance with our environmental commitment, which is every Nucor teammate's responsibility. Nucor's environmental program maintains a high level of ongoing training, commitment, outreach and visibility.

Capital expenditures at our facilities that are associated with environmental regulation compliance for 2019 and 2020 are estimated to be less than \$100 million per year.

Employees

Nucor has a simple, streamlined organizational structure to allow our employees to make quick decisions and to innovate. Our organization is highly decentralized, with most day-to-day operating decisions made by our division general managers and their staff. We have slightly more than 100 employees in our principal executive offices. The vast majority of Nucor's approximately 26,300 employees as of December 31, 2018 are not represented by labor unions.

Available Information

Nucor's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to these reports, are available on our website at www.nucor.com, as soon as reasonably practicable after Nucor files these reports electronically with, or furnishes them to, the U.S. Securities and Exchange Commission (the "SEC"). Except as otherwise stated in these reports, the information contained on our website or available by hyperlink from our website is not incorporated into this report or any other documents we file with, or furnish to, the SEC.

Item 1A. Risk Factors

Many of the factors that affect our business and operations involve risk and uncertainty. The factors described below are some of the risks that could materially negatively affect our business, financial condition and results of operations.

Overcapacity in the global steel industry could increase the level of steel imports, which may negatively affect our business, results of operations, financial condition and cash flows.

The current global steelmaking capacity exceeds the current global consumption of steel. According to the Organisation for Economic Co-operation and Development, global steel production overcapacity was approximately 600 million tons at the end of 2017, with nearly half that amount located in China. Overcapacity is down from its peak in 2015 and 2016. Efforts by China to close inefficient steel production and improve air quality, steel mill closures in Europe and stronger global economic growth all contributed to reduce excess capacity.

During periods of global economic weakness, this overcapacity is amplified because of weaker global demand. This excess capacity often results in manufacturers in certain countries exporting significant amounts of steel and steel products at prices that are at or below their costs of production. In some countries the steel industry is subsidized or owned in whole or in part by the government, giving imported steel from those countries certain cost advantages. These imports, which are also affected by demand in the domestic market, international currency conversion rates, and domestic and international government actions, can result in downward pressure on steel prices, which could materially adversely affect our business, results of operations, financial condition and cash flows.

Section 232 steel tariffs are keeping dumped steel products out of the U.S. market. International efforts to reduce global steel production overcapacity, such as the G-20 Global Forum on Steel Excess Capacity, are

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ongoing. The U.S. government is also negotiating new or renegotiating existing trade agreements, which provide another opportunity to address excess steelmaking capacity. Should these efforts fail to reduce excess capacity and the Section 232 tariffs be lifted, U.S. steelmakers would be at risk of having to compete again against steel products dumped in the U.S. market.

Our industry is cyclical and both recessions and prolonged periods of slow economic growth could have an adverse effect on our business.

Demand for most of our products is cyclical in nature and sensitive to general economic conditions. Our business supports cyclical industries such as the commercial construction, energy, metals service centers, appliance and automotive industries. As a result, downturns in the U.S. economy or any of these industries could materially adversely affect our results of operations, financial condition and cash flows. General economic conditions in the United States and steel demand in this country are currently stronger than in many parts of the world, but challenges from global overcapacity in the steel industry and ongoing uncertainties in other regions of the world remain.

While we believe that the long-term prospects for the steel industry remain bright, we are unable to predict the duration of the current economic conditions. Future economic downturns or a prolonged slow-growth or stagnant economy could materially adversely affect our business, results of operations, financial condition and cash flows.

Competition from other steel producers, imports or alternative materials may adversely affect our business.

We face strong competition from other steel producers and imports that compete with our products on price and service. The steel markets are highly competitive and a number of firms, domestic and foreign, participate in the steel and raw materials markets. Depending on a variety of factors, including raw materials cost and availability, energy, technology, labor and capital costs, government control of currency exchange rates and government subsidies of foreign steel producers, our business may be materially adversely affected by competitive forces.

In many applications, steel competes with other materials, such as concrete, aluminum, plastics, composites and wood. Increased use of these materials in substitution for steel products could have a material adverse effect on prices and demand for our steel products.

Since 2011, automobile producers have begun taking steps towards complying with new Corporate Average Fuel Economy mileage requirements for new cars and light trucks that they produce. As automobile producers work to produce vehicles in compliance with these new standards, they may reduce the amount of steel or begin utilizing alternative materials in cars and light trucks to improve fuel economy, thereby reducing demand for steel in North America. Certain automakers have begun to use greater amounts of aluminum and smaller proportions of steel in some models since 2015.

The results of our operations are sensitive to volatility in steel prices and the cost of raw materials, particularly scrap steel.

We rely to an extent on outside vendors to supply us with key consumables such as graphite electrodes and raw materials, including both scrap and scrap substitutes that are critical to the manufacture of our steel products. The raw material required to produce DRI is pelletized iron ore. Although we have vertically integrated our business by constructing our DRI facilities in Trinidad and Louisiana and also acquiring DJJ, we still must purchase most of our primary raw material, steel scrap, from numerous other sources located throughout the United States. Although we believe that the supply of scrap and scrap substitutes is adequate to operate our facilities, prices of these critical raw materials are volatile and are influenced by changes in scrap exports in response to changes in the scrap, scrap substitutes and iron ore demands of our global competitors. At any given

time, we may be unable to obtain an adequate supply of these critical raw materials with price and other terms acceptable to us. The availability and prices of raw materials may also be negatively affected by new laws and regulations, allocation by suppliers, interruptions in production, accidents or natural disasters, changes in exchange rates, worldwide price fluctuations, and the availability and cost of transportation. Many countries that export steel into our markets restrict the export of scrap, protecting the supply chain of some foreign competitors. This trade practice creates an artificial competitive advantage for foreign producers that could limit our ability to compete in the U.S. market.

If our suppliers increase the prices of our critical raw materials, we may not have alternative sources of supply. In addition, to the extent that we have quoted prices to our customers and accepted customer orders for our products prior to purchasing necessary raw materials, we may be unable to raise the price of our products to cover all or part of the increased cost of the raw materials. Also, if we are unable to obtain adequate and timely deliveries of our required raw materials, we may be unable to timely manufacture sufficient quantities of our products. This could cause us to lose sales, incur additional costs and suffer harm to our reputation.

Changes in the availability and cost of electricity and natural gas are subject to volatile market conditions that could adversely affect our business.

Our steel mills are large consumers of electricity and natural gas. In addition, our DRI facilities are also large consumers of natural gas. We rely upon third parties for our supply of energy resources consumed in the manufacture of our products. The prices for and availability of electricity and natural gas are subject to volatile market conditions. These market conditions often are affected by weather, political and economic factors beyond our control, and we may be unable to raise the price of our products to cover increased energy costs. Disruptions, including physical or information systems related issues that impact the supply of our energy resources could temporarily impair our ability to manufacture our products for our customers. Increases in our energy costs resulting from regulations that are not equally applicable across the entire global steel market could materially adversely affect our business, results of operations, financial condition and cash flows.

Our steelmaking processes, our DRI processes, and the manufacturing processes of many of our suppliers, customers and competitors are energy intensive and generate carbon dioxide and other GHGs. The regulation of these GHGs through new rulemaking or legislation in an onerous form could have a material adverse impact on our results of operations, financial condition and cash flows.

Carbon is an essential raw material in Nucor's production processes. As a carbon steel producer, Nucor could be increasingly affected both directly and indirectly if more stringent GHG regulations are further implemented. Because our operations are subject to most of these new GHG regulations, we are already impacted in the permit modification and reporting processes. Both GHG regulations and recently promulgated National Air Ambient Quality Standards, which are more restrictive than previous standards, make it significantly more difficult to obtain new permits and to modify existing permits.

These same regulations have indirectly increased the costs to manufacture our products as they have increased and continue to increase the cost of energy, primarily electricity, which we use extensively in the steelmaking process. The discovery of new natural gas reserves utilizing the practice of horizontal drilling and hydraulic fracturing is mitigating some of this indirect impact, as some utilities switch fuels to natural gas from coal thereby reducing their emissions significantly. However, because some generating facilities when faced with new regulations are idling facilities instead of converting to natural gas, the resulting reduction in capacity can and will create further pressure on electrical energy prices. In 2018, the EPA proposed the Affordable Clean Energy Rule to replace the promulgated Clean Power Plan that was driving many utilities to shutter coal fired power plants. However, there is a significant degree of uncertainty with respect to the results of this change in regulatory direction. To the extent that these regulations cause either directly or indirectly an increase in the cost of energy, they could have an impact on Nucor's competitive position.

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While the federal government appears to be moving to relax burdensome regulations, some states are moving to enact their own regulations of carbon and other GHG emissions. If such regulations are enacted in states in which Nucor does business, it could negatively affect those operations. Numerous states, including California, Washington, Oregon and New York, are considering or have passed laws using Environmental Product Declarations (“EPD”) to evaluate environmental impacts of products. The impacts identified by EPDs could impact future state/consumer purchasing decisions. California has implemented the “Buy Clean California Act” and California is currently requesting EPDs from manufacturers to be used in State of California funded projects. EPDs will be required for certain materials including some steel products after January 1, 2020. Global Warming Potentials (“GWP”) will be established by January 1, 2021 for applicable product categories and EPDs will be used to determine product compliance to the GWP limits. Because some foreign steel producers are not subject to these same indirect and direct regulatory burdens and their associated cost increases, our products could be at a further competitive disadvantage. In addition to increased costs of production, we could also incur costs to defend and resolve legal claims and other litigation related to new air and water quality regulations and the alleged impact of our operations on the environment.

Environmental compliance and remediation could result in substantially increased costs and materially adversely impact our competitive position.

Our operations are subject to numerous federal, state and local laws and regulations relating to protection of the environment, and accordingly, we make provision in our financial statements for the estimated costs of compliance. These laws and regulations are becoming increasingly stringent, resulting in inherent uncertainties in these estimates. Nucor has implemented the revised EPA rules and definitions around recycling and solid wastes. The new rules require states to create new programs and certification processes for the companies that wish to continue recycling materials. Increased administrative and operational costs are likely in the United States to handle steel mill recycled materials such as slag, mill scale, iron dusts, lime and air filtration control dusts. To the extent that competitors, particularly foreign steel producers and manufacturers of competitive products, are not subject to similar regulation and required to incur equivalent costs, our competitive position could be materially adversely impacted. If one of our permits is revoked or if we were to experience significant delays in obtaining a permit modification or a new permit, this could result in operational delays at one or more of our facilities, causing a negative impact on our results of operations and cash flows.

We acquire businesses from time to time and we may encounter difficulties in integrating businesses we acquire.

We plan to continue to seek attractive opportunities to acquire businesses, enter into joint ventures and make other investments that strengthen Nucor. Realizing the anticipated benefits of acquisitions or other transactions will depend on our ability to operate these businesses and integrate them with our operations and to cooperate with our strategic partners. Our business, results of operations, financial condition and cash flows could be materially adversely affected if we are unable to successfully integrate these businesses.

Our operations are subject to business interruptions and casualty losses.

The steelmaking business is subject to numerous inherent risks, particularly unplanned events such as explosions, fires, other accidents, natural disasters such as floods or earthquakes, critical equipment failures, acts of terrorism, inclement weather and transportation interruptions. While our insurance coverage could offset losses relating to some of those types of events, our results of operations and cash flows could be adversely impacted to the extent any such losses are not covered by our insurance.

We are subject to information technology and cyber security threats which could have an adverse effect on our business and results of operations.

We utilize various information technology systems to efficiently address business functions ranging from the operation of our production equipment to administrative computation to the storage of data such as

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intellectual property and proprietary business information. Despite efforts to assure secure and uninterrupted operations, threats from increasingly sophisticated cyber-attacks or system failures could result in materially adverse operational disruptions or security breaches. These risks could result in disclosure or destruction of key proprietary information and reputational damage that could adversely affect our ability to physically produce steel, resulting in lost revenues, as well as delays in reporting our financial results. We also could be required to spend significant financial and other resources to remedy the damage caused by a security breach, including to repair or replace networks and information technology systems, liability for stolen information, increased cybersecurity protection costs, litigation expense and increased insurance premiums.

Our business requires substantial capital investment and maintenance expenditures, and our capital resources may not be adequate to provide for all of our cash requirements.

Our operations are capital intensive. For the five-year period ended December 31, 2018, our total capital expenditures, excluding acquisitions, were approximately \$3.1 billion. Our business also requires substantial expenditures for routine maintenance. Although we expect requirements for our business needs, including the funding of capital expenditures, debt service for financings and any contingencies, will be financed by internally generated funds, short-term commercial paper issuance or from borrowings under our \$1.5 billion unsecured revolving credit facility, we cannot assure you that this will be the case. Additional acquisitions or unforeseen events could require financing from additional sources.

Risks associated with operating in international markets could adversely affect our business, financial position and results of operations.

Certain of our businesses and investments are located outside of the United States, in Europe, Mexico and in emerging markets. There are a number of risks inherent in doing business in such markets. These risks include but are not limited to: unfavorable political or economic factors; local labor and social issues; changes in regulatory requirements; fluctuations in foreign currency exchange rates; and complex foreign laws, treaties including tax laws, and the United States Foreign Corrupt Practices Act of 1977. These risks could restrict our ability to operate our international businesses profitably and therefore have a negative impact on our financial position and results of operations. In addition, our reported results of operations and financial position could also be negatively affected by exchange rates when the activities and balances of our foreign operations are translated into U.S. dollars for financial reporting purposes.

The accounting treatment of equity method investments, goodwill and other long-lived assets could result in future asset impairments, which would reduce our earnings.

We periodically test our equity method investments, goodwill and other long-lived assets to determine whether their estimated fair value is less than their value recorded on our balance sheet. The results of this testing for potential impairment may be adversely affected by uncertain market conditions for the global steel industry, as well as changes in interest rates and general economic conditions. If we determine that the fair value of any of these assets is less than the value recorded on our balance sheet, and, in the case of equity method investments the decline is other than temporary, we would likely incur a non-cash impairment loss that would negatively impact our results of operations.

Tax increases and changes in tax laws and regulations could adversely affect our financial results.

The steel industry and our business are sensitive to changes in taxes. As a company based in the United States, Nucor is more exposed to the effects of changes in U.S. tax laws than some of our major competitors. Our provision for income taxes and cash tax liability in the future could be adversely affected by changes in U.S. tax laws.

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We are subject to legal proceedings and legal compliance risks.

We spend substantial resources ensuring that we comply with domestic and foreign regulations, contractual obligations and other legal standards. Notwithstanding this, we are subject to a variety of legal proceedings and compliance risks in respect of various issues, including regulatory, safety, environmental, employment, transportation, intellectual property, contractual, import/export, international trade and governmental matters that arise in the course of our business and in our industry. For information regarding our current significant legal proceedings, see Item 3. "Legal Proceedings." A negative outcome in an unusual or significant legal proceeding or compliance investigation could adversely affect our financial condition and results of operations. While we believe that we have adopted appropriate risk management and compliance programs, the nature of our operations means that legal and compliance risks will continue to exist and additional legal proceedings and other contingencies, the outcome of which cannot be predicted with certainty, will arise from time to time.

Item 1B. Unresolved Staff Comments

None.

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Item 2. Properties

We own all of our principal operating facilities. These facilities, by segment, are as follows:

<u>Location</u>	<u>Approximate square footage of facilities</u>	<u>Principal products</u>
Steel mills:		
Blytheville, Arkansas	2,950,000	Structural steel, sheet steel
Berkeley County, South Carolina	2,310,000	Flat-rolled steel, structural steel
Hickman, Arkansas	2,120,000	Flat-rolled steel
Decatur, Alabama	2,000,000	Flat-rolled steel
Crawfordsville, Indiana	1,900,000	Flat-rolled steel
Norfolk, Nebraska	1,530,000	Steel shapes
Hertford County, North Carolina	1,290,000	Steel plate
Plymouth, Utah	1,220,000	Steel shapes
Jewett, Texas	1,080,000	Steel shapes
Darlington, South Carolina	980,000	Steel shapes
Memphis, Tennessee	680,000	Steel shapes
Seattle, Washington	670,000	Steel shapes
Ghent, Kentucky	640,000	Flat-rolled steel
Tuscaloosa, Alabama	570,000	Steel plate
Auburn, New York	530,000	Steel shapes
Kankakee, Illinois	450,000	Steel shapes
Longview, Texas	430,000	Steel plate
Marion, Ohio	430,000	Steel shapes
Jackson, Mississippi	420,000	Steel shapes
Kingman, Arizona	380,000	Steel shapes
Birmingham, Alabama	290,000	Steel shapes
Wallingford, Connecticut	240,000	Steel shapes
Steel products:		
Norfolk, Nebraska	1,150,000	Joists, deck, cold finished bar
Brigham City, Utah	730,000	Joists, cold finished bar
Grapeland, Texas	690,000	Joists, deck
St. Joe, Indiana	550,000	Joists, deck
Chemung, New York	550,000	Joists, deck
Marseilles, Illinois	550,000	Steel tube
Florence, South Carolina	540,000	Joists, deck
Birmingham, Alabama	480,000	Steel tube
Fort Payne, Alabama	470,000	Joists, deck
Decatur, Alabama	470,000	Steel tube
St. Joe, Indiana	460,000	Fasteners
Louisville, Kentucky	430,000	Steel tube
Chicago, Illinois	350,000	Steel tube
Trinity, Alabama	310,000	Steel tube
Cedar Springs, Georgia	130,000	Steel tube

In the steel products segment, we have approximately 79 operating facilities, excluding the 15 listed above, in 38 states with 32 operating facilities in Canada and two in Mexico. Our affiliate, Harris Steel Inc., also operates multiple sales offices in Canada and certain other foreign locations. The steel products segment also includes Skyline Steel, LLC, our steel foundation distributor.

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In the raw materials segment, DJJ has 68 operating facilities in 16 states along with multiple brokerage offices in the United States and certain other foreign locations. Nucor's raw materials segment also includes our DRI facilities in Point Lisas, Trinidad and St. James Parish, Louisiana. A significant portion of the DRI production process occurs outdoors. The Trinidad site, including leased land, is approximately 1.9 million square feet. The Louisiana site has approximately 174.3 million square feet of owned land with buildings that total approximately 72,500 square feet.

The average utilization rates of all operating facilities in the steel mills, steel products and raw materials segments in 2018 were approximately 91%, 71% and 72% of production capacity, respectively.

We also own our principal executive offices in Charlotte, North Carolina.

Item 3. Legal Proceedings

Nucor is from time to time a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. With respect to all such lawsuits, claims and proceedings, we record reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. We do not believe that any of these proceedings, individually or in the aggregate, would be expected to have a material adverse effect on our results of operations, financial position or cash flows. Nucor maintains liability insurance with self-insurance limits for certain risks.

Item 4. Mine Safety Disclosures

Not applicable.

Executive Officers of the Registrant

Craig A. Feldman (54), Executive Vice President of Raw Materials, was named EVP in April 2018. He continues to serve as President of The David J. Joseph Company (DJJ), a role he has held since 2013. Mr. Feldman began his career as a Brokerage Representative for DJJ in 1986, subsequently serving as District Manager of DJJ's Salt Lake City brokerage office, Commercial Vice President at DJJ's subsidiary, Western Metals Recycling ("WMR"), and President of WMR. Mr. Feldman served on the operational staff of DJJ's then-owner in the Netherlands from 2005 until his 2007 appointment as DJJ's Executive Vice President, Recycling Operations. Mr. Feldman became a Vice President and General Manager of Nucor when DJJ was acquired by Nucor in 2008.

John J. Ferriola (66), has served as Chairman of the Board of Directors of Nucor since 2014, as Chief Executive Officer since 2013 and as President since 2011. Previously, Mr. Ferriola served as President and Chief Operating Officer from 2011 to 2012 and, prior to that, as Chief Operating Officer of Steelmaking Operations from 2007 to 2010, Executive Vice President from 2002 to 2007 and Vice President from 1996 to 2001. He has also been a director of Nucor since 2011. Mr. Ferriola joined Nucor in 1991 as the Manager of Maintenance and Engineering at Nucor Steel-Texas. He later served as General Manager of Vulcraft-Texas, Nucor Steel-Nebraska and Nucor Steel-Indiana.

James D. Frias (62), has been Chief Financial Officer, Treasurer and Executive Vice President since 2010. Prior to that, Mr. Frias was Vice President of Finance from 2006 to 2009. Mr. Frias joined Nucor in 1991 as Controller of Nucor Building Systems-Indiana. He also served as Controller of Nucor Steel-Indiana and as Corporate Controller. Mr. Frias joined the board of directors of Carlisle Companies Incorporated in 2015.

Ladd R. Hall (62), Executive Vice President of Flat-Rolled Products, was named EVP in 2007, having previously served as Vice President of Nucor since 1994. He began his Nucor career in Inside Sales at Nucor Steel-Utah in 1981. He later served as Sales Manager of Vulcraft-Utah, and General Manager of Vulcraft-Texas, Vulcraft-Utah, Nucor Steel-South Carolina and Nucor Steel-Berkeley County.

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Raymond S. Napolitan, Jr. (61), Executive Vice President of Engineered Bar Products, was named EVP in 2013, having previously served as President of Nucor's Vulcraft/Verco group from 2010 to 2013 and President of American Buildings Company from 2007 to 2010. He was elected Vice President of Nucor in 2007. Mr. Napolitan began his Nucor career in 1996 as Engineering Manager of Nucor Building Systems-Indiana, and later served as General Manager of Nucor Building Systems-Texas.

R. Joseph Stratman (62), Chief Digital Officer ("CDO") and Executive Vice President, was named EVP in 2007 and CDO in 2016. He was elected Vice President of Nucor in 1999. Mr. Stratman joined Nucor in 1989 as Controller of Nucor Building Systems-Indiana. He then served as Controller of Nucor-Yamato Steel Company (Limited Partnership) ("Nucor-Yamato"), General Manager of Nucor Steel-Nebraska and General Manager of Nucor-Yamato.

David A. Sumoski (52), Executive Vice President of Merchant and Rebar Products, was named EVP in 2014. He previously served as General Manager of Nucor Steel Memphis, Inc. from 2012 to 2014 and as General Manager of Nucor Steel Marion, Inc. from 2008 to 2012. Mr. Sumoski was named Vice President of Nucor in 2010. He began his career with Nucor as an electrical supervisor at Nucor Steel-Berkeley in 1995, later serving as Maintenance Manager.

Leon J. Topalian (50), was named Executive Vice President of Beam and Plate Products in 2017, having previously served as Vice President of Nucor since 2013. He began his Nucor career at Nucor Steel-Berkeley in 1996, serving as a project engineer and then as cold mill production supervisor. Mr. Topalian was promoted to Operations Manager for Nucor's former joint venture in Australia and later served as Melting and Casting Manager at Nucor Steel-South Carolina. He then served as General Manager of Nucor Steel Kankakee, Inc. from 2011 to 2014 and as General Manager of Nucor-Yamato from 2014 to 2017.

D. Chad Utermark (50), Executive Vice President of Fabricated Construction Products, was named EVP in 2014. He previously served as General Manager of Nucor-Yamato from 2011 to 2014 and as General Manager of Nucor Steel-Texas from 2008 to 2011. He was named Vice President of Nucor in 2009. Mr. Utermark began his Nucor career as a utility operator at Nucor Steel-Arkansas in 1992, subsequently serving as shift supervisor and Hot Mill Manager at that division as well as Roll Mill Manager at Nucor Steel-Texas.

PART II**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our share repurchase program activity for each of the three months and the quarter ended December 31, 2018 was as follows (in thousands, except per share amounts):

	Total Number of Shares Purchased	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
September 30, 2018—October 27, 2018	2,350	\$ 57.61	2,350	\$1,864,618
October 28, 2018—November 24, 2018	6,000	61.20	6,000	1,497,394
November 25, 2018—December 31, 2018	—	—	—	1,497,394
For the Quarter Ended December 31, 2018	<u>8,350</u>		<u>8,350</u>	

(1) Includes commissions of \$0.02 per share.

(2) On September 6, 2018, the Company announced that the Board of Directors had approved a share repurchase program under which the Company is authorized to repurchase up to \$2.0 billion of the Company’s common stock. This share repurchase authorization is discretionary and has no expiration date. The Board of Directors also terminated any previously authorized share repurchase programs.

Nucor has increased its base cash dividend every year since the Company began paying dividends in 1973. Nucor paid a total dividend of \$1.52 per share in 2018 compared with \$1.51 per share in 2017. In November 2018, the Board of Directors increased the base quarterly cash dividend on Nucor’s common stock to \$0.40 per share from \$0.38 per share. In February 2019, the Board of Directors also declared Nucor’s 184th consecutive quarterly cash dividend of \$0.40 per share payable on May 10, 2019 to stockholders of record on March 29, 2019.

Additional information regarding the market for Nucor’s common stock and the number of stockholders is incorporated by reference to Nucor’s 2018 Annual Report to Stockholders, page 86. Additional information regarding securities authorized for issuance under stock-based compensation plans is incorporated by reference to Nucor’s 2018 Annual Report to Stockholders, pages 68 through 71.

