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Executive Officer Group, from left to right: David A. Sumoski, Executive Vice President; Leon J. Topalian, Executive Vice President; D. Chad Utermark, Executive Vice President; Ladd R. Hall, Executive Vice President; John J. Ferriola, Chairman, Chief Executive Officer and President; James D. Frias, Chief Financial Officer, Treasurer and Executive Vice President; James R. Darsey, Executive Vice President; Raymond S. Napolitan, Jr., Executive Vice President; and R. Joseph Stratman, Chief Digital Officer and Executive Vice President.

OUR GOAL IS TO TAKE CARE OF OUR CUSTOMERS.



FINANCIAL HIGHLIGHTS

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

	2017	2016	% CHANGE
FOR THE YEAR			
Net sales	\$20,252,393	\$16,208,122	25%
Earnings:			
Earnings before income taxes and noncontrolling interests	1,749,957	1,298,659	35%
Provision for income taxes	369,386	398,243	-7%
Net earnings	1,380,571	900,416	53%
Earnings attributable to noncontrolling interests	61,883	104,145	-41%
Net earnings attributable to Nucor stockholders	1,318,688	796,271	66%
Per share:			
Basic	4.11	2.48	66%
Diluted	4.10	2.48	65%
Dividends declared per share	1.5125	1.5025	1%
Percentage of net earnings to net sales	6.5%	4.9%	
Return on average stockholders' equity	15.9%	10.4%	
Capital expenditures	507,074	617,677	-18%
Depreciation	635,833	613,192	4%
Acquisitions (net of cash acquired)	544,041	474,788	15%
Sales per average employee	820	690	19%
AT YEAR END			
Working capital	\$ 3,999,656	\$ 4,116,427	-3%
Property, plant and equipment, net	5,093,147	5,078,650	_
Long-term debt (including current maturities)	3,742,242	4,339,141	-14%
Total Nucor stockholders' equity	8,739,036	7,879,865	11%
Per share	27.48	24.72	11%
Shares outstanding	317,969	318,737	_
Employees	25,100	23,900	5%

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



John J. Ferriola Chairman, Chief Executive Officer and President

Dear Fellow Stockholders:

At Nucor, we have always emphasized that we take a long-term perspective when it comes to how we run our business. As the steel industry endured a prolonged downturn following the Great Recession, we used our strong balance sheet to make investments and acquisitions that we believed would pay off when the steel market rebounded. Our objective is to deliver strong profitability throughout the economic cycle, and our record over many decades reflects that.

I am pleased to report that our disciplined strategy resulted in significant returns in 2017 for the Company, our teammates and our stockholders. We recorded our strongest reported annual earnings since the end of the last cyclical peak in 2008. The results are even more impressive in light of the high level of steel imports that came into the U.S. market in 2017.

I want to thank my more than 25,000 teammates at Nucor, Harris Steel, The David J. Joseph Company ("DJJ"), Duferdofin, NuMit/Steel Technologies and Skyline Steel for the terrific performance you delivered in 2017 for the Company.

Financial Highlights

In 2017, Nucor earned \$1.32 billion, or \$4.10 per diluted share, compared with consolidated net earnings of \$796.3 million, or \$2.48 per diluted share, in 2016. While not back to pre-recession levels, our 2017 earnings are more than double Nucor's average comparable reported earnings of \$483.0 million during the 2010 to 2016 time period. Increased demand in key markets, higher capacity utilization and a stronger pricing environment all contributed to earnings growth in 2017.

Consolidated net sales increased 25% to \$20.25 billion compared with \$16.21 billion in 2016. Total tons shipped to outside customers in 2017 increased 9% from the previous year. The average scrap and scrap substitute cost per ton used increased 35% to \$307 from \$228.

At the end of the year, the Board of Directors elected to increase the regular quarterly cash dividend on our common stock from \$0.3775 to \$0.38 per share. The base cash dividend has been increased by the Board every year since the Company began paying dividends in 1973. This marks the 45th consecutive year with an increase in the base dividend. Nucor has made 179 consecutive quarterly cash dividend payments.

THE BASE CASH DIVIDEND HAS BEEN INCREASED BY THE BOARD EVERY YEAR SINCE THE COMPANY BEGAN PAYING DIVIDENDS IN 1973. THIS MARKS THE 45TH CONSECUTIVE YEAR WITH AN INCREASE IN THE BASE DIVIDEND.

Company operations continue to generate strong cash flow. In 2017, cash provided by operations was \$1.05 billion. Nucor's average reported annual operating cash flow is \$1.30 billion over the 2009 to 2017 period. For comparison, this is more than double the average operating annual cash flow of approximately \$500 million during the downturn in the steel market that occurred from 2001 to 2003. Cash and short-term investments totaled \$999.1 million dollars at year-end 2017. Adding to Nucor's strong liquidity, our \$1.5 billion unsecured revolving credit facility is undrawn and does not mature until April 2021.

Strategy for Long-Term Profitable Growth Generates Strong Earnings

For the past several years in this letter, I have talked about how we are executing the Company's long-term strategy for profitable growth. In 2017, we saw how that strategy is driving Nucor's earnings power and delivering significant returns for investors.

Our long-term strategy for profitable growth is based on 5 drivers:

- 1) strengthen our position as a low-cost producer
- 2) achieve market leadership positions in every product line in our portfolio
- 3) move up the value chain by expanding our capabilities to produce higher-quality, higher-margin products
- 4) expand and leverage our downstream channels to market to increase our steel mills' baseload volume for sustained results
- 5) achieve **commercial excellence** to complement our traditional operational strength

We can see how this strategy is working by looking at our new Nucor Tubular Products Group. In the fourth quarter of 2016 and the first quarter of 2017, we acquired several pipe and tube manufacturers that serve the niche markets for hollow structural section steel tubing and steel electrical conduit. These value-added businesses squarely hit the target on all five of Nucor's strategic drivers and produced solid profitability in their first year as a part of Nucor. Representing an attractive channel to market for Nucor's hot-rolled sheet steel, the Nucor Tubular Products Group is sourcing nearly 100% of its steel substrate from Nucor's sheet mills.

Increasing our share of the value-added product market for the automotive industry has also been an important part of our growth strategy, and we are seeing great success in this market as well. Our automotive shipments grew by 62% over the five-year period ended in 2017 to 1.5 million tons. Even though sales for the automotive industry were down slightly in 2017, we continue to take market share from our competitors. After receiving additional customer awards for future model years, Nucor is on pace to achieve our goal of shipping two million tons annually to the automotive market by the end of 2018.

Strategic Investments Will Fuel Additional Growth

To build on our success, we announced additional investments in 2017 to advance our long-term strategy for profitable growth. Several of these investments will grow our steel bar business. We announced that we will be building a rebar micro mill just east of Kansas City in Sedalia, Missouri. The micro mill enhances Nucor's position as a low-cost producer, one of our five drivers. With rebar supply to the Kansas City, upper Midwestern and Plains markets currently traveling long distances, strategically positioning this micro mill in Sedalia will give us a sustained cost advantage over other domestic steel producers supplying rebar from outside the region. We will also be able to capitalize on the scrap supply in the immediate area provided by Nucor's scrap business, DJJ. The new micro mill project, which is expected to start-up in late 2019, is an approximately \$250 million investment.

We also announced that we will expand our Nucor Steel Kankakee bar mill in Bourbonnais, Illinois, by constructing a merchant bar quality ("MBQ") mill. This project will also take advantage of our position as a low-cost producer to displace tons currently being supplied by competitors outside the region and will build on our market leadership position in steel bar products by further enhancing our product offerings of merchant bar, light shapes and structural angle and channel in markets in the central United States. The Midwest region is one of the largest markets for MBQ products, and Nucor Steel Kankakee is ideally situated to leverage existing operating and commercial capabilities to meet this regional demand. The new MBQ mill, when combined with our other full-range bar mills, will position Nucor to be able to supply all domestic markets with high-quality bar products and exceptional service. The new MBQ mill will have an annual capacity of approximately 500,000 tons and is expected to cost approximately \$180 million. The project is expected to take two years to complete.

Our final major investment in our steel bar business is an \$85 million upgrade to the rolling mill at Nucor Steel Marion. The mill is Ohio's largest producer of rebar and signpost, capable of producing over 400,000 tons annually. Updating the technology used in the rolling mill will help Nucor Steel Marion maintain a cost-competitive position by reducing operating costs, allowing us to better serve our customers in Ohio and the surrounding states. Nucor got its start in the steel bar business. As these investments show, our bar mills are not just an important part of Nucor's past, but an important part of our future growth.

Our new investments are not limited to our bar mills. We are also building a hot band galvanizing line at our sheet mill in Kentucky. This approximately \$176 million investment will expand Nucor Steel Gallatin's product capabilities and have an annual capacity of

approximately 500,000 tons. The 72-inch galvanizing line is expected to be the widest hot-rolled galvanizing line in North America and will allow us to expand into segments of the automotive market we currently do not serve, growing applications of hot band galvanized for frames, control arms, supports and brackets.

IN 2017, NUCOR RECEIVED RECOGNITION FROM SEVERAL CUSTOMERS FOR THE SUPERIOR CUSTOMER SERVICE AND PRODUCT QUALITY OUR COMPANY PROVIDES, AS WELL AS FOR EFFORTS TO REDUCE OUR ENVIRONMENTAL IMPACT.

Customer Recognition

The fifth of our five drivers is to achieve commercial excellence to complement our traditional operational strength. In 2017, Nucor received recognition from several customers for the superior customer service and product quality our Company provides, as well as for efforts to reduce our environmental impact. We were honored to receive the Volkswagen Group Award 2017 which was given to 19 of the automaker's suppliers in recognition of their innovative strength, product quality, development competence, sustainability and professional project management. Nucor was the only steel supplier and one of two U.S.-based suppliers to receive this award from Volkswagen.

Our Nucor Steel Memphis division was certified by Caterpillar Inc. at the platinum level through its Supplier Quality Excellence Process. Nucor Steel Memphis is the only steel mill in the world to earn Platinum Certification, which represents excellence in process control, continuous improvement, product quality and delivery to Caterpillar.

Honda recognized Nucor Steel Decatur at its Supplier Sustainability Symposium for energy reductions at the mill that lowered carbon dioxide emissions. Nucor Steel Decatur was one of nine Honda suppliers in North America that received this recognition for its commitment and innovative approach to environmental responsibility.

Nucor would not exist without our customers and we strive every day to provide them with excellent customer service, all while working safely and reducing our environmental footprint. I congratulate my fellow teammates on receiving these well-deserved recognitions from our customers.

Steel Imports & Trade Policy Continue to Challenge the Industry

As I mentioned at the outset of this letter, Nucor teammates delivered strong earnings despite the fact that imports continue to negatively impact the U.S. steel industry. In 2017, total steel imports increased more than 15% from the prior year, and finished steel imports accounted for an estimated 27% share of the U.S. market.

We did achieve some important victories in 2017 with the U.S. Department of Commerce making favorable rulings in trade cases involving steel plate, rebar and wire rod. At the end of the year, the Department issued a very important decision to combat circumvention of trade duties, which has been a problem for some time. It made a preliminary determination that corrosion-resistant and cold-rolled steel from Vietnam that originated in China evaded U.S. anti-dumping and anti-subsidy orders. A final determination is expected to be announced in the early part of 2018.

We are encouraged by the steady progress that we are achieving through the prosecution of product and country specific trade cases, although the process is still slower than we think is appropriate. We believe this success is due to the overwhelming evidence that our foreign competitors receive government support from illegal subsidies. We are encouraged that the Trump administration has shown that it is willing to aggressively use all the tools at its disposal to take meaningful action against unfairly traded imports.

Conclusion

As we look ahead to 2018, we are encouraged by a number of positive factors impacting key end markets for our Company. We see generally stable or improving conditions in the nonresidential construction, automotive, energy, heavy equipment and agriculture markets. Recently passed tax

NUCOR TEAMMATES DELIVERED STRONG EARNINGS DESPITE THE FACT THAT IMPORTS CONTINUE TO NEGATIVELY IMPACT THE U.S. STEEL INDUSTRY.

reform legislation will reduce Nucor's tax burden, increase earnings and incentivize additional investment so that we can continue to grow our Company for the long term. In the fourth quarter of 2017, we reported a net benefit of \$175.2 million related to the impacts of the new federal tax law. We hope Congress will now turn its attention to passing a robust infrastructure funding bill. We also expect the Trump administration to maintain its push for a fairer global trading system.

We will continue to execute our long-term strategy for profitable growth, looking for opportunities to expand our portfolio of value-added product offerings and focusing on taking care of our customers.

Thank you, our stockholders, for your investment in Nucor and the confidence you have in our Company. Thank you to our customers for doing business with us. And thank you to my fellow Nucor teammates for your hard work and dedication to our Company.

Sincerely,

John J. Ferriola

oh/ Ferriola

Chairman, Chief Executive Officer and President



John H. Walker Lead Director

Dear Fellow Stockholders:

2017 was a very good year for Nucor, with the Company recording its highest reported earnings since the last cyclical peak in 2008. I congratulate the more than 25,000 Nucor teammates for helping the Company achieve tremendous financial results in 2017 and for your continued focus on executing our long-term strategy for profitable growth.

The executive leadership team continued to identify investment opportunities to grow the Company and take advantage of Nucor's strengths. Investment projects announced in 2017 include upgrades and expansion at existing bar steel mills, a galvanizing line at our Kentucky sheet mill and a greenfield project to build a rebar micro mill in Missouri. Consistent with the Company's growth strategy, these projects build on Nucor's position as a low-cost producer, create additional channels to market and continue to move us up the product value chain.

Acquisitions made in 2016 and 2017 are already having a positive impact on the Company. The Nucor Tubular Products Group, made up of several pipe and tube producers acquired in late 2016 and early 2017, contributed to Nucor's profitability in 2017. The team at Nucor Steel Longview has also made an impact by developing new grades of steel plate and adding new customers. We appreciate the excellent work and results being achieved by these new Nucor teammates.

The strong performance in 2017 allowed the Board to increase the regular quarterly cash dividend for the 45th consecutive year.

Finally, we said goodbye this year to a long-time Board member and welcomed a new one. Bernard Kasriel is departing from the Nucor Board after eleven years of outstanding service. Having served as chief executive officer of Lafarge S.A., a Paris-based building materials company, Bernard brought to the Board invaluable experience in the construction market and an in-depth knowledge of international manufacturing. We will miss his expertise and his friendship. We wish him all the best.

Retired U.S. Army General Lloyd J. Austin III joined the Nucor Board of Directors in September. General Austin served in the U.S. Army for nearly 41 years, retiring in 2016 as a four-star general. Prior to his retirement, General Austin served as the commander of U.S. Central Command responsible for military strategy and joint operations throughout the 20-country Central Region that includes Iraq, Syria, Iran, Afghanistan, Pakistan, Yemen, Egypt and Saudi Arabia. Over his military career, General Austin received numerous awards, including the Silver Star and five Defense Distinguished Service Medals, among others. He is a great addition to the Board.

We appreciate the investment you, our stockholders, have made in Nucor and we are looking forward to another strong year in 2018.

Sincerely,

John H. Walker Lead Director

DELIVERING STOCKHOLDER VALUE THROUGH DISCIPLINED CAPITAL ALLOCATION

INVEST FOR THE LONG TERM BY LEVERAGING OUR FIVE DRIVERS
TO PROFITABLE GROWTH

CAPITAL INVESTED SINCE THE START OF 2008

Nucor's highest capital allocation priority is to invest for profitable long-term growth through optimizing existing operations, strategic acquisitions and greenfield expansions.

PROVIDE OUR STOCKHOLDERS DIVIDENDS CONSISTENT WITH OUR SUCCESS IN DELIVERING LONG-TERM EARNINGS GROWTH

10132

OUT OF MORE THAN 4,000 U.S. PUBLICLY-TRADED COMPANIES TO INCREASE ITS DIVIDEND FOR 45+ CONSECUTIVE YEARS

Since 1973, Nucor has paid our stockholders cash dividends consistent with our success in delivering long-term earnings growth, providing strong evidence of the sustainability of our business.

2

Nucor's financial strength allows for a consistent approach to capital allocation with clear priorities defined by our five drivers to profitable growth. These priorities, combined with our conservative financial practices, make it possible to provide value to our stockholders in good times and bad.

3

OPPORTUNISTICALLY REPURCHASE OUR STOCK WHEN OUR CASH POSITION IS STRONG AND ATTRACTIVELY PRICED GROWTH OPPORTUNITIES ARE LIMITED

\$5.2B

CUMULATIVELY
RETURNED
TO INVESTORS
SINCE THE
START OF 2008

Nucor generally targets to return a minimum of 40% of its annual earnings to stockholders through its disciplined approach of regular dividends, supplemental dividends and opportunistic share repurchases.

BALANCED CAPITAL ALLOCATION

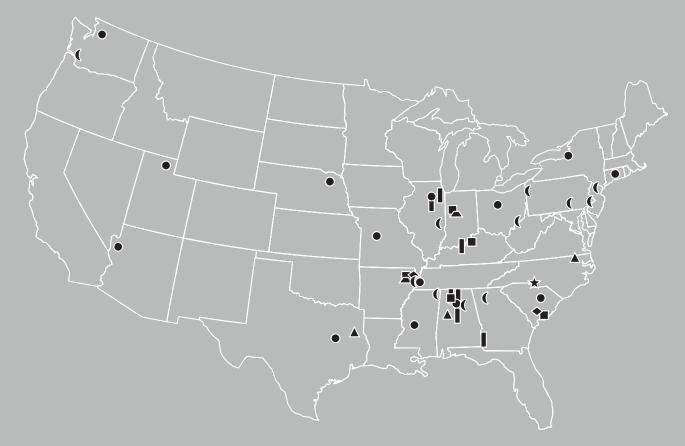
Cash from Operations, Capital Invested & Capital Returned 10-Year Period Ended December 31, 2017



Capital Returned



- O BAR MILLS
- SHEET MILLS
- CASTRIP® SHEET MILLS
- TUBULAR
- BEAM MILLS
- A PLATE MILLS
- SKYLINE FACILITY
- NUCOR CORPORATE OFFICE



Nucor trading office in Neuchatel, Switzerland and Skyline facility in Edmonton, Alberta, Canada, not shown.



STEEL MILLS SEGMENT

STEEL MILLS, STRUCTURAL STEEL FOUNDATION DISTRIBUTION AND TUBULAR PRODUCTS Nucor operates 25 scrap-based steel production mills and is North America's largest recycler.

BAR MILLS

Nucor has 13 bar mills strategically located across the United States that manufacture a broad range of steel products, including concrete reinforcing bars, hot-rolled bars, rounds, light shapes, structural angles, channels, wire rod and highway products in carbon and alloy steels. Four of the bar mills have a significant focus on manufacturing engineered special bar quality ("SBQ") and wire rod products.

