NUCOR CORP
Form 10-Q
August 07, 2013
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Second

Quarter

2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 29, 2013

Commission file number 1-4119

NUCOR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**13-1860817**
(State or other jurisdiction of	**(I.R.S. Employer**
incorporation or organization)	**Identification No.)**
1915 Rexford Road, Charlotte, North Carolina	**28211**
(Address of principal executive offices)	**(Zip Code)**

(704) 366-7000

(Registrant s telephone number, including area code)

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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company ¨

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

318,186,618 shares of common stock were outstanding at June 29, 2013.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Nucor Corporation Condensed Consolidated Statements of Earnings (Unaudited)

(In thousands, except per share amounts)

	Three Months (13 Weeks) Ended		Six Months (26 Weeks) Ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Net sales	$ 4,665,588	$ 5,104,199	$ 9,216,360	$ 10,176,793
Costs, expenses and other:				
Cost of products sold	4,352,463	4,704,269	8,600,019	9,396,336
Marketing, administrative and other expenses	123,150	112,528	239,375	219,647
Equity in (earnings) losses of unconsolidated affiliates	(1,585)	158	(413)	6,832
Impairment of non-current assets		30,000		30,000
Interest expense, net	39,228	41,051	71,719	82,723
	4,513,256	4,888,006	8,910,700	9,735,538
Earnings before income taxes and noncontrolling interests	152,332	216,193	305,660	441,255
Provision for income taxes	46,062	76,626	88,662	138,276
Net earnings	106,270	139,567	216,998	302,979
Earnings attributable to noncontrolling interests	21,125	27,268	47,064	45,576
Net earnings attributable to Nucor stockholders	$ 85,145	$ 112,299	$ 169,934	$ 257,403
Net earnings per share:				
Basic	$ 0.27	$ 0.35	$ 0.53	$ 0.81
Diluted	$ 0.27	$ 0.35	$ 0.53	$ 0.81
Average shares outstanding:				
Basic	318,903	317,975	318,796	317,832
Diluted	319,023	318,040	318,934	317,910
Dividends declared per share	$ 0.3675	$ 0.3650	$ 0.735	$ 0.730

See notes to condensed consolidated financial statements.

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Nucor Corporation Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(In thousands)

	Three Months (13 Weeks) Ended		Six Months (26 Weeks) Ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Net earnings	$ 106,270	$ 139,567	$ 216,998	$ 302,979
Other comprehensive income (loss):				
Net unrealized loss on hedging derivatives, net of income taxes of $0 and $0 for the second quarter of 2013 and 2012, respectively, and $0 and ($1,100) for the first six months of 2013 and 2012, respectively				(2,264)
Reclassification adjustment for loss on settlement of hedging derivatives included in net income, net of income taxes of $0 and $6,200 for the second quarter of 2013 and 2012, respectively, and $0 and $12,600 for the first six months of 2013 and 2012, respectively		10,553		21,407
Foreign currency translation gain (loss), net of income taxes of ($200) and $0 for the second quarter of 2013 and 2012, respectively, and ($200) and $0 for the first six months of 2013 and 2012, respectively	(15,582)	(55,433)	(66,095)	(1,381)
	(15,582)	(44,880)	(66,095)	17,762
Comprehensive income	90,688	94,687	150,903	320,741
Comprehensive income attributable to noncontrolling interests	(21,125)	(27,232)	(47,064)	(45,512)
Comprehensive income attributable to Nucor stockholders	$ 69,563	$ 67,455	$ 103,839	$ 275,229

See notes to condensed consolidated financial statements.