Item 6. Selected Financial Data

Historical financial information is incorporated by reference to Nucor’s 2018 Annual Report to Stockholders, page 46.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The information required by this item is incorporated by reference to Nucor’s 2018 Annual Report to Stockholders, page 3 (Forward-Looking Statements) and pages 24 through 42.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

In the ordinary course of business, Nucor is exposed to a variety of market risks. We continually monitor these risks and develop strategies to manage them.

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Interest Rate Risk – Nucor manages interest rate risk by using a combination of variable-rate and fixed-rate debt. At December 31, 2018, approximately 24% of Nucor’s long-term debt was in industrial revenue bonds that have variable interest rates that are adjusted weekly. The remaining 76% of Nucor’s long-term debt was at fixed rates. Future changes in interest rates are not expected to significantly impact earnings. Nucor also occasionally makes use of interest rate swaps to manage net exposure to interest rate changes. As of December 31, 2018, there were no such contracts outstanding. Nucor’s investment practice is to invest in securities that are highly liquid with short maturities. As a result, we do not expect changes in interest rates to have a significant impact on the value of our investment securities recorded as short-term investments.

Commodity Price Risk – In the ordinary course of business, Nucor is exposed to market risk for price fluctuations of raw materials and energy, principally scrap steel, other ferrous and nonferrous metals, alloys and natural gas. We attempt to negotiate the best prices for our raw materials and energy requirements and to obtain prices for our steel products that match market price movements in response to supply and demand. In periods of strong or stable demand for our products, we are more likely to be able to effectively reduce the normal time lag in passing through higher raw material costs so that we can maintain our gross margins. When demand for our products is weaker, this becomes more challenging. Our DRI facilities in Trinidad and Louisiana provide us with flexibility in managing our input costs. DRI is particularly important for operational flexibility when demand for prime scrap increases due to increased domestic production.

Natural gas produced by Nucor’s drilling operations is being sold to third parties to offset our exposure to changes in the price of natural gas consumed by our Louisiana DRI facility and our steel mills in the United States. For the year ended December 31, 2018, the volume of natural gas sold from our drilling operations was approximately 15% of the volume of natural gas purchased for consumption in our domestic steelmaking and DRI facilities.

Nucor also periodically uses derivative financial instruments to hedge a portion of our exposure to price risk related to natural gas purchases used in the production process and to hedge a portion of our scrap, aluminum and copper purchases and sales. Gains and losses from derivatives designated as hedges are deferred in accumulated other comprehensive loss, net of income taxes on the consolidated balance sheets and recognized into earnings in the same period as the underlying physical transaction. At December 31, 2018, accumulated other comprehensive loss, net of income taxes included \$6.5 million in unrealized net-of-tax losses for the fair value of these derivative instruments. Changes in the fair values of derivatives not designated as hedges are recognized in earnings each period. The following table presents the negative effect on pre-tax earnings of a hypothetical change in the fair value of derivative instruments outstanding at December 31, 2018, due to an assumed 10% and 25% change in the market price of each of the indicated commodities (in thousands):

Commodity Derivative	10% Change	25% Change
Natural gas	\$ 11,768	\$ 29,420
Aluminum	4,370	10,905
Copper	724	1,770

Any resulting changes in fair value would be recorded as adjustments to accumulated other comprehensive loss, net of income taxes, or recognized in net earnings, as appropriate. These hypothetical losses would be partially offset by the benefit of lower prices paid or higher prices received for the physical commodities.

Foreign Currency Risk – Nucor is exposed to foreign currency risk primarily through its operations in Canada, Europe and Mexico. We periodically use derivative contracts to mitigate the risk of currency fluctuations. Open foreign currency derivative contracts at December 31, 2018 and 2017 were insignificant

Item 8. Financial Statements and Supplementary Data

The information required by this item is incorporated by reference to Nucor’s 2018 Annual Report to Stockholders, pages 47 through 82.

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Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures – As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of the evaluation date.

Changes in Internal Control Over Financial Reporting – There were no changes in our internal control over financial reporting during the quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report on Internal Control Over Financial Reporting – Management’s report on internal control over financial reporting required by Section 404 of the Sarbanes-Oxley Act of 2002 and the attestation report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, on the effectiveness of Nucor’s internal control over financial reporting as of December 31, 2018 are incorporated by reference to Nucor’s 2018 Annual Report to Stockholders, pages 47 through 49.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item with respect to Nucor’s executive officers appears in Part I of this report under the heading *Executive Officers of the Registrant*. The other information required by this item is incorporated by reference to Nucor’s definitive Proxy Statement for our 2019 Annual Meeting of Stockholders (the “Proxy Statement”) under the headings *Election of Directors; Information Concerning Experience, Qualifications, Attributes and Skills of the Nominees; Section 16(a) Beneficial Ownership Reporting Compliance; and Corporate Governance and Board of Directors*.

Nucor has adopted a Code of Ethics for Senior Financial Professionals (the “Code of Ethics”), which is intended to qualify as a “code of ethics” within the meaning of Item 406 of Regulation S-K of the Securities Exchange Act of 1934, as amended. The Code of Ethics applies to our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. The Code of Ethics is available on our website, www.nucor.com.

We will disclose information pertaining to any amendment to, or waiver from, the provisions of the Code of Ethics that apply to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and that relate to any element of the Code of Ethics enumerated in the SEC rules and regulations by posting this information on our website, www.nucor.com. The information contained on our website or available by hyperlink from our website is not a part of this report and is not incorporated into this report or any other documents we file with, or furnish to, the SEC.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to the Proxy Statement under the headings *Executive Officer Compensation; Director Compensation; Report of the Compensation and Executive Development Committee; and Board’s Role in Risk Oversight*.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to the Proxy Statement under the headings *Security Ownership of Management and Certain Beneficial Owners and Equity Compensation Plan Information*.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to the Proxy Statement under the heading *Corporate Governance and Board of Directors*.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference to the Proxy Statement under the heading *Fees Paid to Independent Registered Public Accounting Firm*.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Financial Statements:

The following consolidated financial statements and notes thereto, management's report on internal control over financial reporting and the report of independent registered public accounting firm are incorporated by reference to Nucor's 2018 Annual Report to Stockholders, pages 47 through 82:

- Management's Report on Internal Control Over Financial Reporting
- Report of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets—December 31, 2018 and 2017
- Consolidated Statements of Earnings—Years Ended December 31, 2018, 2017 and 2016
- Consolidated Statements of Comprehensive Income – Years Ended December 31, 2018, 2017 and 2016
- Consolidated Statements of Stockholders' Equity—Years Ended December 31, 2018, 2017 and 2016
- Consolidated Statements of Cash Flows—Years Ended December 31, 2018, 2017 and 2016
- Notes to Consolidated Financial Statements

Schedule II is not presented as all applicable information is presented in the consolidated financial statements and notes thereto.

Exhibits:

- 3 [Restated Certificate of Incorporation \(incorporated by reference to Exhibit 3.3 to the Current Report on Form 8-K filed September 14, 2010 \(File No. 001-04119\)\)](#)
- 3(i) [Bylaws as amended and restated September 15, 2016 \(incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed September 20, 2016 \(File No. 001-04119\)\)](#)
- 4 [Indenture, dated as of January 12, 1999, between Nucor Corporation and The Bank of New York Mellon \(formerly known as The Bank of New York\), as trustee \(incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-4 filed December 13, 2002 \(File No. 333-101852\)\)](#)
- 4(i) [Indenture, dated as of August 19, 2014, between Nucor Corporation and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-3 filed August 20, 2014 \(File No. 333-198263\)\)](#)
- 4(ii) [Third Supplemental Indenture, dated as of December 3, 2007, between Nucor Corporation and The Bank of New York Mellon \(formerly known as The Bank of New York\), as trustee \(incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed December 4, 2007 \(File No. 001-04119\)\)](#)
- 4(iii) [Fifth Supplemental Indenture, dated as of September 21, 2010, between Nucor Corporation and The Bank of New York Mellon, as trustee \(incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed September 21, 2010 \(File No. 001-04119\)\)](#)
- 4(iv) [Sixth Supplemental Indenture, dated as of July 29, 2013, between Nucor Corporation and U.S. Bank National Association, as successor trustee \(incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed July 29, 2013 \(File No. 001-04119\)\)](#)
- 4(v) [Seventh Supplemental Indenture, dated as of December 10, 2014, among Nucor Corporation, The Bank of New York Mellon, as prior trustee, and U.S. Bank National Association, as successor trustee \(incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed December 11, 2014 \(File No. 001-04119\)\)](#)

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- 4(vi) [First Supplemental Indenture, dated as of April 26, 2018, between Nucor Corporation and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed April 26, 2018 \(File No. 001-04119\)\)](#)
- 4(vii) [Form of 6.400% Notes due December 2037 \(included in Exhibit 4\(ii\) above\) \(incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K filed December 4, 2007 \(File No. 001-04119\)\)](#)
- 4(viii) [Form of 4.125% Notes due September 2022 \(included in Exhibit 4\(iii\) above\) \(incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed September 21, 2010 \(File No. 001-04119\)\)](#)
- 4(ix) [Form of 4.000% Notes due August 2023 \(included in Exhibit 4\(iv\) above\) \(incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed July 29, 2013 \(File No. 001-04119\)\)](#)
- 4(x) [Form of 5.200% Notes due August 2043 \(included in Exhibit 4\(iv\) above\) \(incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed July 29, 2013 \(File No. 001-04119\)\)](#)
- 4(xi) [Form of 3.950% Notes due May 2028 \(included in Exhibit 4\(vi\) above\) \(incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed April 26, 2018 \(File No. 001-04119\)\)](#)
- 4(xii) [Form of 4.400% Notes due May 2048 \(included in Exhibit 4\(vi\) above\) \(incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed April 26, 2018 \(File No. 001-04119\)\)](#)
- 10 [2005 Stock Option and Award Plan \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed May 17, 2005 \(File No. 001-04119\)\)_\(#\)](#)
- 10(i) [Amendment No. 1 to 2005 Stock Option and Award Plan \(incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended September 29, 2007 \(File No. 001-04119\)\)_\(#\)](#)
- 10(ii) [2010 Stock Option and Award Plan \(incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended July 3, 2010 \(File No. 001-04119\)\)_\(#\)](#)
- 10(iii) [2014 Omnibus Incentive Compensation Plan \(incorporated by reference to Appendix A to the Definitive Proxy Statement on Schedule 14A filed March 25, 2014 \(File No. 001-04119\)\)_\(#\)](#)
- 10(iv) [Senior Officers Annual Incentive Plan \(Supplement to 2014 Omnibus Incentive Compensation Plan\) for awards granted after December 31, 2017 \(incorporated by reference to Exhibit 10\(iv\) to the Annual Report on Form 10-K for the year ended December 31, 2017 \(File No. 001-04119\)\)_\(#\)](#)
- 10(v) [Senior Officers Long-Term Incentive Plan \(Supplement to 2014 Omnibus Incentive Compensation Plan\) for awards granted after December 31, 2017 \(incorporated by reference to Exhibit 10\(v\) to the Annual Report on Form 10-K for the year ended December 31, 2017 \(File No. 001-04119\)\)_\(#\)](#)
- 10(vi) [Senior Officers Annual Incentive Plan, as amended and restated effective January 1, 2013, for awards granted prior to January 1, 2018 \(incorporated by reference to Appendix A to the Definitive Proxy Statement on Schedule 14A filed March 27, 2013 \(File No. 001-04119\)\)_\(#\)](#)
- 10(vii) [Senior Officers Long-Term Incentive Plan, as amended and restated effective January 1, 2013, for awards granted prior to January 1, 2018 \(incorporated by reference to Appendix B to the Definitive Proxy Statement on Schedule 14A filed March 27, 2013 \(File No. 001-04119\)\)_\(#\)](#)
- 10(viii) [Form of Restricted Stock Unit Award Agreement – time-vested awards \(incorporated by reference to Exhibit 10\(iv\) to the Annual Report on Form 10-K for the year ended December 31, 2005 \(File No. 001-04119\)\)_\(#\)](#)
- 10(ix) [Form of Restricted Stock Unit Award Agreement – retirement-vested awards \(incorporated by reference to Exhibit 10\(v\) to the Annual Report on Form 10-K for the year ended December 31, 2005 \(File No. 001-04119\)\)_\(#\)](#)
- 10(x) [Form of Restricted Stock Unit Award Agreement for Non-Employee Directors \(incorporated by reference to Exhibit 10 to the Quarterly Report on Form 10-Q for the quarter ended April 1, 2006 \(File No. 001-04119\)\)_\(#\)](#)

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10(xi)	<u>Form of Award Agreement for Annual Stock Option Grants used for awards granted prior to May 8, 2014 (incorporated by reference to Exhibit 10 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 (File No. 001-04119)).(#)</u>
10(xii)	<u>Form of Award Agreement for Annual Stock Option Grants used for awards granted after May 7, 2014 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended July 5, 2014 (File No. 001-04119)).(#)</u>
10(xiii)	<u>Employment Agreement of John J. Ferriola (incorporated by reference to Exhibit 10(vii) to the Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 001-04119)).(#)</u>
10(xiv)	<u>Amendment to Employment Agreement of John J. Ferriola (incorporated by reference to Exhibit 10(xix) to the Annual Report on Form 10-K for the year ended December 31, 2007 (File No. 001-04119)).(#)</u>
10(xv)	<u>Employment Agreement of Ladd R. Hall (incorporated by reference to Exhibit 10 to the Quarterly Report on Form 10-Q for the quarter ended September 29, 2007 (File No. 001-04119)).(#)</u>
10(xvi)	<u>Employment Agreement of R. Joseph Stratman (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended September 29, 2007 (File No. 001-04119)).(#)</u>
10(xvii)	<u>Employment Agreement of James D. Frias (incorporated by reference to Exhibit 10(xi) to the Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 001-04119)).(#)</u>
10(xviii)	<u>Employment Agreement of James R. Darsey (incorporated by reference to Exhibit 10(xxii) to the Annual Report on Form 10-K for the year ended December 31, 2010 (File No. 001-04119)).(#)</u>
10(xix)	<u>Employment Agreement of Raymond S. Napolitan, Jr. (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended June 29, 2013 (File No. 001-04119)).(#)</u>
10(xx)	<u>Employment Agreement of Chad Utermark (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended July 5, 2014 (File No. 001-04119)).(#)</u>
10(xxi)	<u>Employment Agreement of David A. Sumoski (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended October 4, 2014 (File No. 001-04119)).(#)</u>
10(xxii)	<u>Employment Agreement of Leon Topalian (incorporated by reference to Exhibit 10 to the Quarterly Report on Form 10-Q for the quarter ended July 1, 2017 (File No. 001-04119)).(#)</u>
10(xxiii)	<u>Retirement, Separation, Waiver and Release Agreement of James R. Darsey (incorporated by reference to Exhibit 10 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 (File No. 001-04119)).(#)</u>
10(xxiv)	<u>Employment Agreement of Craig Feldman (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 (File No. 001-04119)).(#)</u>
10(xxv)	<u>Severance Plan for Senior Officers and General Managers, as amended and restated effective February 18, 2009 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended April 4, 2009 (File No. 001-04119)).(#)</u>
13*	<u>2018 Annual Report to Stockholders (portions incorporated by reference)</u>
21*	<u>Subsidiaries</u>
23*	<u>Consent of Independent Registered Public Accounting Firm</u>
24*	<u>Power of Attorney (included on signature pages)</u>
31*	<u>Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>

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31(i)*	<u>Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32**	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32(i)**	<u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101*	Financial Statements from the Annual Report on Form 10-K of Nucor Corporation for the year ended December 31, 2018, filed February 28, 2019, formatted in XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Earnings, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Stockholders' Equity, (v) the Consolidated Statements of Cash Flows and (vi) the Notes to Consolidated Financial Statements.

* Filed herewith.

** Furnished (and not filed) herewith pursuant to Item 601(b)(32)(ii) of Regulation S-K.

(#) Indicates a management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None.

FINANCIAL HIGHLIGHTS

(dollar and share amounts in thousands, except per share data)

	<u>2018</u>	<u>2017</u>	<u>% CHANGE</u>
FOR THE YEAR			
Net sales	\$ 25,067,279	\$ 20,252,393	24%
Earnings:			
Earnings before income taxes and noncontrolling interests	3,229,391	1,749,957	85%
Provision for income taxes	748,307	369,386	103%
Net earnings	2,481,084	1,380,571	80%
Earnings attributable to noncontrolling interests	120,317	61,883	94%
Net earnings attributable to Nucor stockholders	2,360,767	1,318,688	79%
Per share:			
Basic	7.44	4.11	81%
Diluted	7.42	4.10	81%
Dividends declared per share	1.54	1.51	2%
Percentage of net earnings to net sales	9.4%	6.5%	
Return on average stockholders' equity	25.5%	15.9%	
Capital expenditures	997,256	507,074	97%
Depreciation	630,879	635,833	-1%
Acquisitions (net of cash acquired)	33,063	544,041	-94%
Sales per average employee	986	820	20%
AT YEAR END			
Working capital	\$ 5,829,965	\$ 3,999,656	46%
Property, plant and equipment, net	5,334,748	5,093,147	5%
Long-term debt (including current maturities)	4,233,276	3,742,242	13%
Total Nucor stockholders' equity	9,792,078	8,739,036	12%
Per share	32.04	27.48	17%
Shares outstanding	305,592	317,969	-4%
Employees	26,300	25,100	5%

FORWARD-LOOKING STATEMENTS Certain statements made in this annual report are forward-looking statements that involve risks and uncertainties. The words “believe,” “expect,” “project,” “will,” “should,” “could” and similar expressions are intended to identify those forward-looking statements. These forward-looking statements reflect the Company’s best judgment based on current information, and although we base these statements on circumstances that we believe to be reasonable when made, there can be no assurance that future events will not affect the accuracy of such forward-looking information. As such, the forward-looking statements are not guarantees of future performance, and actual results may vary materially from the projected results and expectations discussed in this report. Factors that might cause the Company’s actual results to differ materially from those anticipated in forward-looking statements include, but are not limited to: (1) competitive pressure on sales and pricing, including pressure from imports and substitute materials; (2) U.S. and foreign trade policies affecting steel imports or exports; (3) the sensitivity of the results of our operations to prevailing steel prices and changes in the supply and cost of raw materials, including pig iron, iron ore and scrap steel; (4) the availability and cost of electricity and natural gas which could negatively affect our cost of steel production or result in a delay or cancellation of existing or future drilling within our natural gas drilling programs; (5) critical equipment failures and business interruptions; (6) market demand for steel products, which, in the case of many of our products, is driven by the level of nonresidential construction activity in the United States; (7) impairment in the recorded value of inventory, equity investments, fixed assets, goodwill or other long-lived assets; (8) uncertainties surrounding the global economy, including excess world capacity for steel production; (9) fluctuations in currency conversion rates; (10) significant changes in laws or government regulations affecting environmental compliance, including legislation and regulations that result in greater regulation of greenhouse gas emissions that could increase our energy costs and our capital expenditures and operating costs or cause one or more of our permits to be revoked or make it more difficult to obtain permit modifications; (11) the cyclical nature of the steel industry; (12) capital investments and their impact on our performance; and (13) our safety performance.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The strong U.S. economy drove steel demand higher in 2018, helping fuel Nucor's record earnings. The U.S. economy grew about 3%, compared to 2.3% in 2017 and 1.5% in 2016. This year we saw solid demand for steel in nearly every market we serve. The average utilization rates of all operating facilities in our steel mills, steel products and raw materials segments were approximately 91%, 71% and 72%, respectively, in 2018, compared with 86%, 65% and 65%, respectively, in 2017. All of our product groups in the steel mills segment realized improved utilization rates in 2018 over the prior year. Industry-wide, the U.S. capacity utilization rate was 78.3% for 2018, its highest annual rate since 2008.

The Section 232 steel tariffs provided us a tailwind in 2018 to the strong economy. For the full year 2018, steel imports were down more than 10% from the previous year and accounted for approximately 23% of U.S. market share. About 4.1 million fewer tons of imports entered the United States in 2018. Ninety percent of the decrease in imports, took place after the tariffs were fully implemented on June 1, 2018. The strong economy and lower imports generated 5 to 6 million tons in increased production for the U.S. steel industry this year.

We expect 2019 to be another good year for the U.S. steel industry. Most of the economic indicators we track continue to look favorable. While the economy may not grow at the same pace in 2019, we believe it will be strong compared to recent history. As we enter 2019, of the 24 end markets Nucor serves, we believe that 20 are improving, three are steady, and one is declining.

Our Challenges and Risks

Sales of many of our products are largely dependent upon capital spending in the nonresidential construction markets in the United States, including in the industrial and commercial sectors, as well as capital spending on infrastructure that is publicly funded, such as bridges, schools, prisons and hospitals. We are encouraged by the Trump administration's recent commentary on initiatives that should spur greater economic growth, including increased infrastructure spending, the rolling back of excessive regulations and the encouragement of domestic energy production.

While the Section 232 tariffs are having their intended impact by keeping unfairly traded imports out of the U.S. market, global steel production overcapacity continues to be a long-term challenge. Steel production in China rose in 2018, going from 960 million tons in 2017 to 1.02 billion tons in 2018 – an increase of 6.6%. China's share of global crude steel production rose from 50.3% in 2017 to 51.3% in 2018. The Organisation for Economic Co-operation and Development estimates that global excess steel production capacity was approximately 600 million tons at the end of 2017, a drop from its peak levels in 2015 and 2016. Nearly half of that excess capacity is located in China, where the largest steel companies are state-owned and receive significant financial support from the Chinese government.

The Trump administration reached agreements with Argentina, Brazil and South Korea to exempt those countries from the steel tariffs in exchange for quotas on the amount of steel they export to the United States. Discussions with other trading partners, including the E.U., Canada, Mexico and Japan, could result in similar exemptions from the tariffs in exchange for quotas. The Trump administration is also negotiating with China after the United States imposed tariffs on a broad array of Chinese products. One of the goals of the Trump administration in those talks is getting China to agree to structural reforms in its economy, including the role of state-owned enterprises. Failure to address the overcapacity problem in the steel industry could adversely impact U.S. steelmakers by encouraging dumping steel products in our market, particularly if the Section 232 tariffs are lifted in the future.

The United States also reached a new trade agreement with Canada and Mexico. Several new provisions in the U.S.-Mexico-Canada Agreement (the "USMCA"), including increasing the rules of origin requirements for various products, should result in the use of more North American steel and other materials. Increasing these requirements, particularly for automotive production, will benefit North American steelmakers. However, the USMCA cannot take effect until it is passed by both houses in Congress. At this time, prospects for passage in 2019 are uncertain.

A major uncertainty we continue to face in our business is the price of our principal raw material, ferrous scrap, which is volatile and often increases or decreases rapidly in response to changes in domestic demand, unanticipated events that affect the flow of scrap into scrap yards, the availability of scrap substitutes and changes in foreign demand for scrap. In periods of rapidly increasing raw material prices in the industry, which are often also associated with periods of strong or rapidly improving steel market conditions, being able to increase our prices for the products we sell quickly enough to offset increases in the prices we pay for ferrous scrap is challenging but critical to maintaining our profitability. We attempt to mitigate the scrap price risk by managing scrap inventory levels at the steel mills to match the anticipated demand over the next several weeks. Certain scrap substitutes, including pig iron, have longer lead times for

delivery than scrap, which can make this inventory management strategy difficult to achieve. Continued successful implementation of our raw material strategy, including key investments in direct reduced iron (“DRI”) production coupled with the scrap brokerage and processing services performed by our team at The David J. Joseph Company (“DJJ”), gives us greater control over our metallic inputs and thus also helps us to mitigate this risk.

During periods of stronger or improving steel market conditions, we are more likely to be able to pass through to our customers, relatively quickly, the increased costs of ferrous scrap and scrap substitutes, protecting our gross margins from significant erosion. During weaker or rapidly deteriorating steel market conditions, weak steel demand, low industry utilization rates and the impact of imports create an even more intensified competitive environment. All of those factors, to some degree, impact pricing, which increases the likelihood that Nucor will experience lower gross margins.

Although the majority of our steel sales are to spot market customers who place their orders each month based on their business needs and our pricing competitiveness compared to both domestic and global producers and trading companies, we also sell contract tons, primarily in our sheet operations. Approximately 75% of our sheet sales were to contract customers in 2018 (65% in 2017 and 60% in 2016), with the balance in the spot market at the prevailing prices at the time of sale. Steel contract sales outside of our sheet operations are not significant. The amount of tons sold to contract customers depends on the overall market conditions at the time, how the end-use customers see the market moving forward and the strategy that Nucor management believes is appropriate to the upcoming period.

Nucor management considerations include maintaining an appropriate balance of spot and contract tons based on market projections and appropriately supporting our diversified customer base. The percentage of tons that is placed under contract also depends on the overall market dynamics and customer negotiations. In years of strengthening demand, we typically see an increase in the percentage of sheet sales sold under contract as our customers have an expectation that transaction prices will rapidly rise and available capacity will quickly be sold out. To mitigate this risk, customers prefer to enter into contracts in order to obtain committed volumes of supply from the mills. Our contracts include a method of adjusting prices on a periodic basis to reflect changes in the market pricing for steel and/or scrap. Market indices for steel generally trend with scrap pricing changes but during periods of steel market weakness the more intensified competitive steel market environment can cause the sales price indices to decrease resulting in reduced gross margins and profitability. Furthermore, since the selling price adjustments are not immediate, there will always be a timing difference between changes in the prices we pay for raw materials and the adjustments we make to our contract selling prices. Generally, in periods of increasing scrap prices, we experience a short-term margin contraction on contract tons. Conversely, in periods of decreasing scrap prices, we typically experience a short-term margin expansion. Contract sales typically have terms ranging from six to 12 months.