Nucor made several bar mill expansion announcements during 2017. In March 2017, Nucor announced that it will be investing \$85 million to upgrade the rolling mill at its steel bar mill in Marion, Ohio. Nucor Steel Marion, Inc. ("Marion") is Ohio's largest producer of rebar and signpost, capable of producing over 400,000 tons annually. This investment will allow Marion to reduce operating costs and better serve customers in Ohio and the surrounding states.

In November 2017, Nucor announced that it will build a rebar micro mill capable of producing approximately 350,000 tons annually in Sedalia, Missouri, just east of Kansas City. Rebar supply to Kansas City, upper Midwestern and Plains markets currently travels long distances, giving the micro mill in Sedalia a logistical advantage. This location will also allow the Company to take advantage of the scrap supply in the immediate area provided by Nucor's scrap business, The David J. Joseph Company. The new micro mill project will cost approximately \$250 million and is expected to be operational in late 2019.

Also during the fourth quarter of 2017, Nucor announced that it will build a full-range merchant bar quality ("MBQ") mill at its existing steel bar mill located in Bourbonnais, Illinois. The MBQ mill will have an annual capacity of approximately 500,000 tons and is expected to cost \$180 million. Expected to be operational in late 2019, this mill will allow Nucor to fully utilize the Company's existing bar mill by optimizing its melt capacity and infrastructure that is already in place. It will take advantage of the scrap supply in the region, as well as the Company's commercial footprint in the central United States. The Midwest is one of the largest markets for MBQ products, and Nucor is ideally situated to take advantage of existing operating and commercial capabilities to meet this regional demand.

Steel produced by our bar mills is used in a wide variety of industries, including the agricultural, automotive, construction, energy, furniture, machinery, metal building, railroad, recreational equipment, shipbuilding, heavy truck and trailer market segments. Considering Nucor's production capabilities and the mix of bar products generally produced and marketed, the capacity of the bar mills is estimated at approximately 8,480,000 tons per year.

SHEET MILLS

Nucor operates five strategically located sheet mills that utilize thin slab casters to produce flat-rolled steel for automotive, appliance, construction, pipe and tube and many other industrial and consumer applications. Nucor also operates Castrip® sheet production facilities in Crawfordsville, Indiana and Blytheville, Arkansas. These facilities use the Nucor-owned technology of strip casting, which involves the direct casting of molten steel into final shape and thickness without further hot or cold rolling. Significant progress continues to be made in all aspects of this technology by Nucor and our selected licensees. Considering Nucor's production capabilities and the mix of flat-rolled products generally produced and marketed, the capacity of the sheet mills is estimated at approximately 12,100,000 tons per year.

Our Indiana, Arkansas, South Carolina and Alabama sheet mills are already equipped with cold rolling mills and galvanizing lines for the further processing of hot-rolled sheet. Through strategic investments and continuous process improvement efforts at our existing facilities, Nucor continues to greatly expand our sheet product capabilities and offerings, including producing thinner high-strength steel grades to facilitate the development of advanced applications including lightweight automotive. Most recently, in May 2017, Nucor announced that it will be investing approximately \$176 million to build a hot band galvanizing and pickling line at its sheet mill in Ghent, Kentucky. The new galvanizing line will expand Nucor Steel Gallatin's product capabilities and has an annual capacity of approximately 500,000 tons. The 72-inch galvanizing line, which is anticipated to be operational in the first half of 2019, is expected to be the widest hot-rolled galvanizing line in North America. The new line will create synergies with Nucor's other sheet mills and will support the Company's automotive growth strategy, allowing Nucor to move into segments of the automotive market it is currently not in.

In September 2016, Nucor announced that it will be investing approximately \$230 million to add an additional cold mill with an annual capacity of approximately 500,000 tons at Nucor Steel Arkansas. Expected to be operational in the first half of 2019, this specialty cold mill complex supports Nucor's strategy of growing our participation in the automotive market. The mill will greatly expand Nucor's capabilities to cold reduce our steel to a lighter gauge and to a much higher strength level to meet our customers' light weighting goals. The mill will also include an upgraded batch anneal shop that will allow for the production of motor lamination steels with electrical properties previously only attainable by non-oriented silicon steels. This investment will also broaden the automotive capability of Nucor's existing galvanizing lines at Nucor Steel Decatur and Nucor Steel Berkeley.

STRUCTURAL MILLS

Nucor operates two structural mills that produce wide-flange steel beams, pilings and heavy structural steel products for fabricators, construction companies, manufacturers and steel service centers. Nucor owns a 51% interest in the Nucor-Yamato Steel Company ("NYS") located in Blytheville, Arkansas. Nucor also owns a steel beam mill in Berkeley County, South Carolina. Considering Nucor's production capabilities and the mix of structural products generally produced and marketed, the capacity of the two structural mills is estimated at approximately 3,250,000 tons per year. Both mills use a special continuous casting method that produces a beam blank closer in shape to that of the finished beam than traditional methods.

Nucor also owns Skyline Steel, LLC ("Skyline") and its subsidiaries, primarily a steel foundation distributor serving the North American markets. Skyline distributes products to service marine construction, bridge and highway construction, heavy civil construction, storm protection, underground commercial parking and environmental containment projects in the infrastructure and construction industries. Skyline also manufactures a complete line of geostructural foundation solutions, including threaded bar, micropile, strand anchors and hollow bar. It also processes and fabricates spiralweld pipe piling, rolled and welded pipe piling, cold-formed sheet piling and threaded bar.

NYS has recently made significant investments to expand the plant's product capabilities. During the second half of 2016, NYS commissioned a \$75 million quench and self-tempering project. This strategic investment positions NYS as the only North American producer of high-strength, low-alloy beams. Common applications for the high-strength, low-alloy beams include gravity columns for high-rise buildings, long span trusses for stadiums and convention centers and for all projects where seismic design is a critical factor.

PLATE MILLS

Nucor operates three plate mills that produce plate for manufacturers of barges, bridges, heavy equipment, rail cars, refinery tanks, ships, wind towers and other items. Our products are further used in the pipe and tube, pressure vessel, transportation and construction industries. Considering Nucor's production capabilities and the mix of plate products generally produced and marketed, the capacity of the plate mills is estimated at approximately 2,825,000 tons per year.

In August 2016, Nucor acquired Joy Global's steel plate mill in Longview, Texas for approximately \$29 million. With an estimated annual capacity of 125,000 tons, the Longview mill produces carbon and alloy plate with heat treating capabilities. The mill also has the capability of producing plate that can range from 1 to 12 inches thick and up to 138 inches wide. This acquisition builds on Nucor's strategy to capture a growing market share of higher value-added plate products and complements the capabilities of Nucor's existing facilities in North Carolina and Alabama.

TUBULAR PRODUCTS

In October 2016, Nucor acquired Independence Tube Corporation ("ITC") for approximately \$430 million. As a manufacturer of hollow structural section ("HSS") steel tubing and sprinkler pipe, ITC's products are used in structural and mechanical applications including nonresidential construction, infrastructure and agricultural and construction equipment end-use markets. With production capacity of approximately 650,000 tons annually, the addition of ITC significantly positions Nucor to compete in another key nonresidential construction market and further enhances Nucor's ability to offer a wider selection of steel to its fabricator and service center customers. As a consumer of hot-rolled coil to produce its HSS steel tubing, the four ITC facilities are strategically located in Illinois and Alabama in close proximity to Nucor's sheet mills in Decatur, Alabama; Hickman, Arkansas; Crawfordsville, Indiana; and Ghent, Kentucky.

In January 2017, Nucor also acquired Southland Tube, Inc. ("Southland"), a manufacturer of approximately 240,000 tons of HSS and mechanical steel tubing per year. Acquired for approximately \$130 million, Southland operates one facility in Birmingham, Alabama that is also strategically located in close proximity to the Nucor sheet mill in Decatur, Alabama.

Through the acquisitions of ITC and Southland, Nucor is building a market leadership position in the HSS steel tubing market and providing an additional channel to market for Nucor's sheet mills.

In January 2017, Nucor acquired Republic Conduit ("Republic"), a leading manufacturer of steel electrical conduit, for approximately \$332 million. Republic produces electrogalvanized electrical metal tubing and intermediate metal conduit, as well as hot-dip galvanized electrical rigid metal conduit. The steel conduit is primarily used to protect and route electrical wiring in various nonresidential structures such as hospitals, schools, office buildings, hotels, stadiums, churches and shopping malls. Republic also serves the power and industrial markets.

Republic operates facilities in Louisville, Kentucky and Cedar Springs, Georgia that combined to ship approximately 140,000 tons of steel conduit in 2017. This acquisition immediately positioned Nucor as a market leader and provides more value-added steel offerings to our customers.

STEEL MILL PRODUCTION OPERATIONS

Nucor's steel production mills are among the most modern and efficient mills in the world. Recycled steel scrap and other metallics are melted in electric arc furnaces and poured into continuous casting systems. Highly sophisticated rolling mills convert the billets, blooms and slabs into rebar, angles, rounds, channels, flats, sheet, beams, plate and other products.

Steel production increased 11% from 21,282,000 tons in 2016 to 23,675,000 tons in 2017. The annual production capacity has grown from 120,000 tons in 1970 to a present total of nearly 27,000,000 tons.

Scrap and scrap substitutes are the most significant element in the total cost of steel production. The average cost of scrap and scrap substitutes used increased 35% from \$228 per gross ton in 2016 to \$307 per gross ton in 2017. Depending on the market conditions at the time, a raw material surcharge or variable steel pricing mechanism may be implemented to assist Nucor in maintaining operating margins and in meeting our customer commitments during periods of rapidly escalating scrap and scrap substitute costs.

Electricity and natural gas usage are significant costs to Nucor. Total energy costs increased approximately \$1 per ton from 2016 to 2017, primarily due to higher electricity and natural gas unit costs. Because of the efficiency of Nucor steel mills, the 2017 energy costs were approximately 5% of the net sales dollar.

The operations in the rolling mills are highly automated, resulting in employment costs being approximately 9% of the net sales dollar in 2017. Employee turnover in Nucor mills is extremely low. All employees have a significant part of their compensation based on their productivity. Production employees work under group incentives that provide increased earnings for increased production. This additional incentive compensation is paid weekly. Additionally, because we use electric arc furnaces to produce our steel, we can easily vary our production levels to match short-term changes in demand, unlike our integrated competitors. Taking advantage of this highly variable, low-cost structure has enabled Nucor to better control our costs during weak market conditions.

STEEL MARKETS AND MARKETING

Approximately 83% of the steel shipments in 2017 were to outside customers. The remaining 17% of the steel mill segment's shipments went to our tubular products mills, our piling distributor and our downstream joist, deck, rebar fabrication, fastener, metal buildings and cold finish operations. Steel shipments to outside customers increased 9% from 18,846,000 tons in 2016 to 20,618,000 tons in 2017.

Our steel mill customers are mainly manufacturers, steel service centers and fabricators. The sheet mills continue to build long-term relationships with value-appreciative customers. Approximately 65% of our sheet sales were to contract customers in 2017. Contract terms are typically less than 12 months in length with various renewal dates. These contracts are generally non-cancelable agreements with a pricing formula that varies based on the current market-based indices at or near the approximate time of shipment.

Nucor's steel mills segment also includes international trading and sales companies that buy and sell steel manufactured by the Company and other steel producers.

STEEL JOINT VENTURES Nucor owns 50% interests in a North American sheet steel processing joint venture, an Italian steel mill joint venture and a galvanized sheet steel plant under construction in Mexico.

SHEET STEEL PROCESSING JOINT VENTURE

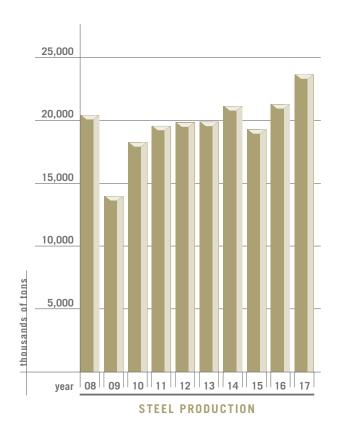
Nucor owns a 50% economic and voting interest in NuMit LLC, a company that owns 100% of the equity interest in Steel Technologies LLC ("Steel Technologies"), an operator of 26 strategically located sheet processing facilities in the United States, Canada and Mexico. Steel Technologies transforms flat-rolled steel into products that meet the exact specifications for customers in a wide range of industries, including the automotive, agricultural and consumer goods markets. Steel Technologies operates as an independent business, allowing Nucor to continue its long-standing relationships with other sheet processing companies, while at the same time allowing Steel Technologies the ability to independently manage its supply needs.

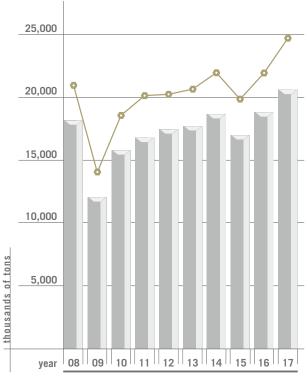
ITALIAN STEEL MILL JOINT VENTURE

Nucor owns 50% of the stock of Duferdofin Nucor S.r.I., which operates a melt shop and bloom/billet caster in Brescia, Italy with an annual capacity of approximately 1,000,000 metric tons, including the capability to produce high-quality, value-added, semi-finished SBQ products. The joint venture operates two rolling mills producing beams, merchant bar and special profiles with a combined annual capacity of approximately 950,000 metric tons, a rolling mill producing bar products with an annual capacity of approximately 350,000 metric tons and a mechanical division producing track shoes and cutting edges with an annual capacity of approximately 50,000 metric tons. During the fourth quarter of 2015, Nucor recorded an impairment charge on its investment in Duferdofin Nucor S.r.I. of \$153.0 million.

NUCOR - JFE STEEL MEXICO JOINT VENTURE

During 2016, Nucor announced and formed a 50-50 joint venture with JFE Steel Corporation of Japan to build and operate a galvanized sheet steel plant in central Mexico to supply that country's automotive market. The plant is expected to have a total cost of approximately \$270 million and a capacity of approximately 400,000 tons per year. Plant construction has commenced and operations are expected to begin in the second half of 2019.





STEEL SHIPMENTS TO OUTSIDE CUSTOMERS
TOTAL STEEL SHIPMENTS

A GLOBAL LEADER IN STEELMAKING SUSTAINABILITY

_	GREENHOUSE GAS (GHG) EMISSIONS		ENERGY INTENSITY		
AVERAGE METRIC T FOR EVERY METRIC TO			AVERAGE GIGAJOU OF CRUDE ST	LE PER METR	
	<u>2015</u>	<u>2016</u>		<u>2015</u>	<u>2016</u>
GLOBAL Average	1.9	1.9	GLOBAL Average	19.1	19.1
NUCOR Steel Mills	0.86	0.86	NUCOR STEEL MILLS	5.07	4.90

Nucor data is comparable to the methodology established by the World Steel Association ("WSA"). Nucor data for 2015 was revised to reflect an expansion of the scope covered to better reflect Scope 3 emissions which are considered relevant by the steel industry. Nucor data for 2016 reflects the same scope. Global data is sourced from WSA's "Sustainable Steel: Indicators 2017 and the Future." For more information, visit www.worldsteel.org.





- BUILDINGS GROUP
- VULCRAFT & VERCO
- COLD FINISH
- STEEL MESH GRATING & FASTENERS
- NUCOR CORPORATE OFFICE







STEEL PRODUCTS SEGMENT

REINFORCING PRODUCTS Harris Steel fabricates, installs and distributes rebar for highways, bridges and other infrastructure, as well as commercial and multi-tenant residential construction markets.

OPERATIONS

Harris Steel operates as a subsidiary of Nucor, fabricating, installing and distributing rebar in the United States and Canada. Harris Steel has been a significant growth platform for Nucor in the rebar fabrication business. Since the acquisition of Harris Steel in 2007, Nucor's total annual rebar fabrication capacity has more than doubled to over 1,700,000 tons.

In 2017, fabricated rebar sales were 1,142,000 tons, which is a 2% increase from 1,115,000 tons in 2016.

MARKETS AND MARKETING

Reinforcing products are essential to concrete construction. They supply tensile strength, as well as additional compressive strength, and protect the concrete from cracking. Harris Steel bids on and executes a wide variety of construction work primarily classified as infrastructure, including highways, bridges, reservoirs, utilities, hospitals, schools, airports and stadiums. Harris Steel is also active in commercial office building and multi-tenant residential (high-rise) construction. In many markets, Harris Steel sells reinforcing products on an installed basis; i.e., Harris Steel fabricates the reinforcing products for a specific application and performs installation. Harris Steel operates over 70 fabrication facilities across the United States and Canada, with each facility serving a local market. Domestic construction markets remain stable at a level significantly below historical peak levels.

STEEL MESH, GRATING AND FASTENERS Nucor manufactures wire products, grating and industrial fasteners.

STEEL MESH

Nucor produces mesh at Nucor Steel Connecticut, Inc. and Nucor Wire Products Utah, Inc. Nucor also produces mesh in Canada at the Harris Steel operations of Laurel and Laurel-LEC. The combined annual production capacity of the steel mesh facilities is approximately 128,000 tons.

GRATING

Our grating business, which operates under the brand names Nucor Grating in the United States and Fisher & Ludlow in Canada, fabricates steel and aluminum bar grating products at facilities located in North America. Nucor Grating and Fisher & Ludlow serve the new construction and maintenance-related markets. In February 2017, Nucor acquired additional strategic assets in the bar grating business which will help us expand our geographic footprint, increase our North American market leadership position and provide additional value to our customers. With the addition of these bar grating assets, Nucor has increased its annual production capacity to approximately 160,000 tons.

FASTENERS

Nucor Fastener's bolt-making facility in Indiana produces carbon and alloy steel hex head cap screws, hex bolts, structural bolts, nuts and washers, finished hex nuts and custom-engineered fasteners. Nucor fasteners are used in a broad range of markets, including demanding automotive, machine tool, farm implement, construction and military applications. The annual capacity of this facility is approximately 75,000 tons.

VULCRAFT/VERCO GROUP is the nation's largest producer and leading innovator of open-web steel joists, joist girders and steel deck, which are used primarily for nonresidential building construction.

OPERATIONS

Steel joists and joist girders are produced and marketed throughout the United States by seven domestic Vulcraft facilities. The current annual joist production capacity is approximately 745,000 tons. In 2017, Vulcraft sold 472,000 tons of steel joists and joist girders, an increase of 6% from 445,000 tons in 2016.

Steel decking is produced and marketed throughout the United States by 10 domestic deck plants. Six of these plants are adjacent to Vulcraft joist facilities. The current annual deck production capacity is approximately 545,000 tons. In 2017, steel deck sales increased 3% to 457,000 tons, compared with 442,000 tons in 2016.

In order to better serve customers in the Canadian market, Nucor began joist and deck production in Eastern Canada and acquired the assets of Omega Joist in Western Canada in 2017. Nucor will add deck production to the existing joist production capabilities in Western Canada in 2018.