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Nucor Corporation Condensed Consolidated Balance Sheets (Unaudited)

(In thousands)

	June 29, 2013	Dec. 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 630,467	$ 1,052,862
Short-term investments	47,656	104,167
Accounts receivable, net	1,767,177	1,707,317
Inventories, net	2,279,744	2,323,641
Other current assets	458,119	473,377
Total current assets	5,183,163	5,661,364
Property, plant and equipment, net	4,608,997	4,283,056
Restricted cash and investments	71,083	275,163
Goodwill	1,983,107	2,004,538
Other intangible assets, net	912,708	959,240
Other assets	1,007,593	968,698
Total assets	$ 13,766,651	$ 14,152,059
LIABILITIES		
Current liabilities:		
Short-term debt	$ 31,668	$ 29,912
Long-term debt due within one year		250,000
Accounts payable	979,220	1,046,713
Salaries, wages and related accruals	240,629	279,898
Accrued expenses and other current liabilities	489,059	423,045
Total current liabilities	1,740,576	2,029,568
Long-term debt due after one year	3,380,200	3,380,200
Deferred credits and other liabilities	874,645	856,917
Total liabilities	5,995,421	6,266,685
EQUITY		
Nucor stockholders equity:		
Common stock	150,962	150,805
Additional paid-in capital	1,835,746	1,811,459
Retained earnings	7,058,911	7,124,523
Accumulated other comprehensive (loss) income, net of income taxes	(9,334)	56,761
Treasury stock	(1,498,656)	(1,501,977)
Total Nucor stockholders equity	7,537,629	7,641,571
Noncontrolling interests	233,601	243,803

Total equity	**7,771,230**	**7,885,374**
Total liabilities and equity	**$ 13,766,651**	**$ 14,152,059**

See notes to condensed consolidated financial statements.

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Nucor Corporation Condensed Consolidated Statements of Cash Flows (Unaudited)

(In thousands)

	Six Months (26 Weeks) Ended June 29, 2013	Six Months (26 Weeks) Ended June 30, 2012
Operating activities:		
Net earnings	$ 216,998	$ 302,979
Adjustments:		
Depreciation	258,390	260,968
Amortization	37,575	33,122
Stock-based compensation	34,043	37,312
Deferred income taxes	12,304	(23,144)
Distribution from affiliates	7,708	
Equity in (earnings) losses of unconsolidated affiliates	(413)	6,832
Impairment of non-current assets		30,000
Changes in assets and liabilities (exclusive of acquisitions and dispositions):		
Accounts receivable	(70,785)	(76,245)
Inventories	36,087	(152,494)
Accounts payable	(44,724)	42,394
Federal income taxes	3,709	3,364
Salaries, wages and related accruals	(35,332)	(82,991)
Other	29,414	64,389
Cash provided by operating activities	484,974	446,486
Investing activities:		
Capital expenditures	(621,306)	(383,448)
Investment in and advances to affiliates	(43,485)	(57,771)
Repayment of advances to affiliates	30,500	15,000
Disposition of plant and equipment	10,145	21,026
Acquisitions (net of cash acquired)		(746,410)
Purchases of investments	(19,390)	(409,403)
Proceeds from the sale of investments	73,428	1,200,153
Proceeds from the sale of restricted investments	148,725	87,115
Changes in restricted cash	55,355	7,078
Cash used in investing activities	(366,028)	(266,660)
Financing activities:		
Net change in short-term debt	1,796	5,234
Repayment of long-term debt	(250,000)	
Issuance of common stock		6,156
Excess tax benefits from stock-based compensation	1,700	3,877
Distributions to noncontrolling interests	(57,266)	(52,812)
Cash dividends	(235,280)	(232,766)
Other financing activities	109	670
Cash used in financing activities	(538,941)	(269,641)

Effect of exchange rate changes on cash	**(2,400)**	**1,159**
Decrease in cash and cash equivalents	**(422,395)**	**(88,656)**
Cash and cash equivalents beginning of year	**1,052,862**	**1,200,645**
Cash and cash equivalents end of six months	**$ 630,467**	**$ 1,111,989**
Non-cash investing activity:		
Change in accrued plant and equipment purchases	**$ (20,537)**	**$**

See notes to condensed consolidated financial statements.

