

NUCOR CORP  
Form DEF 14A  
March 29, 2005

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

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. \_\_)**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Nucor Corporation**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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2100 Rexford Road Charlotte, North Carolina 28211 Phone 704/366-7000 Fax 704/362-4208

## NOTICE OF 2005 ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

### ANNUAL MEETING

The 2005 annual meeting of stockholders of Nucor Corporation will be held in Morrison A & B of The Park Hotel, 2200 Rexford Road, Charlotte, North Carolina, at 10:00 a.m. on Thursday, May 12, 2005, for the following purposes:

- (1) To elect three directors to a term of three years;
- (2) To ratify the appointment of PricewaterhouseCoopers LLP as Nucor's independent registered public accounting firm for the year ending December 31, 2005;
- (3) To approve the amendment to Nucor's Restated Certificate of Incorporation increasing its authorized common stock from 200,000,000 shares to 400,000,000 shares;
- (4) To approve the 2005 Stock Option and Award Plan; and
- (5) To conduct such other business as may properly come before the meeting.

Stockholders of record at the close of business on March 14, 2005 are entitled to notice of and to vote at the meeting.

**It is important that you vote. To ensure that you will be represented at the meeting, please vote by one of the following three methods: (1) via mail by signing and promptly returning the enclosed proxy card in the enclosed envelope; (2) via telephone using the toll-free number and instructions shown on the enclosed proxy card; or (3) via the Internet by using the website information and instructions listed on the enclosed proxy card. Your prompt attention is requested.**

By order of the Board of Directors,

TERRY S. LISENBY

Chief Financial Officer, Treasurer

March 29, 2005

PLEASE SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD  
IN THE ENCLOSED ENVELOPE, OR VOTE VIA THE TELEPHONE OR INTERNET.

## GENERAL INFORMATION

The enclosed proxy is being solicited by the Board of Directors of Nucor Corporation ( Nucor or the Company ) for use at the 2005 annual meeting of stockholders to be held on Thursday, May 12, 2005, and any adjournment or postponement. The proxy may be revoked by the stockholder by letter to the Nucor Corporate Secretary received before the meeting, or by attending and voting at the meeting.

The record date for the meeting is March 14, 2005. Only holders of record of Nucor's common stock at the close of business on that date will be entitled to vote. The presence in person or by proxy of the holders of a majority of the votes entitled to be cast at the annual meeting is necessary to constitute a quorum. As of the record date for the annual meeting, 160,072,229 shares of Nucor common stock were outstanding. Each share of common stock is entitled to one vote except with respect to the election of directors. With respect to the election of directors, each share of common stock is entitled to cumulative voting rights, which means that when voting for nominees for director, each share is entitled to a number of votes equal to the number of nominees for election as directors. Accordingly, when voting for nominees for director, all of the votes a share of common stock is entitled to may be voted in favor of one nominee or the votes may be distributed among the nominees. The holders of the enclosed proxy will have the discretionary authority to cumulate votes in the election of directors.

The three director nominees receiving the highest number of all votes cast for directors will be elected. A properly submitted proxy marked Vote Withheld with respect to the election of one or more director nominees will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum. Any shares not voted with respect to a director nominee will have no effect, because the three directors receiving the highest number of all votes cast will be elected.

All other matters to be voted on, other than the proposed amendment to the Restated Certificate of Incorporation, must receive affirmative votes from more than 50% of the shares that are voted in order for the matter to be adopted. The proposed amendment to the Restated Certificate of Incorporation must receive the affirmative vote of a majority of the outstanding shares entitled to vote in order for the matter to be adopted. Under New York Stock Exchange ( NYSE ) rules, the proposals to elect directors, approve the amendment to the Restated Certificate of Incorporation and ratify the independent registered public accounting firm are considered discretionary matters. This means that brokerage firms may vote in their discretion on these matters on behalf of clients who have not furnished voting instructions.

In contrast, the proposal to approve the 2005 Stock Option and Award Plan is a non-discretionary matter. This means brokerage firms that have not received voting instructions from their clients on this matter may not vote on the proposal. These broker non-votes will not be considered in determining the number of votes necessary for approval, and, therefore, will have no effect on the outcome of the vote for this proposal. Shares held of record by a broker or its nominee ( broker shares ) that are voted on any matter will be included in determining whether a quorum is present. Broker shares that are not voted will not be included in determining whether a quorum is present.

A properly submitted proxy marked Abstain with respect to any matter other than election of directors will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

The shares represented by each proxy you properly submit to us will be voted by one of the individuals indicated on the proxy as you direct. If you submit a proxy but do not indicate how you wish to vote, your shares will be voted FOR the election of the three director nominees, FOR the ratification of PricewaterhouseCoopers LLP as Nucor's independent registered public accounting firm for the year ending December 31, 2005, FOR the approval of the amendment to Nucor's Restated Certificate of Incorporation and FOR the approval of the 2005 Stock Option and Award Plan.