Vulcraft maintains an extensive fleet of trucks to ensure the on-time delivery of its joist and deck products.

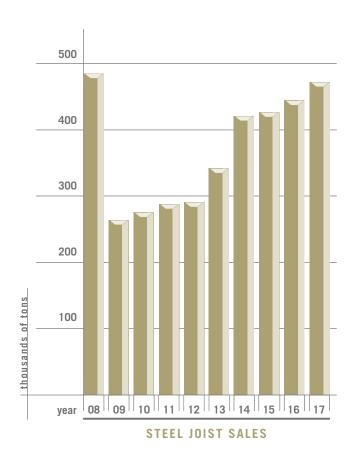
MARKETS AND MARKETING

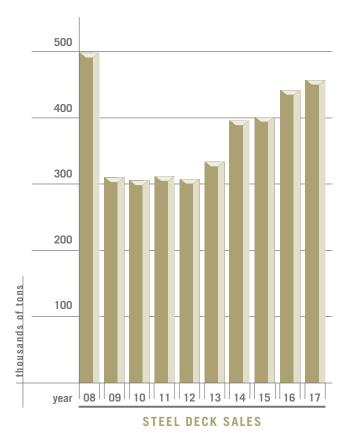
The majority of steel joists, joist girders and steel decking are used extensively as part of the roof and floor structural support systems in manufacturing buildings, retail stores, shopping centers, warehouses, schools, churches, hospitals and, to a lesser extent, in multi-story buildings and apartments.

Steel joists and joist girder sales are obtained through a competitive bidding process. Vulcraft quotes on a significant percentage of the domestic buildings using steel joists and joist girders as part of the support systems. Vulcraft is the largest supplier of steel joists and joist girders in the United States.

Steel deck sales are also obtained through a competitive bidding process. The majority of steel deck is used to support roofs and is also used as concrete floor support in high-rise buildings. Vulcraft and Verco are the largest suppliers of steel decking in the United States.

Sales of steel joists, joist girders and steel deck are dependent on the nonresidential building construction market. Domestic construction markets remain stable at a level significantly below historical peak levels.





BUILDINGS GROUP Nucor manufactures custom-engineered and standard metal buildings and components.

OPERATIONS

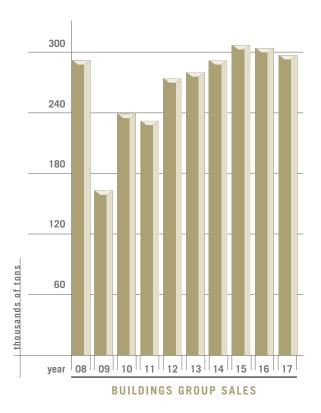
Nucor produces metal buildings and components throughout the United States under the following brands: Nucor Building Systems, American Buildings Company, Kirby Building Systems and CBC Steel Buildings. In total, the Nucor Buildings Group currently has nine metal buildings plants with an annual capacity of approximately 395,000 tons.

The Buildings Group sales were 294,000 tons in 2017, down 3% from 304,000 tons in 2016.

MARKETS AND MARKETING

The size of the buildings that can be produced ranges from less than 1,000 square feet to more than 1,000,000 square feet. Complete metal building packages can be customized and combined with other materials such as glass, wood and masonry to produce cost-effective, aesthetically pleasing buildings designed to the customers' special requirements. The buildings are sold primarily through an independent builder distribution network in order to provide fast-track, customized solutions for building owners.

The primary markets served are commercial, industrial and institutional buildings, including distribution centers, automobile dealerships, retail centers, schools, warehouses and manufacturing facilities. Domestic construction markets remain stable at a level significantly below historical peak levels.



COLD FINISH Nucor is North America's largest producer of cold finished bar products for a wide range of industrial markets.

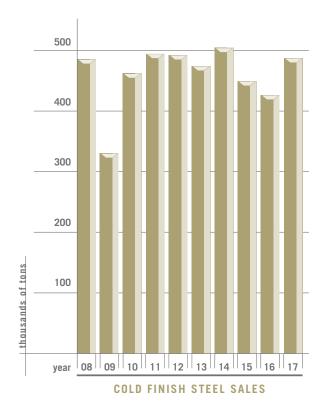
OPERATIONS

Nucor Cold Finish is the largest and most diversified producer of cold finished bars in North America. In September 2017, Nucor further expanded our industry-leading production capabilities through the acquisition of St. Louis Cold Drawn, Inc., with operating facilities in St. Louis, Missouri and Monterrey, Mexico. This acquisition advances our goal of expanding value-added downstream processing capabilities in North America, with our first wholly owned asset in Mexico and combined annual capacity of approximately 200,000 tons. The acquired facilities complement our previously owned facilities in Missouri, Nebraska, Ohio, South Carolina, Utah, Wisconsin and Ontario, Canada. The Missouri facility operates as Nucor LMP and the Canadian facility operates as Laurel Steel. The total capacity of the Nucor cold finished bar and wire facilities now exceeds 1,000,000 tons per year. The 2017 sales of cold finished steel products were 487,000 tons, up 14% from 426,000 tons in 2016.

Nucor's cold finished facilities are among the most modern in the world, producing cold finished bars for the most demanding applications. Nucor Cold Finish obtains most of its steel from the Nucor bar mills, ensuring consistent quality and supply through all market conditions. This factor, along with our facilities' use of the latest technology, results in a highly competitive cost structure and reliability for our customers. With assets in Canada, Mexico and throughout the United States, Nucor has the broadest footprint to service our downstream SBQ customer base.

MARKETS AND MARKETING

These facilities produce cold-drawn, turned, ground and polished steel bars that are used extensively for shafting and other precision machined applications. Nucor Cold Finish produces rounds, hexagons, flats and squares in carbon, alloy and leaded steels. These bars, in turn, are purchased by the appliance, automotive, construction equipment, electric motor, farm machinery and fluid power industries, as well as by service centers. Nucor Cold Finish bars are used in tens of thousands of products. A few examples include anchor bolts, hydraulic cylinders and shafting for air conditioner compressors, ceiling fan motors, garage door openers, electric motors and lawn mowers.





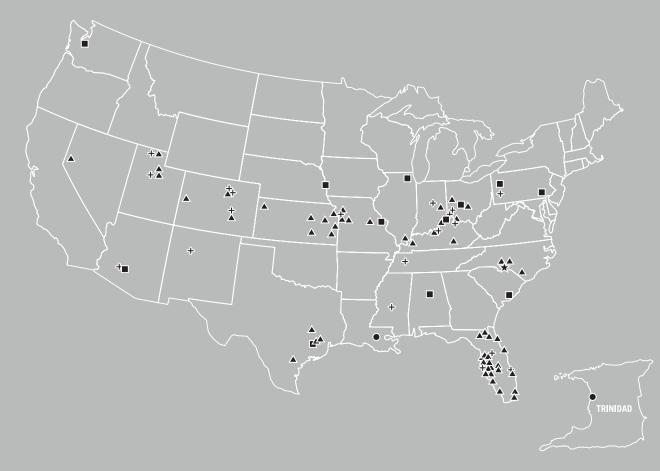
A SCRAP
PROCESSING

BROKERAGI OFFICES

O DRI PLANTS

OTHER

NUCOR



Brokerage office in Hong Kong, China, not shown.



RAW MATERIALS SEGMENT

SCRAP AND SCRAP SUBSTITUTES are Nucor's single largest cost. Nucor has implemented a long-term raw materials investment strategy focused on reducing the cost structure of our steelmaking operations, providing greater metallic input flexibility, creating a shorter supply chain and achieving greater and sustainable control over our key steel mill metallic inputs.

SCRAP RECYCLING AND BROKERAGE OPERATIONS

The David J. Joseph Company and its affiliates ("DJJ") operate six regional scrap recycling companies within the United States that together have shredders physically capable of processing approximately 5,000,000 tons of ferrous scrap annually. DJJ's scrap recycling operations use industry-leading expertise and technologies to maximize metal recovery. DJJ operates 11 self-serve used auto parts stores called U Pull & Pay that complement the recycling operations.

DJJ is also the North American industry leading broker of ferrous scrap; internationally sources scrap, pig iron and other scrap substitutes; and brokers ferro-alloys and nonferrous metals. DJJ provides logistics and metallurgical expertise for the trading of industrial scrap. The DJJ Rail Services business oversees rail cars dedicated to scrap and steel movement and offers complete railcar fleet management and leases for third parties. All of these businesses have strategic value to Nucor as the most diversified North American steel producer.

DIRECT REDUCED IRON OPERATIONS

Nucor operates two plants with a combined annual capacity of approximately 4,500,000 metric tons that produce direct reduced iron ("DRI") possessing world-class metallization rates and carbon content levels. DRI is a substitute material for high-quality grades of scrap and pig iron that can be utilized by Nucor's steel mills. Having sufficient levels of high-quality metallic inputs is critical to support Nucor's growth strategy of producing higher-quality steels for demanding steel applications. Nucor's DRI production capabilities provide significant flexibility to quickly adjust our metallic mix to the current market dynamics and to maintain competitive pricing and supply pressure on the sometimes volatile scrap market. With the potential risk for future constraints on the supply of high-quality grades of scrap and the potential risk of pig iron supply disruptions, DRI better positions Nucor to manage our overall metallic input costs and our supply chain related risks.

Nucor's first DRI plant, Nu-Iron Unlimited, is located in Trinidad. The Trinidad site benefits from a low-cost supply of natural gas and favorable logistics for receipt of iron ore and shipment of DRI to the United States. In late 2013, Nucor commenced production at our DRI plant in Louisiana. While the Louisiana plant has continued to produce significant volumes of DRI consistent with world-class quality levels, the plant has experienced several production disruptions that have negatively affected its performance the past few years.

NATURAL GAS DRILLING PROGRAMS

Nucor's ability to ensure a long-term, low-cost supply of natural gas is an important component in the execution of Nucor's raw material strategy of being able to provide between 6,000,000 and 7,000,000 tons per year of low-cost, high-quality iron units to our steel mills. To ensure the DRI plant in Louisiana has a sustainable advantage from lower natural gas costs, on October 1, 2016, Nucor acquired a 49% leasehold interest covering approximately 54,000 acres in the South Piceance Basin in the Western slope of Colorado from Encana Oil and Gas (USA) Inc. ("Encana"). Nucor retained its 50% ownership interest in all of the wells that were drilled under an earlier Carry and Earning agreement that was terminated on October 1, 2016. In July 2017, Encana sold all of its assets in the Piceance Basin to Caerus Oil and Gas LLC, who will serve as the operator of Nucor's well assets going forward. The determination of whether or not to participate and invest in all future drilling capital investments by one working interest owner is independent of the other working interest owners. As such, Nucor has full discretion on its participation in all future drilling capital investments.

OVERVIEW

STEEL INDUSTRY CONDITIONS

In spite of lackluster global economic and steel industry conditions, the economy in the United States continues to experience modest growth, and steel demand in this country is stronger than in many parts of the world. After several years of growth in nonresidential construction markets (the sector to which we are most closely tied and the largest end market for steel in the United States), demand stalled in 2015. Still sluggish nonresidential construction activity continued throughout 2016 and 2017. The domestic automotive market, which is the second largest end market for steel in the United States, decreased to an estimated 17.2 million vehicles sold in 2017, down from a record 17.6 million vehicles sold in 2016. Current estimates for 2018 project the number of automotive units sold will dip below 17 million but remain healthy. A steep drop in oil prices in 2015 had a significant negative impact on demand for energy-related steel, which is the third largest end market for steel in the United States. Demand has improved since 2015 and current consensus is for continued improvement in 2018. Long-term, we believe that the domestic economy can benefit from globally competitive energy prices.

Although Nucor's earnings increased significantly in 2017, they continue to be impacted significantly by extremely high levels of steel imports. Our industry remains greatly constrained by the impact of global overcapacity. Weak economic conditions in Europe, slow growth in China and a strong U.S. dollar relative to other foreign currencies continue to make the U.S. markets a prime target for foreign steel imports. While the steel industry has historically been characterized by periods of overcapacity and intense competition for sales among producers, we are currently experiencing an era of global overcapacity that is unprecedented. Despite ongoing domestic and global steel industry consolidation, the extraordinary increase in China's steel production in the last decade, together with the excess capacity from other countries that have state-owned enterprises ("SOEs") or export-focused steel industries, have exacerbated this overcapacity issue domestically as well as globally. The G-20 Global Forum on Steel Excess Capacity, citing data from the Organisation for Economic Co-operation & Development and the World Steel Association, reports that in 2016 global steel production overcapacity was estimated at approximately 812 million tons per year, with China being the largest contributor to overcapacity. China is the world's largest producer and exporter of steel, accounting for almost half of the steel produced annually in the world. We believe Chinese producers, many of which are government-owned in whole or in part, continue to benefit from their government's manipulation of foreign currency exchange rates and from the receipt of government subsidies, which allow them to sell steel into our markets at artificially low prices.

Imported steel and steel products continue to present unique challenges for us because foreign producers often benefit from government subsidies, either directly through SOEs or indirectly through government-owned or controlled financial institutions. Foreign imports of finished and semi-finished steel increased more than 15% in 2017 compared to 2016, remaining excessive with imports of finished steel products alone capturing 27% of the U.S. market despite significant unused cost-competitive domestic capacity. The surge comes from numerous countries and cuts across many product lines. Our products that experience the greatest amount of imports include: semi-finished steel, reinforcing bar, plate and hot-rolled, cold-rolled and galvanized sheet steel. Countries that contribute significantly to the import total include South Korea, Turkey, Japan and China.

China is not only selling steel at artificially low prices into our domestic market but also across the globe. When it does so, steel products that would otherwise have been consumed by the local steel customers in other countries are displaced into global markets, compounding the issue. Nucor has joined three other domestic steelmakers in filing a petition alleging China is circumventing previously levied duties by shipping products through third-party countries. Also, in a more indirect manner, but increasingly significant, is the import of fabricated steel products, such as oil country tubular goods, wind towers and other construction components that were produced in China.

The steel industry has always been cyclical in nature, but North American producers of steel and steel products have been facing, and are continuing to face, very challenging global market conditions. The average domestic industry capacity utilization rates have languished around 71% from 2015 through 2017. These rates compare unfavorably to capacity utilization rates that reached as high as 87% in 2007. Although domestic demand for steel and steel products is expected to remain healthy in 2018, we believe it is unlikely that average capacity utilization rates will increase significantly unless the U.S. government and world trade organizations continue to address global overcapacity and unfair trade practices. The average utilization rates of all operating facilities in our steel mills, steel products and raw materials segments were approximately 85%, 64% and 65%, respectively, in 2017, compared with 78%, 63% and 62%, respectively, in 2016. In spite of challenging market conditions, all of our product groups in the steel mills segment realized improved utilization rates in 2017 over the prior year.

Macro-level uncertainties in world markets should continue to weigh on global and domestic growth in 2018. We believe our net sales and financial results will continue to be adversely affected by these general global economic factors as well as the global steel production overcapacity issue.

OUR CHALLENGES AND RISKS

Sales of many of our products are largely dependent upon capital spending in the nonresidential construction markets in the United States, including in the industrial and commercial sectors, as well as capital spending on infrastructure that is publicly funded, such as bridges, schools, prisons and hospitals. Unlike recoveries from past recessions, the recovery from the recession of 2008-2009 has not yet included a strong recovery in the severely depressed nonresidential construction markets. While we have continued to experience a slightly positive trajectory in capital spending on nonresidential construction projects since 2009, we do not expect to see strong growth in our net sales until we see a more sustained increase in spending on these types of construction projects. Congress did pass a five-year surface transportation funding bill at the end of 2015, providing \$305 billion for highway and public transportation projects. We are also encouraged by the Trump administration's recent commentary on initiatives that should spur greater economic growth, including increased infrastructure spending, the rolling back of excessive regulations and the encouragement of domestic energy production.

The continued flow of artificially cheap exports by some of our major foreign competitors into the United States and elsewhere reduces our net sales and adversely impacts our financial results. Unfair trade practices have been challenged successfully as violating world trade rules. In 2016, the U.S. steel industry received positive determinations in trade cases involving three flat-rolled products - corrosion-resistant, cold-rolled and hot-rolled steel. In 2017, the domestic industry realized important victories when the U.S. Department of Commerce ("DOC") made favorable rulings in additional trade cases involving steel plate, rebar and wire rod.

Efforts by foreign companies to evade duties by routing products through third-party countries is also a challenge. Artificially-priced imports and duty evasion schemes make it very difficult for Nucor to maintain sales prices and profit levels. As a result, Nucor joined three other steelmakers in filing a petition alleging China is circumventing coated steel sheet duties by shipping product through Vietnam. At the end of 2017, the DOC issued a preliminary determination finding that China did evade U.S. anti-dumping and antisubsidy orders in these transactions. A final determination is expected to be announced in the first quarter of 2018. We continue to believe that assertive enforcement of world trade rules must be one of the highest priorities of the U.S. government.

Another important trade issue in 2018 is China's continued treatment as a non-market economy in trade disputes. China was a government-run, non-market economy in 2001 when it entered its Protocol of Accession to the World Trade Organization (the "Protocol"), and China remains a government-run, non-market economy today. The main objective of the Protocol was to encourage, and in some cases to require, China to make market-based economic reforms. China has argued that its accession agreement with the World Trade Organization requires it be treated as a market economy after 15 years, a milestone it surpassed in December 2016. However, over this period, China has failed to take the required steps to establish that it is a market economy under U.S. law. Therefore, we agree with the DOC's decision to continue treating China as a non-market economy, and we encourage other countries to support this position. By treating China as a non-market economy in anti-dumping cases, the DOC can assume that Chinese prices and costs are distorted, and it can use other methodologies to calculate anti-dumping duties. This treatment often results in appropriately higher duties against Chinese products, in order to offset its unfair trade practices.

A major uncertainty we continue to face in our business is the price of our principal raw material, ferrous scrap, which is volatile and often increases or decreases rapidly in response to changes in domestic demand, unanticipated events that affect the flow of scrap into scrap yards and changes in foreign demand for scrap. In periods of rapidly increasing raw material prices in the industry, which is often also associated with periods of strong or rapidly improving steel market conditions, being able to increase our prices for the products we sell quickly enough to offset increases in the prices we pay for ferrous scrap is challenging but critical to maintaining our profitability. We attempt to mitigate the scrap price risk by managing scrap inventory levels at the steel mills to match the anticipated demand over the next several weeks. Certain scrap substitutes, including pig iron, have longer lead times for delivery than scrap, which can make this inventory management strategy difficult to achieve. Continued successful implementation of our raw material strategy, including key investments in direct reduced iron ("DRI") production coupled with the scrap brokerage and processing services performed by our team at The David J. Joseph Company ("DJJ"), gives us greater control over our metallic inputs and thus also helps us to mitigate this risk.