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Nucor Corporation Notes to Condensed Consolidated Financial Statements (Unaudited)

1. **BASIS OF INTERIM PRESENTATION: The information furnished in Item I reflects all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods and are of a normal and recurring nature unless otherwise noted. The information furnished has not been audited; however, the December 31, 2012 condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. The unaudited condensed consolidated financial statements in this Item 1 should be read in conjunction with the consolidated financial statements and the notes thereto included in Nucor s Annual Report on Form 10-K for the fiscal year ended December 31, 2012.**

Recently Adopted Accounting Pronouncements **In the first quarter of 2013, Nucor adopted new accounting guidance requiring additional disclosures on reclassifications from accumulated other comprehensive income into net income. The new accounting guidance requires entities to report either parenthetically on the face of the financial statements or in the notes to the financial statements these reclassifications for each financial statement line item. Nucor elected to report this information within the notes to the financial statements. This new guidance only impacts disclosures and has no impact on Nucor s consolidated financial position, results of operations or cash flows.**

In the first quarter of 2014, Nucor will adopt new accounting guidance which requires unrecognized tax benefits to be presented as a decrease in net operating loss, similar tax loss or tax credit carryforward if certain criteria are met. The new guidance may affect balance sheet classification of certain unrecognized tax benefits and will have no impact on Nucor s consolidated results of operations or cash flows.

2. **INVENTORIES: Inventories consisted of approximately 36% raw materials and supplies and 64% finished and semi-finished products at June 29, 2013 (37% and 63%, respectively, at December 31, 2012). 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.**

Inventories valued using the last-in, first-out (LIFO) method of accounting represented approximately 45% of total inventories as of June 29, 2013 (45% as of December 31, 2012). If the first-in, first-out (FIFO) method of accounting had been used, inventories would have been $625.2 million higher at June 29, 2013 ($607.2 million higher at December 31, 2012). Use of the lower of cost or market methodology reduced inventories by $4.4 million at June 29, 2013 ($3.5 million at December 31, 2012).

3. **PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment is recorded net of accumulated depreciation of $6.4 billion at June 29, 2013 ($6.16 billion at December 31, 2012).**

4. **RESTRICTED CASH AND INVESTMENTS: As of June 29, 2013, restricted cash consisted of net proceeds from $600.0 million 30-year variable rate Gulf Opportunity Zone bonds issued in November 2010. The restricted cash is held in a trust account and is to be used to fund part of the capital costs associated with the construction of Nucor s direct reduced iron making facility in St. James Parish, Louisiana. Funds are disbursed as qualified expenditures for the construction of the facility are made ($204.2 million and $94.9 million in the first six months of 2013 and 2012, respectively). There were no restricted investments held as of June 29, 2013 ($149.8 million at December 31, 2012). Since the restricted cash must be used for the construction of the facility, the entire balance has been classified as a non-current asset.**

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5. GOODWILL AND OTHER INTANGIBLE ASSETS: The change in the net carrying amount of goodwill for the six months ended June 29, 2013 by segment is as follows (in thousands):

	Steel Mills	Steel Products	Raw Materials	All Other	Total
Balance at December 31, 2012	$ 407,045	$ 805,416	$ 703,225	$ 88,852	$ 2,004,538
Acquisitions					
Reclassifications	88,852			(88,852)	
Translation		(21,431)			(21,431)
Balance at June 29, 2013	$ 495,897	$ 783,985	$ 703,225	$	$ 1,983,107

Previously Nucor s steel trading businesses and rebar distribution businesses were reported in the All other category. Beginning in the first quarter of 2013, these businesses were reclassified to the steel mills segment as part of a realignment of Nucor s reportable segments to better reflect the way in which they are managed.

Nucor completed its annual goodwill impairment testing during the fourth quarter of 2012 and concluded that there was no impairment of goodwill for any of its reporting units.