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The 2004 annual report of Nucor, including financial statements, is being mailed to all stockholders of record together with this proxy statement and form of proxy on or about March 30, 2005.

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**PROPOSAL 1**
**ELECTION OF DIRECTORS**

Nucor's Board of Directors is divided into three classes with two or three directors serving in each class. Each director serves for a three-year term with one class of directors being elected at each annual meeting. All directors will hold office until their successors have been duly elected and qualified. Our Board of Directors has determined that Drs. Haynes and Hlavacek and Messrs. Browning, Daley, Gantt, Milchovich and Waltermire have no material relationships with Nucor (other than as directors) and are independent within the meaning of the NYSE's current listing standards.

The terms of three directors, Peter C. Browning, Victoria F. Haynes and Thomas A. Waltermire, will expire at this annual meeting. The Board's Governance and Nominating Committee has recommended and the Board of Directors has nominated Mr. Browning, Dr. Haynes and Mr. Waltermire for reelection for three-year terms ending at the annual meeting in 2008. Shares represented by all proxies received by the Board of Directors and not marked to withhold authority to vote for these nominees will be voted for their election. The Board of Directors knows of no reason why these nominees should be unable or unwilling to serve, but if that should be the case, proxies received will be voted for the election of such other persons, if any, as Nucor's Board of Directors may designate.

**Nucor's Board of Directors recommends a vote FOR the election of the three nominees as directors.**

The following table sets forth certain information about all of the directors, including the nominees, as of February 28, 2005:

Name (and age)	Principal occupation and directorships in other public companies	Director since	Term expires
Peter C. Browning (63)	Dean, McColl Graduate School of Business (effective March 2002); Non-Executive Chairman of Nucor (effective September 2000); Former President and Chief Executive Officer (from 1998 to 2000) and President and Chief Operating Officer (from 1995 to 1998), Sonoco Products Company, a manufacturer of industrial and consumer packaging products; Director, Wachovia Corporation, Lowe's Companies, Inc., The Phoenix Companies, Inc., Acuity Brands, Inc. and EnPro Industries, Inc.	1999	2005
Clayton C. Daley, Jr. (53)	Chief Financial Officer, The Procter & Gamble Company, a consumer products company (from 1998 to present); previously Senior Vice President (from 1998 to 1999) and Vice President and Treasurer (from 1994 to 1998), The Procter & Gamble Company	2001	2006
Daniel R. DiMicco (54)	Vice Chairman (effective June 2001); President and Chief Executive Officer (effective September 2000); previously Executive Vice President (from 1999 to 2000) and Vice President (from 1992 to 1999), Nucor Corporation	2000	2007
Harvey B. Gantt (62)	Principal Partner, Gantt Huberman Architects, PLLC	1999	2006
Victoria F. Haynes (57)	President and Chief Executive Officer, Research Triangle Institute, a company that performs scientific research and development (effective 1999); Former Vice President and Chief Technical Officer, Goodrich Corporation, a specialty chemicals and aerospace company (from 1992 to 1999); Director, The Lubrizol Corporation and PPG Industries, Inc.	1999	2005



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James D. Hlavacek (61)	Chairman and Chief Executive Officer, The Corporate Development Institute, Inc.; Managing Director, Market Driven Management, a marketing training firm	1996	2007
Raymond J. Milchovich (55)	Chairman, President and Chief Executive Officer, Foster Wheeler Ltd., a company that engineers and constructs facilities for the oil and gas, liquid natural gas, refining, chemical, pharmaceutical and power industries (effective 2001); Former Chairman, President and Chief Executive Officer (from 1999 to 2001), and President and Chief Operating Officer (from 1997 to 1999), Kaiser Aluminum & Chemical Corporation, a producer and marketer of alumina, aluminum and aluminum fabricated products	2002	2007
Thomas A. Waltermire (55)	President, Chief Executive Officer and Director, PolyOne Corporation, an international polymer services company (effective 2000); Former Chairman and Chief Executive Officer (from 1999 to 2000), and Chief Operating Officer (from 1997 to 1999), The Geon Company, a predecessor of PolyOne Corporation	2003	2005

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**SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS**

The following tables give information concerning the beneficial ownership of Nucor's common stock by all directors, each executive officer listed in the Summary Compensation Table on page 14, all directors and executive officers as a group, and the persons who are known to Nucor to be the owners of more than five percent of the outstanding common stock of Nucor. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (the "SEC").