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

Although the majority of our steel sales are to spot market customers who place their orders each month based on their business needs and our pricing competitiveness compared to both domestic and global producers and trading companies, we also sell contract tons, primarily in our sheet operations. Approximately 65% of our sheet sales were to contract customers in 2017 (60% in 2016 and 2015), with the balance in the spot market at the prevailing prices at the time of sale. Steel contract sales outside of our sheet operations are not significant. The amount of tons sold to contract customers depends on the overall market conditions at the time, how the end-use customers see the market moving forward and the strategy that Nucor management believes is appropriate to the upcoming period.

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

Another significant uncertainty we face is the cost of energy. The availability and prices of electricity and natural gas are influenced today by many factors, including changes in supply and demand, advances in drilling technology and, increasingly, by changes in public policy relating to energy production and use. Proposed regulation of greenhouse gas emissions from new and refurbished power plants could increase our cost of electricity in future years, particularly if such regulation is adopted in a form that requires deep reductions in greenhouse gas emissions. Adopting these regulations in an onerous form could lead to foreign producers that are not affected by them gaining a competitive advantage over us. We are monitoring these regulatory developments closely and will seek to educate public policy makers during the adoption process about their potential impact on our business and the U.S. manufacturing base.

OUR STRENGTHS AND OPPORTUNITIES

We are North America's most diversified steel producer. As a result, our short-term performance is not tied to any one market. Since 2013, we have made investments of more than \$5 billion on projects that are not only diversifying our product offerings but also the markets that we serve. We expect these investments to grow our long-term earnings power by increasing our channels to market, expanding our product portfolio into higher value-added offerings that are less vulnerable to imports, improving our cost structure and further building upon our market leadership positions.

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

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

EVALUATING OUR OPERATING PERFORMANCE

We report our results of operations in three segments: steel mills, steel products and raw materials. Most of the steel we produce in our mills is sold to outside customers, but a significant percentage is used internally by our tubular products divisions, our piling distributor and many of the facilities in our steel products segment.

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

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

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

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

EVALUATING OUR FINANCIAL CONDITION

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

COMPARISON OF 2017 TO 2016 RESULTS OF OPERATIONS

NET SALES

Net sales to external customers by segment for 2017 and 2016 were as follows:

			(in thousands)
Year Ended December 31,	2017	2016	% Change
Steel mills	\$14,508,847	\$11,312,048	28%
Steel products	4,000,606	3,687,448	8%
Raw materials	1,742,940	1,208,626	44%
Total net sales to external customers	\$20,252,393	\$16,208,122	25%

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

In the steel mills segment, sales tons were as follows:

			(in thousands)
Year Ended December 31,	2017	2016	% Change
Outside steel shipments	20,618	18,846	9%
Inside steel shipments	_4,100	_3,095	32%
Total steel shipments	24,718	<u>21,941</u>	13%

Net sales for the steel mills segment increased 28% in 2017 from the prior year due to a 17% increase in the average sales price per ton from \$601 in 2016 to \$704 in 2017, as well as a 9% increase in total tons shipped to outside customers. All of our steel mill products experienced higher average selling prices in 2017 as compared to 2016, with the sheet mills having the most significant impact on the segment's net sales increase in 2017. The increase in tons sold to outside customers in 2017 as compared to 2016 was partly due to the acquisitions of our tubular products businesses that occurred during the fourth quarter of 2016 and the first quarter of 2017. In addition, all product groups within the steel mills segment, except for our structural products, experienced an increase in tons sold to outside customers as compared to the prior year. The addition of the tubular products businesses also contributed to the increase in average

sales price per ton for the steel mills segment in 2017 compared to 2016 as those products have higher average selling prices. The improved volumes and higher average selling prices combined to result in increased sales for the steel mills segment in every quarter of 2017 when compared to the respective prior year quarter.

Imports continue to negatively impact the U.S. steel industry. Total steel imports in 2017 increased over five million tons, or more than 15%, compared to 2016. Additionally, finished steel imports accounted for an estimated 27% share of the U.S. market.

Outside sales tonnage for the steel products segment was as follows:

Fabricated concrete reinforcing steel sales

			(III tilousullus)
Year Ended December 31,	2017	2016	% Change
Joist sales	472	445	6%
Deck sales	457	442	3%
Cold finished sales	487	426	14%

1.142

1.115

(in thousands)

2%

Net sales for the steel products segment increased 8% in 2017 from the prior year due to a 5% increase in tons sold to outside customers and a 4% increase in the average sales price per ton from \$1,298 in 2016 to \$1,345 in 2017. Sales during 2017 followed the typical seasonal pattern that was also experienced in 2016. Total sales and volumes were lowest in the first quarter as winter weather conditions had their greatest impact on nonresidential construction markets. Conditions improved in the second quarter and continued through the remainder of the year as higher average selling prices per ton mostly offset the slight decline in volumes during the fourth quarter as winter weather conditions began to return. The increase in net sales for the steel products segment was also impacted by the higher volumes and average selling prices of our cold finish operations in 2017 as compared to 2016.

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

GROSS MARGIN

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

- The primary driver for the increase in gross margin in 2017 as compared to 2016 was increased metal margins in the steel mills segment. Metal margin is the difference between the selling price of steel and the cost of scrap and scrap substitutes. Partially offsetting the previously mentioned increases in the steel mills segment's average selling prices and volumes in 2017 as compared to 2016 was increased scrap and scrap substitute costs. The average scrap and scrap substitute cost per ton used in 2017 was \$307, a 35% increase from \$228 in 2016.
 - Scrap prices are driven by the global supply and demand for scrap and other iron-based raw materials used to make steel. Scrap prices increased during the first half of 2017 with prices leveling out during the third quarter and remaining flat through the end of the year. As we enter the first quarter of 2018, scrap prices have increased some from the end of 2017, but we believe scrap prices will be relatively stable over the next several months.
- Steel mill energy costs increased approximately \$1 per ton in 2017 compared with 2016 due to higher unit costs for electricity and natural gas. Due to the efficiency of Nucor's steel mills, energy costs were approximately 5% of the sales dollar in 2017 and 2016.
- In the fourth quarter of 2016, we performed an analysis of the impact the shift to value-added products had on steel mill capacity. As part of this analysis, we also revisited the impact that the shift in product mix had on our inventory costing. Based on this analysis, we changed our estimates of inventory cost based on the updated normal capacity determination and the related full absorption costing. The impact of the change in estimate resulted in a net pre-tax benefit of \$77.6 million, \$83.0 million of which affected gross margin, being recorded in the fourth quarter of 2016.
- Gross margins in the steel products segment for 2017 decreased compared to 2016 due to a highly competitive market and margin compression resulting from higher steel input costs. In particular, our rebar fabrication operations have experienced significant declines in performance due to a combination of margin compression caused by higher steel input costs and delays on larger, more profitable projects. Partially offsetting these gross margin decreases was the increased profitability of our cold finish operations in 2017 as compared to 2016 due to both improved volumes and increased average selling prices.

- Gross margins related to DJJ's brokerage and scrap processing operations improved during 2017 compared to 2016 due to the
 sustained impact of significant improvements in its cost structure established during 2016, combined with significant increases in
 average selling prices and increases in volume.
- Gross margins in the raw materials segment in 2017 benefited from the improved profitability of our DRI facilities. The primary driver
 of this improved profitability was our DRI facility in Trinidad which more than offset the disappointing performance of our Louisiana
 DRI facility. Nucor Steel Louisiana experienced unplanned outages during the first, third and fourth quarters of 2017.

The performance of Nucor Steel Louisiana has been unacceptable and we are executing a plan to address that. In late 2017, we began a thorough review of the Louisiana DRI facility. As we study potential process and design modifications at the facility, we are drawing upon both internal and external resources. This review is in its early stages and we cannot estimate any potential capital expenditures that may or may not result from this analysis at this time.

MARKETING, ADMINISTRATIVE AND OTHER EXPENSES

A major component of marketing, administrative and other expenses is profit sharing and other incentive compensation costs. These costs, which are based upon and fluctuate with Nucor's financial performance, increased from 2016 to 2017 due to increased profitability in 2017. In 2017, profit sharing costs consisted of \$169.4 million of contributions, including the Company's matching contribution, made to the Company's Profit Sharing and Retirement Savings Plan for qualified employees (\$129.0 million in 2016). Other bonus costs also fluctuate based on Nucor's achievement of certain financial performance goals, including comparisons of Nucor's financial performance to peers in the steel industry and other companies. Stock-based compensation included in marketing, administrative and other expenses increased by 13% to \$30.3 million in 2017 compared with \$26.9 million in 2016 and includes costs associated with vesting of stock awards granted in prior years. Also contributing to the increase in marketing, administrative and other costs in 2017 as compared to 2016 was increased non-operating expenses associated with unplanned outages at Nucor Steel Louisiana that occurred in 2017.

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

EQUITY IN EARNINGS OF UNCONSOLIDATED AFFILIATES

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

INTEREST EXPENSE (INCOME)

Net interest expense is detailed below:

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

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

EARNINGS (LOSS) BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS

Earnings (loss) before income taxes and noncontrolling interests by segment for 2017 and 2016 were as follows:

		(in thousands)
Year Ended December 31,	2017	2016
Steel mills	\$2,084,203	\$1,724,168
Steel products	206,805	249,970
Raw materials	129,296	(95,121)
Corporate/eliminations	(670,347)	(580,358)
Earnings before income taxes and noncontrolling interests	\$1,749,957	\$1,298,659

Earnings before income taxes and noncontrolling interests for the steel mills segment for 2017 increased from 2016 primarily due to improved metal margins per ton at our sheet mills, particularly during the first half of the year. Also contributing to the improved earnings in 2017 compared to the prior year were improved metal margins at our plate mills and the addition of our tubular products businesses, which we acquired in the fourth quarter of 2016 and the first quarter of 2017. Earnings were negatively impacted in 2017 by challenging markets for our plate mills in the second half of the year, as well as challenging market conditions for the entire year for our beam, rebar and merchant bar products. Those four product groups combined to make up about half of our total steelmaking capacity in 2017. We believe there is significant optimism in steel end-use markets and are encouraged by positive pricing momentum building throughout the first quarter of 2018 for all of our steel mill products.

In the steel products segment, earnings before income taxes and noncontrolling interests decreased in 2017 compared to 2016 due to margin compression resulting from higher steel input costs and highly competitive markets, particularly for our rebar fabrication operations. The performance of our joist, grating, rebar fabrication and building systems operations declined in 2017 from the prior year. Our steel products segment was negatively impacted by the still sluggish nonresidential construction market in 2017. The performance of our deck and cold finish operations improved compared to the prior year due to increased volumes and higher average selling prices in 2017. We are encouraged by increases in backlog tons for our joist, deck, rebar fabrication, building systems and cold finish operations at the end of 2017 as compared to the end of 2016.

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

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

NONCONTROLLING INTERESTS

Noncontrolling interests represent the income attributable to the noncontrolling partners of Nucor's joint ventures, primarily Nucor-Yamato Steel Company ("NYS"), of which Nucor owns 51%. The 41% decrease in earnings attributable to noncontrolling interests in 2017 as compared to 2016 was primarily due to the decreased earnings of NYS, which was a result of decreased metal margin caused by increased scrap costs. Under the NYS limited partnership agreement, the minimum amount of cash to be distributed each year to the partners is the amount needed by each partner to pay applicable U.S. federal and state income taxes. In 2017, the amount of cash distributed to noncontrolling interests based on mutual agreement of the general partners; however, the cumulative amount of cash distributed to partners was less than the cumulative net earnings of the partnership.

PROVISION FOR INCOME TAXES

The effective tax rate in 2017 was 21.1% compared with 30.7% in 2016. The decrease in rate between 2016 and 2017 was primarily due to the provisional net tax benefit of \$175.2 million the Company recorded in 2017 related to the enactment of the Tax Cuts and Jobs Act (the "Tax Reform Act"), which the President signed into law on December 22, 2017. As discussed in further detail in Note 19 to the Consolidated Financial Statements, the revaluation of Nucor's U.S. deferred tax assets and liabilities is the primary driver of the impact of the Tax Reform Act. This benefit is somewhat offset by the change in the relative proportions of net earnings attributable to noncontrolling interests to total pre-tax earnings between the periods. Nucor has concluded U.S. federal income tax matters for years through 2013. Tax years 2014 through 2016 remain open to examination by the Internal Revenue Service. The Canada Revenue Agency has substantially concluded its examination of the 2012 and 2013 Canadian returns for Harris Steel Group Inc. and certain related affiliates. The tax years 2010 through 2016 remain open to examination by other major taxing jurisdictions to which Nucor is subject (primarily Canada and other state and local jurisdictions).

NET EARNINGS AND RETURN ON EQUITY

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

COMPARISON OF 2016 TO 2015 RESULTS OF OPERATIONS

NET SALES

Net sales to external customers by segment for 2016 and 2015 were as follows:

			(in thousands)
Year Ended December 31,	2016	2015	% Change
Steel mills	\$11,312,048	\$11,084,331	2%
Steel products	3,687,448	3,966,895	-7%
Raw materials	1,208,626	1,388,050	-13%
Total net sales to external customers	\$16,208,122	\$16,439,276	-1%

Net sales for 2016 decreased 1% from the prior year. Average sales price per ton decreased 8% from \$725 in 2015 to \$667 in 2016. Total tons shipped to outside customers increased 7% from 22,680,000 tons in 2015 to 24,309,000 tons in 2016.

In the steel mills segment, sales tons were as follows:

			(in thousands)
Year Ended December 31,	2016	2015	% Change
Outside steel shipments	18,846	17,006	11%
Inside steel shipments	3,095	2,854	8%
Total steel shipments	21,941	19,860	10%

Net sales for the steel mills segment increased 2% in 2016 from the prior year primarily due to an 11% increase in total tons shipped to outside customers, which was partially offset by an 8% decrease in the average sales price per ton from \$651 in 2015 to \$601 in 2016.

Outside sales tonnage for the steel products segment was as follows:

(in	th	n	ısa	nd	(2)

Year Ended December 31,	2016	2015	% Change
Joist sales	445	427	4%
Deck sales	442	401	10%
Cold finished sales	426	449	-5%
Fabricated concrete reinforcing steel sales	1,115	1,190	-6%

Net sales for the steel products segment decreased 7% in 2016 from 2015 primarily due to a 1% decrease in tons sold to outside customers and a 6% decrease in the average sales price per ton from \$1,374 in 2015 to \$1,298 in 2016.

Net sales for the raw materials segment decreased 13% in 2016 from 2015 primarily due to decreased volumes and lower average selling prices in DJJ's brokerage operations as well as decreased volumes in DJJ's scrap processing operations. Approximately 89% of outside sales in the raw materials segment in 2016 were from DJJ's brokerage operations and approximately 8% of outside sales were from DJJ's scrap processing operations (88% and 8%, respectively, in 2015).

GROSS MARGIN

In 2016, Nucor recorded gross margins of \$2.03 billion (12%) compared to \$1.11 billion (7%) in 2015:

- The primary driver for the increase in gross margin in 2016 as compared to 2015 was increased metal margins in the steel mills segment. Metal margins were positively impacted by the 16% decrease in the average scrap and scrap substitute cost per ton used, from \$270 in 2015 to \$228 in 2016, and the 11% increase in sales tons to outside customers in 2016 as compared to 2015.
- Total steel mill energy costs decreased approximately \$4 per ton from 2016 compared with 2015 due to improved productivity and lower electricity and natural gas unit costs.
- Included in the fourth quarter of 2016 is the impact of the change in estimate related to inventory costing which resulted in a net pre-tax benefit of \$77.6 million, \$83.0 million of which affected gross margin.
- Gross margins in the steel products segment for 2016 decreased compared to 2015 primarily due to decreased performance in our joist, deck, building systems and cold finish operations due to higher steel input costs and lower average selling prices per ton.
- Gross margins related to DJJ's scrap processing operations improved significantly during 2016 compared to 2015 due to significant and sustainable improvements in its cost structure, reducing both fixed and variable costs.
- Gross margins in the raw materials segment in 2016 were adversely impacted by the performance of our DRI businesses, which remained in a loss position. The depressed level of pricing for alternative raw materials in 2016 had an adverse impact on the pricing and margins of our DRI facilities.

Gross margins for our DRI businesses were higher in 2016 than in 2015, particularly at Nucor Steel Louisiana. Our Louisiana DRI facility was not in operation for much of the first quarter of 2015 as repairs related to an equipment failure that occurred in 2014 were completed. Following the resumption of operations, gross margins were negatively impacted by working through higher cost iron ore inventory that could not be used as the necessary repairs caused by the equipment failure were being made. In the fourth quarter of 2015, following a planned maintenance outage, Nucor Steel Louisiana did not initially resume operations due to market conditions. The Louisiana DRI facility resumed operations in late January 2016.

MARKETING. ADMINISTRATIVE AND OTHER EXPENSES

Profit sharing costs increased from 2015 to 2016. In 2016, profit sharing costs consisted of \$129.0 million of contributions, including the Company's matching contribution, made to the Company's Profit Sharing and Retirement Savings Plan for qualified employees (\$60.5 million in 2015). Stock-based compensation included in marketing, administrative and other expenses increased 26% to \$26.9 million in 2016 compared with \$21.3 million in 2015 and includes costs associated with vesting of stock awards granted in prior years.

Included in marketing, administrative and other expenses in 2016 were charges related to legal settlements of \$33.7 million and a net benefit of \$11.1 million related to fair value adjustments to assets in the corporate/eliminations segment.

EQUITY EARNINGS OF UNCONSOLIDATED AFFILIATES

Equity method investment earnings were \$38.8 million in 2016 and \$5.3 million in 2015. The increase in equity method investment earnings from 2015 to 2016 was primarily due to increased earnings at NuMit and, to a lesser extent, a decrease in losses at Duferdofin Nucor.

IMPAIRMENTS AND LOSSES ON ASSETS

In 2015, Nucor recorded \$244.8 million in charges for impairments and losses on assets (none in 2016). During the fourth quarter of 2015, Nucor assessed its equity investment in Duferdofin Nucor for impairment due to unfavorable operating performance and deterioration in financial projections caused by increased global overcapacity in 2015. After completing its assessment, Nucor determined that the carrying amount exceeded its estimated fair value and was other than temporary. Nucor recorded a \$153.0 million impairment charge against the Company's investment in Duferdofin Nucor (see Note 9 to the Consolidated Financial Statements). This charge was included in the steel mills segment.

Also during the fourth quarter of 2015, Nucor determined that certain assets, the majority of which were engineering and equipment related to a blast furnace project at our St. James Parish, Louisiana site would not be utilized, resulting in an \$84.1 million impairment charge (see Note 7 to the Consolidated Financial Statements). This charge was included in the raw materials segment.