Intangible assets with estimated useful lives of three to 22 years are amortized on a straight-line or accelerated basis and were comprised of the following (in thousands):

	June 29, 2013		December 31, 2012	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Customer relationships	$ 1,149,296	$ 358,844	$ 1,156,979	$ 325,819
Trademarks and trade names	151,594	36,615	152,869	32,653
Other	21,869	14,592	28,610	20,746
	$ 1,322,759	$ 410,051	$ 1,338,458	$ 379,218

Intangible asset amortization expense in the second quarter of 2013 and 2012 was $18.6 million and $16.5 million, respectively, and was $37.6 million and $33.1 million in the first six months of 2013 and 2012, respectively. Annual amortization expense is estimated to be $73.4 million in 2013; $70.0 million in 2014; $68.2 million in 2015; $66.5 million in 2016; and $64.8 million in 2017.

6. EQUITY INVESTMENTS: The carrying value of our equity investments in domestic and foreign companies was $886.2 million at June 29, 2013 ($855.9 million at December 31, 2012) and is recorded in other assets in the condensed consolidated balance sheets.

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 June 29, 2013 was $440.7 million ($454.1 million at December 31, 2012). Nucor s 50% share of the total net assets of Duferdofin Nucor was $48.7 million at June 29, 2013, resulting in a basis difference of $392.0 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 ($314.9 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 and other purchase accounting adjustments associated with the fair value step-up were $2.8 million in both the second quarter of 2013 and 2012, respectively, and were $5.7 million and $5.6 million in the first six months of 2013 and 2012, respectively.

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As of June 29, 2013, Nucor had outstanding notes receivable of 35.0 million ($45.6 million) from Duferdofin Nucor (35.0 million at December 31, 2012). The notes receivable bear interest at 1.69% and will reset annually on September 30 to the twelve-month Euro Interbank Offered Rate (Euribor) plus 1% per year. The principal amounts are due on January 31, 2016. Accordingly, the notes receivable were classified in other assets in the condensed consolidated balance sheets as of June 29, 2013.

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 that matures on April 26, 2016. In the second quarter of 2013, Duferdofin Nucor amended the loan agreement, increasing the maximum amount that it can borrow under Facility A to 122.5 million (or $159.8 million as of June 29, 2013). As of June 29, 2013, it had 108.0 million ($140.8 million) outstanding under that facility (102.0 million, or $134.8 million, at December 31, 2012). 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 the Structured Trade Finance Facilities Agreement. Nucor has not recorded any liability associated with the guarantee.

NUMIT

Nucor has a 50% economic and voting interest in NuMit LLC (NuMit). NuMit owns 100% of the equity interest in Steel Technologies LLC, an operator of 23 sheet processing facilities located throughout the U.S., 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. The acquisition did not result in a significant amount of goodwill or intangible assets.

Nucor s investment in NuMit at June 29, 2013 was $297.3 million ($288.4 million as of December 31, 2012). The value of the investment is comprised of the purchase price of approximately $221.3 million plus subsequent additional capital contributions and equity method earnings less distributions since acquisition. Nucor also has recorded a $40.0 million note receivable from Steel Technologies LLC that bears interest at 1.18% as of June 29, 2013 and resets quarterly to the three-month London Interbank Offered Rate (LIBOR) plus 90 basis points. The principal amount is due on October 21, 2014. In addition, Nucor has extended a $100.0 million line of credit (of which $16.5 million was outstanding at June 29, 2013) to Steel Technologies LLC. As of June 29, 2013, the amounts outstanding on the line of credit bear interest at 1.21% and mature on April 1, 2014. The note receivable was classified in other assets and the amount outstanding on the line of credit was classified in other current assets in the condensed consolidated balance sheets.

HUNTER RIDGE

In November 2012, Nucor acquired a 50% economic and voting interest in Hunter Ridge Energy Services LLC (Hunter Ridge). Hunter Ridge provides services for the gathering, separation and compression of energy products including natural gas produced by Nucor s working interest drilling program. Nucor 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 Hunter Ridge at June 29, 2013 was $130.6 million ($95.4 million at December 31, 2012). The acquisition did not result in a significant amount of goodwill or intangible assets.