Another significant uncertainty we face is the cost of energy. Nucor utilizes natural gas as both a raw material in the steel making process and for fuel supply. The availability and prices of electricity and natural gas are influenced today by many factors, including fuel switching (coal to natural gas by public utilities), changes in supply and demand, and pipeline and export infrastructure expansion. Proposed federal and state regulations of greenhouse gas emissions for new and refurbished power plants could increase our cost of electricity in future years. Such regulations are encouraging the development of renewable energy portfolios (e.g., wind and solar) that typically result in higher electricity prices. Stringent greenhouse gas regulations would give domestic producers a significant cost disadvantage in the international marketplace. We are monitoring these regulatory developments closely and will seek to educate public policy makers during any adoption process about their potential impact on our business and the U.S. manufacturing base.

Our Strengths and Opportunities

We are North America’s most diversified steel producer. As a result, our short-term performance is not tied to any one market. Over the last decade, we have invested more than \$9 billion in projects that are not only diversifying our product offerings but also the markets that we serve. We expect these investments to grow our long-term earnings power by increasing our channels to market, expanding our product portfolio into higher value-added offerings that are less vulnerable to imports, improving our cost structure and further building upon our market leadership positions.

Nucor’s raw material supply chain is another important strength. Our investment in DRI production facilities and scrap brokerage and processing businesses provides Nucor with significant flexibility in optimizing our raw materials costs. Additionally, having a significant portion of our raw materials supply under our control minimizes risk associated with the global sourcing of raw materials, particularly since a considerable portion of scrap substitutes comes from regions of the world that historically have experienced greater political turmoil.

Our highly variable, low-cost structure, combined with our financial strength and liquidity, has allowed us to successfully navigate cyclical, severely depressed steel industry market conditions in the past. In such times, our incentive-based pay system reduces our payroll costs, both hourly and salary, which helps to offset lower selling prices. Our pay-for-performance system that is closely tied to our levels of production also allows us to keep our workforce intact and to continue operating our facilities when some of our competitors with greater fixed costs are forced to shut down some of their facilities. Because we use electric arc furnaces to produce our steel, we can easily vary our production levels to match short-term changes in demand, unlike our blast furnace-based integrated competitors. We believe these strengths also provide us further opportunities to gain market share during such times.

Evaluating Our Operating Performance

We report our results of operations in three segments: steel mills, steel products and raw materials. Most of the steel we produce in our mills is sold to outside customers (80% in 2018), but a significant percentage is used internally by many of the facilities in our steel products segment (20% in 2018).

We begin measuring our performance by comparing our net sales, both in total and by individual segment, during a reporting period with our net sales in the corresponding period in the prior year. In doing so, we focus on changes in and the reasons for such changes in the two key variables that have the greatest influence on our net sales: average sales price per ton during the period and total tons shipped to outside customers.

We also focus on both dollar and percentage changes in gross margins, which are key drivers of our profitability, and the reasons for such changes. There are many factors from period to period that can affect our gross margins. One consistent area of focus for us is changes in “metal margins,” which is the difference between the selling price of steel and the cost of scrap and scrap substitutes. Increases or decreases in the cost of scrap and scrap substitutes that are not offset by changes in the selling price of steel can quickly compress or expand our margins and reduce or increase our profitability.

Because energy is a key input to our manufacturing processes, material changes in energy costs per ton can significantly affect our gross margins as well. Lower energy costs per ton increase our gross margins. Generally, our energy costs per ton are lower when the average utilization rates of all operating facilities in our steel mills segment are higher.

Changes in marketing, administrative and other expenses, particularly profit sharing and other variable incentive-based payment costs, can have a material effect on our results of operations for a reporting period as well. These costs vary significantly from period to period as they are based upon changes in our pre-tax earnings and other profitability metrics that are a reflection of our pay-for-performance system that is closely tied to our levels of production.

Evaluating Our Financial Condition

We evaluate our financial condition each reporting period by focusing primarily on the amounts of and reasons for changes in cash provided by operating activities, our current ratio, the turnover rate of our accounts receivable and inventories, the amount and reasons for changes in cash used in or provided by investing activities and financing activities and our cash and cash equivalents and short-term investments position at period end. Our conservative financial practices have served us well in the past and are serving us well today. As a result, our financial position remains strong.

Segment Realignment

In the first quarter of 2018, the Company began reporting its tubular products and piling businesses as part of the steel products segment. These businesses were previously included in the steel mills segment. All prior period segment data presented in the ensuing analysis have been recast to reflect this change.

Comparison of 2018 to 2017

Results of Operations

Net Sales – Net sales to external customers by segment for 2018 and 2017 were as follows (in thousands):

	Year Ended December 31,		% Change
	2018	2017	
Steel mills	\$ 16,245,218	\$ 12,929,709	26%
Steel products	6,796,501	5,579,744	22%
Raw materials	2,025,560	1,742,940	16%
Total net sales to external customers	<u>\$ 25,067,279</u>	<u>\$ 20,252,393</u>	24%

Net sales for 2018 increased 24% from the prior year. Average sales price per ton increased 18% from \$764 in 2017 to \$899 in 2018. Total tons shipped to outside customers increased 5% from 26,492,000 tons in 2017 to 27,899,000 tons in 2018.

In the steel mills segment, sales tons were as follows (in thousands):

	Year Ended December 31,		% Change
	2018	2017	
Outside steel shipments	19,890	19,137	4%
Inside steel shipments	4,999	4,480	12%
Total steel shipments	<u>24,889</u>	<u>23,617</u>	5%

Net sales for the steel mills segment increased 26% in 2018 from the prior year due to a 21% increase in the average sales price per ton, from \$676 in 2017 to \$817 in 2018, as well as a 4% increase in total tons shipped to outside customers. All of our steel mill products experienced higher average selling prices in 2018 as compared to 2017, with the sheet mills having the most significant impact on the segment's net sales increase in 2018. In addition, all product groups within the steel mills segment, except for sheet products, experienced an increase in tons sold to outside customers in 2018 as compared to the prior year. The improved volumes and higher average selling prices combined to result in increased sales for the steel mills segment in every quarter of 2018 when compared to the respective prior year quarter.

Outside sales tonnage for the steel products segment was as follows (in thousands):

	Year Ended December 31,		% Change
	2018	2017	
Joist sales	490	472	4%
Deck sales	479	457	5%
Cold finished sales	569	487	17%
Fabricated concrete reinforcing steel sales	1,225	1,142	7%
Piling products sales	565	564	—
Tubular product sales	1,058	917	15%

Net sales for the steel products segment increased 22% in 2018 from the prior year due to a 9% increase in total tons sold to outside customers and a 12% increase in the average sales price per ton from \$1,252 in 2017 to \$1,402 in 2018. Sales during 2018 followed the typical seasonal pattern that we also experienced in 2017. Total sales were lowest in the first quarter while volumes were lowest in the fourth quarter as winter weather conditions had their greatest impact on nonresidential construction markets. Conditions improved in the second quarter and continued through the third quarter as higher average selling prices per ton mostly offset the decline in volumes during the fourth quarter as seasonal factors began to return. The increase in net sales for the steel products segment was also impacted by the higher volumes and average selling prices of our tubular products, rebar fabrication and cold finish operations in 2018 as compared to 2017.

Net sales for the raw materials segment increased 16% in 2018 from the prior year primarily due to higher volumes and average selling prices in DJJ's brokerage operations. Approximately 90% of outside sales in the raw materials segment in 2018 were from DJJ's brokerage operations and approximately 9% of outside sales were from DJJ's scrap processing operations (88% and 10%, respectively, in 2017).

Gross Margins – In 2018, Nucor recorded gross margins of \$4.30 billion (17%) which was an increase from \$2.57 billion (13%) in 2017:

- The primary driver for the increase in gross margin in 2018 as compared to 2017 was increased metal margins in the steel mills segment. Metal margin is the difference between the selling price of steel and the cost of scrap and scrap substitutes. Partially offsetting the previously mentioned increases in the steel mills segment's average selling prices and volumes in 2018 as compared to 2017 was increased scrap and scrap substitute costs. The average scrap and scrap substitute cost per gross ton used was \$361 in 2018, an 18% increase from \$307 in 2017.

Scrap prices are driven by the global supply and demand for scrap and other iron-based raw materials used to make steel. Scrap prices increased during the first half of 2018 with prices leveling out during the third quarter and declining through the end of the year. As we enter 2019, scrap prices have decreased slightly, a trend that began in the fourth quarter of 2018. We do not expect significant scrap price volatility over the next several months.

- Steel mill energy costs decreased approximately \$1 per ton in 2018 compared with 2017 mainly due to lower unit costs for natural gas.
- Gross margins in the steel products segment for 2018 increased over 2017 due to the increased profitability of most of the businesses in the segment. The most significant increase was in our tubular products businesses, while our deck, building systems and cold finish businesses also experienced noticeable improvement in performance in 2018 as compared to 2017.

As a result of the rapid and significant increase in the cost of steel inputs during 2018, the operating results for our rebar fabrication business declined significantly in the first quarter of 2018 and remained depressed throughout the remainder of the year. Nucor expects the operating results of this reporting unit to improve when the cost of steel in relation to the reporting unit's backlog stabilizes.

- Improved gross margins in the raw materials segment in 2018 compared to 2017 were primarily due to improved performance from our DRI operations. The performance of Nucor Steel Louisiana was significantly improved in 2018 as compared to 2017, during which the facility experienced unplanned outages in the first, third and fourth quarters of 2017. The Louisiana DRI facility established new annual records in 2018 for plant uptime, production and shipments.

Gross margins in the raw materials segment also benefited from \$27.6 million in insurance recoveries.

- Contributing to the improvement in gross margins in 2018 compared to 2017 was the strong performance of DJJ's scrap processing and brokerage operations. In addition to the increases in average sales prices and volumes, DJJ's scrap processing operations expanded their margin per ton in 2018 as compared to 2017.

Marketing, Administrative and Other Expenses – A major component of marketing, administrative and other expenses is profit sharing and other incentive compensation costs. These costs, which are based upon and fluctuate with Nucor’s financial performance, increased from 2017 to 2018 due to our increased profitability in 2018. In 2018, profit sharing costs consisted of \$307.9 million of contributions, including the Company’s matching contribution, made to the Company’s Profit Sharing and Retirement Savings Plan for qualified employees (\$169.4 million in 2017). Other bonus costs also fluctuate based on Nucor’s achievement of certain financial performance goals, including achieving record earnings and comparisons of Nucor’s financial performance to peers in the steel industry and other companies. Stock-based compensation included in marketing, administrative and other expenses increased by 1% to \$30.6 million in 2018 compared with \$30.3 million in 2017 and includes costs associated with the vesting of stock awards granted in prior years. Also included in marketing, administrative and other expenses in 2018 is approximately \$50 million in bonus costs related to the Company achieving record earnings that was distributed evenly among employees (none in 2017).

Included in marketing, administrative and other expenses in 2018 was a \$20.5 million benefit related to insurance recoveries. Included in marketing, administrative and other expenses in 2017 was a \$22.5 million charge related to certain legal matters.

Equity in Earnings of Unconsolidated Affiliates – Equity method investment earnings were \$40.2 million in 2018 and \$41.7 million in 2017. The decrease in equity method investment earnings from 2017 to 2018 was primarily due to increased costs at Nucor-JFE Steel Mexico, S de RL de C.V. (“Nucor-JFE”), a 50-50 joint venture with JFE Steel Corporation of Japan. Nucor-JFE is in the construction phase of building its galvanized sheet steel plant.

Impairment of Assets – During the third quarter of 2018, Nucor performed an impairment analysis of its proved producing natural gas well assets due to the current and projected pricing environment at our sales point in the Piceance Basin at the time. After completing the impairment analysis, Nucor determined that the carrying amount exceeded its fair value and was other than temporary for certain of these assets. Nucor recorded a \$110.0 million charge against these assets as a result. This charge was included in the raw materials segment. There were no impairment charges in 2017. See Note 7 to the Company’s consolidated financial statements for additional information. *Interest Expense (Income)* – Net interest expense is detailed below (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Interest expense	\$ 161,256	\$ 187,282
Interest income	(25,721)	(13,702)
Interest expense, net	<u>\$ 135,535</u>	<u>\$ 173,580</u>

Interest expense decreased in 2018 compared to 2017 in part due to a benefit received from entering into and settling a treasury lock instrument in anticipation of the Company’s debt issuance in the second quarter of 2018. The Company did not elect hedge accounting for this instrument. The average interest rate on debt decreased in 2018 as compared to 2017. Debt issued in the second quarter of 2018 included \$500.0 million of 3.950% notes due 2028 and \$500.0 million of 4.400% notes due 2048, which had lower interest rates than the \$600.0 million of 5.750% notes that were repaid in the fourth quarter of 2017 and the \$500.0 million of 5.850% notes that were repaid in the second quarter of 2018. Additionally, capitalized interest increased in 2018 as compared to 2017. Interest income increased in 2018 compared to 2017 due primarily to increased average interest rates on investments.

Earnings Before Income Taxes and Noncontrolling Interests – Earnings before income taxes and noncontrolling interests by segment for 2018 and 2017 were as follows (in thousands):

	Year Ended December 31,	
	2018	2017
Steel mills	\$ 3,500,085	\$ 1,953,075
Steel products	467,105	337,978
Raw materials	236,241	129,296
Corporate/eliminations	(974,040)	(670,392)
Earnings before income taxes and noncontrolling interests	<u>\$ 3,229,391</u>	<u>\$ 1,749,957</u>

The steel mills segment's earnings before income taxes and noncontrolling interests of \$3.50 billion was the greatest factor in making 2018 the most profitable year in Nucor's history. Earnings before income taxes and noncontrolling interests increased \$1.55 billion in 2018 compared to 2017 primarily due to increased average selling prices, volumes and metal margins. Strong economic growth, tax reform and the ongoing efforts to reform the federal regulatory system strengthened the U.S. economy further in 2018 from the healthy levels experienced at the end of 2017. These factors were the primary driver of the steel mills segment's performance in 2018. Additionally, the Section 232 steel tariffs provided another tailwind for the steel mills segment as the tariffs and the cumulative impact of the trade cases won by the domestic steel industry in recent years reduced unfairly traded imports into the U.S. market.

The steel products segment reported record earnings before income taxes and noncontrolling interests in 2018, driven by the strong performance of our tubular products businesses which were acquired in late 2016 and early 2017. Our deck, building systems and cold finish businesses also experienced increased profitability in 2018 as compared to 2017. Partially offsetting these increases in 2018 as compared to 2017 was the depressed results from our rebar fabrication operations which faced challenging market conditions in 2018.

Earnings before income taxes and noncontrolling interests in the raw materials segment in 2018 increased significantly compared to 2017 due to the increased performance of our DRI facilities and DJJ's scrap processing operations. DJJ had its most profitable year since the unprecedented raw materials market experienced in 2008. Included in the raw materials segment's 2018 results was the total benefit of \$48.1 million related to insurance recoveries received during the year and the \$110.0 million impairment charge related to our proved producing natural gas well assets.

The increase in losses in corporate/eliminations in 2018 as compared to 2017 was primarily due to increased incentive compensation costs, primarily profit sharing expense, as a result of our improved financial performance, and elimination of intercompany profit in inventory.

Noncontrolling Interests – Noncontrolling interests represent the income attributable to the noncontrolling partners of Nucor's joint ventures, primarily Nucor – Yamato Steel Company ("NYS"), of which Nucor owns 51%. Earnings attributable to noncontrolling interests in 2018 almost doubled compared to 2017 primarily due to the increased earnings of NYS. NYS had higher metal margins and volumes in 2018 as compared to 2017. Under the NYS limited partnership agreement, the minimum amount of cash to be distributed each year to the partners is the amount needed by each partner to pay applicable U.S. federal and state income taxes. In 2017, the amount of cash distributed to noncontrolling interest holders exceeded the earnings attributable to noncontrolling interests based on mutual agreement of the general partners; however, the cumulative amount of cash distributed to partners was less than the cumulative net earnings of the partnership.

Provision for Income Taxes – The effective tax rate in 2018 was 23.2% compared with 21.1% in 2017. The increase in rate between 2017 and 2018 was primarily due to the increase in the effective rate for state income taxes and the write-off of \$21.3 million of deferred tax assets due to the change in the tax status of a subsidiary in 2018. The Tax Cuts and Jobs Act of 2017 (the "Tax Reform Act") decreased the federal income tax rate to 21% for 2018 (35% in 2017). The 2017 effective tax rate included a provisional net benefit of \$175.2 million mainly driven by the revaluation of the Company's net U.S. deferred tax assets and liabilities due to the enactment of the Tax Reform

Act. In the third quarter of 2018, upon completion of its 2017 federal tax return, Nucor finalized the analysis of the previously estimated one-time transition tax. Nucor included a transition tax expense of \$2.4 million in its 2018 financial results (provisionally none in 2017). An expense of \$3.4 million was also recognized in 2018 related to the revaluation of temporary return to provision adjustments. Nucor has concluded U.S. federal income tax matters for years through 2014. Tax years 2015 through 2017 remain open to examination by the Internal Revenue Service. The Canada Revenue Agency has concluded its examination of the 2012 and 2013 Canadian returns for Harris Steel Group Inc. and certain related affiliates. The 2015 tax year is currently under examination by the Canada Revenue Agency. In January 2019, the Trinidad and Tobago Inland Revenue Division initiated an audit of the Nu Iron Unlimited 2013 corporate income tax return. The tax years 2011 through 2017 remain open to examination by other major taxing jurisdictions to which Nucor is subject (primarily Canada and other state and local jurisdictions).

Net Earnings and Return on Equity – Nucor reported net earnings of \$2.36 billion, or \$7.42 per diluted share, in 2018, compared to net earnings of \$1.32 billion, or \$4.10 per diluted share, in 2017. Net earnings attributable to Nucor stockholders as a percentage of net sales were 9.4% and 6.5% in 2018 and 2017, respectively. Return on average stockholders' equity was 25.5% and 15.9% in 2018 and 2017, respectively.

Comparison of 2017 to 2016

Results of Operations

Net Sales – Net sales to external customers by segment for 2017 and 2016 were as follows (in thousands):

	Year Ended December 31,		% Change
	2017	2016	
Steel mills	\$ 12,929,709	\$ 10,546,847	23%
Steel products	5,579,744	4,452,649	25%
Raw materials	1,742,940	1,208,626	44%
Total net sales to external customers	<u>\$ 20,252,393</u>	<u>\$ 16,208,122</u>	25%

Net sales for 2017 increased 25% from the prior year. Average sales price per ton increased 15% from \$667 in 2016 to \$764 in 2017. Total tons shipped to outside customers increased 9% from 24,309,000 tons in 2016 to 26,492,000 tons in 2017.

In the steel mills segment, sales tons were as follows (in thousands):

	Year Ended December 31,		% Change
	2017	2016	
Outside steel shipments	19,137	18,160	5%
Inside steel shipments	4,480	3,419	31%
Total steel shipments	<u>23,617</u>	<u>21,579</u>	9%

Net sales for the steel mills segment increased 23% in 2017 from the prior year due to a 16% increase in the average sales price per ton from \$581 in 2016 to \$676 in 2017, as well as a 5% increase in total tons shipped to outside customers. All of our steel mill products experienced higher average selling prices in 2017 as compared to 2016. In addition, all product groups within the steel mills segment experienced an increase in tons sold to outside customers in 2017 as compared to the prior year.

Outside sales tonnage for the steel products segment was as follows (in thousands):

	Year Ended December 31,		% Change
	2017	2016	
Joist sales	472	445	6%
Deck sales	457	442	3%
Cold finished sales	487	426	14%
Fabricated concrete reinforcing steel sales	1,142	1,115	2%
Piling products sales	564	604	-7%
Tubular products sales	917	82	1018%

Net sales for the steel products segment increased 25% in 2017 from the prior year due to a 26% increase in total tons sold to outside customers and a 1% decrease in the average sales price per ton from \$1,263 in 2016 to \$1,252 in 2017. The increase in tons sold to outside customers in 2017 as compared to 2016 was largely due to the acquisitions of our tubular products businesses that occurred during the fourth quarter of 2016 and the first quarter of 2017. The increase in net sales for the steel products segment was also impacted by the higher volumes and average selling prices of our cold finish operations in 2017 as compared to 2016.

Net sales for the raw materials segment increased 44% in 2017 from the prior year primarily due to significantly higher average selling prices in DJJ's brokerage operations, and, to a lesser extent, increased volumes in DJJ's brokerage operations and significantly increased volumes and higher average selling prices in DJJ's scrap processing operations. Approximately 88% of outside sales in the raw materials segment in 2017 were from DJJ's brokerage operations and approximately 10% of outside sales were from DJJ's scrap processing operations (89% and 8%, respectively, in 2016).

Gross Margins – In 2017, Nucor recorded gross margins of \$2.57 billion (13%) compared to \$2.03 billion (12%) in 2016:

- The primary driver for the increase in gross margin in 2017 as compared to 2016 was increased metal margins in the steel mills segment. Partially offsetting the increases in the steel mills segment's average selling prices and volumes in 2017 as compared to 2016 was increased scrap and scrap substitute costs. The average scrap and scrap substitute cost per gross ton used in 2017 was \$307, a 35% increase from \$228 in 2016.
- Steel mill energy costs increased approximately \$1 per ton in 2017 compared with 2016 due to higher unit costs for electricity and natural gas.
- In the fourth quarter of 2016, we performed an analysis of the impact the shift to value-added products had on steel mill capacity. As part of this analysis, we also revisited the impact that the shift in product mix had on our inventory costing. Based on this analysis, we changed our estimates of inventory cost based on the updated normal capacity determination and the related full absorption costing. The impact of the change in estimate resulted in a net pre-tax benefit of \$77.6 million, \$83.0 million of which affected gross margin, being recorded in the fourth quarter of 2016.
- Gross margins in the steel products segment for 2017 increased compared to 2016 primarily due to the addition of our tubular products businesses. Our cold finish operations experienced increased profitability in 2017 as compared to 2016 due to both improved volumes and increased average selling prices. This improvement was partially offset by the highly competitive market and margin compression resulting from higher steel input costs, particularly at our rebar fabrication operations. Our rebar fabrication operations experienced significant declines in performance due to a combination of margin compression caused by higher steel input costs and delays on larger, more profitable projects.
- Gross margins related to DJJ's brokerage and scrap processing operations improved during 2017 compared to 2016 due to the sustained impact of significant improvements in its cost structure established during 2016, combined with significant increases in average selling prices and increases in volume.
- Gross margins in the raw materials segment in 2017 benefited from the improved profitability of our DRI facilities. The primary driver of this improved profitability was our DRI facility in Trinidad, which more than offset the disappointing performance of our Louisiana DRI facility, which experienced unplanned outages during the first, third and fourth quarters of 2017.

Marketing, Administrative and Other Expenses – Profit sharing costs increased from 2016 to 2017. In 2017, profit sharing costs consisted of \$169.4 million of contributions, including the Company’s matching contribution, made to the Company’s Profit Sharing and Retirement Savings Plan for qualified employees (\$129.0 million in 2016). Stock-based compensation included in marketing, administrative and other expenses increased by 13% to \$30.3 million in 2017 compared with \$26.9 million in 2016, and includes costs associated with the vesting of stock awards granted in prior years. Also contributing to the increase in marketing, administrative and other costs in 2017 as compared to 2016 was increased non-operating expenses associated with unplanned outages at Nucor Steel Louisiana that occurred in 2017.

Included in marketing, administrative and other expenses in 2017 was a \$22.5 million charge related to certain legal matters. Included in marketing, administrative and other expenses in 2016 were charges related to legal settlements of \$33.7 million and a net benefit of \$11.1 million related to fair value adjustments to assets in the corporate/eliminations segment, the majority of which related to the acquisition of the remaining ownership interest in a joint venture.

Equity in Earnings of Unconsolidated Affiliates – Equity method investment earnings were \$41.7 million in 2017 and \$38.8 million in 2016. The increase in equity method investment earnings from 2016 to 2017 was primarily due to decreased losses at Duferdofin Nucor S.r.l. (“Duferdofin Nucor”) and Hunter Ridge Energy Services LLC (which was sold in 2016), partially offset by a decrease in earnings at NuMit LLC.

Interest Expense (Income) – Net interest expense is detailed below (in thousands):

	Year Ended December 31,	
	2017	2016
Interest expense	\$ 187,282	\$ 181,179
Interest income	(13,702)	(11,935)
Interest expense, net	<u>\$ 173,580</u>	<u>\$ 169,244</u>

Interest expense increased in 2017 compared to 2016 due to higher average interest rates on our variable rate debt, as well as decreased capitalized interest, slightly offset by a decrease in our average debt outstanding due to the repayment of \$600.0 million of 5.75% notes in December 2017. Interest income increased in 2017 due to higher average interest rates on investments, partially offset by significantly decreased average investment levels.