**Executive Officers and Directors**

Name	Shares Owned as of February 28, 2005		Shares Subject to Options	Total Beneficial Ownership	Percent of Class
	Sole Voting and Investment Power	Shared Voting and Investment Power			
Peter C. Browning	6,962		2,322	9,284	*
Clayton C. Daley, Jr.	3,000		7,210	10,210	*
Daniel R. DiMicco	85,334		122,456	207,790	*
John J. Ferriola	35,306		46,228	81,534	*
Harvey B. Gantt	1,628		11,716	13,344	*
Victoria F. Haynes	1,834		11,716	13,550	*
James D. Hlavacek	2,200	400	3,430	6,030	*
Terry S. Lisenby	57,751		22,644	80,395	*
Hamilton Lott, Jr.	54,937		31,980	86,917	*
Raymond J. Milchovich	4,083		3,430	7,513	*
D. Michael Parrish	52,800		14,066	66,866	*
Joseph A. Rutkowski	57,484	340	49,646	107,470	*
Thomas A. Waltermire	2,850		3,430	6,280	*
All 14 directors and executive officers as a group	382,192	4,506	335,036	721,734	*

\* Represents holdings of less than 1%.

## Principal Stockholders

Name and Address	Amount of Beneficial Ownership	Percent of Class
Barclays Global Investors, NA and related entities (1) 45 Fremont Street San Francisco, California 94105	7,976,094	5.00%
FMR Corporation (Fidelity Funds) (2) 82 Devonshire Street Boston, Massachusetts 02109	11,288,104	7.08%
State Farm Mutual Automobile Insurance Company and related entities (3) One State Farm Plaza Bloomington, Illinois 61710	15,096,093	9.46%
T. Rowe Price Associates, Inc. (4) 100 E. Pratt Street Baltimore, Maryland 21202	13,726,026	8.61%

- (1) Based on Schedule 13G filed with the SEC on or about February 14, 2005, reporting beneficial ownership as of December 31, 2004. That filing indicates that Barclays Global Investors, NA. has sole voting power as to 5,435,373 of the shares shown, sole dispositive power as to 6,286,824 of the shares shown and unspecified beneficial ownership of 851,451 of the shares shown, that Barclays Global Fund Advisors has sole voting power as to 775,308 of the shares shown, sole dispositive power as to 832,070 of the shares shown and unspecified beneficial ownership of 56,762 of the shares shown, that Barclays Global Investors, Ltd. has sole voting power as to 691,710 of the shares shown, sole dispositive power as to 701,910 of the shares shown and unspecified beneficial ownership of 10,200 of the shares shown, that Barclays Global Investors Japan Trust and Banking Company Limited has sole voting and sole dispositive power as to 132,639 of the shares shown, that Barclays Capital Securities Limited has sole voting and sole dispositive power as to 10,675 of the shares shown and that Barclays Capital Inc. has sole voting and sole dispositive power as to 11,976 of the shares shown. The shares reported on the Schedule 13G are held by the reporting persons in trust accounts for the economic benefit of the beneficiaries of those accounts.
- (2) Based on Schedule 13G/A filed with the SEC on or about February 14, 2005, reporting beneficial ownership as of December 31, 2004. That filing indicates that FMR Corp. has sole voting power as to 1,353,284 of the shares shown and sole dispositive power as to all of the 11,288,104 shares shown. That filing further indicates that Fidelity Management & Research Company, as investment advisor to various Fidelity Funds and a wholly owned subsidiary of FMR Corp., is the beneficial owner of 9,889,070 shares, but that the control persons of Fidelity Management & Research Company, Mr. Edward C. Johnson 3d and FMR Corp., do not have sole voting power with respect to such shares, which voting power resides with the Board of Trustees of the various Fidelity Funds that beneficially own the shares.
- (3) Based on Schedule 13G/A filed with the SEC on or about January 13, 2005, reporting beneficial ownership as of December 31, 2004. State Farm Mutual Automobile Insurance Company and related entities have shared dispositive power with respect to 59,093 shares, sole dispositive power with respect to 15,037,000 shares, shared voting power with respect to 59,093 shares and sole voting power with respect to 15,037,000 shares.
- (4) Based on Schedule 13G/A filed with the SEC on or about February 14, 2005, reporting beneficial ownership as of December 31, 2004. That filing indicates that T. Rowe Price Associates, Inc. ( Price Associates ) has sole voting power as to 3,045,578 of the shares shown and sole dispositive power as to all of the 13,726,026 shares shown. In a letter addressed to Nucor, Price Associates stated that these shares are owned by various individual and institutional investors which Price Associates serves as investment adviser with power to direct investments and/or sole power to vote the shares. That letter further stated that for purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such shares; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such shares.



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**CORPORATE GOVERNANCE AND BOARD OF DIRECTORS**

*Corporate Governance Principles.* The Board has adopted Corporate Governance Principles setting forth a framework for our corporate governance with respect to the role and composition of the Board and Nucor's management, responsibilities of directors, director qualification standards, the functioning of the Board and its Committees, the compensation of directors, and annual performance evaluations of the Board and our Chief Executive Officer. These Corporate Governance Principles are posted on our website at [www.nucor.com](http://www.nucor.com). The information on our website is not a part of this proxy statement. You may also obtain a written copy of the Corporate Governance Principles by contacting Nucor's Corporate Secretary at our executive offices.