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. In the second quarter of 2012, Nucor concluded that a triggering event occurred, requiring assessment for impairment of the equity investment in Duferdofin Nucor due to the continued declines in the global demand for steel, the escalated economic and political turmoil in Europe and continued operating performance well below budgeted levels through the first half of 2012. Duferdofin Nucor had a recently updated unfavorable forecast of future operating performance that was also a contributing factor. The diminished demand combined with the continued lower than budgeted levels of operating performance significantly

impacted the financial results of Duferdofin Nucor through the first half of 2012. After completing its assessment, Nucor determined that the carrying amount exceeded its estimated fair value and recorded a $30.0 million impairment charge against the Company s investment in Duferdofin Nucor.

In the fourth quarter of 2012, Nucor assessed its equity investment in Duferdofin Nucor for impairment. After completing its assessment, the Company determined that the estimated fair value exceeded its carrying amount and that there was no need for impairment. The assumptions that most significantly affect the fair value determination include projected revenues and the discount rate. Steel market conditions in Europe have continued to be challenging through the second quarter of 2013, and, therefore, it is reasonably possible that based on actual performance in the near term the estimates used in our fourth quarter valuation could change and result in further impairment of our investment in Duferdofin Nucor.

7. CURRENT LIABILITIES: Book overdrafts, included in accounts payable in the condensed consolidated balance sheets, were $80.2 million at June 29, 2013 ($53.8 million at December 31, 2012). Dividends payable, included in accrued expenses and other current liabilities in the condensed consolidated balance sheets, were $117.9 million at June 29, 2013 ($117.6 million at December 31, 2012).

8. DERIVATIVES: 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 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 condensed consolidated balance sheets at fair value. Any resulting changes in fair value are recorded as adjustments to other comprehensive income (loss), net of tax, or recognized in net earnings, as appropriate.

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

Fair Value of Derivative Instruments

		Fair Value at	
	Balance Sheet Location	June 29, 2013	Dec. 31, 2012
Asset derivatives not designated as hedging instruments:			
Commodity contracts	Other current assets	$ 1,431	$
Foreign exchange contracts	Other current assets	10	
Total asset derivatives		$ 1,441	$
Liability derivatives not designated as hedging instruments:			
Commodity contracts	Accrued expenses and other current liabilities	$	$ (303)
Foreign exchange contracts	Accrued expenses and other current liabilities		(15)
Total liability derivatives		$	$ (318)

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The Effect of Derivative Instruments on the Condensed Consolidated Statements of Earnings

Derivatives Designated as Hedging Instruments

Derivatives in Cash Flow Hedging Relationships	Statement of Earnings Location	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion) Three Months (13 weeks) Ended June 29, 2013	June 30, 2012	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion) Three Months (13 weeks) Ended June 29, 2013	June 30, 2012	Amount of Gain or (Loss) Recognized in Earnings on Derivatives (Ineffective Portion) Three Months (13 weeks) Ended June 29, 2013	June 30, 2012
Commodity contracts	Cost of products sold	$	$	$	$ (10,553)	$	$

Derivatives in Cash Flow Hedging Relationships	Statement of Earnings Location	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion) Six Months (26 weeks) Ended June 29, 2013	June 30, 2012	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion) Six Months (26 weeks) Ended June 29, 2013	June 30, 2012	Amount of Gain or (Loss) Recognized in Earnings on Derivatives (Ineffective Portion) Six Months (26 weeks) Ended June 29, 2013	June 30, 2012
Commodity contracts	Cost of products sold	$	$ (2,264)	$	$ (21,407)	$	$ 500

Derivatives Not Designated as Hedging Instruments

Derivatives Not Designated as Hedging Instruments	Statement of Earnings Location	Amount of Gain or (Loss) Recognized in Earnings on Derivatives: Three Months (13 weeks) Ended June 29, 2013	June 30, 2012	Six Months (26 weeks) Ended June 29, 2013	June 30, 2012
Commodity contracts	Cost of products sold	$ 2,473	$ 2,573	$ 4,982	$ 1,223
Foreign exchange contracts	Cost of products sold	2	114	118	171
Total		$ 2,475	$ 2,687	$ 5,100	$ 1,394

During the first quarter of 2012, Nucor settled all of its open natural gas forward purchase contracts that were previously in place. These settlements affected earnings over the periods specified in the original agreements throughout the remainder of 2012.