Earnings Before Income Taxes and Noncontrolling Interests – Earnings before income taxes and noncontrolling interests by segment for 2017 and 2016 were as follows (in thousands):

Year ended December 31,	2017	2016
Steel mills	\$ 1,953,075	\$ 1,680,156
Steel products	337,978	294,039
Raw materials	129,296	(95,121)
Corporate/eliminations	(670,392)	(580,415)
Earnings before income taxes and noncontrolling interests	<u>\$ 1,749,957</u>	<u>\$ 1,298,659</u>

Earnings before income taxes and noncontrolling interests for the steel mills segment for 2017 increased from 2016 primarily due to improved metal margins per ton at our sheet mills, particularly during the first half of the year. Also contributing to the improved earnings in 2017 compared to the prior year were improved metal margins at our plate mills. Earnings were negatively impacted

in 2017 by challenging markets for our plate mills in the second half of the year, as well as challenging market conditions for the entire year for our beam, rebar and merchant bar products. Those four product groups combined to make up about half of our total steelmaking capacity in 2017.

In the steel products segment, earnings before income taxes and noncontrolling interests increased in 2017 compared to 2016 due to the addition of our tubular products businesses, which we acquired in the fourth quarter of 2016 and the first quarter of 2017. Offsetting this increase, was margin compression resulting from higher steel input costs and highly competitive markets, particularly for our rebar fabrication operations. The performance of our joist, grating, rebar fabrication and building systems operations declined in 2017 from the prior year. Our steel products segment was negatively impacted by the still sluggish nonresidential construction market in 2017. The performance of our deck and cold finish operations improved compared to the prior year due to increased volumes and higher average selling prices in 2017.

Earnings before income taxes and noncontrolling interests in the raw materials segment for 2017 improved significantly from 2016 due to the significantly increased profitability of DJJ's brokerage and scrap processing operations and the profitable performance of our Trinidad DRI facility. Earnings in the raw materials segment were negatively impacted by the previously mentioned unplanned outages at Nucor Steel Louisiana during 2017.

The increase in losses in corporate/eliminations in 2017 as compared to 2016 was primarily due to increased incentive compensation costs, primarily profit sharing expense, as a result of our improved financial performance.

Noncontrolling Interests - The 41% decrease in earnings attributable to noncontrolling interests in 2017 as compared to 2016 was primarily due to the decreased earnings of NYS, which was a result of decreased metal margin caused by increased scrap costs.

Provision for Income Taxes - The effective tax rate in 2017 was 21.1% compared with 30.7% in 2016. The decrease in rate between 2016 and 2017 was primarily due to the provisional net tax benefit of \$175.2 million the Company recorded in 2017 related to the enactment of the Tax Reform Act. The revaluation of Nucor's U.S. deferred tax liabilities and assets was the primary driver of the impact of the Tax Reform Act. This benefit was somewhat offset by the change in the relative proportions of net earnings attributable to noncontrolling interests to total pre-tax earnings between the periods.

Net Earnings and Return on Equity - Nucor reported net earnings of \$1.32 billion, or \$4.10 per diluted share, in 2017, compared to net earnings of \$796.3 million, or \$2.48 per diluted share, in 2016. Net earnings attributable to Nucor stockholders as a percentage of net sales were 6.5% and 4.9% in 2017 and 2016, respectively. Return on average stockholders' equity was 15.9% and 10.4% in 2017 and 2016, respectively.

Liquidity and Capital Resources

Nucor's cash and cash equivalents and short-term investments position remained strong at \$1.4 billion at December 31, 2018, compared with \$991.1 million at the end of the previous year. Approximately \$246.5 million and \$248.3 million of the cash and cash equivalents position at December 31, 2018 and 2017, respectively, was held by our majority-owned joint ventures. Cash flows provided by operating activities provide us with a significant source of liquidity. When needed, we have external short-term financing sources available, including the issuance of commercial paper and borrowings under our bank credit facilities. We also issue long-term debt from time to time, as indicated by the debt issuance in the second quarter of 2018.

Nucor's \$1.5 billion revolving credit facility is undrawn and was amended and restated in April 2018 to extend the maturity date to April 2023. We believe our financial strength is a key strategic advantage among domestic steel producers, particularly during recessionary business cycles. We carry the highest credit ratings of any steel producer headquartered in North America, with an A-long-term rating from Standard and Poor's and a Baa1 long-term rating from Moody's. Our credit ratings are dependent,

however, upon a number of factors, both qualitative and quantitative, and are subject to change at any time. The disclosure of our credit ratings is made in order to enhance investors' understanding of our sources of liquidity and the impact of our credit ratings on our cost of funds. Based upon the preceding factors, we expect to continue to have adequate access to the capital markets at a reasonable cost of funds for liquidity purposes when needed.

Selected Measures of Liquidity and Capital Resources

	(dollars in thousands)	
	December 31,	
	2018	2017
Cash and cash equivalents	\$ 1,398,886	\$ 949,104
Short-term investments	—	50,000
Working capital	5,829,965	3,999,656
Current ratio	3.1	2.4

The current ratio was 3.1 at year-end 2018 compared with 2.4 at year-end 2017. The current ratio was positively impacted by a \$0.4 billion increase in cash and cash equivalents and short-term investments from year-end 2017 due to the robust amount of cash generated by operations, as well as the \$1.0 billion debt issuance in the second quarter of 2018, partially offset by capital expenditures, the repayment of \$500.0 million of debt in the second quarter of 2018, acquisition of treasury stock and the payment of dividends. The current ratio was also positively impacted by a 32% increase in inventory and a 24% increase in accounts receivable from year-end 2017. Inventories increased from year-end 2017 due primarily to a 15% rise in the value of scrap and scrap substitutes per ton on hand and a 20% increase in the inventory tons on hand from year-end 2017 to year-end 2018. The increase in accounts receivable was due to a 21% increase in average sales price per ton and a 2% increase in outside shipments in the fourth quarter of 2018 compared with the prior year fourth quarter. Offsetting these increases were increases to accounts payable and salaries, wages and related accruals. Accounts payable increased 21% compared to year-end 2017 due primarily to the rise in the value of scrap and scrap substitutes per ton on hand and the increase in the inventory tons on hand previously mentioned. There was a 37% increase in salaries, wages and related accruals due to greater performance-based bonus accruals resulting from Nucor's improved profitability in 2018 over the prior year.

In 2018, total accounts receivable turned approximately every five weeks and inventories turned approximately every 10 weeks. These ratios compare with accounts receivable turnover of approximately every five weeks and inventory turnover of approximately every nine weeks in 2017.

Funds provided by operations, cash and cash equivalents, short-term investments and new borrowings under existing credit facilities are expected to be adequate to meet future capital expenditure and working capital requirements for existing operations for at least the next 24 months.

We have a simple capital structure with no off-balance sheet arrangements or relationships with unconsolidated special purpose entities that we believe could have a material impact on our financial condition or liquidity.

Capital Allocation Strategy

Nucor's conservative financial practices have served us well in the past and are serving us well today. Nucor's financial strength allows for a consistent, balanced approach to capital allocation throughout the business cycle. Nucor's highest capital allocation priority is to invest for profitable long-term growth through our multi-pronged strategy of optimizing existing operations, acquisitions and greenfield expansions. Our second priority is to provide our stockholders with cash dividends that are consistent with our success in delivering long-term earnings growth. Our third priority is to opportunistically repurchase our stock when our cash position is strong compared to growth investment opportunities. Nucor's goal is to return a minimum of 40% of our earnings to shareholders, while maintaining our strong investment grade credit rating. In September 2018, Nucor's Board of Directors approved a share repurchase program under which the Company is authorized to repurchase up to \$2.0 billion of its common stock. The Board of Directors also terminated any previously authorized share repurchase programs. The Company repurchased \$854.0 million of shares of its common stock in 2018 (\$90.3 million in 2017 and \$5.2 million in 2016). As of December 31, 2018, approximately \$1.5 billion remained available for share repurchases under the program.

Operating Activities

Cash provided by operating activities was \$2.39 billion in 2018, an increase of 127% compared with cash provided by operating activities of \$1.06 billion in 2017. The primary reason for the increase in cash provided by operating activities was an 80% increase in net earnings over 2017. The funding of working capital increased in 2018 over the prior year due to the increase in inventory volumes and pricing, and accounts receivable from year-end 2017 to year-end 2018, both due to reasons previously mentioned. Slightly offsetting these increases was an increase in accounts payable due to the change in scrap prices from year-end 2017 to year-end 2018 as compared to year-end 2016 to year-end 2017. Scrap prices increased more moderately between year-end 2017 and year-end 2018. More specifically, there was a 15% increase in the cost of scrap and scrap substitutes in inventory from year-end 2017 through year-end 2018, as compared to a 27% increase in the cost of scrap and scrap substitutes in inventory from year-end 2016 through year-end 2017. Another leading cause of the increase in cash provided by operating activities was the decrease in federal income taxes receivable, which is a function of Nucor's increased profitability, the permanent lowering of the U.S. corporate federal income tax rate from 35% to 21% effective for the years beginning after December 31, 2017 under the Tax Reform Act, the timing of federal tax payments, and the receipt of federal tax refunds. The decrease in cash used in salaries, wages and related accruals was mainly due to greater performance-based bonus accruals resulting from the Company's increased profitability during 2018 over the previous year. A significant item that partially offset the increase in earnings in 2018 compared to 2017 was the benefit related to deferred income taxes of \$221.2 million in 2017 (expense related to deferred income taxes of \$3.0 million in 2018) that was due in large part to the Tax Reform Act being enacted in late 2017.

Investing Activities

Our business is capital intensive; therefore, cash used in investing activities primarily represents capital expenditures for new facilities, the expansion and upgrading of existing facilities and the acquisition of other companies. Cash used in investing activities increased \$111.2 million from 2017 to 2018. The primary driver for the increase in cash used in investing activities was that cash used for capital expenditures increased \$534.0 million in 2018 from the prior year. Capital expenditures in 2018 included significant spending associated with the \$230.0 million cold mill complex at Nucor Steel Arkansas and the \$176.0 million hot band galvanizing line at Nucor Steel Gallatin, both of which are scheduled to start-up in 2019. Additionally, there was an increase in investments in affiliates in 2018 over 2017 related to an additional \$70.7 million of investments in Nucor-JFE, as well as investments in other minor equity method investments. Partially offsetting the increase in cash used in investing activities was a \$511.0 million decrease in cash used to fund acquisitions over the prior year. Significant acquisitions in 2017 included the purchases of Republic Conduit and Southland Tube, Inc. in January 2017 and St. Louis Cold Drawn, Inc. in September 2017. Cash paid for acquisitions in 2018 totaled \$33.1 million.

Financing Activities

Cash used in financing activities in 2018 was \$908.2 million compared with cash used in financing activities of \$1.24 billion in 2017. The majority of this change related to the issuance of \$500.0 million of 3.950% notes due 2028 and \$500.0 million of 4.400% notes due 2048 in the second quarter of 2018, offset by the repayment in the same quarter of \$500.0 million of 5.850% notes due 2018. During 2017, we retired \$600.0 million of long-term debt, in addition to the previously mentioned second quarter of 2018 retirement of \$500.0 million of long-term debt. The interest rates on both of these retired debt tranches were at weighted-average interest rates that were higher than the weighted-average interest rates on the \$1.0 billion of notes issued in April 2018. Additionally, the Company repurchased \$854.0 million of shares of its common stock in 2018 compared with \$90.3 million in 2017.

Our credit facility includes only one financial covenant, which is a limit of 60% on the ratio of funded debt to total capitalization. In addition, the credit facility contains customary non-financial covenants, including a limit on Nucor's ability to pledge the Company's assets and a limit on consolidations, mergers and sales of assets. Our funded debt to total capital ratio was 30% at the end of 2018 and 29% at the end of 2017, and we were in compliance with all other covenants under our credit facility at the end of 2018.

Market Risk

Nucor's largest exposure to market risk is in our steel mills and steel products segments. Our utilization rates for the steel mills and steel products facilities for the fourth quarter of 2018 were 88% and 65%, respectively. A significant portion of our steel mills and steel products segments' sales are into the commercial, industrial and municipal construction markets. Our largest single customer in 2018 represented approximately 5% of sales and consistently pays within terms. In the raw materials segment, we are exposed to price

fluctuations related to the purchase of scrap steel and iron ore. Our exposure to market risk is mitigated by the fact that our steel mills use a significant portion of the products of this segment.

Nucor's tax-exempt industrial development revenue bonds ("IDRBs") have variable interest rates that are adjusted weekly. These IDRBs represented 24% of Nucor's long-term debt outstanding at December 31, 2018. The remaining 76% of Nucor's long-term debt is at fixed rates. Future changes in interest rates are not expected to significantly impact earnings. From time to time, Nucor makes use of interest rate swaps to manage interest rate risk. As of December 31, 2018, there were no such contracts outstanding. Nucor's investment practice is to invest in securities that are highly liquid with short maturities. As a result, we do not expect changes in interest rates to have a significant impact on the value of our investment securities recorded as short-term investments.

Nucor also uses derivative financial instruments from time to time to partially manage its exposure to price risk related to natural gas purchases used in the production process, as well as scrap, copper and aluminum purchased for resale to its customers. In addition, Nucor uses forward foreign exchange contracts from time to time to hedge cash flows associated with certain assets and liabilities, firm commitments and anticipated transactions. Nucor generally does not enter into derivative instruments for any purpose other than hedging the cash flows associated with specific volumes of commodities that will be purchased and processed or sold in future periods and hedging the exposures related to changes in the fair value of outstanding fixed-rate debt instruments and foreign currency transactions. Nucor recognizes all derivative instruments in the consolidated balance sheets at fair value.

The Company is exposed to foreign currency risk primarily through its operations in Canada, Europe and Mexico. We periodically use derivative contracts to mitigate the risk of currency fluctuations.

Contractual Obligations and Other Commercial Commitments

The following table sets forth our contractual obligations and other commercial commitments as of December 31, 2018 for the periods presented (in thousands):

Contractual Obligations	Total	2019	Payments Due By Period		
			2020-2021	2022-2023	2024 and thereafter
Long-term debt	\$ 4,260,600	\$ —	\$ 20,000	\$ 1,101,000	\$ 3,139,600
Estimated interest on long-term debt (1)	2,800,284	173,658	346,788	306,197	1,973,641
Capital leases	154,836	17,724	33,589	30,049	73,474
Operating leases	128,582	31,767	44,960	28,399	23,456
Raw material purchase commitments (2)	1,932,254	768,105	564,595	558,808	40,746
Utility purchase commitments (2)	762,212	208,522	178,447	117,845	257,398
Other unconditional purchase obligations (3)	975,018	641,017	321,988	5,693	6,320
Other long-term obligations (4)	628,726	468,761	32,008	9,163	118,794
Total contractual obligations	\$ 11,642,512	\$ 2,309,554	\$ 1,542,375	\$ 2,157,154	\$ 5,633,429

- (1) Interest is estimated using applicable rates at December 31, 2018 for Nucor's outstanding fixed-rate and variable-rate debt.
- (2) Nucor enters into contracts for the purchase of scrap and scrap substitutes, iron ore, electricity, natural gas, and other raw materials and related services. These contracts include multi-year commitments and minimum annual purchase requirements and are valued at prices in effect on December 31, 2018, or according to the contract language. These contracts are part of normal operations and are reflected in historical operating cash flow trends. We do not believe such commitments will adversely affect our liquidity position.
- (3) Purchase obligations include commitments for capital expenditures on operating machinery and equipment.
- (4) Other long-term obligations include amounts associated with Nucor's early-retiree medical benefits, management compensation and guarantees.

Note: In addition to the amounts shown in the table above, \$48.6 million of unrecognized tax benefits have been recorded as liabilities, and we are uncertain as to if or when such amounts may be settled. Related to these unrecognized tax benefits, we have also recorded a liability for potential penalties and interest of \$11.2 million at December 31, 2018.

Dividends

Nucor has increased its base cash dividend every year since it began paying dividends in 1973. Nucor paid dividends of \$1.52 per share in 2018, compared with \$1.51 per share in 2017. In November 2018, the Board of Directors increased the base quarterly dividend 5.3% to \$0.40 per share. Over the past 10 years, Nucor has returned more than \$5 billion in capital to its stockholders in the form of basic dividends, supplemental dividends and share repurchases. In February 2019, the Board of Directors declared Nucor's 184th consecutive quarterly cash dividend of \$0.40 per share payable on May 10, 2019 to stockholders of record on March 29, 2019.

Outlook

In 2019, we expect to continue to take advantage of our position of strength to grow Nucor's long-term earnings power and stockholder value by continuing to successfully implement our five drivers to profitable growth strategy. Utilizing this strategy, we have invested significant capital, more than \$9 billion, into our business since the last cyclical peak in 2008. We have done so over a broad range of strategic acquisitions and investments that we believe will further enhance our ability to grow Nucor's long-term earnings power by increasing our channels to market, expanding our product portfolios into higher value-added offerings that are less vulnerable to imports, improving our highly variable low-cost structure and building upon our market leadership positions. We will utilize our strong liquidity position to seek investment opportunities to further grow our long-term earnings capacity.

We are encouraged regarding anticipated full-year volume, pricing and profitability and believe our 2019 results will reflect another strong year with earnings performance among the best in Nucor's history. Consumer confidence rose sharply late in 2016, continued on a more modest upward trajectory throughout 2017 and remained at historically high levels throughout 2018. The expansion in the nonresidential construction industry that has been underway for some time now, realized some deceleration beginning in 2016 and that trend continued into 2018. Nonresidential construction markets are expected to continue to grow at more moderate rates in 2019. Although units sold in the domestic automotive markets were consistent with 2017 at approximately 17.3 million vehicles sold, Nucor's shipments to the industry grew by approximately 5% in 2018. We expect to grow our shipments to the industry again in 2019. In spite of an improved labor market and lower gasoline prices, vehicle sales are expected to decrease in 2019 but remain healthy. Should proposed infrastructure bills be enacted into law, this should benefit not just our steel mills segment but a number of our steel products businesses as well. Backlogs in both the steel mills and steel products segments were higher at the end of 2018 compared to the end of 2017. As we begin 2019, we see improving market conditions in 20 of the 24 end-use markets that we participate in today with stable conditions in three of the remaining four markets. Scrap prices have decreased slightly in early 2019, a trend that began in the fourth quarter of 2018. We do not expect significant scrap price volatility over the next several months. We have made significant investments in our raw materials segment and will continue to utilize our unmatched global supply chain to optimize our raw material costs.

We expect another strong quarter for earnings in the first quarter of 2019. Although sheet pricing and margins are expected to decrease in the first quarter of 2019 as compared to the fourth quarter of 2018, we anticipate this will be partially offset by expected increases in profitability of our bar mills and structural mills. The performance of the raw materials segment is expected to decrease in the first quarter of 2019 as compared to the fourth quarter of 2018 due to the decreased performance of our DRI businesses, which continue to be negatively impacted by declining average selling prices for raw materials that began in the fourth quarter of 2018. The profitability of our steel products segment in the first quarter of 2019 is expected to be similar to the fourth quarter of 2018. We expect the first quarter of 2019 earnings to be much stronger than the first quarter of 2018.

We are ever mindful of the threat of increases in imported steel stemming from the still significant excess foreign steel capacity. Finished steel imports as a percentage of U.S. steel demand are expected to decline from the estimated 27% in 2017 to 23% and 22% in 2018 and 2019, respectively. The Section 232 tariffs are having their intended impact by taking artificially low-cost foreign imports out of the U.S. market. Over the past decade, the steel industry won several important trade cases that addressed unfairly traded imports prior to the imposition of the Section 232 tariffs. The cumulative impact of those trade case victories also took a sizeable amount of unfairly traded imports out of the market, and those duties will remain in the event the Section 232 tariffs are lifted.

We are committed to executing on the opportunities we see ahead to reward Nucor stockholders with very attractive long-term returns on their valuable capital invested in our Company. Our industry-leading financial strength allows us to support investments in our facilities that will enable us to generate increased profitability. In 2019, as we have in our past, we will allocate capital to investments that we believe will build our long-term earnings power. Capital expenditures are currently projected to be approximately \$1.8 billion in 2019. In 2018, Nucor announced approximately \$1.0 billion of value enhancing investments to build new mills, expand production capacity at existing mills and advance our technological capabilities. In 2019, we have already announced another \$1.3 billion investment to build a modern, state-of-the-art plate mill in the U.S. midwest.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at year end and the reported amount of revenues and expenses during the year. On an ongoing basis, we evaluate our estimates, including those related to the valuation allowances for receivables, the carrying value of non-current assets and reserves for environmental obligations and income taxes. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Accordingly, actual costs could differ materially from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our significant judgments and estimates used in the preparation of our consolidated financial statements.

Allowances for Doubtful Accounts

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Inventories

Inventories are stated at the lower of cost or net realizable value. The Company records any amount required to reduce the carrying value of inventory to net realizable value as a charge to cost of products sold. Scrap and scrap substitute costs are a very significant component of the raw material, semi-finished and finished product inventory balances. The vast majority of the Company's inventory is recorded on a first-in, first-out method. Production costs are applied to semi-finished and finished product inventory from the approximate period in which they are produced.

If steel selling prices were to decline in future quarters, write-downs of inventory could result. Specifically, the valuation of raw material inventories purchased during periods of peak market pricing would most likely be impacted. Low utilization rates at our steel mills or raw materials facilities could hinder our ability to work through high-priced scrap and scrap substitutes (particularly pig iron and iron ore), leading to period-end exposure when comparing carrying value to net realizable value.

Long-Lived Asset Impairments

We evaluate our property, plant and equipment and finite-lived intangible assets for potential impairment on an individual asset basis or at the lowest level asset grouping for which cash flows can be independently identified. Asset impairments are assessed whenever circumstances indicate that the carrying amounts of those productive assets could exceed their projected undiscounted cash flows. In developing estimated values for assets that we currently use in our operations, we utilize judgments and assumptions of future undiscounted cash flows that the assets will produce. When it is determined that an impairment exists, the related assets are written down to estimated fair market value.

Certain long-lived asset groupings were tested for impairment during the fourth quarter of 2018. Undiscounted cash flows for each asset grouping were estimated using management's long-range estimates of market conditions associated with each asset grouping over the estimated useful life of the principal asset within the group. Our undiscounted cash flow analysis indicated that those long-lived asset groupings were recoverable as of December 31, 2018; however, if our projected cash flows are not realized, either because of an extended recessionary period or other unforeseen events, impairment charges may be required in future periods. A 5% decrease in the projected cash flows of each of our asset groupings would not result in an impairment.

In September 2018, Nucor performed an impairment analysis of its proved producing natural gas well assets due to the current and projected natural gas pricing environment at our sales point in the Piceance Basin, which continued to deteriorate during 2018. Management had monitored these assets since the last impairment analysis was performed in the fourth quarter of 2017, and the deterioration in the current and projected natural gas pricing and, in particular, the projected natural gas pricing at our sales point in the Piceance Basin reached such a level in the third quarter of 2018 that management determined that a triggering event had occurred. One of the main assumptions that most significantly affects the cash flow determination is management's estimate of future pricing of natural gas and natural gas liquids. The pricing used in this impairment assessment was developed by management based on projected natural gas market supply and demand dynamics, in conjunction with a review of projections by market analysts. The impairment analysis was performed on each of Nucor's three groups ("fields") of wells, with each field defined by common geographic location.

Two of Nucor's three fields of wells did not pass the undiscounted cash flow impairment analysis. An after-tax discounted cash flow analysis was performed for these two fields to determine the amount of impairment. The carrying values of these two fields were impaired by a combined \$110.0 million. The impairment charge is included in impairment of assets in the consolidated statements of earnings for the year ended December 31, 2018. The post-impairment combined carrying value of these two fields was \$71.0 million at December 31, 2018. The third field was not impaired and had a carrying value of \$51.8 million at December 31, 2018. Changes in the natural gas industry or a prolonged low price environment beyond what was assumed in this most recent analysis could cause management to revise the natural gas and natural gas liquids pricing assumptions, the estimated reserves or the estimated drilling production costs, all of which could result in future impairment of these proved well assets.

Goodwill

Goodwill is tested annually for impairment and whenever events or circumstances change that would make it more likely than not that an impairment may have occurred. We perform our annual impairment analysis as of the first day of the fourth quarter each year. The evaluation of impairment involves comparing the current estimated fair value of each reporting unit to the recorded value, including goodwill.

When appropriate, Nucor performs a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. For certain reporting units, it is necessary to perform a quantitative analysis. In these instances, a discounted cash flow model is used to determine the current estimated fair value of these reporting units. Key assumptions used to determine the fair value of each reporting unit as part of our annual testing (and any required interim testing) include: (i) expected cash flow for the five-year period following the testing date (including market share, sales volumes and prices, costs to produce and estimated capital needs); (ii) an estimated terminal value using a terminal year growth rate determined based on the growth prospects of the reporting unit; (iii) a discount rate based on management's best estimate of the after-tax weighted-average cost of capital; and (iv) a probability-weighted scenario approach by which varying cash flows are assigned to certain scenarios based on the likelihood of occurrence. Management considers historical and anticipated future results, general economic and market conditions, the impact of planned business and operational strategies and all available information at the time the fair values of its reporting units are estimated. Those estimates and judgments may or may not ultimately prove appropriate.