INTEREST EXPENSE (INCOME)

Net interest expense is detailed below:

	(in thousands)	
Year Ended December 31,	2016	2015
Interest expense	\$181,179	\$177,543
Interest income	_(11,935)	(4,012)
Interest expense, net	<u>\$169,244</u>	\$173,531

Interest expense increased in 2016 compared to 2015 primarily due to higher average interest rates on our variable rate debt. Interest income increased in 2016 due to increased average investment levels and higher average interest rates on investments.

EARNINGS (LOSS) BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS

Earnings (loss) before income taxes and noncontrolling interests by segment for 2016 and 2015 were as follows:

	(in thousands)	
Year Ended December 31,	2016	2015
Steel mills	\$ 1,724,168	\$ 629,256
Steel products	249,970	276,048
Raw materials	(95,121)	(283,938)
Corporate/eliminations	(580,358)	(379,500)
Earnings before income taxes and noncontrolling interests	\$1,298,659	\$ 241,866

Earnings before income taxes and noncontrolling interests in the steel mills segment for 2016 increased significantly from 2015 primarily due to improved total metal margin dollars resulting from increased sales volume and decreased input costs. The higher sales and production volumes in 2016 improved our energy and other production costs per ton as compared to 2015. The primary driver of the improvement in the steel mills segment was our sheet mills, benefiting from the factors previously discussed. The improved results of our NuMit and Duferdofin Nucor equity method joint ventures also contributed to the increase in earnings in 2016 as compared to 2015. During 2015, the \$153.0 million impairment charge related to Duferdofin Nucor significantly impacted the steel mills segment, causing the segment to report a loss before income taxes and noncontrolling interests in the fourth quarter of 2015.

In the steel products segment, earnings before income taxes and noncontrolling interests decreased slightly in 2016 compared to 2015. The performance of our joist, deck, buildings systems and cold finish operations during 2016 declined compared to 2015, while the performance of our rebar fabrication businesses had strong year over year improvement despite a generally flat nonresidential construction market.

Earnings before income taxes and noncontrolling interests in the raw materials segment for 2016 improved significantly from 2015 with the most significant driver being the improved performance of our DRI operations, particularly at Nucor Steel Louisiana. Also contributing to the increased performance of the raw materials segment was the significant improvement in profitability of DJJ's scrap processing operations in 2016. Earnings before income taxes and noncontrolling interests for the raw materials segment in 2015 was negatively impacted by the \$84.1 million impairment charge on assets related to a blast furnace project that will not be utilized in the future.

NONCONTROLLING INTERESTS

The 7% decrease in earnings attributable to noncontrolling interests from 2015 to 2016 was primarily due to decreased metal margins as a result of lower selling prices, partially offset by increased volumes.

PROVISION FOR INCOME TAXES

The effective tax rate in 2016 was 30.7% compared with 20.2% in 2015. The increase in the rate between 2015 and 2016 was primarily due to the change in the relative proportions of net earnings attributable to noncontrolling interests to total pre-tax earnings between the periods. The effective tax rate in 2015 also benefited from lower state income taxes caused by state tax credits and the reversal of previously unrecognized tax benefits. These decreases in the 2015 rate were somewhat offset by an increase as a result of the \$153.0 million financial statement impairment of an investment in a foreign joint venture.

NET EARNINGS AND RETURN ON EQUITY

Nucor reported net earnings of \$796.3 million, or \$2.48 per diluted share, in 2016, compared to net earnings of \$80.7 million, or \$0.25 per diluted share, in 2015. Net earnings attributable to Nucor stockholders as a percentage of net sales were 4.9% and 0.5% in 2016 and 2015, respectively. Return on average stockholders' equity was 10.4% and 1.0% in 2016 and 2015, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Nucor's cash and cash equivalents and short-term investments position remained strong at \$991.1 million at December 31, 2017, compared with \$2.2 billion at the end of the previous year. Approximately \$248.3 million and \$348.8 million of the cash and cash equivalents position at December 31, 2017 and 2016, respectively, was held by our majority-owned joint ventures. Cash flows provided by operating activities provide us with a significant source of liquidity. When needed, we have external short-term financing sources available, including the issuance of commercial paper and borrowings under our bank credit facilities. We also issue long-term debt from time to time.

Nucor has a \$1.5 billion revolving credit facility that matures in April 2021 and was undrawn at December 31, 2017. We believe our financial strength is a key strategic advantage among domestic steel producers, particularly during recessionary business cycles. We carry the highest credit ratings of any steel producer headquartered in North America, with an A- long-term rating from Standard and Poor's and a Baa1 long-term rating from Moody's. Our credit ratings are dependent, however, upon a number of factors, both qualitative and quantitative, and are subject to change at any time. The disclosure of our credit ratings is made in order to enhance investors' understanding of our sources of liquidity and the impact of our credit ratings on our cost of funds. Based upon the preceding factors, we expect to continue to have adequate access to the capital markets at a reasonable cost of funds for liquidity purposes when needed.

Selected Measures of Liquidity and Capital Resources

(dollars in thousands)

2017	2016
,104 \$2,0	45,961
,000 1	50,000
656 4,1	16,427
2.4	2.7
	· '

The current ratio was 2.4 at year end 2017 compared with 2.7 at year end 2016. The current ratio was negatively impacted by a \$1.20 billion decrease in cash and cash equivalents and short-term investments from year end 2016 due in part to the repayment of \$600.0 million of 5.75% notes that were due in 2017. Accounts payable increased 41% compared to year end 2016 due primarily to a 27% rise in the value of scrap and scrap substitutes per ton on hand and a 16% increase in the inventory tons on hand from year end 2016 to year end 2017. Additionally, there was a 20% increase in salaries, wages and related accruals due to greater performance-based bonus accruals resulting from Nucor's improved profitability in 2017 over the prior year and a 14% increase in accrued expenses and other current liabilities stemming primarily from an increase in deferred revenue and accrued customer rebates.

The current ratio was positively impacted by a 40% increase in inventory and a 24% increase in accounts receivable from year end 2016. Inventories increased from year end 2016 due to the rise in the value of scrap and scrap substitutes and in inventory on hand previously mentioned. The increase in accounts receivable was due to a 14% increase in average sales price per ton and a 13% increase in outside shipments in the fourth quarter of 2017 compared with the prior year fourth quarter.

In 2017, total accounts receivable turned approximately every five weeks and inventories turned approximately every nine weeks. These ratios compare with accounts receivable turnover of approximately every five weeks and inventory turnover of approximately every eight weeks in 2016.

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

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

CAPITAL ALLOCATION STRATEGY

Nucor's conservative financial practices have served us well in the past and are serving us well today. Nucor's financial strength allows for a consistent approach to capital allocation throughout the business cycle. Nucor's highest capital allocation priority is to invest for profitable long-term growth through our multi-pronged strategy of optimizing existing operations, acquisitions and greenfield expansions. Our second priority is to provide our stockholders with cash dividends that are consistent with our success in delivering long-term earnings growth. Our third priority is to opportunistically repurchase our stock when our cash position is strong and attractively priced growth opportunities are limited. In September 2015, Nucor's board of directors approved a share repurchase program under which the Company is authorized to repurchase up to \$900.0 million of shares of its common stock. The Company repurchased \$90.3 million of shares of its common stock in 2017 (\$5.2 million in 2016 and \$66.5 million in 2015). As of December 31, 2017, approximately \$738.0 million remained available for share repurchases under the program.

OPERATING ACTIVITIES

Cash provided by operating activities was \$1.05 billion in 2017, a decrease of 40% compared with cash provided by operating activities of \$1.75 billion in 2016. The primary reason for the decrease in cash provided by operating activities was that changes in operating assets and liabilities (exclusive of acquisitions) used cash of \$907.0 million in 2017 compared with \$32.6 million of cash generated in 2016. The funding of working capital increased over the prior year due mainly to increases in inventories, accounts receivable and federal income taxes receivable, partially offset by increases in net earnings and accounts payable. Inventories and accounts payable increased due to the rise in average scrap and scrap substitutes costs on hand from \$258 per ton at year end 2016 to \$328 per ton at year end 2017, as well as increased volumes of inventory on hand to support higher operating rates. Accounts receivable increased due to the previously mentioned increase in average sales price per ton and the increase in outside shipments, particularly within the bar mill product group, in the fourth quarter of 2017 over the fourth quarter of 2016. Partially offsetting the decrease in cash generated from changes in operating assets and operating liabilities were increased net earnings in 2017 over prior year levels. A significant item impacting the increase in net earnings in 2017 compared to 2016 was the benefit related to deferred income taxes of \$221.2 million in 2017 (expense related to deferred income taxes of \$71.5 million in 2016) that was due in large part to the Tax Reform Act enacted in late 2017.

INVESTING ACTIVITIES

Our business is capital intensive; therefore, cash used in investing activities primarily represents capital expenditures for new facilities, the expansion and upgrading of existing facilities and the acquisition of other companies. Cash used in investing activities decreased \$106.2 million from 2016 to 2017. The primary driver for the decrease in cash used in investing activities was that cash used for capital expenditures declined \$156.3 million in 2017 from the prior year. Capital expenditures in 2016 included Nucor's purchase of 49% of Encana Oil & Gas (USA) Inc.'s leasehold interest covering approximately 54,000 acres in the South Piceance Basin, NYS's quench and self-tempering expansion and significant spending associated with the \$230 million cold mill complex at Nucor Steel Arkansas that is scheduled to start-up in the first half of 2019. Additionally, there was a \$600.0 million decrease in cash used to purchase investments, offset by a \$450.0 million decrease in proceeds from the sale of investments. These decreases in cash used for investing activities were partially offset by the \$69.3 million increase in cash used to fund acquisitions over the prior year. Significant acquisitions in 2017 include the purchases of Republic Conduit and Southland Tube, Inc. in January 2017 and St. Louis Cold Drawn, Inc. in September 2017, while Independence Tube Corporation was purchased in the previous year. In 2016, cash from investing activities benefited from the receipt of \$135.0 million from the sale of our 50% equity interest in Hunter Ridge Energy Services LLC.

FINANCING ACTIVITIES

Cash used in financing activities in 2017 was \$1.24 billion compared with cash used in financing activities of \$626.4 million in 2016. The majority of the change was due to the repayment of \$600.0 million of 5.75% notes that were due in 2017. Additionally, cash used to repurchase treasury stock increased by \$85.1 million in 2017 from the prior year. Partially offsetting the increase in cash used to retire debt and to repurchase shares of our common stock was a net increase in 2017 in short-term debt associated with trade credit arrangements used to finance the business of Nucor Trading S.A. over 2016.

Nucor increased its quarterly base dividend, resulting in dividends paid of \$485.3 million in 2017 compared with \$481.1 million in 2016.

Our credit facility includes only one financial covenant, which is a limit of 60% on the ratio of funded debt to total capitalization. In addition, the credit facility contains customary non-financial covenants, including a limit on Nucor's ability to pledge the Company's assets and a limit on consolidations, mergers and sales of assets. Our funded debt to total capital ratio was 29% at the end of 2017 and 35% at the end of 2016, and we were in compliance with all other covenants under our credit facility at the end of 2017.

MARKET RISK

Nucor's largest exposure to market risk is in our steel mills and steel products segments. Our utilization rates for the steel mills and steel products facilities for the fourth quarter of 2017 were 81% and 63%, respectively. A significant portion of our steel mills and steel products segments' sales are into the commercial, industrial and municipal construction markets. These markets continue to be depressed when compared to historical levels, and the domestic steel industry continues to be negatively affected by imported steel. Our largest single customer in 2017 represented approximately 5% of sales and consistently pays within terms. In the raw materials segment, we are exposed to price fluctuations related to the purchase of scrap steel and iron ore. Our exposure to market risk is mitigated by the fact that our steel mills use a significant portion of the products of this segment.

Nucor's tax-exempt industrial development revenue bonds ("IDRBs") have variable interest rates that are adjusted weekly. These IDRBs represented 27% of Nucor's long-term debt outstanding at December 31, 2017. The remaining 73% of Nucor's long-term debt is at fixed rates. Future changes in interest rates are not expected to significantly impact earnings. From time to time, Nucor makes use of interest rate swaps to manage interest rate risk. As of December 31, 2017, there were no such contracts outstanding. Nucor's investment practice is to invest in securities that are highly liquid with short maturities. As a result, we do not expect changes in interest rates to have a significant impact on the value of our investment securities recorded as short-term investments.

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

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

CONTRACTUAL OBLIGATIONS AND OTHER COMMERCIAL COMMITMENTS

The following table sets forth our contractual obligations and other commercial commitments as of December 31, 2017 for the periods presented:

(in thousands) **Payments Due By Period** 2019 - 2020 **Contractual Obligations** Total 2018 2021 - 2022 2023 and thereafter Long-term debt \$3,760,600 \$ 500,000 20,000 \$ 601,000 \$2,639,600 137,770 251,075 Estimated interest on long-term debt(1) 1,991,387 243,401 1,359,141 Capital leases 175,454 18,183 34,804 32,898 89,569 121,407 30,104 43,226 23,776 Operating leases 24,301 Raw material purchase commitments(2) 1,109,269 791,285 133,569 111,965 72,450 Utility purchase commitments(2) 760,988 190,314 173,667 117,631 279,376 Other unconditional purchase obligations(3) 448,190 353,839 78,628 6,078 9,645 Other long-term obligations(4) 435,015 48,921 11,963 108,786 604,685 Total contractual obligations \$8,971,980 \$2,456,510 783,890 \$1,149,237 \$4,582,343

- (1) Interest is estimated using applicable rates at December 31, 2017 for Nucor's outstanding fixed and variable rate debt.
- (2) Nucor enters into contracts for the purchase of scrap and scrap substitutes, iron ore, electricity, natural gas, and other raw materials and related services. These contracts include multi-year commitments and minimum annual purchase requirements and are valued at prices in effect on December 31, 2017, or according to the contract language. These contracts are part of normal operations and are reflected in historical operating cash flow trends. We do not believe such commitments will adversely affect our liquidity position.
- (3) Purchase obligations include commitments for capital expenditures on operating machinery and equipment.
- (4) Other long-term obligations include amounts associated with Nucor's early-retiree medical benefits, management compensation and guarantees.
- Note: In addition to the amounts shown in the table above, \$48.8 million of unrecognized tax benefits have been recorded as liabilities, and we are uncertain as to if or when such amounts may be settled. Related to these unrecognized tax benefits, we have also recorded a liability for potential penalties and interest of \$16.1 million at December 31, 2017.

DIVIDENDS

Nucor has increased its base cash dividend every year since it began paying dividends in 1973. Nucor paid dividends of \$1.51 per share in 2017, compared with \$1.50 per share in 2016. In December 2017, the Board of Directors increased the base quarterly dividend to \$0.38 per share. Over the past 10 years, Nucor has returned more than \$5 billion in capital to its stockholders in the form of basic dividends, supplemental dividends and share repurchases. In February 2018, the Board of Directors declared Nucor's 180th consecutive quarterly cash dividend of \$0.38 per share payable on May 11, 2018 to stockholders of record on March 29, 2018.

OUTLOOK

In 2018, we expect to take advantage of our position of strength to grow Nucor's long-term earnings power and stockholder value by continuing to successfully implement our five drivers to profitable growth strategy. Utilizing this strategy, we have invested significant capital into our business since the last cyclical peak in 2008. We have done so over a broad range of strategic acquisitions and investments that we believe will further enhance our ability to grow Nucor's long-term earnings power by increasing our channels to market, expanding our product portfolios into higher value-added offerings that are less vulnerable to imports, improving our highly variable low-cost structure and building upon our market leadership positions. With many of these capital projects completed and ready to yield results, we will focus on execution in order to generate strong returns on these investments. We will also utilize our strong liquidity position to seek investment opportunities to further grow our long-term earnings capacity.

We are encouraged regarding anticipated full-year volume, pricing and profitability and believe our 2018 results may rival the prior year excluding the 2017 tax benefit. We expect our sheet mills to perform consistently in 2018 due to recent trade actions. Our plate mills and bar mills are also expected to deliver improved profitability benefiting from the International Trade Commission's final injury determinations affirming the DOC's anti-dumping duties on those products. Additionally, improved conditions in energy markets are expected to result in a continued resurgence in drilling activity, benefiting energy-related steel mill products. Consumer confidence rose sharply late in 2016 and has continued on a more modest upward trajectory throughout 2017, remaining at historically high levels. Subject to timing, proposed infrastructure bills should benefit not just our steel mills segment but a number of our steel products businesses as well. While utilization rates remained fairly consistent throughout 2017, we have realized some increase in momentum early in 2018. Due to stronger market sentiment, we were able to realize significant price increases for all products within our steel mills segment late in 2017 and this has continued in early 2018. We expect that our downstream steel products segment will continue to build on its positive results after the typical seasonal slow-down in construction that the winter season brings. We anticipate improvement in the performance of the raw materials segment due to demand-driven stronger margins at our DRI mills as well as our scrap recycling businesses.

We expect our first quarter operating results to increase compared to the fourth quarter of 2017, exclusive of the benefit recorded in the fourth quarter of 2017 related to tax reform. Spot prices on many of our products continue to improve and lead times are extending. Many sources predict moderate increases in nonresidential construction markets in 2018. Although units sold in the domestic automotive markets decreased in 2017 from a record 17.6 million vehicles sold in 2016, Nucor's shipments to the industry grew by 7%. In spite of an improved labor market and stable gasoline prices, vehicle sales are expected to again decrease in 2018 but remain healthy. The energy markets languished throughout much of 2016 after the collapse in global oil prices in 2015 triggered inventory reductions among pipe and tube producers serving those markets. The energy market, especially oil country tubular goods, realized a significant increase in demand in 2017 and we expect modest improvement throughout 2018. Backlogs in both the steel mills and steel products segments strengthened during 2017, and we see generally stable or improving conditions in several end-use markets such as nonresidential construction, automotive and energy, heavy equipment and agriculture in 2018. However, the effect this improvement in demand will have on our operating rates will be challenged by excess foreign steel capacity and the threat of continued increases in imported steel. We have aggressively fought to stem the tide of unfairly traded imports, and we applaud recent trade legislation that puts our nation in a much stronger position to hold foreign governments accountable when violating U.S. trade laws. We are encouraged that the Trump administration has shown that it is willing to aggressively use all the tools at its disposal to take meaningful action against unfairly traded imports. As we enter the first quarter of 2018, scrap prices have increased some from the end of 2017, but we believe scrap prices will be relatively stable over the next several months. We have made significant investments in our raw materials segment and will continue to utilize our unmatched global supply chain to optimize our raw material costs.