*Codes of Ethics.* Nucor's Standards of Business Conduct and Ethics applies to all employees and directors of the Company. Nucor has also adopted a Code of Ethics for Senior Financial Professionals that applies to the Company's Chief Executive Officer, Chief Financial Officer, Corporate Controller and other senior financial professionals. Both of these documents are available on our website at [www.nucor.com](http://www.nucor.com). You may also obtain a written copy of these codes of ethics by contacting Nucor's Corporate Secretary at our executive offices.

*Director Independence.* The Corporate Governance Principles provide that a majority of the members of Nucor's Board of Directors must be independent under the listing standards of the NYSE. For a director to be considered independent, he or she cannot have any of the disqualifying relationships enumerated by the corporate governance rules of the NYSE. In addition, the Board of Directors must determine that the director does not otherwise have any direct or indirect material relationship with the Company. As permitted by the corporate governance rules of the NYSE, the Board of Directors has adopted categorical standards to assist its members in determining whether a particular relationship a director has with the Company is a material relationship that would impair the director's independence. These categorical standards, which are set forth below, establish thresholds at which directors' relationships with the Company are deemed to be not material and, therefore, shall not disqualify any director or nominee from being considered independent.

Relationships involving (1) the purchase or sale of products or services, (2) the purchase, sale or leasing of real property or (3) lending, deposit, banking or other financial service relationships, either by or to the Company or its subsidiaries and involving a director, his or her immediate family members, or an organization of which the director or an immediate family member is a partner, shareholder, officer, employee or director if the following conditions are satisfied:

any payments made to, or payments received from, the Company or its subsidiaries in any single fiscal year within the last three years do not exceed the greater of (i) \$1,000,000 or (ii) 2% of such other organization's consolidated gross revenues.

the products and services are provided in the ordinary course of business and on substantially the same terms and conditions, including price, as would be available to similarly situated customers.

the relationship does not involve consulting, legal, or accounting services provided to the Company or its subsidiaries.

any extension of credit was in the ordinary course of business and was made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other similarly situated borrowers.

Any other relationship between the Company or one of its subsidiaries and a company (including a limited liability company) or partnership to which a director is connected solely as a shareholder, member or partner as long as the director is not a principal shareholder or partner of the organization. For purposes of this categorical standard, a person is a principal shareholder of a company if he or she directly or indirectly, or acting in concert with one or more persons, owns, controls, or has the power to vote more than 10% of any class of voting securities of the company. A person is a principal partner of a partnership if he or she directly or indirectly, or acting in concert with one or more persons, owns, controls, or has the power to vote a 25% or more general partnership interest, or more than a 10% overall partnership interest. Shares or partnership interests owned or controlled by a director's immediate family member

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who shares the director's home are considered to be held by the director.

Contributions made or pledged by the Company, its subsidiaries, or by any foundation sponsored by or associated with the Company or its subsidiaries to a charitable organization of which a director or an immediate family member is an executive officer, director, or trustee if the following conditions are satisfied:

within the preceding three years, the aggregate amount of such contributions during any single fiscal year of the charitable organization did not exceed the greater of (i) \$1,000,000 or (ii) 2% of the charitable organization's consolidated gross revenues for that fiscal year.

the charitable organization is not a family foundation created by the director or an immediate family member.

For purposes of this categorical standard, contributions made to any charitable organization pursuant to a matching gift program maintained by the Company or by its subsidiaries or by any foundation sponsored by or associated with the Company or its subsidiaries shall not be included in calculating the materiality threshold set forth above.

If the director, or an immediate family member, is an executive officer of another organization in which the Company owns an equity interest, and if the amount of the Company's interest is less than 10% of the total voting interest in the other organization.

A relationship involving a director's relative who is not an immediate family member of the director.

In the last five years, the director has not been an executive officer, founder or principal owner of a business organization acquired by the Company, or of a firm or entity that was part of a joint venture or partnership including the Company.

In February 2005, the Board of Directors reviewed the independence of each director, applying the independence standards of the corporate governance rules of the NYSE and those set forth in Nucor's Corporate Governance Principles. The review considered relationships and transactions between each director (and his or her immediate family and affiliates) and each of the Company and its management and the Company's independent registered public accounting firm. The Board of Directors has determined that those relationships that do exist or did exist within the last three years (except for Mr. DiMicco's) all fall below the thresholds contained in the categorical standards adopted by the Board of Directors to assist it in making determinations of independence.