9. FAIR VALUE MEASUREMENTS: The following table summarizes information regarding Nucor s financial assets and financial liabilities that were measured at fair value as of June 29, 2013 and December 31, 2012 (in thousands). Nucor does not currently have any non-financial assets or liabilities that are measured at fair value on a recurring basis.

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Description	Carrying Amount in Condensed Consolidated Balance Sheets	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 June 29, 2013				
Assets:				
Cash equivalents	$ 505,167	$ 505,167	$	$
Short-term investments	47,656	47,656		
Restricted cash	71,083	71,083		
Foreign exchange and commodity contracts	1,441		1,441	
Total assets	$ 625,347	$ 623,906	$ 1,441	$
As of December 31, 2012				
Assets:				
Cash equivalents	$ 830,011	$ 830,011	$	$
Short-term investments	104,167	104,167		
Restricted cash and investments	275,163	275,163		
Total assets	$ 1,209,341	$ 1,209,341	$	$
Liabilities:				
Foreign exchange and commodity contracts	$ (318)	$	$ (318)	$

Fair value measurements for Nucor s cash equivalents, short-term investments and restricted cash and investments are classified under Level 1 because such measurements are based on quoted market prices in active markets for identical assets. Our short-term investments are held in similar short-term investment instruments as described in Note 4 to Nucor s annual report for the year ended December 31, 2012. Fair value measurements for Nucor s derivatives are classified under Level 2 because such measurements are 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.

The fair value of short-term and long-term debt, including current maturities, was approximately $3.71 billion at June 29, 2013 ($4.24 billion at December 31, 2012). The debt fair value estimates are classified under Level 2 because such estimates are based on readily available market prices of our debt at June 29, 2013 and December 31, 2012, or similar debt with the same maturities, rating and interest rates.

10. CONTINGENCIES: Nucor is subject to environmental laws and regulations established by federal, state and local authorities and, accordingly, makes provision for the estimated costs of compliance. Of the undiscounted total of $24.7 million of accrued environmental costs at June 29, 2013 ($26.5 million at December 31, 2012), $8.7 million was classified in accrued expenses and other current liabilities ($9.5 million at December 31, 2012) and $16.0 million was classified in deferred credits and other liabilities ($17.0 million at December 31, 2012). Inherent uncertainties exist in these estimates primarily due to unknown conditions, evolving remediation technology, and changing governmental regulations and legal standards.

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Nucor has been named, along with other major steel producers, as a co-defendant in several related antitrust class-action complaints filed by Standard Iron Works and other steel purchasers in the United States District Court for the Northern District of Illinois. The majority of these complaints were filed in September and October of 2008, with two additional complaints being filed in July and December of 2010. Two of these complaints have been voluntarily dismissed and are no longer pending. The plaintiffs allege that from April 1, 2005 through December 31, 2007, eight steel manufacturers, including Nucor, engaged in anticompetitive activities with respect to the production and sale of steel. The plaintiffs seek monetary and other relief. Although we believe the plaintiffs claims are without merit and will vigorously defend against them, we cannot at this time predict the outcome of this litigation or estimate the range of Nucor s potential exposure.

Nucor is involved in various other judicial and administrative proceedings as both plaintiff and defendant, arising in the ordinary course of business. Nucor maintains liability insurance for certain risks that is subject to certain self-insurance limits. Although the outcome of the proceedings against us cannot be predicted with certainty, we do not believe that any of these proceedings would be expected to have a material adverse effect on the consolidated financial statements.

11. DEBT During the second quarter of 2013, Nucor recorded a note payable with a principal amount of $100.0 million to Nucor-Yamato Steel Company (NYS), a limited partnership of which Nucor owns 51%. The note bears interest at the Fidelity Institutional Money Market Fund Prime Money Market Portfolio Fund 2014 rate, which changes daily. At June 29, 2013, this rate was 0.09% on an annualized basis. As the condensed consolidated balance sheets include Nucor and its controlled subsidiaries, including NYS, this intercompany note had no impact on the condensed consolidated financial statements.