We are committed to executing on the opportunities we see ahead to reward Nucor stockholders with very attractive long-term returns on their valuable capital invested in our Company. Our industry-leading financial strength allows us to support investments in our facilities that will prepare us for increased profitability as we enter into more favorable market conditions. In 2018, as we have in our past, we will allocate capital to investments that we believe will build our long-term earnings power. Capital expenditures are currently projected to be approximately \$1 billion in 2018. Included in this total are primarily investments in new greenfield opportunities as well as our core operations to expand our product offerings and keep them state-of-the-art and globally cost-competitive. In total, Nucor has announced approximately \$2 billion in capital investments since the third quarter of 2016.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

ALLOWANCES FOR DOUBTFUL ACCOUNTS

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

INVENTORIES

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

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

LONG-LIVED ASSET IMPAIRMENTS

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

Certain long-lived asset groupings were tested for impairment during the fourth quarter of 2017. Undiscounted cash flows for each asset grouping were estimated using management's long-range estimates of market conditions associated with each asset grouping over the estimated useful life of the principal asset within the group. Our undiscounted cash flow analysis indicated that those long-lived asset groupings were recoverable as of December 31, 2017; however, if our projected cash flows are not realized, either because of an extended recessionary period or other unforeseen events, impairment charges may be required in future periods. A 5% decrease in the projected cash flows of each of our asset groupings would not result in an impairment.

Given the natural gas pricing environment, Nucor performed an impairment assessment of its proved producing natural gas well assets in December 2017. One of the main assumptions that most significantly affects the undiscounted cash flows determination is management's estimate of future natural gas prices. The pricing used in this impairment assessment was developed by management based on projected natural gas market supply and demand dynamics. Management also makes key estimates on the expected reserve levels and on the expected drilling production costs. This analysis was performed on each of Nucor's three groups of wells, with each group defined by common geographic location. Each of Nucor's three groups of wells passed the impairment test. The combined carrying value of the three groups of wells was \$252.0 million at December 31, 2017. Changes in the natural gas industry or a prolonged low price environment beyond what had already been assumed in the analysis could cause management to revise

the natural gas price assumptions, the estimated reserves or the estimated drilling production costs. Unfavorable revisions to these assumptions or estimates could possibly result in an impairment of some or all of the groups of proved well assets.

In the fourth quarter of 2015, we determined that certain assets, the majority of which were engineering and equipment related to a blast furnace project at our St. James Parish, Louisiana site, would not be utilized in the future. As a result of this determination, Nucor recorded an \$84.1 million impairment charge for the entire balance of those assets, which is included in the raw materials segment. The impairment charge is included in impairments and losses on assets in the consolidated statement of earnings in 2015. The assets that were impaired, the majority of which were acquired in 2008, were a viable option until the decision was made in the fourth quarter of 2015 that such assets would not be utilized. The decision about whether or not to move forward with construction of the blast furnace utilizing these assets was delayed to focus on the construction of the DRI plant at the site. The decision was further delayed because of challenging industry conditions, particularly increased excess steel capacity, both domestically and globally. In the meantime, technology advances and supply and demand in the raw materials market led management to reconsider its plans for the previously proposed blast furnace.

GOODWILL

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

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

Our fourth quarter 2017 annual goodwill impairment analysis did not result in an impairment charge. Management does not believe that future impairment of these reporting units is probable. However, the performance of certain businesses that comprise our reporting units requires continued improvement. An increase of approximately 50 basis points in the discount rate, a critical assumption in which a minor change can have a significant impact on the estimated fair value, would not result in an impairment charge.

Nucor will continue to monitor operating results within all reporting units throughout 2018 in an effort to determine if events and circumstances warrant further interim impairment testing. Otherwise, all reporting units will again be subject to the required annual qualitative and/or quantitative impairment test during our fourth quarter of 2018. Changes in the judgments and estimates underlying our analysis of goodwill for possible impairment, including expected future operating cash flows and discount rate, could decrease the estimated fair value of our reporting units in the future and could result in an impairment of goodwill.

EQUITY METHOD INVESTMENTS

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

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

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

In the fourth quarter of 2015, Nucor assessed its equity investment in Duferdofin Nucor for impairment due to the protracted challenging steel market conditions caused by excess global overcapacity, which increased in 2015, and the difficult economic environment in Europe. After completing its assessment, the Company determined that the carrying amount exceeded its estimated fair value. The impairment condition was considered to be other than temporary and, as a result, the Company recorded a \$153.0 million impairment charge against the Company's investment in Duferdofin Nucor in the fourth quarter of 2015.

Although the operating results of Duferdofin Nucor have improved since 2015 and there have been no significant deteriorations in near-term financial projections or other key assumptions since the last impairment test performed in the fourth quarter of 2015, Nucor concluded that it was appropriate to reassess its equity investment in Duferdofin Nucor for impairment during the fourth quarter of 2017 due to the protracted challenging steel market conditions in Europe. After completing its assessment, the Company determined that the estimated fair value exceeded its carrying amount by a sufficient amount and that there was no need for additional impairment charges. The assumptions that most significantly affect the fair value determination include projected revenues and the discount rate. It is reasonably possible that material deviation of future performance from the estimates used in our most recent valuation could result in further impairment of our investment in Duferdofin Nucor.

ENVIRONMENTAL REMEDIATION

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

INCOME TAXES

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

The staff of the U.S. Securities and Exchange Commission issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of Accounting Standards Codification 740, Income Taxes, in situations when a registrant does not have the necessary information available, prepared or analyzed (including computations) in reasonable detail to complete the accounting for certain

income tax effects of the Tax Reform Act. Reflected in our financial results, and in accordance with SAB 118, are certain provisional income tax effects of the Tax Reform Act. The Tax Reform Act creates two new U.S. tax base-erosion provisions, the global intangible low-taxed income ("GILTI") and the base erosion and anti-abuse tax provisions. The Company has elected to account for GILTI tax in the period in which it is incurred. Further information on the tax impacts of the Tax Reform Act is included in Note 19 of the Company's consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 2 to the Consolidated Financial Statements for a discussion of new accounting pronouncements adopted by Nucor during 2017 and the expected financial impact of accounting pronouncements recently issued or proposed but not yet required to be adopted.

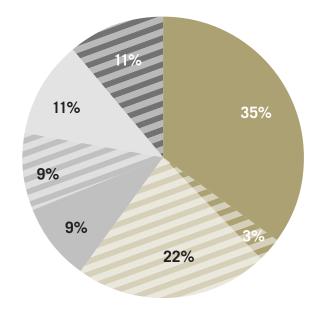
RECLASSIFICATIONS

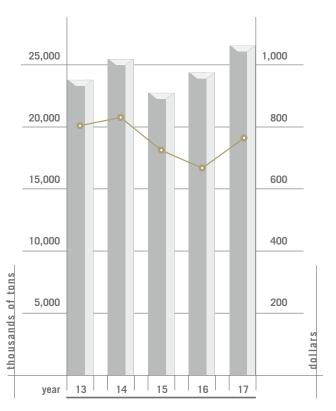
In the first quarter of 2017, we adopted new accounting guidance that amends the accounting for employee share-based payment transactions. One of the requirements of this new guidance is that tax-related cash flows resulting from the direct withholding of shares for tax purposes be classified as a financing activity in the statement of cash flows. This particular requirement of the new accounting guidance required retrospective application. As a result, \$12.4 million and \$11.7 million were reclassified from other operating activities to financing activities related to payment of tax withholdings on certain stock-based compensation in the consolidated statements of cash flows for the years ended December 31, 2016 and 2015, respectively.

DIVERSIFIED PRODUCT MIX

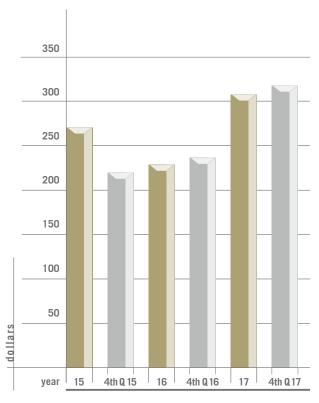
Total Tons Sold to Outside Customers in 2017

- Sheet
- **▼** Tubular Products
- Bar
- Structural
- Plate
- Downstream Products
- Raw Materials

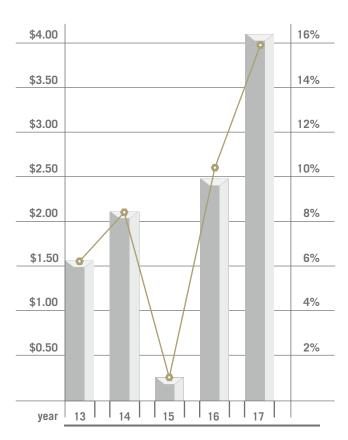




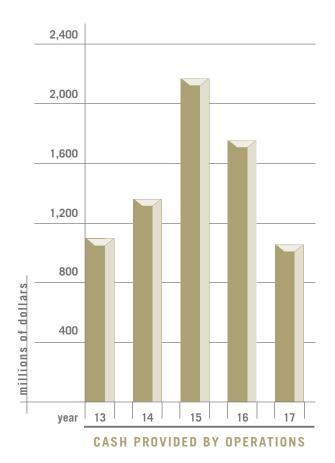


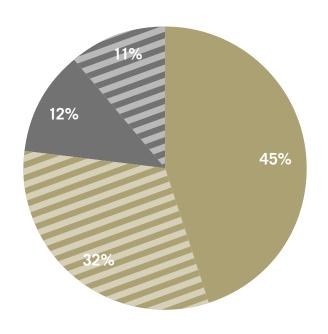


AVERAGE SCRAP AND SCRAP SUBSTITUTE
COST PER TON USED



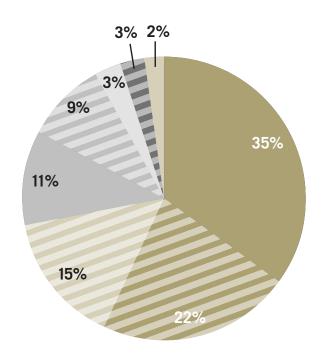






STEEL CAPACITY AT DECEMBER 31, 2017

Product	Thousands of Tons	
 Sheet	12,100	
■ Bar	8,480	
■ Structural	3,250	
■ Plate	2,825	
Total	26,655	



STEEL PRODUCTS CAPACITY AT DECEMBER 31, 2017

Product	Thousar	nds of Tons
■ Rebar Fabr		1,745
■ Cold Finish		1,065
Joist		745
Deck		545
Buildings G	iroup	465
Steel Mesh	1	128
Grating		160
Fastener		<u>75</u>
Total		4,928

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

(dollar and share amounts in thousands, except per share data)					
	2017	2016	2015	2014	2013
FOR THE YEAR					
Net sales	\$20,252,393	\$16,208,122	\$16,439,276	\$21,105,141	\$19,052,046
Costs, expenses and other:					
Cost of products sold	17,682,986	14,182,215	15,325,386	19,255,904	17,623,976
Marketing, administrative and other expenses	687,531	596,761	458,989	520,805	467,904
Equity in earnings of unconsolidated affiliates	(41,661)	(38,757)	(5,329)	(13,505)	(9,297)
Impairments and losses on assets	_	_	244,833	25,393	14,000
Interest expense, net	173,580	169,244	173,531	169,256	146,895
	18,502,436	14,909,463	16,197,410	19,957,853	18,243,478
Earnings before income taxes and noncontrolling interests	1,749,957	1,298,659	241,866	1,147,288	808,568
Provision for income taxes	369,386	398,243	48,836	368,724	214,853
Net earnings	1,380,571	900,416	193,030	778,564	593,715
Earnings attributable to noncontrolling interests	61,883	104,145	112,306	99,227	94,330
Net earnings attributable to Nucor stockholders	1,318,688	796,271	80,724	679,337	499,385
Net earnings per share:					
Basic	4.11	2.48	0.25	2.12	1.56
Diluted	4.10	2.48	0.25	2.11	1.56
Dividends declared per share	1.5125	1.5025	1.4925	1.4825	1.4725
Percentage of net earnings to net sales	6.5%	4.9%	0.5%	3.2%	2.6%
Return on average stockholders' equity	15.9%	10.4%	1.0%	8.4%	6.2%
Cash provided by operating activities	1,051,263	1,749,920	2,168,761	1,356,583	1,092,742
Capital expenditures	507,074	617,677	364,768	568,867	1,230,418
Acquisitions (net of cash acquired)	544,041	474,788	19,089	768,581	_
Depreciation	635,833	613,192	625,757	652,000	535,852
Sales per average employee	820	690	690	921	859
AT YEAR END					
Current assets	\$ 6,824,420	\$ 6,506,393	\$ 5,854,405	\$ 6,808,805	\$ 6,814,189
Current liabilities	2,824,764	2,389,966	1,385,173	2,097,776	1,960,216
Working capital	3,999,656	4,116,427	4,469,232	4,711,029	4,853,973
Current ratio	2.4	2.7	4.2	3.2	3.5
Property, plant and equipment, net	5,093,147	5,078,650	4,891,153	5,287,639	4,917,024
Total assets	15,841,258	15,223,518	14,326,969	15,956,467	15,578,128
Long-term debt (including current maturities)	3,742,242	4,339,141	4,337,145	4,350,558	4,350,902
Percentage of debt to capital ⁽¹⁾	29.2%	34.5%	35.6%	34.0%	34.4%
Total Nucor stockholders' equity	8,739,036	7,879,865	7,477,816	8,110,342	8,018,250
Per share	27.48	24.72	23.52	25.42	25.19
Shares outstanding	317,969	318,737	317,962	319,033	318,328
Employees	25,100	23,900	23,700	23,600	22,300

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

MANAGEMENT'S REPORT on internal control over financial reporting

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

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

Management assessed the effectiveness of Nucor's internal control over financial reporting as of December 31, 2017. In making this assessment, management used criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework (2013)*.

Our evaluation did not include the internal controls over financial reporting for Southland Tube, Inc., which was acquired on January 9, 2017, Republic Conduit, which was acquired on January 20, 2017 and St. Louis Cold Drawn, Inc., which was acquired on September 1, 2017. Total assets for each acquisition represent approximately 0.7%, 0.9% and 0.3%, respectively, and total revenues for each acquisition represent approximately 1.0%, 1.2% and 0.1%, respectively, of the related consolidated financial statement amounts as of and for the fiscal year ended December 31, 2017.

Based on its assessment, management concluded that Nucor's internal control over financial reporting was effective as of December 31, 2017. PricewaterhouseCoopers LLP, an independent registered public accounting firm, has audited the effectiveness of Nucor's internal control over financial reporting as of December 31, 2017 as stated in their report which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors Nucor Corporation:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Nucor Corporation and its subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of earnings, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the COSO.

Basis for Opinions

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

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

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

As described in Management's Report on Internal Control over Financial Reporting, management has excluded Southland Tube, Inc., Republic Conduit, and St. Louis Cold Drawn, Inc. from its assessment of internal control over financial reporting as of December 31, 2017 because they were acquired by the Company in purchase business combinations during 2017. We have also excluded Southland Tube, Inc., Republic Conduit, and St. Louis Cold Drawn, Inc. from our audit of internal control over financial reporting. Southland Tube, Inc., Republic Conduit, and St. Louis Cold Drawn, Inc. are wholly-owned subsidiaries whose total assets and total revenue excluded from management's assessment and our audit of internal control over financial reporting represent approximately 0.7%, 0.9%, and 0.3% of total assets, respectively and approximately 1.0%, 1.2%, and 0.1% of total revenues, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2017.

Definition and Limitations of Internal Control over Financial Reporting

ewaterhouse Coopers LLP

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

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

Charlotte, North Carolina February 28, 2018

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

CONSOLIDATED BALANCE SHEETS

(in thousands)

OUROCIDATED DALARGE OTILETO		(III LIIUUSaiiuS)
December 31,	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 14)	\$ 949,104	\$ 2,045,961
Short-term investments (Notes 4 and 14)	50,000	150,000
Accounts receivable, net (Note 5)	2,028,545	1,631,676
Inventories, net (Note 6)	3,461,686	2,479,958
Other current assets (Notes 13 and 19)	335,085	198,798
Total current assets	6,824,420	6,506,393
PROPERTY, PLANT AND EQUIPMENT, NET (Note 7)	5,093,147	5,078,650
GOODWILL (Notes 3 and 8)	2,196,058	2,052,728
OTHER INTANGIBLE ASSETS, NET (Notes 3 and 8)	914,646	866,835
OTHER ASSETS (Note 9)	812,987	718,912
TOTAL ASSETS	<u>\$15,841,258</u>	<u>\$15,223,518</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short-term debt (Notes 11 and 14)	\$ 52,833	\$ 17,959
Long-term debt due within one year (Notes 11 and 14)	500,000	600,000
Accounts payable (Note 10)	1,181,346	838,109
Salaries, wages and related accruals (Note 17)	516,660	428,829
Accrued expenses and other current liabilities (Notes 10, 13 and 15)	573,925	505,069
Total current liabilities	2,824,764	2,389,966
LONG-TERM DEBT DUE AFTER ONE YEAR (Notes $11\ \mathrm{and}\ 14$)	3,242,242	3,739,141
DEFERRED CREDITS AND OTHER LIABILITIES (Notes 13, 15, 17 and 19)	689,464	839,703
TOTAL LIABILITIES	6,756,470	6,968,810
COMMITMENTS AND CONTINGENCIES (Notes 13 and 15)		
EQUITY		
NUCOR STOCKHOLDERS' EQUITY (Notes 12 and 16):		
Common stock (800,000 shares authorized; 379,900 and 379,334 shares issued, respectively)	151,960	151,734
Additional paid-in capital	2,021,339	1,974,672
Retained earnings	8,463,709	7,630,916
Accumulated other comprehensive loss, net of income taxes (Notes 13 and 20)	(254,681)	(317,843)
Treasury stock (61,931 and 60,597 shares, respectively)	(1,643,291)	(1,559,614)
Total Nucor stockholders' equity	8,739,036	7,879,865
NONCONTROLLING INTERESTS	345,752	374,843
TOTAL EQUITY	9,084,788	8,254,708
TOTAL LIABILITIES AND EQUITY	\$15,841,258	\$15,223,518

CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands, except per share data)

Year Ended December 31,	2017	2016	2015
NET SALES	\$20,252,393	\$16,208,122	\$16,439,276
COSTS, EXPENSES AND OTHER:			
Cost of products sold (Notes 13, 17 and 20)	17,682,986	14,182,215	15,325,386
Marketing, administrative and other expenses	687,531	596,761	458,989
Equity in earnings of unconsolidated affiliates	(41,661)	(38,757)	(5,329)
Impairments and losses on assets (Notes 7 and 9)	_	_	244,833
Interest expense, net (Notes 7, 18 and 19)	173,580	169,244	173,531
	18,502,436	14,909,463	16,197,410
EARNINGS BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS	1,749,957	1,298,659	241,866
PROVISION FOR INCOME TAXES (Notes 19 and 23)	369,386	398,243	48,836
NET EARNINGS	1,380,571	900,416	193,030
EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	61,883	104,145	112,306
NET EARNINGS ATTRIBUTABLE TO NUCOR STOCKHOLDERS	\$ 1,318,688	\$ 796,271	\$ 80,724
NET EARNINGS PER SHARE (Note 21):			
Basic	\$4.11	\$2.48	\$0.25
Diluted	\$4.10	\$2.48	\$0.25