Based on this review, the Board of Directors affirmatively determined that all of the nominees and directors continuing in office, with the exception of Daniel R. DiMicco, the Company's Vice Chairman, President and Chief Executive Officer, are independent as defined in Nucor's Corporate Governance Principles and the corporate governance rules of the NYSE.

*Attendance at the Board of Directors and Committee Meetings.* The Board of Directors of Nucor held nine meetings during 2004. Each of the directors attended 75% or more of the aggregate number of meetings of the Board and committees of the Board on which the director served.

*Executive Sessions of the Non-Management Directors.* The non-management directors, all of whom are independent, meet in executive session prior to or after each quarterly board meeting at regularly scheduled executive sessions and as necessary prior to or after other board meetings. Mr. Browning presides over these executive sessions.

*Attendance at Annual Meetings of Nucor's Stockholders.* In accordance with Nucor's policy requiring all directors to attend the annual meeting of stockholders, all of Nucor's directors attended last year's annual meeting.

*Committees of the Board of Directors and their Charters.* The Board of Directors of Nucor has three standing committees: the Audit Committee, the Compensation and Executive Development Committee, and the Governance and Nominating Committee. Each of these committees acts pursuant to a written charter adopted by the Board of Directors. A copy of each charter is available on our website at [www.nucor.com](http://www.nucor.com). A copy of the Audit Committee Charter, as it was amended, restated and approved by the Board of Directors in February 2005, is included at the end of this proxy statement as Appendix A.

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*The Audit Committee.* The Audit Committee assists the Board in its oversight of the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the qualifications and independence of the public accounting firm engaged to prepare an audit report with respect to the Company's financial statements and the performance of the Company's internal audit function. Pursuant to its written charter, the Audit Committee is directly responsible for, among other things, (1) the appointment, compensation and oversight of the independent auditors for the Company, (2) approving in advance all auditing services and permitted non-auditing services to be provided by the Company's independent auditors, (3) reviewing with the auditors the plan and scope of the audit and audit fees, (4) monitoring the adequacy of the Company's reporting and internal controls, and (5) meeting periodically with internal auditors, independent auditors and management.

The Audit Committee is composed entirely of independent directors: Mr. Daley (Chairman), Mr. Browning, Mr. Gantt, Dr. Haynes, Dr. Hlavacek, Mr. Milchovich and Mr. Waltermire. All of the members of the Audit Committee meet the independence requirements of the NYSE listing standards and the applicable SEC regulations for audit committee members. In the opinion of the Board, these directors are free of any relationship that would interfere with their exercise of independent judgment as members of the Audit Committee. All members of the Audit Committee are financially literate as the Board in its business judgment interprets such qualification. The Board has determined that Mr. Daley, the Chairman of the Audit



Committee, is qualified as an audit committee financial expert within the meaning of SEC regulations and that he has accounting and related financial management expertise within the meaning of the NYSE listing standards. The Audit Committee held four meetings during 2004.

*The Compensation and Executive Development Committee.* The Compensation and Executive Development Committee is responsible for, among other things, (1) reviewing and approving the goals and objectives relevant to the compensation of the Company's chief executive officer and evaluating the chief executive officer's performance against established corporate goals and objectives, (2) reviewing and evaluating the compensation of Nucor's senior officers, including the chief executive officer, to ensure they are compensated effectively and consistently with the stated compensation strategy and that compensation is tied to the performance of the Company, (3) ensuring that the profit sharing plans for employees of Nucor are consistent with the Company's performance and its compensation philosophy, (4) reviewing management development and succession plans, and (5) administering the Company's stock option and other equity incentive compensation plans.

The Compensation and Executive Development Committee is composed entirely of independent directors: Dr. Haynes (Chairman), Mr. Browning, Mr. Daley, Mr. Gantt, Dr. Hlavacek, Mr. Milchovich and Mr. Waltermire. All of the members of the Committee meet the independence requirements of the NYSE listing standards for compensation committee members. In the opinion of the Board, these directors are free of any relationship that would interfere with their exercise of independent judgment as members of the Committee. The Compensation and Executive Development Committee held six meetings during 2004.

*The Governance and Nominating Committee.* The Governance and Nominating Committee is responsible for, among other things, (1) developing and recommending to the Board of Directors specific guidelines and criteria for selecting nominees for election to the Board of Directors, (2) reviewing the qualifications of and making recommendations to the Board regarding nominees for election as a director at each annual meeting of stockholders, and the nominees for directors to be elected by the Board of Directors to fill any vacancies or newly created directorships, (3) making recommendations to the Board concerning the size and composition of the Board, the size and composition of each standing committee of the Board and the responsibilities of each standing committee of the Board of Directors, (4) overseeing and arranging the annual process of evaluating the performance of the Board of Directors and the Company's management, and (5) developing and recommending to the Board of Directors a set of corporate governance principles for the Company.