12. STOCK-BASED COMPENSATION: *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 from 2010 through 2013 are exercisable at the end of three years and have a term of 10 years. All stock options granted prior to 2010 were fully exercised as of June 29, 2013. New shares are issued upon exercise of stock options.

A summary of activity under Nucor s stock option plans for the first six months of 2013 is as follows (in thousands, except year and per share amounts):

	Shares	Weighted - Average Exercise Price	Weighted - Average Remaining Contractual Life	Aggregate Intrinsic Value
Number of shares under option:				
Outstanding at beginning of year	1,543	$ 39.03		
Granted	546	$ 44.51		
Exercised				
Canceled				
Outstanding at June 29, 2013	2,089	$ 40.47	8.7 years	$ 6,612
Options exercisable at June 29, 2013	242	$ 41.43	6.9 years	$ 457

For the 2013 stock option grant, the grant date fair value of $15.03 per share was calculated using the Black-Scholes option-pricing model with the following assumptions:

Exercise price	$ 44.51
Expected dividend yield	3.30%
Expected stock price volatility	46.94%
Risk-free interest rate	1.51%

Expected life (years)	**6.5**

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Compensation expense for stock options was $8.4 million and $8.9 million in the second quarter of 2013 and 2012, respectively, and $8.6 million and $9.2 million in the first six months of 2013 and 2012, respectively. As of June 29, 2013, all expense related to options had been recognized.

Restricted Stock Units **Nucor annually grants restricted stock units (RSUs) to key employees, officers and non-employee directors. The RSUs typically vest and are converted to common stock in three equal installments on each of the first three anniversaries of the grant date. A portion of the RSUs awarded to senior officers vest 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 non-employee directors 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 are not retirement-eligible is recognized on a straight-line basis over the vesting period.

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

The fair value of the RSUs is determined based on the closing stock price of Nucor s common stock on the day before the grant. A summary of Nucor s RSU activity for the first six months of 2013 is as follows (shares in thousands):

	Shares	Grant Date Fair Value
Restricted stock units:		
Unvested at beginning of year	**1,106**	**$ 40.80**
Granted	**789**	**$ 44.51**
Vested	**(744)**	**$ 42.19**
Canceled	**(6)**	**$ 38.14**
Unvested at June 29, 2013	**1,145**	**$ 42.47**
Shares reserved for future grants (stock options and RSUs)	**10,503**	

Compensation expense for RSUs was $18.1 million and $20.1 million in the second quarter of 2013 and 2012, respectively, and $22.2 million and $24.9 million in the first six months of 2013 and 2012, respectively. As of June 29, 2013, unrecognized compensation expense related to unvested RSUs was $39.5 million, which is expected to be recognized over a weighted-average period of 2.6 years.

Restricted Stock Awards **Nucor s Senior Officers Long-Term Incentive Plan (the LTIP) and Annual Incentive Plan (the AIP) authorize the award of shares of common stock to officers subject to certain conditions and restrictions.**

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 fifty-five 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.

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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 annual incentive 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 fifty-five 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 LTIP for the first six months of 2013 is as follows (shares in thousands):

	Shares	Grant Date Fair Value
Restricted stock awards and units:		
Unvested at beginning of year	72	$ 43.72
Granted	122	$ 47.36
Vested	(119)	$ 46.31
Canceled		
Unvested at June 29, 2013	75	$ 45.53
Shares reserved for future grants	1,238	

Compensation expense for common stock and common stock units awarded under the AIP and 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 $1.5 million and $1.4 million in the second quarter of 2013 and 2012, respectively, and $3.3 million and $3.1 million in the first six months of 2013 and 2012, respectively. At June 29, 2013, unrecognized compensation expense related to unvested restricted stock awards was $1.1 million, which is expected to be recognized over a weighted-average period of 1.9 years.