Our fourth quarter 2018 annual goodwill impairment analysis did not result in an impairment charge. Management does not believe that future impairment of these reporting units is probable. However, the performance of certain businesses that comprise our reporting units requires continued improvement. An increase of approximately 40 basis points in the discount rate, a critical assumption in which a minor change can have a significant impact on the estimated fair value, would not result in an impairment charge. See Note 8 to the Company's consolidated financial statements for further discussion of the results of the Company's 2018 annual goodwill impairment analysis.

Nucor will continue to monitor operating results within all reporting units throughout 2019 in an effort to determine if events and circumstances warrant further interim impairment testing. Otherwise, all reporting units will again be subject to the required annual qualitative and/or quantitative impairment test during our fourth quarter of 2019. Changes in the judgments and estimates underlying our analysis of goodwill for possible impairment, including expected future operating cash flows and discount rate, could decrease the estimated fair value of our reporting units in the future and could result in an impairment of goodwill.

Equity Method Investments

Investments in joint ventures in which Nucor shares control over the financial and operating decisions but in which Nucor is not the primary beneficiary are accounted for under the equity method. Each of the Company's equity method investments is subject to a review for impairment if, and when, circumstances indicate that an other-than-temporary decline in value below its carrying amount may have occurred. Examples of such circumstances include, but are not limited to, a significant deterioration in the earnings performance or business prospects of the investee; missed financial projections; a significant adverse change in the regulatory, tax, economic or technological environment of the investee; a significant adverse change in the general market condition of either the geographic area or the industry in which the investee operates; and recurring negative cash flows from operations. When management considers the decline to be other than temporary, the Company would write down the related investment to its estimated fair market value. An other-than-temporary decline in carrying value is determined to have occurred when, in management's judgment, a decline in fair value below carrying value is of such length of time and/or severity that it is considered long-term.

In the event that an impairment review is necessary, we calculate the estimated fair value of our equity method investments using a probability-weighted multiple-scenario income approach. Management's analysis includes three discounted cash flow scenarios (best case, base case and recessionary case), which contain forecasted near-term cash flows under each scenario. Generally, (i) the best case scenario contains estimates of future results ranging from slightly higher than recent operating performance to levels that are consistent with historical operating and financial performance (i.e., results experienced prior to the onset of the recessionary period that began in 2008); (ii) the base case scenario has estimates of future results ranging from generally in line with recent operating performance to levels that are more conservative than historical operating and financial performance; and (iii) the recessionary case scenario has estimates of future results which include limited growth resulting only from operational cost improvements and limited benefits of new higher-value product offerings. Management determines the probability that each cash flow scenario will come to fruition based on the specific facts and circumstances of each of the preceding scenarios, with the base case typically receiving the majority of the weighting.

Key assumptions used to determine the fair value of our equity method investments include: (i) expected cash flow for the six-year period following the testing date (including market share, sales volumes and prices, costs to produce and estimated capital needs); (ii) an estimated terminal value using a terminal year growth rate determined based on the growth prospects of the investment; (iii) a discount rate based on management's best estimate of the after-tax weighted-average cost of capital; and (iv) a probability-weighted scenario approach by which varying cash flows are assigned to certain scenarios based on the likelihood of occurrence. While the assumptions that most significantly affect the fair value determination include projected revenues, metal margins and discount rate, the assumptions are often interdependent and no single factor predominates in determining the estimated fair value. Management considers historical and anticipated future results, general economic and market conditions, the impact of planned business and operational strategies and all available information at the time the fair values of its investments are estimated. Those estimates and judgments may or may not ultimately prove appropriate.

Due to the protracted challenging steel market conditions in Europe, Nucor concluded that it was appropriate to assess its equity investment in Duferdofin Nucor for impairment during the fourth quarter of 2017. After completing its assessment, the Company determined that the estimated fair value exceeded its carrying amount by a sufficient amount and that there was no need for an impairment charge. Management does not believe a triggering event has occurred since the assessment that was performed in 2017. The assumptions that most significantly affect the fair value determination include projected cashflows and the discount rate. It is reasonably possible that material deviation of future performance from the estimates used in our most recent valuation could result in impairment of our investment in Duferdofin Nucor.

Environmental Remediation

We are subject to environmental laws and regulations established by federal, state and local authorities, and we make provisions for the estimated costs related to compliance. Undiscounted remediation liabilities are accrued based on estimates of known environmental exposures. The accruals are reviewed periodically and, as investigations and remediation proceed, adjustments are made as we believe are necessary. Our measurement of environmental liabilities is based on currently available facts, present laws and regulations and current technology.

Income Taxes

We utilize the liability method of accounting for income taxes. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. We recognize the effect of income tax positions only if those positions are more likely than not of being sustained. Potential accrued interest and penalties related to unrecognized tax benefits within operations are recognized as a component of interest expense and other expenses.

The staff of the U.S. Securities and Exchange Commission issued Staff Accounting Bulletin No. 118 (“SAB 118”) to address the application of Accounting Standards Codification 740, Income Taxes, in situations when a registrant does not have the necessary information available, prepared or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Reform Act. Reflected in our 2017 financial results, and in accordance with SAB 118, were certain provisional income tax effects of the Tax Reform Act. Adjustments, as allowed for under SAB 118, to these provisional amounts were made in 2018. The accounting for the Tax Reform Act was completed in the fourth quarter of 2018. Further information on the tax impacts of the Tax Reform Act is included in Note 19 to the Company’s consolidated financial statements.

Recent Accounting Pronouncements

See Note 2 to the Company’s consolidated financial statements for a discussion of new accounting pronouncements adopted by Nucor during 2018 and the expected financial impact of accounting pronouncements recently issued or proposed but not yet required to be adopted.

Reclassifications

In the first quarter of 2018, we began reporting our tubular products and piling products businesses as part of the steel products segment. These businesses were previously included in the steel mills segment and were reclassified to the steel products segment as part of a realignment of Nucor’s reportable segments to reflect the way in which they are now viewed by management and how segment performance assessments will be made by the chief operating decision maker beginning in such period. As a result, certain prior period amounts have been reclassified to conform to the current year presentation. These reclassifications did not have an impact on the consolidated financial statements of the Company for the prior periods presented.

FIVE-YEAR FINANCIAL REVIEW

	2018	2017	2016	2015	2014
(dollar and share amounts in thousands, except per share data)					
FOR THE YEAR					
Net sales	\$ 25,067,279	\$ 20,252,393	\$ 16,208,122	\$ 16,439,276	\$ 21,105,141
Costs, expenses and other:					
Cost of products sold	20,771,871	17,682,986	14,182,215	15,325,386	19,255,904
Marketing, administrative and other expenses	860,722	687,531	596,761	458,989	520,805
Equity in earnings of unconsolidated affiliates	(40,240)	(41,661)	(38,757)	(5,329)	(13,505)
Impairments and losses on assets	110,000	—	—	244,833	25,393
Interest expense, net	135,535	173,580	169,244	173,531	169,256
	<u>21,837,888</u>	<u>18,502,436</u>	<u>14,909,463</u>	<u>16,197,410</u>	<u>19,957,853</u>
Earnings before income taxes and noncontrolling interests	3,229,391	1,749,957	1,298,659	241,866	1,147,288
Provision for income taxes	748,307	369,386	398,243	48,836	368,724
Net earnings	2,481,084	1,380,571	900,416	193,030	778,564
Earnings attributable to noncontrolling interests	120,317	61,883	104,145	112,306	99,227
Net earnings attributable to Nucor stockholders	2,360,767	1,318,688	796,271	80,724	679,337
Net earnings per share:					
Basic	7.44	4.11	2.48	0.25	2.12
Diluted	7.42	4.10	2.48	0.25	2.11
Dividends declared per share	1.5400	1.5125	1.5025	1.4925	1.4825
Percentage of net earnings to net sales	9.4%	6.5%	4.9%	0.5%	3.2%
Return on average stockholders' equity	25.5%	15.9%	10.4%	1.0%	8.4%
Cash provided by operating activities	2,393,952	1,055,338	1,750,001	2,168,761	1,356,583
Capital expenditures	997,256	507,074	617,677	364,768	568,867
Acquisitions (net of cash acquired)	33,063	544,041	474,788	19,089	768,581
Depreciation	630,879	635,833	613,192	625,757	652,000
Sales per average employee	986	820	690	690	921
AT YEAR END					
Current assets	\$ 8,636,265	\$ 6,824,420	\$ 6,506,393	\$ 5,854,405	\$ 6,808,805
Current liabilities	2,806,300	2,824,764	2,389,966	1,385,173	2,097,776
Working capital	5,829,965	3,999,656	4,116,427	4,469,232	4,711,029
Current ratio	3.1	2.4	2.7	4.2	3.2
Property, plant and equipment, net	5,334,748	5,093,147	5,078,650	4,891,153	5,287,639
Total assets	17,920,588	15,841,258	15,223,518	14,326,969	15,956,467
Long-term debt (including current maturities)	4,233,276	3,742,242	4,339,141	4,337,145	4,350,558
Percentage of debt to capital (1)	29.3%	29.2%	34.5%	35.6%	34.0%
Total Nucor stockholders' equity	9,792,078	8,739,036	7,879,865	7,477,816	8,110,342
Per share	32.04	27.48	24.72	23.52	25.42
Shares outstanding	305,592	317,969	318,737	317,962	319,033
Employees	26,300	25,100	23,900	23,700	23,600

(1) - Long-term debt divided by total equity plus long-term debt

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Nucor's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Nucor's internal control over financial reporting as of December 31, 2018. In making this assessment, management used criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013).

Based on its assessment, management concluded that Nucor's internal control over financial reporting was effective as of December 31, 2018. PricewaterhouseCoopers LLP, an independent registered public accounting firm, has audited the effectiveness of Nucor's internal control over financial reporting as of December 31, 2018 as stated in their report which is included herein.

To the Stockholders and Board of Directors
Nucor Corporation:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Nucor Corporation and its subsidiaries (the “Company”) as of December 31, 2018 and 2017, and the related consolidated statements of earnings, comprehensive income, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2018, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control—Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Charlotte, North Carolina
February 28, 2019

We have served as the Company's auditor since 1989.

CONSOLIDATED BALANCE SHEETS

(In thousands)

	December 31,	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents (Note 14)	\$ 1,398,886	\$ 949,104
Short-term investments (Notes 4 and 14)	—	50,000
Accounts receivable, net (Note 5)	2,505,568	2,028,545
Inventories, net (Note 6)	4,553,500	3,461,686
Other current assets (Notes 13 and 19)	178,311	335,085
Total current assets	8,636,265	6,824,420
Property, plant and equipment, net (Note 7)	5,334,748	5,093,147
Goodwill (Notes 3 and 8)	2,184,336	2,196,058
Other intangible assets, net (Notes 3 and 8)	828,504	914,646
Other assets (Note 9)	936,735	812,987
Total assets	\$ 17,920,588	\$ 15,841,258
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt (Notes 11 and 14)	\$ 57,870	\$ 52,833
Long-term debt due within one year (Notes 11 and 14)	—	500,000
Accounts payable (Note 10)	1,428,191	1,181,346
Salaries, wages and related accruals (Note 17)	709,397	516,660
Accrued expenses and other current liabilities (Notes 10, 13 and 15)	610,842	573,925
Total current liabilities	2,806,300	2,824,764
Long-term debt due after one year (Notes 11 and 14)	4,233,276	3,242,242
Deferred credits and other liabilities (Notes 13, 15, 17 and 19)	679,044	689,464
Total liabilities	7,718,620	6,756,470
Commitments and contingencies (Notes 13 and 15)		
Equity		
Nucor stockholders' equity (Notes 12 and 16):		
Common stock (800,000 shares authorized; 380,154 and 379,900 shares issued, respectively)	152,061	151,960
Additional paid-in capital	2,073,715	2,021,339
Retained earnings	10,337,445	8,463,709
Accumulated other comprehensive loss, net of income taxes (Notes 13 and 20)	(304,133)	(254,681)
Treasury stock (74,562 and 61,931 shares, respectively)	(2,467,010)	(1,643,291)
Total Nucor stockholders' equity	9,792,078	8,739,036
Noncontrolling interests	409,890	345,752
Total equity	10,201,968	9,084,788
Total liabilities and equity	\$ 17,920,588	\$ 15,841,258

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share data)

	Year Ended December 31,		
	2018	2017	2016
Net sales (Notes 23 and 24)	\$ 25,067,279	\$ 20,252,393	\$ 16,208,122
Costs, expenses and other:			
Cost of products sold (Notes 13 and 20)	20,771,871	17,682,986	14,182,215
Marketing, administrative and other expenses	860,722	687,531	596,761
Equity in earnings of unconsolidated subsidiaries	(40,240)	(41,661)	(38,757)
Impairment of assets (Notes 7 and 24)	110,000	—	—
Interest expense, net (Notes 18 and 19)	135,535	173,580	169,244
	<u>21,837,888</u>	<u>18,502,436</u>	<u>14,909,463</u>
Earnings before income taxes and noncontrolling interests	3,229,391	1,749,957	1,298,659
Provision for income taxes (Notes 19 and 24)	748,307	369,386	398,243
Net earnings	2,481,084	1,380,571	900,416
Earnings attributable to noncontrolling interests	120,317	61,883	104,145
Net earnings attributable to Nucor stockholders	<u>\$ 2,360,767</u>	<u>\$ 1,318,688</u>	<u>\$ 796,271</u>
Net earnings per share (Note 21):			
Basic	\$ 7.44	\$ 4.11	\$ 2.48
Diluted	\$ 7.42	\$ 4.10	\$ 2.48

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Year Ended December 31,		
	2018	2017	2016
Net earnings	\$ 2,481,084	\$ 1,380,571	\$ 900,416
Other comprehensive income (loss):			
Net unrealized (loss) income on hedging derivatives, net of income taxes of (\$300), (\$2,600) and \$1,500 for 2018, 2017 and 2016, respectively	(3,568)	(4,523)	2,570
Reclassification adjustment for (gain) loss on settlement of hedging derivatives included in net earnings, net of income taxes of \$0, \$400 and \$5,800 for 2018, 2017 and 2016, respectively	(132)	973	9,880
Foreign currency translation (loss) gain, net of income taxes of \$0 for 2018, 2017 and 2016	(47,133)	68,657	25,495
Adjustment to early retiree medical plan, net of income taxes of \$514, (\$767) and (\$1,291) for 2018, 2017 and 2016, respectively	1,731	(1,530)	(3,589)
Reclassification adjustment for gain on early retiree medical plan included in net earnings, net of income taxes of (\$108), (\$279) and (\$309) for 2018, 2017 and 2016, respectively	(350)	(415)	(837)
	<u>(49,452)</u>	<u>63,162</u>	<u>33,519</u>
Comprehensive income	2,431,632	1,443,733	933,935
Comprehensive income attributable to noncontrolling interests	(120,317)	(61,883)	(104,145)
Comprehensive income attributable to Nucor stockholders	<u>\$ 2,311,315</u>	<u>\$ 1,381,850</u>	<u>\$ 829,790</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except per share data)

	Nucor Stockholders									
	Total	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock (at cost)		Total Nucor Stockholders' Equity	Noncontrolling Interests
		Shares	Amount				Shares	Amount		
BALANCES,										
December 31, 2015	\$ 7,849,877	378,566	\$ 151,426	\$ 1,918,970	\$ 7,316,910	\$ (351,362)	60,604	\$ (1,558,128)	\$ 7,477,816	\$ 372,061
Net earnings in 2016	900,416				796,271				796,271	104,145
Other comprehensive income (loss)	33,519					33,519			33,519	
Stock options exercised	15,670	400	160	15,510					15,670	
Stock option expense	7,833			7,833					7,833	
Issuance of stock under award plans, net of forfeitures	35,953	368	148	32,118			(143)	3,687	35,953	
Amortization of unearned compensation	843			843					843	
Treasury stock acquired	(5,173)						136	(5,173)	(5,173)	
Cash dividends declared (\$1.5025 per share)	(482,265)				(482,265)				(482,265)	
Distributions to noncontrolling interests	(99,588)									(99,588)
Other	(2,377)			(602)					(602)	(1,775)
BALANCES,										
December 31, 2016	8,254,708	379,334	151,734	1,974,672	7,630,916	(317,843)	60,597	(1,559,614)	7,879,865	374,843
Net earnings in 2017	1,380,571				1,318,688				1,318,688	61,883
Other comprehensive income (loss)	63,162					63,162			63,162	
Stock options exercised	7,069	183	73	6,996					7,069	
Stock option expense	8,233			8,233					8,233	
Issuance of stock under award plans, net of forfeitures	37,018	383	153	30,238			(257)	6,627	37,018	
Amortization of unearned compensation	1,200			1,200					1,200	
Treasury stock acquired	(90,304)						1,591	(90,304)	(90,304)	
Cash dividends declared (\$1.5125 per share)	(485,895)				(485,895)				(485,895)	
Distributions to noncontrolling interests	(90,974)									(90,974)
BALANCES,										
December 31, 2017	9,084,788	379,900	151,960	2,021,339	8,463,709	(254,681)	61,931	(1,643,291)	8,739,036	345,752
Net earnings in 2018	2,481,084				2,360,767				2,360,767	120,317
Other comprehensive income (loss)	(49,452)					(49,452)			(49,452)	
Stock options exercised	24,102	210	84	14,675			(333)	9,343	24,102	
Stock option expense	4,563			4,563					4,563	
Issuance of stock under award plans, net of forfeitures	52,313	44	17	31,361			(762)	20,935	52,313	
Amortization of unearned compensation	1,777			1,777					1,777	
Treasury stock acquired	(853,997)						13,726	(853,997)	(853,997)	
Cash dividends declared (\$1.5400 per share)	(487,031)				(487,031)				(487,031)	
Distributions to noncontrolling interests	(56,179)									(56,179)
BALANCES,										
December 31, 2018	<u>\$ 10,201,968</u>	<u>380,154</u>	<u>\$ 152,061</u>	<u>\$ 2,073,715</u>	<u>\$ 10,337,445</u>	<u>\$ (304,133)</u>	<u>74,562</u>	<u>\$ (2,467,010)</u>	<u>\$ 9,792,078</u>	<u>\$ 409,890</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended December 31,		
	2018	2017	2016
Operating activities:			
Net earnings	\$ 2,481,084	\$ 1,380,571	\$ 900,416
Adjustments:			
Depreciation	630,879	635,833	613,192
Amortization	88,758	91,228	73,862
Stock-based compensation	73,422	64,176	56,511
Deferred income taxes	3,017	(221,173)	71,455
Distributions from affiliates	30,196	49,295	40,602
Equity in earnings of unconsolidated affiliates	(40,240)	(41,661)	(38,757)
Impairment of assets	110,000	—	—
Changes in assets and liabilities (exclusive of acquisitions and dispositions):			
Accounts receivable	(485,433)	(329,501)	(217,736)
Inventories	(1,092,101)	(900,946)	(132,639)
Accounts payable	235,572	314,817	236,788
Federal income taxes	163,743	(107,577)	3,555
Salaries, wages and related accruals	204,796	87,700	133,625
Other operating activities	(9,741)	32,576	9,127
Cash provided by operating activities	<u>2,393,952</u>	<u>1,055,338</u>	<u>1,750,001</u>
Investing activities:			
Capital expenditures	(982,531)	(448,555)	(604,840)
Investment in and advances to affiliates	(121,412)	(59,000)	(63,167)
Divestiture of affiliates	—	—	135,000
Disposition of plant and equipment	31,589	25,315	18,571
Acquisitions (net of cash acquired)	(33,063)	(544,041)	(474,788)
Purchases of investments	—	(50,000)	(650,000)
Proceeds from the sale of investments	50,000	150,000	600,000
Other investing activities	25,348	7,389	14,106
Cash used in investing activities	<u>(1,030,069)</u>	<u>(918,892)</u>	<u>(1,025,118)</u>
Financing activities:			
Net change in short-term debt	5,037	34,872	(33,360)
Proceeds from long-term debt, net of discount	995,710	—	—
Repayment of long-term debt	(500,000)	(600,000)	—
Bond issuance related costs	(7,625)	—	—
Issuance of common stock	24,101	7,070	15,670
Payment of tax withholdings on certain stock-based compensation	(22,123)	(14,408)	(12,387)
Excess tax benefits from stock-based compensation	—	—	2,784
Distributions to noncontrolling interests	(56,179)	(90,974)	(99,588)
Cash dividends	(485,376)	(485,321)	(481,083)
Acquisition of treasury stock	(853,997)	(90,304)	(5,173)
Other financing activities	(7,725)	(3,241)	(13,297)
Cash used in financing activities	<u>(908,177)</u>	<u>(1,242,306)</u>	<u>(626,434)</u>
Effect of exchange rate changes on cash	<u>(5,924)</u>	<u>9,003</u>	<u>8,043</u>
Increase (decrease) in cash and cash equivalents	449,782	(1,096,857)	106,492
Cash and cash equivalents - beginning of year	949,104	2,045,961	1,939,469
Cash and cash equivalents - end of year	<u>\$ 1,398,886</u>	<u>\$ 949,104</u>	<u>\$ 2,045,961</u>
Non-cash investing activity:			
Change in accrued plant and equipment purchases and assets recorded under capital lease arrangements	<u>\$ 14,725</u>	<u>\$ 58,519</u>	<u>\$ 12,837</u>

See notes to consolidated financial statements.

NUCOR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

1. Nature of Operations and Basis of Presentation

Nature of Operations

Nucor is principally a manufacturer of steel and steel products, as well as a scrap broker and processor, with operating facilities and customers primarily located in North America.

Principles of Consolidation

The consolidated financial statements include Nucor and its controlled subsidiaries, including Nucor-Yamato Steel Company, a limited partnership of which Nucor owns 51%. All intercompany transactions are eliminated.

Distributions are made to noncontrolling interest partners in Nucor-Yamato Steel Company in accordance with the limited partnership agreement by mutual agreement of the general partners. At a minimum, sufficient cash is distributed so that each partner may pay its U.S. federal and state income taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Reclassifications

In the first quarter of 2018, the Company began reporting its tubular products and piling products businesses as part of the steel products segment. These businesses were previously included in the steel mills segment and were reclassified to the steel products segment as part of a realignment of Nucor's reportable segments to reflect the way in which they are now viewed by management and how segment performance assessments began to be made by the chief operating decision maker beginning in such period. As a result, certain prior period amounts have been reclassified to conform to the current year presentation. These reclassifications did not have an impact on the consolidated financial statements of the Company for the prior periods presented. See Note 22 for more information related to this segment realignment.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash equivalents are recorded at cost plus accrued interest, which approximates fair value, and have original maturities of three months or less at the date of purchase. Cash and cash equivalents are maintained primarily with a few high-credit quality financial institutions.

Short-term Investments

Short-term investments are recorded at cost plus accrued interest, which approximates fair value. Unrealized gains and losses on investments classified as available-for-sale are recorded as a component of accumulated other comprehensive income (loss). Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such determination at each balance sheet date.

Inventories

Inventories are stated at the lower of cost or market. The Company records any amount required to reduce the carrying value of inventory to net realizable value as a charge to cost of products sold. Scrap and scrap substitute costs are a very significant component of the raw material, semi-finished and finished product inventory balances. The vast majority of the Company's inventory is recorded on the first-in, first-out method. Production costs are applied to semi-finished and finished product inventory from the approximate period in which they are produced.

Property, Plant and Equipment

Property, plant and equipment is stated at cost, except for property, plant and equipment acquired through acquisitions which is recorded at acquisition date fair value. With the exception of our natural gas wells, depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Depletion of all capitalized costs associated with our natural gas producing properties is expensed on a unit-of-production basis by individual field as the gas from the proved developed reserves is produced. The costs of acquiring unproved natural gas leasehold acreage are capitalized. When proved reserves are found on unproved properties, the associated leasehold cost is transferred to proved properties. Unproved leases are reviewed periodically for any impairment triggering event, and a valuation allowance is provided for any estimated decline in value. The costs of planned major maintenance activities are capitalized as part of other current assets and amortized over the period until the next scheduled major maintenance activity. All other repairs and maintenance activities are expensed when incurred.

Goodwill and Other Intangibles

Goodwill is the excess of cost over the fair value of net assets of businesses acquired. Goodwill is not amortized but is tested annually for impairment and whenever events or circumstances change that would make it more likely than not that an impairment may have occurred. We perform our annual impairment analysis as of the first day of the fourth quarter each year. The evaluation of impairment involves comparing the current estimated fair value of each reporting unit, which is a level below the reportable segment, to the recorded value, including goodwill. When appropriate, Nucor performs a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. For certain reporting units, it is necessary to perform a quantitative analysis. In these instances, a discounted cash flow model is used to determine the current estimated fair value of these reporting units. A number of significant assumptions and estimates are involved in the application of the discounted cash flow model to forecast operating cash flows, which could include market growth and market share, sales volumes and prices, costs to produce, discount rate and estimated capital needs. Management considers historical experience and all available information at the time the fair values of its reporting units are estimated. Assumptions in estimating future cash flows are subject to a high degree of judgment and complexity. Changes in assumptions and estimates may affect the fair value of goodwill and could result in impairment charges in future periods.

Finite-lived intangible assets are amortized over their estimated useful lives on a straight-line or accelerated basis.