The Governance and Nominating Committee is composed entirely of independent directors: Mr. Browning (Chairman), Mr. Daley, Mr. Gantt, Dr. Haynes, Dr. Hlavacek, Mr. Milchovich and Mr. Waltermire. All of the members of the Committee meet the independence requirements of the NYSE listing standards for nominating committee members. In the opinion of the Board, these directors are free of any relationship that would interfere with their exercise of independent judgment as members of the Committee. The Committee held five meetings during 2004.

*Annual Evaluation of Directors and Committee Members.* Our Board of Directors evaluates the performance of each director standing for re-election, each Committee of the Board and the Board of Directors as a whole on an annual basis. In connection with this annual self-evaluation, each director anonymously records his or her views on the performance of each director standing for re-election, each committee and the Board of Directors. The entire Board of Directors reviews these reports and determines what, if any, actions should be taken in the upcoming year to improve its effectiveness and the effectiveness of each director and committee.

*How to Communicate with the Board of Directors and Independent Directors.* Stockholders wishing to communicate with our Board of Directors, or any of our independent directors, may do so by sending a written communication to Peter Browning or any other independent director in care of Nucor Corporation, 2100 Rexford Road, Charlotte, North Carolina 28211. Stockholders wishing to communicate with the independent directors as a group may do so by sending a written communication addressed to Mr. Browning, as presiding director, at our executive offices. Any communication addressed to Mr. Browning or any other independent director that is received at the executive offices of Nucor shall be delivered or forwarded to Mr. Browning or the other independent director as soon as practicable. Nucor will forward all communications from its stockholders that are addressed simply to the Board of Directors to the chairman of the committee of the Board of Directors whose purpose and function is most closely related to the subject matter of the communication.

**NOMINATING DIRECTORS**

Stockholders may recommend a director candidate for consideration by the Governance and Nominating Committee by submitting the candidate's name in accordance with provisions of Nucor's bylaws that require advance notice to Nucor and

certain other information. In general, under the bylaws, the written notice must be received by Nucor's Corporate Secretary not less than sixty (60) and not more than ninety (90) days prior to the annual meeting. The notice must contain certain information about the nominee and the stockholder submitting the nomination including, (i) with respect to the nominee, the nominee's name, age, business and residential address, principal occupation or employment, the number of shares beneficially owned by the nominee and any other information required to be disclosed in solicitations for proxies to elect directors pursuant to the SEC's rules and regulations and (ii) with respect to the stockholder submitting the nomination, the stockholder's name and address, as they appear on our books and records and the number of shares beneficially owned by that stockholder. A stockholder who is interested in recommending a director candidate should request a copy of Nucor's bylaw provisions by writing to Nucor's Corporate Secretary at Nucor's executive offices, 2100 Rexford Road, Charlotte, North Carolina 28211.

The Governance and Nominating Committee has a process of identifying and evaluating potential nominees for election as members of the Board. The Committee has a policy that potential nominees shall be evaluated no differently regardless of whether the nominee is recommended by a stockholder, a board member or Nucor's management. The Committee considers potential nominees from all these sources, develops information from many sources concerning the potential nominee, evaluates the potential nominee as to the qualifications that the Committee and the Board have established and in light of the current skill, background and experience of the Board's members and the future, ongoing needs of the Company and makes a decision whether to recommend any potential nominee for consideration for election as a member of the Board. In the past, Nucor has engaged third party search firms to assist the Board of Directors in identifying and evaluating potential nominees for director. Nucor may do so again in the future.

In evaluating potential nominees for election as members of the Board, the Committee considers the following to be the minimum qualifications that any nominee must possess. The potential nominee must:

be a person of the highest integrity and must be committed to ethical standards of personal and corporate behavior;

have significant business experience or other organizational leadership experience that will allow the nominee to contribute significantly to the Company as a member of the Board;

if not a member of the Company's management, not have any relationships with the Company that would make them not able to serve as an independent director within the meaning of any rules and laws applicable to the Company;

have a willingness and an ability to make the necessary time commitment to actively participate as a member of the Board; and

be able to represent the interests of all of Nucor's stockholders and not merely those of one stockholder or a special interest group.

The Committee also believes there are certain specific qualities or skills that one or more members of the Board of Directors must possess. These include:

the skills and experience necessary to serve as an audit committee financial expert;

experience serving as the chief executive officer of, or in another senior management position with, a major manufacturing company;

significant and successful merger and acquisition experience; and

diversity in terms of race or gender.