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

Year Ended December 31,	2017	2016	2015
NET EARNINGS OTHER COMPREHENSIVE INCOME (LOSS):	\$1,380,571	\$ 900,416	\$ 193,030
Net unrealized (loss) income on hedging derivatives, net of income taxes of (\$2,600), \$1,500 and (\$5,600) for 2017, 2016 and 2015, respectively	(4,523)	2,570	(9,498)
Reclassification adjustment for loss on settlement of hedging derivatives included in net earnings, net of income taxes of \$400, \$5,800 and \$3,500 for 2017, 2016 and 2015, respectively	973	9,880	5,798
Foreign currency translation gain (loss), net of income taxes of \$0 for 2017, 2016 and 2015	68,657	25,495	(205,397)
Adjustment to early retiree medical plan, net of income taxes of (\$767), (\$1,291) and \$127 for 2017, 2016 and 2015, respectively	(1,530)	(3,589)	1,485
Reclassification adjustment for gain on early retiree medical plan included in net earnings, net of income taxes of (\$279), (\$309) and (\$414) for 2017, 2016 and 2015, respectively	(415)	(837)	(742)
Other, net of income taxes of \$0, \$0 and \$1,500 for 2017, 2016 and 2015, respectively			2,700
	63,162	33,519	_(205,654)
COMPREHENSIVE INCOME (LOSS)	1,443,733	933,935	(12,624)
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(61,883)	(104, 145)	(112,306)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NUCOR STOCKHOLDERS	\$1,381,850	\$ 829,790	<u>\$(124,930</u>)

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands, except per share data)

	TOTAL	COMMO SHARES	N STOCK Amount	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS		JRY STOCK COST) AMOUNT	TOTAL NUCOR STOCKHOLDERS' EQUITY	NON- CONTROLLING INTERESTS
BALANCES, December 31, 2014	\$8,442,036	378,092	\$151,237	\$1,883,356	\$7,716,087	\$(145,708)	59,059	\$(1,494,629)	\$8,110,343	\$331,693
Net earnings in 2015	193,030				80,724				80,724	112,306
Other comprehensive income (loss)	(205,654)					(205,654)			(205,654)	
Stock options exercised	424	10	4	420					424	
Stock option expense	7,433			7,433					7,433	
Issuance of stock under award plans, net of forfeitures	30,120	464	185	26,929			(119)	3,006	30,120	
Amortization of unearned compensation	832			832					832	
Treasury stock acquired	(66,505)						1,664	(66,505)	(66,505)	
Cash dividends (\$1.4925 per share)	(479,901)				(479,901)				(479,901)	
Distributions to noncontrolling interests	(71,938)									(71,938)
BALANCES, December 31, 2015	7,849,877	378,566	151,426	1,918,970	7,316,910	(351,362)	60,604	(1,558,128)	7,477,816	372,061
Net earnings in 2016	900,416				796,271				796,271	104,145
Other comprehensive income (loss)	33,519					33,519			33,519	
Stock options exercised	15,670	400	160	15,510					15,670	
Stock option expense	7,833			7,833					7,833	
Issuance of stock under award plans, net of forfeitures	35,953	368	148	32,118			(143)	3,687	35,953	
Amortization of unearned compensation	843			843					843	
Treasury stock acquired	(5,173)						136	(5,173)	(5,173)	
Cash dividends (\$1.5025 per share)	(482,265)				(482,265)				(482,265)	
Distributions to noncontrolling interests	(99,588)									(99,588)
Other	(2,377)			(602)					(602)	(1,775)
BALANCES, December 31, 2016	8,254,708	379,334	151,734	1,974,672	7,630,916	(317,843)	60,597	(1,559,614)	7,879,865	374,843
Net earnings in 2017	1,380,571				1,318,688				1,318,688	61,883
Other comprehensive income (loss)	63,162					63,162			63,162	
Stock options exercised	7,069	183	73	6,996					7,069	
Stock option expense	8,233			8,233					8,233	
Issuance of stock under award plans, net of forfeitures	37,018	383	153	30,238			(257)	6,627	37,018	
Amortization of unearned compensation	1,200			1,200					1,200	
Treasury stock acquired	(90,304)						1,591	(90,304)	(90,304)	
Cash dividends (\$1.5125 per share)	(485,895)				(485,895)				(485,895)	
Distributions to noncontrolling interests	(90,974)									(90,974)
BALANCES, December 31, 2017	\$9,084,788	379,900	\$151,960	\$2,021,339	\$8,463,709	\$(254,681)	61,931	\$(1,643,291)	\$8,739,036	\$345,752

 $See\ notes\ to\ consolidated\ financial\ statements.$

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

CONSOLIDATED STATEMENTS OF CASH FLOWS			(in thousands)
Year Ended December 31,	2017	2016	2015
OPERATING ACTIVITIES:			
Net earnings	\$1,380,571	\$ 900,416	\$ 193,030
Adjustments:			
Depreciation	635,833	613,192	625,757
Amortization	91,228	73,862	74,260
Stock-based compensation	64,176	56,511	45,794
Deferred income taxes	(221,173)	71,455	(246,836)
Distributions from affiliates	49,295	40,602	15,132
Equity in earnings of unconsolidated affiliates	(41,661)	(38,757)	(5,329)
Impairments and losses on assets	_	_	244,833
Changes in assets and liabilities (exclusive of acquisitions and dispositions):			
Accounts receivable	(329,501)	(217,736)	655,489
Inventories	(900,946)	(132,639)	1,061,202
Accounts payable	314,817	236,788	(438,788)
Federal income taxes	(107,577)	3,555	62,656
Salaries, wages and related accruals	83,625	133,544	(56,267)
Other operating activities (Note 2)	32,576	9,127	(62,172)
Cash provided by operating activities	1,051,263	1,749,920	2,168,761
INVESTING ACTIVITIES:			
Capital expenditures	(448,555)	(604,840)	(374,123)
Investment in and advances to affiliates	(59,000)	(63,167)	(80,409)
Divestiture of affiliates	_	135,000	_
Disposition of plant and equipment	25,315	18,571	29,390
Acquisitions (net of cash acquired)	(544,041)	(474,788)	(19,089)
Purchases of investments	(50,000)	(650,000)	(111,927)
Proceeds from the sale of investments	150,000	600,000	111,452
Other investing activities	7,389	14,106	3,010
Cash used in investing activities	(918,892)	(1,025,118)	(441,696)
FINANCING ACTIVITIES:			
Net change in short-term debt	34,872	(33,360)	(155,816)
Repayment of long-term debt	(600,000)	_	(16,300)
Issuance of common stock	11,145	15,751	424
Payment of tax withholdings on certain stock-based compensation (Note 2)	(14,408)	(12,387)	(11,718)
Excess tax benefits from stock-based compensation	_	2,784	2,000
Distributions to noncontrolling interests	(90,974)	(99,588)	(71,938)
Cash dividends	(485,321)	(481,083)	(479,432)
Acquisition of treasury stock	(90,304)	(5,173)	(66,505)
Other financing activities	(3,241)	(13,297)	(2,184)
Cash used in financing activities	(1,238,231)	(626,353)	(801,469)
Effect of exchange rate changes on cash	9,003	8,043	(10,271)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,096,857)	106,492	915,325
CASH AND CASH EQUIVALENTS — BEGINNING OF YEAR	2,045,961	1,939,469	_1,024,144
CASH AND CASH EQUIVALENTS — END OF YEAR	<u>\$ 949,104</u>	<u>\$2,045,961</u>	<u>\$1,939,469</u>
NON-CASH INVESTING ACTIVITY:			
Change in accrued plant and equipment purchases and assets recorded under capital lease arrangements	\$ 58,519	<u>\$ 12,837</u>	\$ (9,355)

See notes to consolidated financial statements.

YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

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

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

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

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

Reclassifications Certain reclassifications of prior years' data have been made to conform to current year presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Goodwill and Other Intangibles Goodwill is the excess of cost over the fair value of net assets of businesses acquired. Goodwill is not amortized but is tested annually for impairment and whenever events or circumstances change that would make it more likely than not that an impairment may have occurred. We perform our annual impairment analysis as of the first day of the fourth quarter each year. The evaluation of impairment involves comparing the current estimated fair value of each reporting unit, which is a level below the reportable segment, to the recorded value, including goodwill. When appropriate, Nucor performs a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. For certain reporting units, it is necessary to perform a quantitative analysis. In these instances, a discounted cash flow model is used to determine the current estimated fair value of these reporting units. A number of significant assumptions and estimates are involved in the application

of the discounted cash flow model to forecast operating cash flows, including market growth and market share, sales volumes and prices, costs to produce, discount rate and estimated capital needs. Management considers historical experience and all available information at the time the fair values of its reporting units are estimated. Assumptions in estimating future cash flows are subject to a high degree of judgment and complexity. Changes in assumptions and estimates may affect the fair value of goodwill and could result in impairment charges in future periods.

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

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

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

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

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

Revenue Recognition Nucor recognizes revenue when persuasive evidence of a contractual arrangement exists, delivery has occurred, the sales price is fixed or determinable and collection is reasonably assured. Product is considered delivered to the customer once it has been shipped and title and risk of loss has been transferred.

Income Taxes Nucor utilizes the liability method of accounting for income taxes. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (the "Tax Reform Act"). The Tax Reform Act creates two new U.S. tax base-erosion provisions, the global intangible low-taxed income ("GILTI") and the base-erosion and anti-abuse tax ("BEAT") provisions. The Company has elected to account for GILTI tax in the period in which it is incurred. Further information on the tax impacts of the Tax Reform Act is included in Note 19.

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

The Tax Reform Act provides for a one-time mandatory deemed repatriation of post-1986 undistributed foreign subsidiary earnings and profits. Nucor's intention is to permanently reinvest the future earnings of certain foreign investments.

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

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

Recently Adopted Accounting Pronouncements In the first quarter of 2017, Nucor adopted new accounting guidance that amends the accounting for employee share-based payment transactions. The new guidance requires income statement recognition of all tax effects, including all excess tax benefits and tax deficiencies, resulting from the settlement of share-based awards in the reporting period in which they occur. The new guidance also requires that all tax-related cash flows resulting from share-based payments, including the excess tax benefits and tax deficiencies related to the settlement of stock-based awards, be classified as cash flows from operating activities, and that cash paid by directly withholding shares for tax purposes be classified as a financing activity in the statement of cash flows. The new guidance also allows companies to make an accounting policy election to either estimate the number of awards that are expected to vest, consistent with current guidance, or account for forfeitures as they occur. This new guidance, with the exception of the presentation of cash paid by directly withholding shares for tax purposes on the statement of cash flows, was applied prospectively for the Company beginning on January 1, 2017. The presentation of cash paid by directly withholding shares for tax purposes on the statement of cash flows as a financing activity requires retrospective application beginning January 1, 2017. As a result of the retrospective application of this new guidance, \$12.4 million and \$11.7 million were reclassified from other operating activities to payment of tax withholdings on certain stock-based compensation in the consolidated statements of cash flows for the years ended December 31, 2016 and 2015, respectively. The adoption of this new guidance did not have a material effect on the Company's consolidated financial statements. There is no change to our accounting policy with respect to the estimation of awards that are expected to vest.

In January 2017, new guidance was issued regarding the simplification of the test for goodwill impairment. The new guidance eliminates Step 2 from the goodwill impairment test and will require an entity to perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. The new guidance is effective for the Company for annual and interim reporting periods beginning after December 15, 2019, with early adoption permitted. The Company early adopted this new guidance in the first quarter of 2017. The adoption of this new guidance did not have a material impact on the Company's consolidated financial statements.

In August 2017, new guidance was issued regarding improvements to accounting and reporting for hedging activities to better reflect the economic results of an entity's risk management activities. The new guidance reduces limitations on hedge designation and updates measurement guidance for qualifying hedging relationships. The new guidance also simplifies financial statement reporting for qualifying hedging relationships and aligns the recognition and presentation of the effects of the hedging instrument and hedged item within the financial statements. The new guidance is effective for the Company for annual and interim reporting periods beginning after December 15, 2018, with early adoption permitted. The Company early adopted this new guidance in the third quarter of 2017. The adoption of this new guidance did not have a material impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements In May 2014, new accounting guidance was issued that will supersede nearly all existing accounting guidance related to revenue recognition. The new guidance provides that an entity recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. The Financial Accounting Standards Board has also issued a number of updates to this new accounting guidance. The Company will adopt the new revenue recognition guidance effective January 1, 2018. Using the modified retrospective approach, the Company will recognize the cumulative effect of the adoption as an adjustment to the opening balance of retained earnings. The Company does not expect the adoption of this new guidance to have a material effect on the Company's consolidated financial statements.

In January 2016, new accounting guidance was issued regarding the recognition and measurement of financial assets and financial liabilities. Changes to the current accounting guidance primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the Financial Accounting Standards Board clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The accounting for other financial instruments, such as loans, investments in debt securities and financial liabilities, is largely unchanged. The new guidance is effective for the Company for annual and interim reporting periods beginning after December 15, 2017. The Company does not expect the adoption of this new guidance to have a material effect on the Company's consolidated financial statements.

In February 2016, new accounting guidance was issued regarding the accounting for leases. The new guidance requires all lessees to recognize on the balance sheet right to use assets and lease liabilities for the rights and obligations created by lease arrangements with terms greater than 12 months. The new guidance is effective for the Company for annual and interim reporting periods beginning after December 15, 2018. The Company is evaluating the impact that the adoption of this new guidance will have on its consolidated financial statements, but it expects that assets and liabilities will increase on the Company's consolidated balance sheet.

In August 2016, new accounting guidance was issued regarding the presentation and classification of certain cash receipts and cash payments in the statement of cash flows. The new guidance addresses specific cash flow presentation issues in order to reduce diversity in existing practice. The new guidance is effective for the Company for annual and interim reporting periods beginning after December 15, 2017. The Company does not expect the adoption of this new guidance to have a material impact on the Company's consolidated financial statements.

In October 2016, new accounting guidance was issued regarding intra-entity transfers of assets other than inventory. The new guidance requires that an entity should recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The new guidance is effective for the Company for annual and interim reporting periods beginning after December 15, 2017. The Company does not expect the adoption of this new guidance to have a material impact on the Company's consolidated financial statements.

3. ACQUISITIONS AND DISPOSITIONS

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

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

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

	(in thousands)
Cash	\$ 206
Accounts receivable	39,177
Inventory	33,561
Other current assets	1,101
Property, plant and equipment	67,412
Goodwill	115,562
Other intangible assets	89,200
Other assets	3,118
Total assets acquired	_349,337
Current liabilities	17,743
Total liabilities assumed	17,743
Net assets acquired	\$331,594

The following table summarizes the purchase price allocation to the identifiable intangible assets of Republic as of the date of acquisition:

(in ti	housands, except years)
	Weighted- Average Life

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

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

On October 31, 2016, Nucor used cash on hand to acquire Independence Tube Corporation ("ITC") for a purchase price of \$430.1 million. ITC is a leading manufacturer of hollow structural section ("HSS") steel tubing, which is primarily used in nonresidential construction markets. ITC has the ability to produce approximately 650,000 tons of HSS steel tubing annually at its four facilities, two of which are in Illinois and the other two are in Alabama. This acquisition not only further expands Nucor's product portfolio to include the HSS steel tubing market but the Company also believes it will be an important, value-added channel to market for Nucor's hot-rolled sheet steel, as ITC's plants are located in close proximity to Nucor's sheet mills in Alabama, Indiana and Kentucky. ITC's financial results are included as part of the steel mills segment (see Note 22).

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

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

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

The following table summarizes the purchase price allocation to the identifiable intangible assets of ITC as of the date of acquisition:

(in thousands, except years)

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

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

Other acquisitions, exclusive of purchase price adjustments of acquisitions made and net of cash acquired, totaled \$212.7 million in 2017, \$50.1 million in 2016 and \$19.1 million in 2015. Included in the 2017 amount is the January 9, 2017 acquisition of Southland Tube, Inc. ("Southland") and the September 1, 2017 acquisition of St. Louis Cold Drawn, Inc. ("St. Louis Cold Drawn"). Nucor used cash on hand to acquire Southland and St. Louis Cold Drawn for purchase prices of approximately \$130 million and \$60 million, respectively. Southland is a manufacturer of HSS steel tubing, which is primarily used in nonresidential construction markets. Southland had shipments of approximately 235,000 tons in 2017 and has one manufacturing facility in Birmingham, Alabama. St. Louis Cold Drawn is a manufacturer of cold drawn rounds, hexagons, squares and special sections that mainly serves the U.S. and Mexican automotive and industrial markets. St. Louis Cold Drawn has two manufacturing locations, one in St. Louis, Missouri and the other in Monterrey, Mexico, that have a combined annual capacity of approximately 200,000 tons. The financial results of Southland and St. Louis Cold Drawn are included in the steel mills segment and the steel products segment, respectively (Note 22).

4. SHORT-TERM INVESTMENTS

Nucor held \$50.0 million and \$150.0 million of short-term investments as of December 31, 2017 and 2016, respectively. The investments held as of December 31, 2017 consisted of a certificate of deposit ("CD"). The investments held as of December 31, 2016 consisted of CDs. These investments are classified as available-for-sale. Interest income on the CDs is recorded as earned.

No realized or unrealized gains or losses were incurred in 2017, 2016 or 2015.

The contractual maturity of the CD outstanding at December 31, 2017 is before December 31, 2018.

5. ACCOUNTS RECEIVABLE

An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of our customers to make required payments. Accounts receivable are stated net of the allowance for doubtful accounts of \$49.0 million at December 31, 2017 (\$45.9 million at December 31, 2016 and \$43.2 million at December 31, 2015).

6. INVENTORIES

Inventories consisted of approximately 42% raw materials and supplies and 58% finished and semi-finished products at December 31, 2017 (37% and 63%, respectively, at December 31, 2016). 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.

(in thousands)

7. PROPERTY, PLANT AND EQUIPMENT

		(in thousands)
December 31,	2017	2016
Land and improvements	\$ 639,878	\$ 602,218
Buildings and improvements	1,249,350	1,169,064
Machinery and equipment	10,937,416	10,524,030
Proved oil and gas properties	556,507	551,019
Leasehold interest in unproved oil and gas properties	165,000	165,000
Construction in process and equipment deposits	241,820	224,677
	13,789,971	13,236,008
Less accumulated depreciation	(8,696,824)	(8,157,358)
	\$ 5,093,147	\$ 5,078,650

The estimated useful lives primarily range from 5 to 25 years for land improvements, 4 to 40 years for buildings and improvements and 2 to 15 years for machinery and equipment. The useful life for proved oil and gas properties is based on the unit-of-production method and varies by well.