Long-Lived Asset Impairments

We evaluate our property, plant and equipment and finite-lived intangible assets for potential impairment on an individual asset basis or at the lowest level asset grouping for which independent cash flows can be separately identified. Asset impairments are assessed whenever circumstances indicate that the carrying amounts of those productive assets could exceed their projected undiscounted cash flows. When it is determined that impairment exists, the related assets are written down to their estimated fair market value.

Equity Method Investments

Investments in joint ventures in which Nucor shares control over the financial and operating decisions but in which Nucor is not the primary beneficiary are accounted for under the equity method. Each of the Company's equity method investments is subject to a review for impairment if, and when, circumstances indicate that a decline in value below its carrying amount may have occurred. Examples of such circumstances include, but are not limited to, a significant deterioration in the earnings performance or business prospects of the investee; missed financial projections; a significant adverse change in the regulatory, economic or technological environment of the investee; a significant adverse change in the general market condition of either the geographic area or the industry in which the investee operates; and recurring negative cash flows from operations. When management considers the decline to be other than temporary, the related investment is written down to its estimated fair market value.

Derivative Financial Instruments

Nucor periodically uses derivative financial instruments primarily to partially manage its exposure to price risk related to natural gas purchases used in the production process as well as its exposure to scrap, copper and aluminum purchased for resale to its customers. In addition, Nucor periodically uses derivatives to partially manage its exposure to changes in interest rates on outstanding debt instruments and uses forward foreign exchange contracts to hedge cash flows associated with certain assets and liabilities, firm commitments and anticipated transactions.

Nucor recognizes all derivative instruments in the consolidated balance sheets at fair value. Amounts included in accumulated other comprehensive income (loss) related to cash flow hedges are reclassified into earnings when the underlying transaction is recognized in net earnings. Changes in fair value hedges are reported in earnings along with changes in the fair value of the hedged items. When cash flow and fair value hedges affect net earnings, they are included on the same financial statement line as the underlying transaction (cost of products sold or interest expense). If these instruments do not meet hedge accounting criteria, the change in fair value (or a portion thereof) is recognized immediately in earnings in the same financial statement line as the underlying transaction.

Revenue Recognition

Nucor recognizes revenue when obligations under the terms of contracts with our customers are satisfied; generally, this occurs upon shipment or when control is transferred. Revenue is measured as the amount of consideration expected to be received in exchange for transferring the goods. In addition, revenue is deferred when cash payments are received or due in advance of performance. See Note 23 for further information.

Income Taxes

Nucor utilizes the liability method of accounting for income taxes. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized.

Nucor recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Potential accrued interest and penalties related to unrecognized tax benefits are recognized as a component of interest expense and other expenses.

The staff of the U.S. Securities and Exchange Commission issued Staff Accounting Bulletin No. 118 (“SAB 118”) to address the application of Accounting Standards Codification 740, Income Taxes, in situations when a registrant does not have the necessary information available, prepared or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Reform Act. Reflected in our 2017 financial results, and in accordance with SAB 118, were certain provisional income tax effects of the Tax Reform Act. Adjustments, as allowed for under SAB 118, to these provisional amounts were made in 2018. The accounting for the Tax Reform Act was completed in the fourth quarter of 2018. Further information on the tax impacts of the Tax Reform Act is included in Note 19 of the Company’s consolidated financial statements.

Stock-Based Compensation

The Company recognizes the cost of stock-based compensation as an expense using fair value measurement methods. The assumptions used to calculate the fair value of stock-based compensation granted are evaluated and revised for new grants, as necessary, to reflect market conditions and experience.

Foreign Currency Translation

For Nucor’s operations where the functional currency is other than the U.S. dollar, assets and liabilities have been translated at year-end exchange rates, and income and expenses have been translated using average exchange rates for the respective periods. Adjustments resulting from the process of translating an entity’s financial statements into the U.S. dollar have been recorded in accumulated other comprehensive income (loss) and are included in net earnings only upon sale or liquidation of the underlying investments. Foreign currency transaction gains and losses are included in net earnings in the period they occur.

Recently Adopted Accounting Pronouncements

In the first quarter of 2018, Nucor adopted new accounting guidance related to revenue recognition for all contracts using the modified retrospective method. The modified retrospective method requires that the cumulative effect of initially applying this new guidance be recorded as an adjustment to the opening balance of retained earnings in the consolidated balance sheet. The adoption of this new accounting guidance did not have an impact on any prior period earnings attributable to Nucor stockholders, and no adjustment was recorded to the opening retained earnings balance as of January 1, 2018. Retrospective adjustment of comparative prior period information is not required when using the modified retrospective adoption method, and no comparative prior periods have been adjusted for the new guidance.

The adoption of the new revenue accounting guidance did not significantly change the way we recognize revenue. To illustrate this, if we had continued using the previous accounting guidance in effect before the adoption of the new revenue accounting guidance, our consolidated net sales for 2018 would have increased approximately \$81.4 million, or 0.3%, and cost of products sold would have increased by the same amount. There would have been no impact on any other financial statement line items in the consolidated financial statements for 2018. See Note 23 for disclosures required by the new revenue accounting guidance.

In the first quarter of 2018, Nucor adopted new accounting guidance regarding the recognition and measurement of financial assets and financial liabilities. Changes to the current accounting guidance primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the Financial Accounting Standards Board clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The accounting for other financial instruments, such as loans, investments in debt securities and financial liabilities, is largely unchanged. The adoption of this new guidance did not have a material impact on the Company’s consolidated financial statements.

In the first quarter of 2018, Nucor adopted new accounting guidance regarding the presentation and classification of certain cash receipts and cash payments in the statement of cash flows. The new guidance addresses specific cash flow presentation issues in order to reduce diversity in existing practice. The adoption of this new guidance did not have a material impact on the Company’s consolidated financial statements.

In the first quarter of 2018, Nucor adopted new accounting guidance regarding intra-entity transfers of assets other than inventory. The new guidance requires that an entity should recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The adoption of this new guidance did not have a material impact on the Company’s consolidated financial statements.

Recently Issued Accounting Pronouncements

In February 2016, new accounting guidance was issued regarding the accounting for leases. The new guidance requires all lessees to recognize on the balance sheet right to use assets and lease liabilities for the rights and obligations created by lease arrangements with terms greater than 12 months. The new guidance is effective for the Company for annual and interim reporting periods beginning after December 15, 2018. In July 2018, this accounting guidance was amended to

permit companies to recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption and to continue reporting comparative periods prior to adoption in accordance with current lease guidance. The Company will adopt this new guidance in the first quarter of 2019 and will record a cumulative adjustment to the January 1, 2019 retained earnings balance. While the adoption of this new guidance is expected to increase assets and liabilities due to the recognition of lease rights and obligations on the Company's consolidated balance sheet effective January 1, 2019, the Company does not expect the adoption of this new guidance to have a significant impact on its consolidated financial statements.

In February 2018, new accounting guidance was issued regarding the tax effects of the Tax Reform Act. The new guidance allows for a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Reform Act to improve the usefulness of information reported to financial statement users. The new guidance is effective for the Company for annual and interim reporting periods beginning after December 15, 2018. The Company does not expect the adoption of this new guidance to have a material impact on its consolidated financial statements.

3. Acquisitions and Dispositions

On January 20, 2017, Nucor used cash on hand to acquire Republic Conduit ("Republic") for a purchase price of \$331.6 million. Republic produces steel electrical conduit primarily used to protect and route electrical wiring in various nonresidential structures such as hospitals, office buildings and stadiums. With its two facilities located in Kentucky and Georgia, Republic had shipments of approximately 140,000 tons in 2017. This acquisition not only further expands Nucor's product portfolio to include steel electrical conduit and it is an important, value-added channel to market for Nucor's sheet mills. Republic's financial results are included as part of the steel products segment (see Note 22).

We have allocated the purchase price for Republic to its individual assets acquired and liabilities assumed.

The following table summarizes the fair values of the assets acquired and liabilities assumed of Republic as of the date of acquisition (in thousands):

Cash	\$ 206
Accounts receivable	39,177
Inventory	33,561
Other current assets	1,101
Property, plant and equipment	67,412
Goodwill	115,562
Other intangible assets	89,200
Other assets	3,118
Total assets acquired	<u>349,337</u>
Current liabilities	17,743
Total liabilities assumed	<u>17,743</u>
Net assets acquired	<u>\$ 331,594</u>

The following table summarizes the purchase price allocation to the identifiable intangible assets of Republic as of the date of acquisition (in thousands, except years):

		Weighted - Average Life
Customer relationships	\$ 80,800	12 years
Trademarks and trade names	8,400	13 years
	<u>\$ 89,200</u>	

The goodwill of approximately \$115.6 million is primarily attributed to the synergies expected to arise after the acquisition. The goodwill is calculated as the excess of the purchase price over the fair values of the assets acquired and liabilities assumed and has been allocated to the steel products segment (see Note 8). Goodwill recognized for tax purposes was \$118.6 million, all of which is deductible for such purposes.

On October 31, 2016, Nucor used cash on hand to acquire Independence Tube Corporation (“ITC”) for a purchase price of \$430.1 million. ITC is a leading manufacturer of hollow structural section (“HSS”) steel tubing, which is primarily used in nonresidential construction markets. ITC has the ability to produce approximately 860,000 tons of HSS steel tubing annually at its four facilities, two of which are in Illinois and the other two are in Alabama. This acquisition not only further expands Nucor’s product portfolio to include the HSS steel tubing market but the Company also believes it is an important, value-added channel to market for Nucor’s hot-rolled sheet steel, as ITC’s plants are located in close proximity to Nucor’s sheet mills in Alabama, Indiana and Kentucky. ITC’s financial results are included as part of the steel products segment (see Note 22).

We have allocated the purchase price for ITC to its individual assets acquired and liabilities assumed.

The following table summarizes the fair values of the assets acquired and liabilities assumed of ITC as of the date of acquisition (in thousands):

Cash	\$ 1,058
Accounts receivable	33,173
Inventory	94,400
Other current assets	1,743
Property, plant and equipment	177,668
Goodwill	29,522
Other intangible assets	130,900
Other assets	1,287
Total assets acquired	<u>469,751</u>
Current liabilities	39,633
Total liabilities assumed	<u>39,633</u>
Net assets acquired	<u>\$ 430,118</u>

The following table summarizes the purchase price allocation to the identifiable intangible assets of ITC as of the date of acquisition (in thousands, except years):

		Weighted - Average Life
Customer relationships	\$ 119,000	15 years
Trademarks and trade names	7,100	15 years
Other	4,800	5 years
	<u>\$ 130,900</u>	

The goodwill of approximately \$29.5 million is primarily attributed to the synergies expected to arise after the acquisition. The goodwill is calculated as the excess of the purchase price over the fair values of the assets acquired and liabilities assumed and has been allocated to the steel products segment (see Note 8). Goodwill recognized for tax purposes was \$30.5 million, all of which is deductible for such purposes.

Other acquisitions, exclusive of purchase price adjustments of acquisitions made and net of cash acquired, totaled \$33.1 million in 2018, \$212.7 million in 2017 and \$50.1 million in 2016. Included in the 2017 amount is the January 9, 2017 acquisition of Southland Tube, Inc. ("Southland") and the September 1, 2017 acquisition of St. Louis Cold Drawn, Inc. ("St. Louis Cold Drawn"). Nucor used cash on hand to acquire Southland and St. Louis Cold Drawn for purchase prices of approximately \$130 million and \$60 million, respectively. Southland is a manufacturer of HSS steel tubing, which is primarily used in nonresidential construction markets. Southland had shipments to external customers of approximately 290,000 tons in 2018 and has one manufacturing facility in Birmingham, Alabama. St. Louis Cold Drawn is a manufacturer of cold drawn rounds, hexagons, squares and special sections that mainly serves the U.S. and Mexican automotive and industrial markets. St. Louis Cold Drawn has two manufacturing locations, one in St. Louis, Missouri and the other in Monterrey, Mexico, that have a combined annual capacity of approximately 200,000 tons. The financial results of Southland and St. Louis Cold Drawn are included as part of the steel products segment (see Note 22).

4. Short-term Investments

Nucor held \$50.0 million of short-term investments as of December 31, 2017 (none at December 31, 2018). The investments held as of December 31, 2017 consisted of a certificate of deposit ("CD") and were classified as available-for-sale. Interest income on the CD was recorded as earned.

No realized or unrealized gains or losses were incurred in 2018, 2017 or 2016.

5. Accounts Receivable

An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of our customers to make required payments. Accounts receivable are stated net of the allowance for doubtful accounts of \$62.1 million at December 31, 2018 (\$49.0 million at December 31, 2017 and \$45.9 million at December 31, 2016).

6. Inventories

Inventories consisted of approximately 43% raw materials and supplies and 57% finished and semi-finished products at December 31, 2018 (42% and 58%, respectively, at December 31, 2017). Nucor's manufacturing process consists of a continuous, vertically integrated process from which products are sold to customers at various stages throughout the process. Since most steel products can be classified as either finished or semi-finished products, these two categories of inventory are combined.

7. Property, Plant and Equipment

	(in thousands)	
December 31,	2018	2017
Land and improvements	\$ 654,786	\$ 639,878
Buildings and improvements	1,283,182	1,249,350
Machinery and equipment	11,101,840	10,937,416
Proved oil and gas properties	557,383	556,507
Leasehold interest in unproved oil and gas properties	165,000	165,000
Construction in process and equipment deposits	762,884	241,820
	<u>14,525,075</u>	<u>13,789,971</u>
Less accumulated depreciation	<u>(9,190,327)</u>	<u>(8,696,824)</u>
	<u>\$ 5,334,748</u>	<u>\$ 5,093,147</u>

The estimated useful lives primarily range from five to 25 years for land improvements, four to 40 years for buildings and improvements and two to 15 years for machinery and equipment. The useful life for proved oil and gas properties is based on the unit-of-production method and varies by well.

In September 2018, Nucor performed an impairment analysis of its proved producing natural gas well assets due to the current and projected natural gas pricing environment at our sales point in the Piceance Basin, which continued to deteriorate during 2018. Management was monitoring these assets since the prior impairment analysis that was performed in the fourth quarter of 2017. The projected natural gas pricing at our sales point in the Piceance Basin reached such a level in the third quarter of 2018 that management determined that a triggering event had occurred. One of the main assumptions that most significantly affects the cash flow determination is management's estimate of future pricing of natural gas and natural gas liquids. The pricing used in this impairment assessment was developed by management based on projected natural gas market supply and demand dynamics, in conjunction with a review of projections by market analysts. The impairment analysis was performed on each of Nucor's three groups ("fields") of wells, with each field defined by common geographic location.

Two of Nucor's three fields of wells did not pass the undiscounted cash flow impairment analysis. An after-tax discounted cash flow analysis was performed for these two fields to determine the amount of impairment. The carrying values of these two fields were impaired by a combined \$110.0 million. The impairment charge is included in impairment of assets in the consolidated statements of earnings for the year ended December 31, 2018. The post-impairment combined carrying value of these two fields was \$71.0 million at December 31, 2018. The third field was not impaired and has a carrying value of \$51.8 million at December 31, 2018. Changes in the natural gas industry or a prolonged low price environment beyond what was assumed in this most recent analysis could cause management to revise the natural gas and natural gas liquids price assumptions, the estimated reserves or the estimated drilling production costs, all of which could result in future impairment of these proved well assets.

8. Goodwill and Other Intangible Assets

The change in the net carrying amount of goodwill for the years ended December 31, 2018 and 2017 by segment is as follows:

	(in thousands)			
	Steel Mills	Steel Products	Raw Materials	Total
Balance, December 31, 2016	\$ 620,156	\$ 702,995	\$ 729,577	\$ 2,052,728
Acquisitions	125,328	7,004	—	132,332
Translation	—	10,998	—	10,998
Balance, December 31, 2017	745,484	720,997	729,577	2,196,058
Reclassifications	(153,498)	153,498	—	—
Translation	—	(11,722)	—	(11,722)
Balance, December 31, 2018	<u>\$ 591,986</u>	<u>\$ 862,773</u>	<u>\$ 729,577</u>	<u>\$ 2,184,336</u>

The majority of goodwill is not tax deductible.

Intangible assets with estimated useful lives of five to 22 years are amortized on a straight-line or accelerated basis and are comprised of the following:

	(in thousands)			
	December 31, 2018		December 31, 2017	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Customer relationships	\$ 1,418,250	\$ 713,656	\$ 1,420,224	\$ 641,089
Trademarks and trade names	176,046	87,680	176,471	77,208
Other	67,820	32,276	62,805	26,557
	<u>\$ 1,662,116</u>	<u>\$ 833,612</u>	<u>\$ 1,659,500</u>	<u>\$ 744,854</u>

Intangible asset amortization expense was \$88.8 million in 2018 (\$91.2 million in 2017 and \$73.9 million in 2016). Annual amortization expense is estimated to be \$87.1 million in 2019, \$84.7 million in 2020, \$83.5 million in 2021, \$81.2 million in 2022 and \$80.0 million in 2023.

The Company completed its annual goodwill impairment testing as of the first day of the fourth quarters of 2018, 2017 and 2016 and concluded that as of such dates there was no impairment of goodwill for any of its reporting units. The annual evaluation performed in 2018 used forward-looking projections and included significant expected improvements in the future cash flows of one of the Company's reporting units, Rebar Fabrication. As a result of the rapid and significant increase in the price of steel in 2018, the operating results of this reporting unit declined significantly and remained depressed throughout the remainder of the year. Nucor expects the operating results of this reporting unit to improve when the price of steel in relation to the reporting unit's backlog pricing stabilizes. The fair value of this reporting unit exceeded its carrying value by approximately 8% in the most recent evaluation. If our assessment of the relevant facts and circumstances changes, or the actual performance in this reporting unit falls short of expected results, noncash impairment charges may be required. Total goodwill associated with the Rebar Fabrication reporting unit as of December 31, 2018 was \$353.0 million. An impairment of goodwill may also lead us to record an impairment of other intangible assets. Total finite-lived intangible assets associated with the Rebar Fabrication reporting unit as of December 31, 2018 was \$76.7 million.

There are no significant historical accumulated impairment charges, by segment or in the aggregate, related to goodwill.

9. Equity Investments

The carrying value of our equity investments in domestic and foreign companies was \$869.9 million at December 31, 2018 (\$750.1 million at December 31, 2017), and is recorded in other assets in the consolidated balance sheets.

NUMIT

Nucor owns a 50% economic and voting interest in NuMit LLC (“NuMit”). NuMit owns 100% of the equity interest in Steel Technologies LLC, an operator of 26 sheet processing facilities located throughout the United States, Canada and Mexico. Nucor accounts for the investment in NuMit (on a one-month lag basis) under the equity method, as control and risk of loss are shared equally between the members. Nucor’s investment in NuMit at December 31, 2018 was \$337.2 million (\$321.4 million at December 31, 2017). Nucor received distributions of \$29.2 million, \$48.3 million and \$38.6 million from NuMit during 2018, 2017 and 2016, respectively.

DUFERDOFIN NUCOR

Nucor owns a 50% economic and voting interest in Duferdofin Nucor S.r.l. (“Duferdofin Nucor”), an Italian steel manufacturer, and accounts for the investment (on a one-month lag basis) under the equity method, as control and risk of loss are shared equally between the members.

Nucor’s investment in Duferdofin Nucor at December 31, 2018 was \$269.1 million (\$285.9 million at December 31, 2017). Nucor’s 50% share of the total net assets of Duferdofin Nucor was \$113.5 million at December 31, 2018, resulting in a basis difference of \$155.6 million due to the step-up to fair value of certain assets and liabilities attributable to Duferdofin Nucor as well as the identification of goodwill (\$88.5 million) and finite-lived intangible assets. This basis difference, excluding the portion attributable to goodwill, is being amortized based on the remaining estimated useful lives of the various underlying net assets, as appropriate. Amortization expense associated with the fair value step-up was \$9.3 million, \$8.9 million and \$8.8 million in 2018, 2017 and 2016, respectively.

As of December 31, 2018, Nucor had outstanding notes receivable of €35.0 million (\$40.2 million) from Duferdofin Nucor (€35.0 million, or \$41.9 million, as of December 31, 2017). The notes receivable bear interest at 0.84% and reset annually on September 30 to the 12-month Euro Interbank Offered Rate plus 1% per year. The maturity date of the principal amounts was extended to January 31, 2022 during the first quarter of 2018. As of December 31, 2018 and 2017, the notes receivable were classified in other assets in the consolidated balance sheets.

Nucor has issued a guarantee for its ownership percentage (50%) of Duferdofin Nucor’s borrowings under Facility A of a Structured Trade Finance Facilities Agreement (“Facility A”). The fair value of the guarantee is immaterial. In April 2018, Duferdofin Nucor amended and extended Facility A to mature on April 16, 2021. The maximum amount Duferdofin Nucor could borrow under Facility A was €160.0 million (\$183.7 million) at December 31, 2018. As of December 31, 2018, there was €155.0 million (\$178.0 million) outstanding under that facility (€122.5 million, or \$146.7 million, as of December 31, 2017). If Duferdofin Nucor fails to pay when due any amounts for which it is obligated under Facility A, Nucor could be required to pay 50% of such amounts pursuant to and in accordance with the terms of its guarantee. Any indebtedness of Duferdofin Nucor to Nucor is effectively subordinated to the indebtedness of Duferdofin Nucor under Facility A. Nucor has not recorded any liability associated with this guarantee.

NUCOR-JFE

Nucor owns a 50% economic and voting interest in Nucor-JFE Steel Mexico, S. de R.L. de C.V. (“Nucor-JFE”), a 50-50 joint venture with JFE Steel Corporation of Japan, to build and operate a galvanized sheet steel plant in central Mexico. Nucor-JFE plant construction has commenced and operations are expected to begin in the second half of 2019. Nucor accounts for the investment in Nucor-JFE (on a one-month lag basis) under the equity method, as control and risk of loss are shared equally between the members. Nucor’s investment in Nucor-JFE at December 31, 2018 was \$135.7 million (\$71.1 million at December 31, 2017).

ALL EQUITY INVESTMENTS

Nucor reviews its equity investments for impairment if and when circumstances indicate that a decline in value below their carrying amounts may have occurred. Nucor last assessed its equity investment in Duferdofin Nucor for impairment during the fourth quarter of 2017 due to the protracted challenging steel market conditions in Europe. After completing its assessment, the Company determined that the estimated fair value exceeded its carrying amount by a sufficient amount and that there was no need to record an impairment charge. The assumptions that most significantly affect the fair value determination include projected cash flows and the discount rate. It is reasonably possible that material deviation of future performance from the estimates used in our most recent valuation could result in impairment of our investment in Duferdofin Nucor. We will continue to monitor for potential triggering events that could affect the carrying value of our investment in Duferdofin Nucor as a result of future market conditions and any changes in our business strategy.

10. Current Liabilities

Book overdrafts, included in accounts payable in the consolidated balance sheets, were \$89.8 million at December 31, 2018 (\$139.2 million at December 31, 2017). Dividends payable, included in accrued expenses and other current liabilities in the consolidated balance sheets, were \$123.4 million at December 31, 2018 (\$121.8 million at December 31, 2017).

11. Debt and Other Financing Arrangements

December 31,	(in thousands)	
	2018	2017
Industrial revenue bonds due from 2020 to 2040*	\$ 1,010,600	\$ 1,010,600
Notes, 5.85%, due 2018	—	500,000
Notes, 4.125%, due 2022	600,000	600,000
Notes, 4.0%, due 2023	500,000	500,000
Notes, 3.95%, due 2028	500,000	—
Notes, 6.40%, due 2037	650,000	650,000
Notes, 5.20%, due 2043	500,000	500,000
Notes, 4.40%, due 2048	500,000	—
Total long-term debt	4,260,600	3,760,600
Less debt issuance costs	27,324	18,358
Total amounts outstanding	4,233,276	3,742,242
Less current maturities	—	500,000
Total long-term debt due after one year	\$ 4,233,276	\$ 3,242,242

* The industrial revenue bonds had variable rates ranging from 1.88% to 2.03% at December 31, 2018 and 1.65% to 1.92% at December 31, 2017, respectively.

Annual aggregate long-term debt maturities are: none in 2019, \$20.0 million in 2020, none in 2021, \$601.0 million in 2022, \$500.0 million in 2023 and \$3.14 billion thereafter.

In April 2018, Nucor issued \$500.0 million of 3.95% notes due 2028 and \$500.0 million of 4.40% notes due 2048. Net proceeds of the issuances were \$986.1 million, of which \$500.0 million was used to repay the \$500.0 million of 5.85% notes that matured June 1, 2018. Costs of \$11.9 million associated with the issuances have been capitalized and will be amortized over the lives of the notes.

During the second quarter of 2018, Nucor amended its \$1.50 billion unsecured revolving credit facility to extend the maturity date from April 2021 to April 2023. Costs associated with the amendment were immaterial. The unsecured revolving credit facility provides up to \$1.50 billion in revolving loans and allows up to \$500.0 million in additional commitments at Nucor's election in accordance with the terms set forth in the credit agreement. Up to the equivalent of \$850.0 million of the credit facility is available for foreign currency loans, up to \$100.0 million is available for the issuance of letters of credit and up to \$500.0 million is available for the issuance of revolving loans for Nucor subsidiaries in accordance with terms set forth in the credit agreement. The credit facility provides for a pricing grid based upon the credit rating of Nucor's senior unsecured long-term debt and, alternatively, interest rates quoted by lenders in connection with competitive bidding. The credit facility includes customary financial and other covenants, including a limit on the ratio of funded debt to total capital of 60%, a limit on Nucor's ability to pledge the Company's assets and a limit on consolidations, mergers and sales of assets. As of December 31, 2018, Nucor's funded debt to total capital ratio was 30%, and Nucor was in compliance with all covenants under the credit facility. No borrowings were outstanding under the credit facility as of December 31, 2018 and 2017.