#### **DIRECTOR COMPENSATION**

Directors who are not senior officers of Nucor are paid standard directors' fees of \$12,500 quarterly, including meeting fees. The Non-Executive Chairman of Nucor is paid \$18,750 quarterly, including meeting fees. The chairmen of the Governance and Nominating Committee and the Compensation and Executive Development Committee receive an additional \$1,250 quarterly. The chairman of the Audit Committee receives an additional \$2,500 quarterly. Directors who are not senior officers of Nucor are granted non-qualified stock options under the Company's Non-Employee Director Equity Plan semi-annually with a target Black-Scholes annual value of \$50,000. The Non-Executive Chairman is granted non-qualified stock options semi-annually with a target Black-Scholes annual value of \$75,000. The exercise price of all options granted to directors is equal to 100% of the market value of Nucor common stock on the date of the grant. The options are granted on March 1 and September 1 of each year, are exercisable six months after the grant date and expire seven years after the grant date.

**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee's report with respect to the Company's audited financial statements for the fiscal year ended December 31, 2004 is as follows:

1. The Audit Committee has reviewed and discussed the audited financial statements with Nucor's management.
2. The Audit Committee has discussed with PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm, the matters required to be discussed by Statement of Auditing Standards (SAS) No. 61 (Communications with Audit Committees), as amended by SAS No. 99.
3. The Audit Committee has received the written disclosures and the letter from PricewaterhouseCoopers LLP required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and has discussed with PricewaterhouseCoopers LLP their independence.
4. The Audit Committee has reviewed and discussed with management and PricewaterhouseCoopers LLP management's report on Nucor's internal control over financial reporting and PricewaterhouseCoopers LLP's attestation report on management's assessment of the effectiveness of Nucor's internal control over financial reporting.
5. Based on the review and the discussions referred to in paragraphs (1) through (4) above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, for filing with the SEC.

**THE AUDIT COMMITTEE**

Clayton C. Daley, Jr., Chairman

Peter C. Browning

Harvey B. Gantt

Victoria F. Haynes

James D. Hlavacek

Raymond J. Milchovich

Thomas A. Waltermire

**Fees Paid to Independent Registered Public Accounting Firm**

For the fiscal years ended December 31, 2003 and 2004, fees for services provided by PricewaterhouseCoopers LLP (PwC) were as follows:

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	2003	2004
	<u>          </u>	<u>          </u>
Audit Fees (1)	\$ 499,900	\$ 1,006,080
Audit-Related Fees (2)	168,800	195,051
Tax Fees (3)	40,400	102,879
All Other Fees	0	0

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- (1) Audit fees consist of fees for professional services rendered in connection with the audit of Nucor's consolidated annual financial statements, for the review of interim consolidated financial statements in Forms 10-Q, and for services normally provided in connection with statutory and regulatory filings or engagements. In 2004, audit fees also include fees for professional services rendered for the audits of (i) management's assessment of the effectiveness of internal control over financial reporting and (ii) the effectiveness of internal control over financial reporting.
  - (2) Audit-related fees consist of fees billed for assurance and related services reasonably related to the performance of the audit or review of Nucor's audited or interim consolidated financial statements and are not reported under the heading Audit Fees. This category includes fees associated with evaluations of acquisition candidates.
  - (3) Tax fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning.

In 2003 and 2004, all audit-related services, tax services and other services were pre-approved by the Audit Committee, which concluded that the provision of such services by PwC was compatible with the maintenance of that firm's independence in the conduct of its auditing functions. The Audit Committee is responsible for the pre-approval of all auditing services and permitted non-audit services performed for Nucor by PwC. The Audit Committee has delegated its authority to approve in advance all permitted non-audit services to be provided by PwC to the Chairman of the Audit Committee; provided, however, any such services approved by its Chairman shall be presented to the full Audit Committee at its next regularly scheduled meeting.

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**REPORT OF THE COMPENSATION AND EXECUTIVE DEVELOPMENT COMMITTEE**

**ON SENIOR OFFICER COMPENSATION**

This is our report to the stockholders on the compensation paid to the senior officers of Nucor Corporation. The Compensation and Executive Development Committee of Nucor's Board of Directors is composed solely of directors who are considered to be independent under all applicable legal and regulatory standards. We are directly responsible to the Board of Directors, and through the Board to Nucor's stockholders, for developing and administering the compensation program for Nucor's senior officers, including the Chief Executive Officer. We are supported in our work by James M. Coblin, Nucor's Vice President of Human Resources, and we have retained and regularly use an independent executive compensation consulting firm that is engaged by and reports directly to us on matters of senior executive compensation, including the Chief Executive Officer's compensation.

The total compensation paid to Nucor's senior officers has three components: base salary, incentive compensation awarded under Nucor's Senior Officers Annual Incentive Plan (the AIP) and Nucor's Senior Officers Long-Term Incentive Plan (the LTIP) and stock options awarded under Nucor's Key Employees Incentive Stock Option Plans (the Incentive Stock Plans). The three components of senior officer compensation are intended to provide a direct link between compensation and Nucor's performance. A relatively small percentage of a senior officer's compensation opportunity is paid to the senior officer each year in the form of base salary without regard to Nucor's performance. Senior officers may earn a much larger amount of their compensation under the AIP, LTIP and the Incentive Stock Plans, but that portion of their compensation is directly tied to Nucor's performance and the value delivered to Nucor's stockholders. In 2004, Nucor set records for sales, earnings, steel production and steel shipments, and as described below, the AIP and LTIP operated as intended and provided senior officers with significant awards of incentive compensation for Nucor's outstanding performance. Conversely, senior officers received significantly smaller incentive compensation awards under the AIP and LTIP for 2003, and such awards reflected Nucor's lower level of performance for 2003.