13. **EMPLOYEE BENEFIT PLAN: 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 was $13.1 million and $17.9 million in the second quarter of 2013 and 2012, respectively, and was $26.7 million and $40.6 million in the first six months of 2013 and 2012, respectively. The related liability for these benefits is included in salaries, wages and related accruals.**

14. **INTEREST EXPENSE (INCOME): The components of net interest expense are as follows (in thousands):**

	Three Months (13 Weeks) Ended		Six Months (26 Weeks) Ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Interest expense	$ 40,676	$ 44,318	$ 74,356	$ 89,300
Interest income	(1,448)	(3,267)	(2,637)	(6,577)
Interest expense, net	$ 39,228	$ 41,051	$ 71,719	$ 82,723

15. **INCOME TAXES: The effective tax rate for the second quarter of 2013 was 30.2% compared to 35.4% for the second quarter of 2012. The decrease in the effective tax rate for the second quarter of 2013 is due to the tax impact of the Duferdofin Nucor impairment charge being fully recorded in the second quarter of 2012. Nucor has concluded U.S. federal income tax matters for**

years through 2008. The years 2004, 2007, and 2008 are open to the extent net operating losses were carried back. The 2009 to 2012 tax years are open to examination by the Internal Revenue Service. In 2011 the Canada Revenue Agency

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completed an audit examination for the periods 2006 to 2008 for Harris Steel Group Inc. and subsidiaries with immaterial adjustments to the income tax returns. The tax years 2009 through 2012 remain open to examination by other major taxing jurisdictions to which Nucor is subject (primarily Canada and other state and local jurisdictions).

Current deferred tax assets included in other current assets were $198.5 million at June 29, 2013 ($190.4 million at December 31, 2012). Current deferred tax liabilities included in accrued expenses and other current liabilities were $12.7 million at June 29, 2013 (none at December 31, 2012). Non-current deferred tax liabilities included in deferred credits and other liabilities were $571.3 million at June 29, 2013 ($566.1 million at December 31, 2012).

16. STOCKHOLDERS EQUITY: The following tables reflect the changes in stockholders equity attributable to both Nucor and the noncontrolling interests of Nucor s joint ventures, primarily Nucor-Yamato Steel Company, of which Nucor owns 51% (in thousands):

	Attributable to Nucor Corporation	Attributable to Noncontrolling Interests	Total
Stockholders equity at December 31, 2012	$ 7,641,571	$ 243,803	$ 7,885,374
Total comprehensive income	103,839	47,064	150,903
Stock options	8,575		8,575
Issuance of stock under award plans, net of forfeitures	18,789		18,789
Amortization of unearned compensation	400		400
Dividends declared	(235,545)		(235,545)
Distributions to noncontrolling interests		(57,266)	(57,266)
Stockholders equity at June 29, 2013	$ 7,537,629	$ 233,601	$ 7,771,230

	Attributable to Nucor Corporation	Attributable to Noncontrolling Interests	Total
Stockholders equity at December 31, 2011	$ 7,474,885	$ 231,695	$ 7,706,580
Total comprehensive income	275,229	45,512	320,741
Stock options	15,381		15,381
Issuance of stock under award plans, net of forfeitures	26,029		26,029
Amortization of unearned compensation	500		500
Dividends declared	(233,216)		(233,216)
Distributions to noncontrolling interests		(52,812)	(52,812)
Other	(644)		(644)
Stockholders equity at June 30, 2012	$ 7,558,164	$ 224,395	$ 7,782,559

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17. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME: The following tables reflect the changes in accumulated other comprehensive (loss) income by component (in thousands):

	Three Month (13 week) Period Ended June 29, 2013			
	Gains and Losses on Hedging Derivatives	Foreign Currency Gain (Loss)	Adjustment to Early Retiree Medical Plan	Total
March 30, 2013	$	$ (4,332)	$ 10,580	$ 6,248
Other comprehensive (loss) income before reclassifications		(15,582)		(15,582)
Amounts reclassified from accumulated other comprehensive (loss) income into earnings				