Harris Steel has credit facilities totaling approximately \$7.5 million, with no outstanding borrowings at December 31, 2018 (\$7.8 million at December 31, 2017). In addition, the business of Nucor Trading S.A. is financed by uncommitted trade credit arrangements with a number of European banking institutions. As of December 31, 2018, Nucor Trading S.A. had outstanding borrowings of \$57.9 million, which is presented in short-term debt in the consolidated balance sheets (\$52.8 million at December 31, 2017).

Letters of credit totaling \$56.2 million were outstanding as of December 31, 2018 (\$40.0 million as of December 31, 2017), related to certain obligations, including workers' compensation, utilities deposits and credit arrangements by Nucor Trading S.A. for commitments to purchase inventories.

12. Capital Stock

The par value of Nucor's common stock is \$0.40 per share and there are 800 million shares authorized. In addition, 250,000 shares of preferred stock, par value of \$4.00 per share, are authorized, with preferences, rights and restrictions as may be fixed by the Board of Directors. There are no shares of preferred stock issued or outstanding.

Dividends declared per share were \$1.5400 in 2018 (\$1.5125 per share in 2017 and \$1.5025 per share in 2016).

The Company repurchased \$854.0 million of its common stock in 2018 (\$90.3 million in 2017 and \$5.2 million in 2016).

On September 6, 2018, the Company announced that the Board of Directors had approved a share repurchase program under which the Company is authorized to repurchase up to \$2.0 billion of the Company's common stock. Share repurchases will be made from time to time in the open market at prevailing market prices, through private transactions or block trades. The timing and amount of repurchases will depend on market conditions, share price, applicable legal requirements and other factors. The share repurchase authorization is discretionary and has no expiration date. The Board of Directors also terminated any previously authorized repurchase programs. At December 31, 2018, the Company had approximately \$1.5 billion available for share repurchases under the program.

13. Derivative Financial Instruments

The following tables summarize information regarding Nucor's derivative instruments (in thousands):

<u>Fair Value of Derivative Instruments</u>	Consolidated Balance Sheet Location	Fair Value at December 31,	
		2018	2017
Asset derivatives designated as hedging instruments:			
Commodity contracts	Other current assets	\$ 100	\$ —
Asset derivatives not designated as hedging instruments:			
Commodity contracts	Other current assets	2,617	—
Foreign exchange contracts	Other current assets	2,055	479
Total asset derivatives not designated as hedging instruments		4,672	479
Total asset derivatives		<u>\$ 4,772</u>	<u>\$ 479</u>
Liability derivatives designated as hedging instruments:			
Commodity contracts	Accrued expenses and other current liabilities	\$ —	\$ (2,100)
Commodity contracts	Deferred credits and other liabilities	(8,600)	(2,400)
Total liability derivatives designated as hedging instruments		(8,600)	(4,500)
Liability derivatives not designated as hedging instruments:			
Commodity contracts	Accrued expenses and other current liabilities	—	(4,031)
Total liability derivatives		<u>\$ (8,600)</u>	<u>\$ (8,531)</u>

The Effect of Derivatives Instruments on the Consolidated Statements of Earnings

Derivatives Designated as Hedging Instruments for the Year Ended December 31, (in thousands)

Derivatives in Cash Flow Hedging Relationships	Statement of Earnings Location	Amount of Gain or (Loss), net of tax, Recognized in OCI on Derivatives (Effective Portion)			Amount of Gain or (Loss), net of tax, Reclassified from Accumulated OCI into Earnings on Derivatives (Effective Portion)			Amount of Gain or (Loss), net of tax, Recognized in Earnings on Derivatives (Ineffective Portion)		
		2018	2017	2016	2018	2017	2016	2018	2017	2016
		Commodity contracts	Cost of products sold	\$ (3,568)	\$ (4,523)	\$ 2,570	\$ 132	\$ (973)	\$ (9,880)	\$ —

Derivatives Not Designated as Hedging Instruments for the Year Ended December 31, (in thousands)

Derivatives Not Designated as Hedging Instruments	Statement of Earnings Location	Amount of Gain or (Loss) Recognized in Earnings on Derivatives		
		2018	2017	2016
		Commodity contracts	Cost of products sold	\$ 14,572
Foreign exchange contracts	Cost of products sold	3,609	(3,344)	238
Total		\$ 18,181	\$ (15,317)	\$ (3,013)

At December 31, 2018, natural gas swaps covering approximately 47.0 million MMBTUs (extending through December 2022) were outstanding.

14. Fair Value Measurements

The following table summarizes information regarding Nucor's financial assets and liabilities that are measured at fair value as of December 31, 2018 and 2017. Nucor does not have any non-financial assets or liabilities that are measured at fair value on a recurring basis.

Description	Carrying Amount in Consolidated Balance Sheets	(in thousands)		
		Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2018				
Assets:				
Cash equivalents	\$ 1,084,319	\$ 1,084,319	\$ —	\$ —
Derivative contracts	4,772	—	4,772	—
Total assets	\$ 1,089,091	\$ 1,084,319	\$ 4,772	\$ —
Liabilities:				
Derivative contracts	\$ (8,600)	\$ —	\$ (8,600)	\$ —
As of December 31, 2017				
Assets:				
Cash equivalents	\$ 594,946	\$ 594,946	\$ —	\$ —
Short-term investments	50,000	50,000	—	—
Derivative contracts	479	—	479	—
Total assets	\$ 645,425	\$ 644,946	\$ 479	\$ —
Liabilities:				
Derivative contracts	\$ (8,531)	\$ —	\$ (8,531)	\$ —

Fair value measurements for Nucor's cash equivalents and short-term investments are classified under Level 1 because such measurements are based on quoted market prices in active markets for identical assets. Fair value measurements for Nucor's derivatives, which are typically commodity or foreign exchange contracts, are classified under Level 2 because such measurements are based on published market prices for similar assets or are estimated based on published market prices for similar assets or are estimated based on observable inputs such as interest rates, yield curves, credit risks, spot and future commodity prices and spot and future exchange rates. There were no transfers between levels in the fair value hierarchy for the periods presented.

The fair value of short-term and long-term debt, including current maturities, was approximately \$4.45 billion at December 31, 2018 (approximately \$4.19 billion at December 31, 2017). The debt fair value estimates are classified under Level 2 because such estimates are based on readily available market prices of our debt at December 31, 2018 and 2017, or similar debt with the same maturities, ratings and interest rates.

15. Contingencies

Nucor is subject to environmental laws and regulations established by federal, state and local authorities and, accordingly, makes provisions for the estimated costs of compliance. Of the undiscounted total of \$18.4 million of accrued environmental costs at December 31, 2018 (\$17.1 million at December 31, 2017), \$7.0 million was classified in accrued expenses and other current liabilities (\$3.8 million at December 31, 2017) and \$11.4 million was classified in deferred credits and other liabilities (\$13.3 million at December 31, 2017). Inherent uncertainties exist in these estimates primarily due to unknown conditions, evolving remediation technology and changing governmental regulations and legal standards.

We are from time to time a party to various lawsuits, claims and legal proceedings that arise in the ordinary course of business. With respect to all such lawsuits, claims and proceedings, we record reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. We do not believe that any of these proceedings, individually or in the aggregate, would be expected to have a material adverse effect on our results of operations, financial position or cash flows. Nucor maintains liability insurance with self-insurance limits for certain risks.

16. Stock-Based Compensation

Overview

The Company maintains the Nucor Corporation 2014 Omnibus Incentive Compensation Plan (the "Omnibus Plan") under which the Company may award stock-based compensation to key employees, officers and non-employee directors. The Company's stockholders approved the Omnibus Plan on May 8, 2014. The Omnibus Plan permits the award of stock options, restricted stock units, restricted shares and other stock-based awards for up to 13.0 million shares of the Company's common stock. As of December 31, 2018, 5.9 million shares remained available for award under the Omnibus Plan.

The Company also maintains a number of inactive plans under which stock-based awards remain outstanding but no further awards may be made. As of December 31, 2018, 1.9 million shares were reserved for issuance upon the future settlement of outstanding awards under such inactive plans.

Stock Options

Stock options may be granted to Nucor's key employees, officers and non-employee directors with exercise prices at 100% of the market value on the date of the grant. The stock options granted are generally exercisable at the end of three years and have a term of 10 years.

A summary of activity under Nucor's stock option plans is as follows (shares in thousands):

Year Ended December 31,	2018		2017		2016	
	Shares	Weighted - Average Exercise Price	Shares	Weighted - Average Exercise Price	Shares	Weighted - Average Exercise Price
Number of shares under option:						
Outstanding at beginning of year	4,106	\$ 47.96	3,591	\$ 45.32	3,092	\$ 43.51
Granted	265	\$ 65.80	698	\$ 59.07	899	\$ 48.80
Exercised	(543)	\$ 44.33	(183)	\$ 38.56	(400)	\$ 39.19
Canceled	—	—	—	—	—	—
Outstanding at end of year	<u>3,828</u>	\$ 49.71	<u>4,106</u>	\$ 47.96	<u>3,591</u>	\$ 45.32
Options exercisable at end of year	<u>2,112</u>	\$ 45.41	<u>1,809</u>	\$ 43.39	<u>1,557</u>	\$ 40.80

The total intrinsic value of stock options (the amount by which the stock price exceeded the exercise price of the stock option on the date of exercise) that were exercised during 2018 was \$12.6 million (\$4.5 million in 2017 and \$6.8 million in 2016).

The following table summarizes information about stock options outstanding at December 31, 2018 (shares in thousands):

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
\$35.00 - \$45.00	967	3.7 years	\$ 40.31	967	\$ 40.31
45.01 - 55.00	1,897	6.7 years	\$ 48.81	1,064	\$ 48.81
55.01 - 65.00	698	8.4 years	\$ 59.07	48	\$ 59.07
65.01 - 75.00	266	9.4 years	\$ 65.80	33	\$ 65.80
\$35.00 - \$75.00	<u>3,828</u>	6.4 years	\$ 49.71	<u>2,112</u>	\$ 45.41

As of December 31, 2018, the total aggregate intrinsic value of stock options outstanding and stock options exercisable was \$16.8 million and \$14.3 million, respectively.

The grant date fair value of stock options granted was \$15.07 per share in 2018 (\$12.61 per share in 2017 and \$9.12 per share in 2016). The fair value was estimated using the Black-Scholes option-pricing model with the following assumptions:

	2018	2017	2016
Exercise price	\$65.80	\$59.07	\$48.80
Expected dividend yield	2.31%	2.56%	3.07%
Expected stock price volatility	25.28%	26.53%	26.14%
Risk-free interest rate	2.85%	2.02%	1.67%
Expected life (in years)	6.5	6.5	6.5

Stock options granted to employees who are eligible for retirement on the date of grant are expensed immediately since these awards vest upon retirement from the Company. Retirement, for purposes of vesting in these stock options, means termination of employment after satisfying age and years of service requirements. Similarly, stock options granted to employees who will become retirement-eligible prior to the end of the vesting term are expensed over the period through which the employee will become retirement-eligible. Compensation expense for stock options granted to employees who will not become retirement-eligible prior to the end of the vesting term is recognized on a straight-line basis over the vesting period. Compensation expense for stock options was \$4.6 million in 2018 (\$8.2 million in 2017 and \$7.8 million in 2016). As of December 31, 2018, unrecognized compensation expense related to stock options was \$1.6 million, which is expected to be recognized over a weighted-average period of 1.7 years.

Restricted Stock Units

Nucor annually grants restricted stock units ("RSUs") to key employees, officers and non-employee directors. The RSUs granted to key employees and officers vest and are converted to common stock in three equal installments on each of the first three anniversaries of the grant date provided that a portion of the RSUs awarded to officer prior to 2018 vest only upon the officer's retirement. Retirement, for purposes of vesting in these RSUs only, means termination of employment with approval of the Compensation and Executive Development Committee of the Board of Directors after satisfying age and years of service requirements. RSUs granted to a non-employee director are fully vested on the grant date and are payable to the non-employee director in the form of common stock after the termination of the director's service on the Board of Directors.

RSUs granted to employees who are eligible for retirement on the date of grant are expensed immediately, and RSUs granted to employees who will become retirement-eligible prior to the end of the vesting term are expensed over the period through which the employee will become retirement-eligible since these awards vest upon retirement from the Company. Compensation expense for RSUs granted to employees who will not become retirement-eligible prior to the end of the vesting term is recognized on a straight-line basis over the vesting period.

Cash dividend equivalents are paid to holders of RSUs each quarter. Dividend equivalents paid on RSUs expected to vest are recognized as a reduction in retained earnings.

The fair value of an RSU is determined based on the closing price of Nucor's common stock on the date of the grant.

A summary of Nucor's RSU activity is as follows (shares in thousands):

Year Ended December 31,	2018		2017		2016	
	Shares	Grant Date Fair Value	Shares	Grant Date Fair Value	Shares	Grant Date Fair Value
Restricted stock units:						
Unvested at beginning of year	1,071	\$ 52.62	1,040	\$ 48.47	1,031	\$ 47.93
Granted	1,013	\$ 65.80	721	\$ 59.07	723	\$ 48.80
Vested	(827)	\$ 58.98	(677)	\$ 53.17	(681)	\$ 48.09
Canceled	(11)	\$ 55.02	(13)	\$ 50.21	(33)	\$ 46.44
Unvested at end of year	<u>1,246</u>	\$ 59.09	<u>1,071</u>	\$ 52.62	<u>1,040</u>	\$ 48.47

Compensation expense for RSUs was \$54.3 million in 2018 (\$38.0 million in 2017 and \$33.9 million in 2016). The total fair value of shares vested during 2018 was \$54.4 million (\$39.9 million in 2017 and \$33.4 million in 2016). As of December 31, 2018, unrecognized compensation expense related to unvested RSUs was \$46.7 million, which is expected to be recognized over a weighted-average period of 1.7 years.

Restricted Stock Awards

Prior to their expiration effective December 31, 2017, the Nucor Corporation Senior Officers Long-Term Incentive Plan and the Nucor Corporation Senior Officers Annual Incentive Plan authorized the award of shares of common stock to officers subject to certain conditions and restrictions. Effective January 1, 2018, the Company adopted supplements to the Omnibus Plan with terms that permit the award of shares of common stock to officers subject to the conditions and restrictions described below, which are substantially similar to those of the expired Senior Officers Long-Term Incentive Plan and Senior Officers Annual Incentive Plan. The expired Senior Officers Long-Term Incentive Plan, together with the applicable supplement, is referred to below as the "LTIP," and the expired Senior Officers Annual Incentive Plan, together with the applicable supplement, is referred to below as the "AIP."

The LTIP provides for the award of shares of restricted common stock at the end of each LTIP performance measurement period at no cost to officers if certain financial performance goals are met during the period. One-third of the LTIP restricted stock award vests upon each of the first three anniversaries of the award date or, if earlier, upon the officer's attainment of age 55 while employed by Nucor. Although participants are entitled to cash dividends and may vote such awarded shares, the sale or transfer of such shares is limited during the restricted period.

The AIP provides for the payment of annual cash incentive awards. An AIP participant may elect, however, to defer payment of up to one-half of an AIP award. In such event, the deferred AIP award is converted into common stock units and credited with a deferral incentive, in the form of additional common stock units, equal to 25% of the number of common stock units attributable to the deferred AIP award. Common stock units attributable to deferred AIP awards are fully vested. Common stock units credited as a deferral incentive vest upon the AIP participant's attainment of age 55 while employed by Nucor. Vested common stock units are paid to AIP participants in the form of shares of common stock following their termination of employment with Nucor.

A summary of Nucor's restricted stock activity under the AIP and the LTIP is as follows (shares in thousands):

Year Ended December 31,	2018		2017		2016	
	Shares	Grant Date Fair Value	Shares	Grant Date Fair Value	Shares	Grant Date Fair Value
Restricted stock awards and units:						
Unvested at beginning of year	91	\$ 54.50	67	\$ 45.77	63	\$ 48.07
Granted	256	\$ 67.68	172	\$ 60.62	123	\$ 44.03
Vested	(217)	\$ 64.95	(148)	\$ 51.72	(116)	\$ 45.16
Canceled	—	—	—	—	(3)	\$ 45.75
Unvested at end of year	<u>130</u>	\$ 62.97	<u>91</u>	\$ 54.50	<u>67</u>	\$ 45.77

Compensation expense for common stock and common stock units awarded under the AIP and the LTIP is recorded over the performance measurement and vesting periods based on the anticipated number and market value of shares of common stock and common stock units to be awarded. Compensation expense for anticipated awards based upon Nucor's financial performance, exclusive of amounts payable in cash, was \$14.6 million in 2018 (\$17.9 million in 2017 and \$14.8 million in 2016). The total fair value of shares vested during 2018 was \$14.7 million (\$9.0 million in 2017 and \$5.2 million in 2016). As of December 31, 2018, unrecognized compensation expense related to unvested restricted stock awards was \$1.6 million, which is expected to be recognized over a weighted-average period of 1.7 years.

17. Employee Benefit Plans

Nucor makes contributions to a Profit Sharing and Retirement Savings Plan for qualified employees based on the profitability of the Company. Nucor's expense for these benefits totaled \$307.9 million in 2018 (\$169.4 million in 2017 and \$129.0 million in 2016). The related liability for these benefits is included in salaries, wages and related accruals in the consolidated balance sheets.

Nucor also has a medical plan covering certain eligible early retirees. The unfunded obligation, included in deferred credits and other liabilities in the consolidated balance sheets, totaled \$25.5 million at December 31, 2018 (\$25.1 million at December 31, 2017). The expense associated with this early retiree medical plan totaled \$2.1 million in 2018 (\$2.2 million in 2017 and \$0.6 million in 2016). The discount rate is used by Nucor in determining its benefit obligation and was 4.24% in 2018 (3.6% in 2017 and 4.2% in 2016). The health care cost increase trend rate used was 6.3% in 2018 (6.6% in 2017 and 6.8% in 2016). The health care cost increase in the trend rate is projected to decline gradually to 4.5% by 2037.

18. Interest Expense (Income)

The components of net interest expense are as follows (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Interest expense	\$161,256	\$187,282	\$181,179
Interest income	(25,721)	(13,702)	(11,935)
Interest expense, net	<u>\$135,535</u>	<u>\$173,580</u>	<u>\$169,244</u>

Interest paid was \$165.7 million in 2018 (\$186.8 million in 2017 and \$183.4 million in 2016). Interest expense for 2018 decreased compared to 2017 in part due to a benefit received from entering into and settling a treasury lock instrument in anticipation of the Company's debt issuance in the second quarter of 2018. The Company did not elect hedge accounting for this instrument.

19. Income Taxes

The Tax Reform Act made significant changes to U.S. tax law that impacted the Company, including permanently lowering the U.S. corporate federal income tax rate from 35% to 21% and the elimination of the domestic manufacturing deduction effective for tax years beginning after December 31, 2017. The Tax Reform Act also included a one-time transition tax on the deemed repatriation of certain foreign earnings associated with the move to the territorial system. In addition to the move to a territorial system the Tax Reform Act created two new U.S. tax base-erosion provisions, the global intangible low-taxed income (“GILTI”) and the base-erosion and anti-abuse tax (“BEAT”) provisions. The impact of GILTI and BEAT to the Company’s 2018 financials was immaterial.

The staff of the U.S. Securities and Exchange Commission issued Staff Accounting Bulletin No. 118 (“SAB 118”) to address the application of Accounting Standards Codification 740, Income Taxes, in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Reform Act. Reflected in our 2017 financial results, and in accordance with SAB 118, were certain provisional income tax effects of the 2017 Tax Reform Act, including a net \$175.2 million of tax benefit recorded primarily due to the revaluation of our U.S. net deferred tax liabilities from 35% to 21%. The Company, provisionally, did not include any tax impact related to the transition tax in its consolidated financial statements for the year ended December 31, 2017. In 2018, upon completion of its 2017 federal tax return, Nucor finalized the analysis of the previously estimated one-time transition tax. Nucor included a transition tax expense of \$2.4 million in its 2018 financial results. A tax expense of \$3.4 million was also recognized in 2018 related to the revaluation of temporary return to provision adjustments. These adjustments, as allowed under SAB 118 completed Nucor’s accounting for the Tax Reform Act.

Components of earnings (losses) from continuing operations before income taxes and noncontrolling interests are as follows (in thousands):

	Year Ended December 31,		
	2018	2017	2016
United States	\$ 3,160,111	\$ 1,610,652	\$ 1,241,117
Foreign	69,280	139,305	57,542
	<u>\$3,229,391</u>	<u>\$1,749,957</u>	<u>\$1,298,659</u>

The provision for income taxes consists of the following (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Current:			
Federal	\$633,868	\$ 504,865	\$286,224
State	96,622	37,308	27,353
Foreign	14,800	48,386	13,211
Total current	<u>745,290</u>	<u>590,559</u>	<u>326,788</u>
Deferred:			
Federal	4,953	(207,006)	71,777
State	6,847	(4,533)	5,193
Foreign	(8,783)	(9,634)	(5,515)
Total deferred	<u>3,017</u>	<u>(221,173)</u>	<u>71,455</u>
Total provision for income taxes	<u>\$748,307</u>	<u>\$ 369,386</u>	<u>\$398,243</u>

A reconciliation of the federal statutory tax rate (21% in 2018 and 35% in 2017 and 2016) to the total provision is as follows:

	Year Ended December 31,		
	2018	2017	2016
Taxes computed at statutory rate	21.00%	35.00%	35.00%
State income taxes, net of federal income tax benefit	2.52%	1.22%	1.67%
Federal research credit	-0.14%	-0.24%	-0.28%
Domestic manufacturing deduction	0.00%	-2.58%	-2.11%
Equity in losses of foreign joint venture	0.08%	0.13%	0.27%
Foreign rate differential	-0.07%	-0.62%	-1.05%
Noncontrolling interests	-0.78%	-1.24%	-2.81%
Tax Reform Act	0.18%	-10.01%	0.00%
Out-of-period correction	0.00%	0.00%	-0.22%
Other, net	0.38%	-0.55%	0.20%
Provision for income taxes	<u>23.17%</u>	<u>21.11%</u>	<u>30.67%</u>

For the year ended December 31, 2018 the effective tax rate on continuing operations increased 2.06% versus the prior year period to 23.17%. The increase in rate between 2017 and 2018 is primarily due to the increase in the effective rate for state income taxes and the write-off of \$21.3 million (0.66%, included in the 2018 Other, net line) of deferred tax assets due to the change in the tax status of a subsidiary in 2018. The Tax Reform Act impacted the effective rates of both 2018 and 2017. The impacts on the 2018 effective rate include the lower federal income tax rate of 21% (35% in 2017), the loss of the domestic manufacturing deduction (-2.58% in 2017) and the two SAB 118 adjustments mentioned above. These SAB 118 adjustments had an impact of 0.18% on the 2018 effective tax rate and are included in the 2018 Tax Reform Act line. The 2017 effective tax rate included a provisional net benefit of \$175.2 million (-10.01%) mainly driven by the revaluation of the Company's net U.S. deferred tax assets and liabilities due to the enactment of the Tax Reform Act.

Deferred tax assets and liabilities resulted from the following (in thousands):

	December 31,	
	2018	2017
Deferred tax assets:		
Accrued liabilities and reserves	\$ 128,553	\$ 127,955
Allowance for doubtful accounts	20,134	15,136
Inventory	63,950	61,522
Post-retirement benefits	8,746	9,167
Commodity hedges	1,393	2,056
Net operating loss carryforward	27,131	19,895
Tax credit carryforwards	16,792	92,380
Other deferred tax assets	779	—
Valuation allowance	(30,104)	(96,107)
Total deferred tax assets	<u>237,374</u>	<u>232,004</u>
Deferred tax liabilities:		
Holdbacks and amounts not due under contracts	\$ (10,731)	\$ (10,214)
Intangibles	(167,374)	(164,716)
Property, plant and equipment	(390,575)	(385,815)
Total deferred tax liabilities	<u>(568,680)</u>	<u>(560,745)</u>
Total net deferred tax liabilities	<u>\$(331,306)</u>	<u>\$(328,741)</u>

On August 9, 2018, the Treasury Department issued regulations on the one-time transition tax included in the Tax Reform Act. Information included in the proposed regulations changed the Company's treatment of a distribution and related foreign taxes for 2017 federal income tax return purposes. This change removed \$59.9 million of the foreign tax credit carryforward and corresponding valuation allowance. An additional \$14.5 million of foreign tax credit carryforward and corresponding valuation allowance were written off in first quarter of 2018 with the change in the tax status of a subsidiary.

Non-current deferred tax assets included in other assets were \$0.7 million at December 31, 2018 (\$0.6 million at December 31, 2017). Non-current deferred tax liabilities included in deferred credits and other liabilities were \$332.0 million at December 31, 2018 (\$329.3 million at December 31, 2017). Current federal and state income taxes receivable included in other current assets were \$26.2 million at December 31, 2018 (\$212.5 million at December 31, 2017). Nucor paid \$561.1 million in net federal, state and foreign income taxes in 2018 (\$699.8 million and \$329.3 million in 2017 and 2016, respectively).