Nucor's senior officers (including the Chief Executive Officer) also participate in Nucor's 401(k) retirement savings plan and Nucor's group health and other welfare benefit plans on the same terms and conditions that apply to other Nucor employees in accordance with Nucor's egalitarian approach to providing benefits to its employees. Senior officers do not enjoy better insurance programs, vacation schedules, or holidays. Certain benefits such as Nucor's Profit Sharing Plan, Scholarship Program, Employee Monthly Stock Investment Plan, Extraordinary Bonus and Service Awards Program are not available to Nucor's senior officers. Senior officers do not enjoy perquisites such as company cars, corporate jets, executive dining rooms or executive parking places.

*Base Salary.* With the assistance of its independent compensation consultant, the Committee reviews national surveys of the base salaries and total compensation of senior officers in manufacturing companies with sales, assets and capital comparable to Nucor. The Committee then sets the base salaries of Nucor's senior officers at approximately 90% of the median of the base salaries for comparable positions in such other manufacturing companies. The Committee sets base salaries below the median because of the Committee's desire to orient the total pay of the senior officers significantly towards at risk incentive compensation and the potential for the senior officers to earn significant amounts of incentive compensation under the AIP and LTIP. The Committee increased the base salaries of Nucor's senior officers in fiscal year 2004 to bring them in line with the current 90% of median target level.

*The AIP and LTIP.* A senior officer may earn an incentive award under the AIP for each fiscal year of up to a total of 300% of the senior officer's base salary. Seventy-five percent (75%) of the maximum incentive award (i.e., up to 225% of base salary) is available for award based on Nucor's return on average stockholders' equity (ROE). At the beginning of each fiscal year, the Committee establishes a threshold ROE of not less than 3% and not more than 7% that must be achieved before any award may be made to senior officers based on Nucor's ROE. If Nucor achieves the threshold ROE, senior officers will earn an incentive award equal to 20% of the senior officer's base salary. If Nucor's ROE for the fiscal year exceeds 20%, senior officers will earn an incentive award equal to the maximum 225% of the senior officer's base salary that may be awarded under the AIP based on Nucor's ROE. The amount of the incentive award that is earned for ROE that exceeds the threshold but is less than 20% is determined by linear interpolation. The remaining 25% of the maximum annual award available under the AIP (i.e., up to 75% of the senior officer's base salary) is awarded based on a comparison of Nucor's net sales growth with the net sales growth of members of a steel industry peer group.

Senior officers have the opportunity to defer payment of up to one-half of any AIP award. Any deferred award is converted into Nucor common stock units and credited to a deferral account. The AIP provides a deferral incentive to senior officers by providing for the crediting of additional common stock units to the deferral account equal to 25% of the number of common stock units attributable to the amount of the deferred award. A senior officer is always vested in the common



stock units attributable to the deferred award. The deferral incentive units become vested upon the senior officer's attainment of age 55 while employed or in the event the senior officer dies or becomes disabled before age 55 while employed. The vested common stock units are distributed to the senior officer in the form of Nucor common stock following the senior officer's retirement or other termination of employment.

Based on the goals for Nucor's ROE and sales growth established by the Committee at the beginning of the 2004 fiscal year, senior officers earned the maximum award of 225% of their base salary for the ROE performance measure and earned an amount equal to 63.75% of their base salary for the sales growth performance measure, receiving total incentive compensation under the AIP equal to 288.75% of their base salary. None of the executive officers named in the Summary Compensation Table on page 14 elected to defer their 2004 AIP awards. A total of six other senior officers elected to defer a portion of their AIP awards and a deferral incentive in the aggregate amount of 2,325 common stock units was credited to their AIP deferral accounts.

Senior officers earn incentive compensation under the LTIP based on Nucor's financial performance during the LTIP's performance periods. The performance periods under the LTIP commence every January 1 and generally last for 3 years. The LTIP has shorter performance periods for the first two years a senior officer participates in the LTIP. The target award under the LTIP for each performance period is a number of shares of Nucor common stock. The number of shares is determined by dividing 85% of each senior officer's annual base salary rate as of the beginning of the performance period by the closing price of Nucor common stock on the day immediately preceding the first day of the performance period. The maximum award that a senior officer may earn under the LTIP is equal to 200% of the number of shares in the target award. The target award for a performance period is prorated if a senior officer commences