The Tax Reform Act provided for a one-time deemed mandatory repatriation of post-1986 undistributed foreign subsidiary earnings and profits. Nucor's deemed repatriation of foreign earnings was mainly offset by foreign deficits. Under the Tax Reform Act, this deemed repatriation creates previously taxed income for future distributions and provides a dividends received deduction with the move to the territorial system. While Nucor considers future earnings to be permanently reinvested, this means that future distributions will likely be of a nontaxable manner. Therefore, the Company has not recognized deferred tax liabilities on its investment in foreign subsidiaries that satisfy the permanent reinvestment requirements (the deferred tax liabilities on the investments in foreign subsidiaries not permanently reinvested are immaterial). If this assertion of permanent reinvestment were to change there may be deferred tax liabilities related to the withholding tax impacts on the actual distribution of certain cumulative undistributed foreign earnings, but the Company believes this amount to be immaterial.

State net operating loss carryforwards were \$483.0 million at December 31, 2018 (\$605.9 million at December 31, 2017). If unused, they will expire between 2019 and 2038. Foreign net operating loss carryforwards were \$58.6 million at December 31, 2018 (\$28.3 million at December 31, 2017). If unused, they will expire between 2029 and 2037.

At December 31, 2018, Nucor had approximately \$48.6 million of unrecognized tax benefits, of which \$48.0 million would affect Nucor's effective tax rate, if recognized. At December 31, 2017, Nucor had approximately \$48.8 million of unrecognized tax benefits, of which \$48.2 million would affect Nucor's effective tax rate, if recognized.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits recorded in deferred credits and other liabilities is as follows (in thousands):

	December 31,		
	2018	2017	2016
Balance at beginning of year	\$48,845	\$44,088	\$50,510
Additions based on tax positions related to current year	16,424	11,154	6,157
Reductions based on tax positions related to current year	—	—	—
Additions based on tax positions related to prior years	199	2,556	147
Reductions based on tax positions related to prior years	(8,198)	(5,461)	(8,201)
Reductions due to settlements with taxing authorities	(2,160)	—	(258)
Reductions due to statute of limitations lapse	(6,505)	(3,492)	(4,267)
Balance at end of year	<u>\$48,605</u>	<u>\$48,845</u>	<u>\$44,088</u>

We estimate that in the next twelve months, our gross uncertain tax positions, exclusive of interest, could decrease by as much as \$7.4 million, as a result of the expiration of the statute of limitations.

During 2018, Nucor recognized \$4.0 million of benefit in interest and penalties (\$2.2 million of benefit in 2017 and \$2.8 million of benefit in 2016). The interest and penalties are included in interest expense and other expenses, respectively, in the consolidated statements of earnings. As of December 31, 2018, Nucor had approximately \$11.2 million of accrued interest and penalties related to uncertain tax positions on the consolidated balance sheet (approximately \$16.1 million at December 31, 2017).

Nucor has concluded U.S. federal income tax matters for years through 2014. The tax years 2015 through 2017 remain open to examination by the Internal Revenue Service. The Canada Revenue Agency has concluded its examination of the 2012 and 2013 Canadian returns for Harris Steel Group Inc. and certain related affiliates. The 2015 tax year is currently under examination by the Canadian Revenue Agency. In January 2019, the Trinidad and Tobago Inland Revenue Division initiated an audit of the Nu-Iron Unlimited 2013 corporate income tax return. The tax years 2011 through 2017 remain open to examination by other major taxing jurisdictions to which Nucor is subject (primarily Canada and other state and local jurisdictions).

20. Accumulated Other Comprehensive Income (Loss)

The following tables reflect the changes in accumulated other comprehensive income (loss) by component (in thousands):

	Gains and (Losses) on Hedging Derivatives	Foreign Currency Gains (Losses)	Adjustment to Early Retiree Medical Plan	Total
December 31, 2017	\$ (2,800)	\$ (257,513)	\$ 5,632	\$(254,681)
Other comprehensive income (loss) before reclassifications	(3,568)	(47,133)	1,731	(48,970)
Amounts reclassified from accumulated other comprehensive income (loss) into earnings (1)	(132)	—	(350)	(482)
Net current-period other comprehensive income (loss)	(3,700)	(47,133)	1,381	(49,452)
December 31, 2018	\$ (6,500)	\$ (304,646)	\$ 7,013	\$(304,133)

- (1) Includes (\$132) and (\$350) net-of-tax impact of accumulated other comprehensive income reclassifications into cost of products sold for net losses on commodity contracts and adjustment to early retiree medical plan, respectively. The tax impacts of these reclassifications were \$0 and (\$108), respectively.

	Gains and Losses on Hedging Derivatives	Foreign Currency Gains (Losses)	Adjustment to Early Retiree Medical Plan	Total
December 31, 2016	\$ 750	\$ (326,170)	\$ 7,577	\$(317,843)
Other comprehensive income (loss) before reclassifications	(4,523)	68,657	(1,530)	62,604
Amounts reclassified from accumulated other comprehensive income (loss) into earnings (2)	973	—	(415)	558
Net current-period other comprehensive income (loss)	(3,550)	68,657	(1,945)	63,162
December 31, 2017	\$ (2,800)	\$ (257,513)	\$ 5,632	\$(254,681)

- (2) Includes \$973 and (\$415) net-of-tax impact of accumulated other comprehensive income reclassifications into cost of products sold for net losses on commodity contracts and adjustment to early retiree medical plan, respectively. The tax impacts of these reclassifications were \$400 and (\$279), respectively.

21. Earnings Per Share

The computations of basic and diluted net earnings per share are as follows (in thousands, except per share data):

Year Ended December 31,	2018	2017	2016
Basic net earnings per share:			
Basic net earnings	\$2,360,767	\$1,318,688	\$796,271
Earnings allocated to participating securities	(9,344)	(4,549)	(2,632)
Net earnings available to common stockholders	<u>\$2,351,423</u>	<u>\$1,314,139</u>	<u>\$793,639</u>
Average shares outstanding	<u>315,858</u>	<u>319,990</u>	<u>319,563</u>
Basic net earnings per share	<u>\$ 7.44</u>	<u>\$ 4.11</u>	<u>\$ 2.48</u>
Diluted net earnings per share:			
Diluted net earnings	\$2,360,767	\$1,318,688	\$796,271
Earnings allocated to participating securities	(9,317)	(4,539)	(2,631)
Net earnings available to common stockholders	<u>\$2,351,450</u>	<u>\$1,314,149</u>	<u>\$793,640</u>
Diluted average shares outstanding:			
Basic shares outstanding	315,858	319,990	319,563
Dilutive effect of stock options and other	875	783	259
	<u>316,733</u>	<u>320,773</u>	<u>319,822</u>
Diluted net earnings per share	<u>\$ 7.42</u>	<u>\$ 4.10</u>	<u>\$ 2.48</u>

The following stock options were excluded from the computation of diluted net earnings per share because their effect would have been anti-dilutive (shares in thousands):

Year Ended December 31,	2018	2017	2016
Anti-dilutive stock options:			
Weighted-average shares	<u>156</u>	<u>407</u>	<u>942</u>
Weighted-average exercise price	<u>\$65.80</u>	<u>\$59.07</u>	<u>\$47.04</u>

22. Segments

Nucor reports its results in the following segments: steel mills, steel products and raw materials. The steel mills segment includes carbon and alloy steel in sheet, bars, structural and plate; steel trading businesses; rebar distribution businesses; and Nucor's equity method investments in Duferdofin Nucor, NuMit and Nucor-JFE. The steel products segment includes steel joists and joist girders, steel deck, fabricated concrete reinforcing steel, cold finished steel, steel fasteners, metal building systems, steel grating, tubular products businesses, piling products business, and wire and wire mesh. The raw materials segment includes The David J. Joseph Company and its affiliates, primarily a scrap broker and processor; Nu-Iron Unlimited and Nucor Steel Louisiana, two facilities that produce direct reduced iron used by the steel mills; our natural gas production operations; and Nucor's equity method investment in Hunter Ridge Energy Services LLC ("Hunter Ridge"). Nucor sold its 50% interest in Hunter Ridge during the third quarter of 2016. The steel mills, steel products and raw materials segments are consistent with the way Nucor manages its business, which is primarily based upon the similarity of the types of products produced and sold by each segment.

Previously, Nucor's tubular products and piling products businesses were reported in the steel mills segment. In the first quarter of 2018, these businesses were reclassified to the steel products segment as part of a realignment of Nucor's reportable segments to reflect the way in which they are now viewed by management and how segment performance assessments will be made by the chief operating decision maker beginning in such period. The segment data for the comparable periods has also been reclassified into the steel products segment in order to conform to the current year presentation. Additionally, the composition of assets by segment for the comparable periods was reclassified to conform to the current year presentation. This reclassification between segments did not have any impact on the consolidated asset balances.

Net interest expense, other income, profit sharing expense and stock-based compensation are shown under Corporate/eliminations. Corporate assets primarily include cash and cash equivalents, short-term investments, allowances to eliminate intercompany profit in inventory, deferred income tax assets, federal and state income taxes receivable and investments in and advances to affiliates.

Nucor's results by segment are as follows (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Net sales to external customers:			
Steel mills	\$ 16,245,218	\$ 12,929,709	\$10,546,847
Steel products	6,796,501	5,579,744	4,452,649
Raw materials	2,025,560	1,742,940	1,208,626
	<u>\$ 25,067,279</u>	<u>\$ 20,252,393</u>	<u>\$16,208,122</u>
Intercompany sales:			
Steel mills	\$ 3,924,160	\$ 2,916,017	\$ 2,066,547
Steel products	207,003	118,249	110,368
Raw materials	11,460,645	9,191,081	5,997,498
Corporate/eliminations	(15,591,808)	(12,225,347)	(8,174,413)
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Depreciation expense:			
Steel mills	\$ 378,146	\$ 377,210	\$ 368,859
Steel products	80,681	76,992	45,674
Raw materials	161,666	172,699	191,466
Corporate	10,386	8,932	7,193
	<u>\$ 630,879</u>	<u>\$ 635,833</u>	<u>\$ 613,192</u>
Amortization expense:			
Steel mills	\$ 9,400	\$ 9,706	\$ 7,632
Steel products	51,997	52,597	36,845
Raw materials	27,361	28,925	29,385
	<u>\$ 88,758</u>	<u>\$ 91,228</u>	<u>\$ 73,862</u>
Earnings (loss) before income taxes and noncontrolling interests:			
Steel mills	\$ 3,500,085	\$ 1,953,075	\$ 1,680,156
Steel products	467,105	337,978	294,039
Raw materials	236,241	129,296	(95,121)
Corporate/eliminations	(974,040)	(670,392)	(580,415)
	<u>\$ 3,229,391</u>	<u>\$ 1,749,957</u>	<u>\$ 1,298,659</u>
Segment assets:			
Steel mills	\$ 9,244,086	\$ 7,671,217	\$ 6,980,979
Steel products	4,734,636	4,323,907	3,651,118
Raw materials	3,492,126	3,396,110	3,235,237
Corporate/eliminations	449,740	450,024	1,356,184
	<u>\$ 17,920,588</u>	<u>\$ 15,841,258</u>	<u>\$15,223,518</u>
Capital expenditures:			
Steel mills	\$ 720,310	\$ 336,760	\$ 357,545
Steel products	88,585	90,952	49,149
Raw materials	169,926	59,036	194,112
Corporate	18,435	20,326	16,871
	<u>\$ 997,256</u>	<u>\$ 507,074</u>	<u>\$ 617,677</u>

Net sales by product were as follows (in thousands). Further product group breakdown is impracticable.

	Year Ended December 31,		
	2018	2017	2016
Net sales to external customers:			
Sheet	\$ 7,571,765	\$ 6,407,974	\$ 5,178,467
Bar	4,709,292	3,558,806	2,886,648
Structural	1,830,476	1,317,995	1,277,547
Plate	2,133,685	1,644,934	1,204,185
Tubular Products	1,347,577	917,235	60,106
Rebar Fabrication	1,496,194	1,306,418	1,272,338
Other Steel Products	3,952,730	3,356,091	3,120,205
Raw Materials	2,025,560	1,742,940	1,208,626
	<u>\$25,067,279</u>	<u>\$20,252,393</u>	<u>\$16,208,122</u>

23. Revenue

Revenue is recognized when obligations under the terms of contracts with our customers are satisfied; generally, this occurs upon shipment or when control is transferred. Revenue is measured as the amount of consideration expected to be received in exchange for transferring the goods. In addition, revenue is deferred when cash payments are received or due in advance of performance.

The durations of Nucor's contracts with customers are generally one year or less. Customer payment terms are generally 30 days.

Contract liabilities are primarily related to deferred revenue resulting from cash payments received in advance from customers to protect against credit risk. Contract liabilities totaled \$91.2 million as of December 31, 2018 (\$72.3 million as of December 31, 2017), and are included in accrued expenses and other current liabilities in the consolidated balance sheets. The amount of revenue reclassified from the December 31, 2017 contract liabilities balance during 2018 was approximately \$61.3 million.

The following table disaggregates our net sales by major source for 2018 (in thousands):

	Year Ended December 31, 2018			
	Steel Mills	Steel Products	Raw Materials	Total
Sheet	\$ 7,571,765	\$ —	\$ —	\$ 7,571,765
Bar	4,709,292	—	—	4,709,292
Structural	1,830,476	—	—	1,830,476
Plate	2,133,685	—	—	2,133,685
Tubular Products	—	1,347,577	—	1,347,577
Rebar Fabrication	—	1,496,194	—	1,496,194
Other Steel Products	—	3,952,730	—	3,952,730
Raw Materials	—	—	2,025,560	2,025,560
	<u>\$16,245,218</u>	<u>\$6,796,501</u>	<u>\$ 2,025,560</u>	<u>\$25,067,279</u>

STEEL MILLS SEGMENT

Sheet – For the majority of sheet products, we transfer control and recognize a sale when we ship the product from the sheet mill to our customer. The amount of consideration we receive and revenue we recognize for spot market sales are based upon prevailing prices at the time of sale. The amount of consideration we receive and revenue we recognize for contract customers are based primarily on pricing formulae that permit price adjustments to reflect changes in the current market-based indices and/or raw material costs near the time of shipment.

The amount of tons sold to contract customers at any given time depends on a variety of factors, including our consideration of current and future market conditions, our strategy to appropriately balance spot and contract tons in a manner to meet our customers' requirements while considering the expected profitability, our desire to sustain a diversified customer base and our end-use customers' perceptions about future market conditions. These contracts are typically one year or less. Steel mills segment contract sales outside of our sheet operations are not significant.

Bar, Structural and Plate – For the majority of bar, structural and plate products, we transfer control and recognize a sale when we ship the product from the mill to our customer. The significant majority of bar, structural and plate product sales are spot market sales, and the amount of consideration we receive and revenue we recognize for those sales are based upon prevailing prices at the time of sale.

STEEL PRODUCTS SEGMENT

Tubular Products – The tubular products businesses transfer control and recognize a sale when the product is shipped from our operating locations to our customers. The significant majority of tubular product sales are spot market sales, and the amount of consideration we receive and revenue we recognize for those sales are based upon prevailing prices at the time of sale.

Rebar Fabrication – The majority of revenue for our rebar fabrication businesses relates to revenue from contracts with customers for the supply of fabricated rebar. For the majority of these transactions, we transfer control and recognize a sale when the products are shipped from our operating locations and collection is reasonably assured. Provisions for losses on incomplete contracts are made in the period in which such losses are determined.

Our rebar fabrication businesses also generate a significant amount of revenue from contracts with customers in which they supply fabricated rebar and install it at the customer's job site. There are two performance obligations for these types of contracts: the supply of the fabricated rebar and the installation of the supplied rebar at the customer's job site. For the supply of fabricated rebar performance obligation, we transfer control and recognize a sale when the product is delivered to our customer's job site. The transaction price allocated to this performance obligation is determined at the start of the contract, based on the then current market price for supplied fabricated rebar. For the installation of supplied rebar performance obligation, we transfer control and recognize a sale when the delivered material is installed. The transaction price allocated to this performance obligation is determined at the start of the contract, based on the then current market price for the installation of fabricated rebar.

Variable consideration occurring from change orders and price escalations caused by changes in underlying material costs for previously satisfied performance obligations are recognized cumulatively in the period in which management believes that the amount of consideration is changed and collection is reasonably assured. Management reviews these situations on a case-by-case basis and considers a variety of factors, including relevant experience with similar types of performance obligations, our experience with the customer and collectability considerations.

Other Steel Products – Other steel products include our joist, deck, cold finish, metal building systems, piling and the other remaining businesses that comprise the steel products segment. Generally for these businesses, we transfer control and recognize a sale when we ship the product from our operating locations to our customers. The amount of consideration we receive and revenue we recognize for those sales are agreed upon with the customers before the product is shipped.

RAW MATERIALS SEGMENT

The majority of the raw materials segment revenue from outside customers is generated by The David J. Joseph Company and its affiliates. We transfer control and recognize a sale based on the terms of the agreement with the customer, which is generally when the product has met the delivery requirements. The amount of consideration we receive and revenue we recognize for those sales is based on the contract with the customer, which generally reflects current market prices at the time the contract is entered into.

24. Quarterly Information (Unaudited)

(in thousands, except per share data)
Year Ended December 31, 2018

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	\$5,568,419	\$ 6,460,774	\$6,742,202	\$ 6,295,884
Gross margin (1)	726,406	1,166,590	1,290,150	1,112,262
Net earnings (2)	380,112	713,615	706,287	681,070
Net earnings attributable to Nucor stockholders (2)	354,179	683,153	676,656	646,779
Net earnings per share:				
Basic	\$ 1.11	\$ 2.14	\$ 2.13	\$ 2.08
Diluted	\$ 1.10	\$ 2.13	\$ 2.13	\$ 2.07

(in thousands, except per share data)
Year Ended December 31, 2017

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	\$4,815,179	\$ 5,174,769	\$5,170,117	\$ 5,092,328
Gross margin (3)	760,250	709,625	578,964	520,568
Net earnings (4)	377,648	341,724	266,105	395,094
Net earnings attributable to Nucor stockholders (4)	356,899	323,048	254,850	383,891
Net earnings per share:				
Basic	\$ 1.11	\$ 1.00	\$ 0.79	\$ 1.20
Diluted	\$ 1.11	\$ 1.00	\$ 0.79	\$ 1.20

- (1) Second quarter results include a benefit of \$9.6 million related to insurance recoveries. Third quarter results include a benefit of \$18.0 million related to insurance recoveries.
- (2) First quarter results include the write off of deferred tax assets of \$21.8 million due to the change in the tax status of a subsidiary. Second quarter results include a benefit of \$23.3 million (which includes the amount in gross margin) related to insurance recoveries. Third quarter results include a non-cash impairment charge of \$110.0 million related to our proved producing natural gas well assets, as well as a benefit of \$24.8 million (which includes the amount in gross margin) related to insurance recoveries.
- (3) First quarter results include inventory-related purchase accounting charges of \$9.8 million related to the acquisition of Southland and Republic.
- (4) Third quarter results include a net benefit of \$13.2 million related to tax return true-ups and state tax credits as well as an expense of \$22.5 million related to certain legal matters. Fourth quarter results include a provisional net benefit of \$175.2 million related to the impacts of U.S. federal tax legislation enacted in the fourth quarter of 2017.

CORPORATE OFFICE

1915 Rexford Road
Charlotte, North Carolina 28211
Phone 704/366-7000
Fax 704/362-4208

STOCK TRANSFERS DIVIDEND DISBURSING DIVIDEND REINVESTMENT

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, New York 11219
Phone 877/ 715-0504
Fax 718 /236-2641

ANNUAL MEETING

The 2019 annual meeting of stockholders will be held at 10:00 a.m. on Thursday, May 9, 2019 at the Charlotte Marriott SouthPark, 2200 Rexford Road, Charlotte, NC 28211.

STOCK LISTING

Nucor's common stock is traded on the New York Stock Exchange under the symbol NUE. As of January 31, 2019, there were approximately 15,000 stockholders of record.

FORM 10-K

A copy of Nucor's 2018 annual report on Form 10-K filed with the Securities and Exchange Commission ("SEC") is available to stockholders without charge upon request to A. Rae Eagle, General Manager and Corporate Secretary, at Nucor's corporate office.

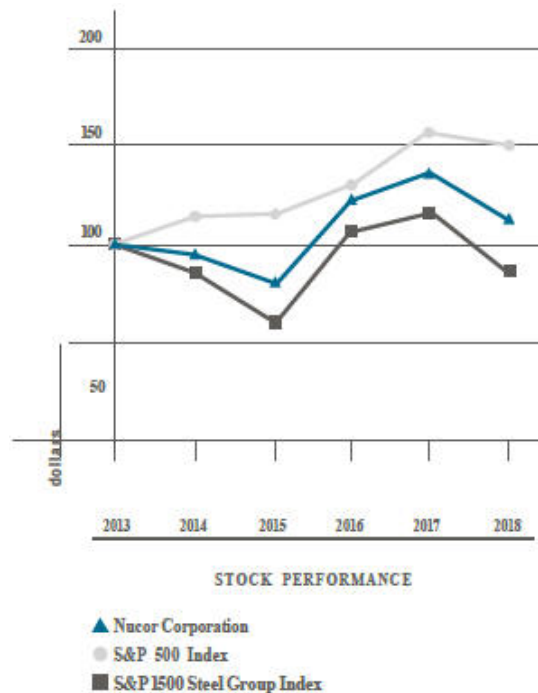
INTERNET ACCESS

Nucor's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to these reports are available without charge through Nucor's website, www.nucor.com, as soon as reasonably practicable after Nucor files these reports electronically with or furnishes them to the SEC. Additional information available on our website includes our Corporate Governance Principles, Board of Directors Committee Charters, Standards of Business Conduct and Ethics and Code of Ethics for Senior Financial Professionals as well as various other financial and statistical data.



STOCK PERFORMANCE

This graphic comparison assumes the investment of \$100 in Nucor Corporation common stock, \$100 in the S&P 500 Index and \$100 in the S&P 1500 Steel Group Index, all at year-end 2013. The resulting cumulative total return assumes that cash dividends were reinvested. Nucor common stock comprised 39% of the S&P 1500 Steel Group Index at year-end 2018 (33% at year-end 2013).



THIS ANNUAL REPORT HAS BEEN PRINTED ON RECYCLED PAPER.

Subsidiaries

<u>Subsidiary</u>	<u>State or Other Jurisdiction of Incorporation or Organization</u>
Nucor Steel Auburn, Inc.	Delaware
Nucor Steel Birmingham, Inc.	Delaware
Nucor Steel Decatur, LLC	Delaware
Nucor Steel Gallatin LLC	Kentucky
Nucor Steel Jackson, Inc.	Delaware
Nucor Steel Kankakee, Inc.	Delaware
Nucor Steel Kingman, LLC	Delaware
Nucor Steel Marion, Inc.	Delaware
Nucor Steel Memphis, Inc.	Delaware
Nucor Steel Seattle, Inc.	Delaware
Nucor Steel Tuscaloosa, Inc.	Delaware
Nucor Steel Connecticut, Inc.	Delaware
Nucor-Yamato Steel Company	Delaware
Nu-Iron Unlimited	Trinidad
Nucor Castrip Arkansas LLC	Delaware
Harris Steel Inc.	Delaware
Harris U.S. Holdings Inc.	Delaware
Harris Steel ULC	Canada
Magnatrx Corporation	Delaware
The David J. Joseph Company	Delaware
Ambassador Steel Corporation	Indiana
Nucor Energy Holdings Inc.	Delaware
Skyline Steel, LLC	Delaware
Nucor Steel Louisiana LLC	Delaware
Independence Tube Corporation	Illinois
Republic Conduit, Inc.	Delaware
Southland Tube, Inc.	Alabama
St. Louis Cold Drawn LLC	Delaware
Nucor Steel Sedalia LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Number 333-220010) and on Form S-8 (Numbers 333-196104, 333-167070, 333-108751 and 333-108749) of Nucor Corporation of our report dated February 28, 2019 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in the 2018 Annual Report to Stockholders, which is incorporated by reference in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP
Charlotte, North Carolina
February 28, 2019

CERTIFICATION

I, John J. Ferriola, certify that:

1. I have reviewed this annual report on Form 10-K of Nucor Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2019

/s/ John J. Ferriola

John J. Ferriola

Chairman, Chief Executive Officer and President

CERTIFICATION

I, James D. Frias, certify that:

1. I have reviewed this annual report on Form 10-K of Nucor Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2019

/s/ James D. Frias

James D. Frias

Chief Financial Officer, Treasurer and Executive Vice President

**Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K of Nucor Corporation (the “Registrant”) for the year ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John J. Ferriola, Chairman, Chief Executive Officer and President (principal executive officer) of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ John J. Ferriola

Name: John J. Ferriola

Date: February 28, 2019

**Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K of Nucor Corporation (the "Registrant") for the year ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James D. Frias, Chief Financial Officer, Treasurer and Executive Vice President (principal financial officer) of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ James D. Frias

Name: James D. Frias

Date: February 28, 2019