Given the natural gas pricing environment, Nucor performed an impairment assessment of its proved producing natural gas well assets in December 2017. One of the main assumptions that most significantly affects the undiscounted cash flows determination is management's estimate of future natural gas prices. The pricing used in this impairment assessment was developed by management based on projected natural gas market supply and demand dynamics. Management also makes key estimates on the expected reserve levels and on the expected drilling production costs. This analysis was performed on each of Nucor's three groups of wells, with each group defined by common geographic location. Each of Nucor's three groups of wells passed the impairment test. The combined carrying value of the three groups of wells was \$252.0 million at December 31, 2017. Changes in the natural gas industry or a prolonged low price environment beyond what had already been assumed in the analysis could cause management to revise the natural gas price assumptions, the estimated reserves or the estimated drilling production costs. Unfavorable revisions to these assumptions or estimates could possibly result in an impairment of some or all of the groups of proved well assets.

On October 1, 2016, Nucor purchased 49% of Encana Oil & Gas (USA) Inc.'s leasehold interest in unproved oil and gas properties covering approximately 54,000 acres in the South Piceance Basin for \$165.0 million.

In the fourth quarter of 2015, we determined that certain assets, the majority of which were engineering and equipment related to a blast furnace project at our St. James Parish, Louisiana site, would not be utilized in the future. As a result of this determination, Nucor recorded an \$84.1 million impairment charge for the entire balance of those assets, which is included in the raw materials segment. The impairment charge is included in impairments and losses on assets in the consolidated statement of earnings in 2015. The assets that were impaired, the majority of which were acquired in 2008, were a viable option until the decision was made in the fourth quarter of 2015 that such assets would not be utilized. The decision about whether or not to move forward with construction of the blast furnace utilizing these assets was delayed to focus on the construction of the direct reduced iron ("DRI") plant at the site. The decision was further delayed because of challenging industry conditions, particularly increased excess steel capacity, both domestically and globally. In the meantime, technology advances and supply and demand in the raw materials market led management to reconsider its plans for the previously proposed blast furnace.

8. GOODWILL AND OTHER INTANGIBLE ASSETS

The change in the net carrying amount of goodwill for the years ended December 31, 2017 and 2016 by segment is as follows:

(in thousands)

	Steel Mills	Steel Products	Raw Materials	Total
Balance, December 31, 2015	\$590,634	\$691,067	\$729,577	\$2,011,278
Acquisitions	29,522	_	_	29,522
Translation		11,928		11,928
Balance, December 31, 2016	620,156	702,995	729,577	2,052,728
Acquisitions	125,328	7,004	_	132,332
Translation		10,998		10,998
Balance, December 31, 2017	\$745,484	\$720,997	\$729,577	\$2,196,058

The majority of goodwill is not tax deductible.

Intangible assets with estimated useful lives of 5 to 22 years are amortized on a straight-line or accelerated basis and are comprised of the following:

(in thousands)

December 31,	20	17	2016		
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization	
Customer relationships Trademarks and trade names Other	\$1,420,224 176,471 62,805 \$1,659,500	\$641,089 77,208 26,557 \$744,854	\$1,295,803 161,851 62,807 \$1,520,461	\$566,884 66,494 20,248 \$653,626	

During the third quarter of 2016, Nucor acquired the remaining ownership interest in a former joint venture entity that Nucor previously accounted for as an equity method investment. As a result of the transaction, Nucor obtained control and began to consolidate that entity. That entity's intangible assets, the majority of which are patents, are included in other intangible assets, net in the consolidated balance sheets at December 31, 2017 and 2016. The gross amount and related accumulated amortization of these assets were \$36.3 million and \$6.2 million, respectively, at December 31, 2017 (\$36.3 million and \$2.1 million, respectively, at December 31, 2016).

Intangible asset amortization expense was \$91.2 million in 2017 (\$73.9 million in 2016 and \$74.3 million in 2015). Annual amortization expense is estimated to be \$89.6 million in 2018, \$86.7 million in 2019, \$84.4 million in 2020, \$83.1 million in 2021 and \$80.8 million in 2022.

The Company completed its annual goodwill impairment testing as of the first day of the fourth quarters of 2017, 2016 and 2015 and concluded that as of such dates there was no impairment of goodwill for any of its reporting units. We do not believe there are any reporting units at significant risk of goodwill impairment in the next 12 months. However, assumptions in estimating reporting unit fair values are subject to a high degree of judgment and complexity. Changes in assumptions and estimates may affect the estimated reporting unit fair values and could result in impairment charges in future periods.

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

9. EQUITY INVESTMENTS

The carrying value of our equity investments in domestic and foreign companies was \$750.1 million at December 31, 2017 (\$663.4 million at December 31, 2016), and is recorded in other assets in the consolidated balance sheets.

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 26 sheet processing facilities located throughout the United States, Canada and Mexico. Nucor accounts for the investment in NuMit (on a one-month lag basis) under the equity method, as control and risk of loss are shared equally between the members. Nucor's investment in NuMit at December 31, 2017 was \$321.4 million (\$325.1 million as of December 31, 2016). Nucor received distributions of \$48.3 million, \$38.6 million and \$13.1 million from NuMit during 2017, 2016 and 2015, respectively.

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

Nucor's investment in Duferdofin Nucor at December 31, 2017 was \$285.9 million (\$256.6 million at December 31, 2016). Nucor's 50% share of the total net assets of Duferdofin Nucor was \$117.2 million at December 31, 2017, resulting in a basis difference of \$168.7 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 (\$92.3 million) and finite-lived intangible assets. This basis difference, excluding the portion attributable to goodwill, is being amortized based on the remaining estimated useful lives of the various underlying net assets, as appropriate. Amortization expense associated with the fair value step-up was \$8.9 million in 2017 (\$8.8 million in both 2016 and 2015).

As of December 31, 2017, Nucor had outstanding notes receivable of €35.0 million (\$41.9 million) from Duferdofin Nucor (€35.0 million, or \$36.9 million, as of December 31, 2016). The notes receivable bear interest at 0.83% and will reset annually on September 30 to the 12-month Euro Interbank Offered Rate plus 1% per year. The principal amounts are due on January 31, 2019. As of December 31, 2017 and 2016, the notes receivable were classified in other assets in the consolidated balance sheets.

Nucor has issued a guarantee for its ownership percentage (50%) of Duferdofin Nucor's borrowings under Facility A of a Structured Trade Finance Facilities Agreement ("Facility A"), which matures on October 12, 2018. The fair value of the guarantee is immaterial. The maximum amount Duferdofin Nucor could borrow under Facility A was €122.5 million (\$146.7 million) at December 31, 2017. As of December 31, 2017, there was €122.5 million (\$146.7 million) outstanding under that facility (€107.0 million, or \$112.7 million, at December 31, 2016). If Duferdofin Nucor fails to pay when due any amounts for which it is obligated under Facility A, Nucor could be required to pay 50% of such amounts pursuant to and in accordance with the terms of its guarantee. Any indebtedness of Duferdofin Nucor to Nucor is effectively subordinated to the indebtedness of Duferdofin Nucor under Facility A. Nucor has not recorded any liability associated with this guarantee.

Hunter Ridge In the third quarter of 2016, Nucor sold its 50% economic and voting interest in Hunter Ridge Energy Services LLC ("Hunter Ridge") for \$135.0 million. Hunter Ridge provides services for the gathering, separation and compression of energy products, including natural gas produced by some of Nucor's natural gas wells. Nucor accounted for the investment in Hunter Ridge (on a one-month lag basis) under the equity method, as control and risk of loss were shared equally between the members. Nucor's investment in Hunter Ridge at the date of sale was \$133.3 million.

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 fourth quarter of 2015, Nucor assessed its equity investment in Duferdofin Nucor for impairment due to the protracted challenging steel market conditions caused by excess global overcapacity, which increased in 2015, and the difficult economic environment in Europe. After completing its assessment, the Company determined that the carrying amount exceeded its estimated fair value. The impairment condition was considered to be other than temporary and, as a result, the Company recorded a \$153.0 million impairment charge against the Company's investment in Duferdofin Nucor in the fourth quarter of 2015.

Although the operating results of Duferdofin Nucor have improved since 2015 and there have been no significant deteriorations in near-term financial projections or other key assumptions since the last impairment test performed in the fourth quarter of 2015, Nucor concluded that it was appropriate to reassess its equity investment in Duferdofin Nucor for impairment during the fourth

quarter of 2017 due to the protracted challenging steel market conditions in Europe. After completing its assessment, the Company determined that the estimated fair value exceeded its carrying amount by a sufficient amount and that there was no need for additional impairment charges. The assumptions that most significantly affect the fair value determination include projected revenues and the discount rate. It is reasonably possible that material deviation of future performance from the estimates used in our most recent valuation could result in further impairment of our investment in Duferdofin Nucor.

10. CURRENT LIABILITIES

Book overdrafts, included in accounts payable in the consolidated balance sheets, were \$139.2 million at December 31, 2017 (\$61.3 million at December 31, 2016). Dividends payable, included in accrued expenses and other current liabilities in the consolidated balance sheets, were \$121.8 million at December 31, 2017 (\$121.3 million at December 31, 2016).

11. DEBT AND OTHER FINANCING ARRANGEMENTS

(in thousands)

December 31,	2017	2016
Industrial revenue bonds		
due from 2020 to 2040*	\$1,010,600	\$1,010,600
Notes, 5.75%, due 2017	_	600,000
Notes, 5.85%, due 2018	500,000	500,000
Notes, 4.125%, due 2022	600,000	600,000
Notes, 4.0%, due 2023	500,000	500,000
Notes, 6.40%, due 2037	650,000	650,000
Notes, 5.20%, due 2043	500,000	500,000
Total long-term debt	3,760,600	4,360,600
Less debt issuance costs	18,358	21,459
Total amounts outstanding	3,742,242	4,339,141
Less current maturities	500,000	600,000
Total long-term debt due after one year	\$3,242,242	\$3,739,141

^{*}The industrial revenue bonds had variable rates ranging from 1.65% to 1.92% and 0.79% to 1.00% at December 31, 2017 and 2016, respectively.

Annual aggregate long-term debt maturities are: \$500.0 million in 2018, none in 2019, \$20.0 million in 2020, none in 2021, \$601.0 million in 2022 and \$2.640 billion thereafter.

Nucor has a \$1.50 billion unsecured revolving credit facility that matures in April 2021. The unsecured revolving credit facility provides up to \$1.50 billion in revolving loans and allows up to \$500.0 million in additional commitments at Nucor's election in accordance with the terms set forth in the credit agreement. Up to the equivalent of \$850.0 million of the credit facility is available for foreign currency loans, up to \$100.0 million is available for the issuance of letters of credit and up to \$500.0 million is available for the issuance of revolving loans for Nucor subsidiaries in accordance with terms set forth in the credit agreement. The credit facility provides for a pricing grid based upon the credit rating of Nucor's senior unsecured long-term debt and, alternatively, interest rates quoted by lenders in connection with competitive bidding. The credit facility includes customary financial and other covenants, including a limit on the ratio of funded debt to total capital of 60%, a limit on Nucor's ability to pledge the Company's assets and a limit on consolidations, mergers and sales of assets. As of December 31, 2017, Nucor's funded debt to total capital ratio was 29%, and Nucor was in compliance with all covenants under the credit facility. No borrowings were outstanding under the credit facility as of December 31, 2017 and 2016.

Harris Steel has credit facilities totaling approximately \$7.8 million, with no outstanding borrowings at December 31, 2017 (\$26.2 million at December 31, 2016). In addition, the business of Nucor Trading S.A. is financed by uncommitted trade credit arrangements with a number of European banking institutions. As of December 31, 2017, Nucor Trading S.A. had outstanding borrowings of \$52.8 million, which is presented in short-term debt in the consolidated balance sheets (\$18.0 million at December 31, 2016).

Letters of credit totaling \$40.0 million were outstanding as of December 31, 2017 (\$41.2 million as of December 31, 2016), related to certain obligations, including workers' compensation, utilities deposits and credit arrangements by Nucor Trading S.A. for commitments to purchase inventories.

12. CAPITAL STOCK

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

In September 2015, the Company announced that the Board of Directors had approved a share repurchase program under which the Company is authorized to repurchase up to \$900.0 million of the Company's common stock. This \$900.0 million share repurchase program has no stated expiration and replaced any previously authorized repurchase programs. As of December 31, 2017, the Company had approximately \$738.0 million remaining available under the program. The Company expects any share repurchases to be made through purchases from time to time in the open market at prevailing market prices, through private transactions or block trades. The timing and amount of any repurchases will depend on market conditions, share price, applicable legal requirements and other factors. The Company repurchased \$90.3 million of its common stock in 2017 (\$5.2 million in 2016 and \$66.5 million in 2015).

13. DERIVATIVE FINANCIAL INSTRUMENTS

The following tables summarize information regarding Nucor's derivative instruments:

Fair Value of Derivative Instruments

		(in thousands)			
		Fair \	/alue		
December 31,	Consolidated Balance Sheet Location	2017		2016	
Asset derivatives designated as hedging instruments:					
Commodity contracts	Other current assets	\$ _	\$	1,250	
Asset derivatives not designated as hedging instruments:					
Foreign exchange contracts	Other current assets	 479		779	
Total asset derivatives		\$ 479	\$	2,029	
Liability derivatives designated as hedging instruments:					
Commodity contracts	Accrued expenses and other current liabilities	\$ (2,100)	\$	_	
Commodity contracts	Deferred credits and other liabilities	 (2,400)			
Total liability derivatives					
designated as hedging instruments		 (4,500)			
Liability derivatives not designated as hedging instruments:					
Commodity contracts	Accrued expenses and other current liabilities	(4,031)		(605)	
-					
Total liability derivatives		\$ (8,531)	\$	(605)	

The Effect of Derivative Instruments on the Consolidated Statements of Earnings

Derivatives Designated as Hedging Instruments

(in thousands)

										,
Derivatives in Cash Flow Hedging Relationships	Statement of Earnings Location	Amount of Gain or (Loss), net of tax, Recognized in OCI on Derivatives (Effective Portion)			Amount of Gain or (Loss), net of tax, Reclassified from Accumulated OCI into Earnings on Derivatives (Effective Portion)		net o in Earr	nt of Gain or of tax, Recogn nings on Deri effective Port	nized vatives	
Year Ended De	cember 31,	2017	2016	2015	2017	2016	2015	2017	2016	2015
Commodity contracts	Cost of products sold	<u>\$(4,523)</u>	<u>\$ 2,570</u>	<u>\$(9,498)</u>	<u>\$ (973)</u>	<u>\$(9,880)</u>	<u>\$(5,798)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Derivatives Not Designated as Hedging Instruments

(in thousands)

Derivatives Not Designated as Hedging Instruments	Statement of Earnings Location	Amount of Gain or (Loss) Recognized in Earnings on Derivatives					
Year Ended December 31,		2017	2016	2015			
Commodity contracts Foreign exchange contracts Total	Cost of products sold Cost of products sold	\$ (11,973) (3,344) <u>\$ (15,317)</u>	\$ (3,251) 238 <u>\$ (3,013)</u>	\$ 2,894 2,392 \$ 5,286			

At December 31, 2017, natural gas swaps covering approximately 58.0 million MMBTUs (extending through December 2022) were outstanding.

14. FAIR VALUE MEASUREMENTS

The following table summarizes information regarding Nucor's financial assets and liabilities that are measured at fair value as of December 31, 2017 and 2016. Nucor does not have any non-financial assets or liabilities that are measured at fair value on a recurring basis.

				(in thousands)	
		Fair Value Mea	Fair Value Measurements at Reporti		
December 31,	Carrying Amount in Consolidated Balance Sheets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
2017					
Assets: Cash equivalents Short-term investments Foreign exchange contracts Total assets Liabilities: Commodity contracts	\$ 594,946 50,000 479 \$ 645,425 \$ (8,531)	\$ 594,946 50,000 ————————————————————————————————	\$ — 479 \$ 479 \$ (8,531)		
2016 Assets:					
Cash equivalents Short-term investments Commodity and foreign	\$1,609,523 150,000	\$1,609,523 150,000	\$ — —	_ _	
exchange contracts Total assets Liabilities:	2,029 \$1,761,552	\$1,759,523	2,029 \$ 2,029		
Commodity contracts	<u>\$ (605)</u>		\$ (605)		

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

The fair value of short-term and long-term debt, including current maturities, was approximately \$4.19 billion at December 31, 2017 (\$4.70 billion at December 31, 2016). The debt fair value estimates are classified under Level 2 because such estimates are based on readily available market prices of our debt at December 31, 2017 and 2016, or similar debt with the same maturities, ratings and interest rates.

Disclosures are required for certain assets and liabilities that are measured at fair value, but are recognized and disclosed on a nonrecurring basis in periods subsequent to initial recognition. For Nucor, our equity investment in Duferdofin Nucor was measured at fair value as a result of the impairment recorded in 2015 (see Note 9).

15. CONTINGENCIES

Nucor is subject to environmental laws and regulations established by federal, state and local authorities and, accordingly, makes provisions for the estimated costs of compliance. Of the undiscounted total of \$17.1 million of accrued environmental costs at December 31, 2017 (\$21.9 million at December 31, 2016), \$3.8 million was classified in accrued expenses and other current liabilities (\$9.5 million at December 31, 2016) and \$13.3 million was classified in deferred credits and other liabilities (\$12.4 million at December 31, 2016). Inherent uncertainties exist in these estimates primarily due to unknown conditions, evolving remediation technology and changing governmental regulations and legal standards.

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

16. STOCK-BASED COMPENSATION

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

A summary of activity under Nucor's stock option plans is as follows:

(shares in thousands)

Year Ended December 31,	20	2017		2016		2015	
	Shares	Weighted- Average Exercise Price	Shares	Weighted- Average Exercise Price	Shares	Weighted- Average Exercise Price	
Number of shares under option:							
Outstanding at beginning of year	3,591	\$45.32	3,092	\$43.51	2,422	\$42.39	
Granted	698	\$59.07	899	\$48.80	700	\$47.59	
Exercised	(183)	\$38.56	(400)	\$39.19	(10)	\$42.34	
Canceled		_		_	(20)	\$50.63	
Outstanding at end of year	<u>4,106</u>	\$47.96	<u>3,591</u>	\$45.32	3,092	\$43.51	
Options exercisable at end of year	<u>1,809</u>	\$43.39	<u>1,557</u>	\$40.80	<u>1,531</u>	\$39.35	

The shares reserved for future grants as of December 31, 2017, 2016 and 2015 are reflected in the restricted stock units table. The total intrinsic value of stock options (the amount by which the stock price exceeded the exercise price of the stock option on the date of exercise) that were exercised during 2017 was \$4.5 million (\$6.8 million in 2016 and \$0.1 million in 2015).

The following table summarizes information about stock options outstanding at December 31, 2017:

(shares in thousands)

	Options Outstanding						
Exercise Price	Options Outstanding	Options Exercisable	Weighted-Average Remaining Contractual Life				
\$35.76	426	426	4.4 years				
\$42.34	442	442	3.4 years				
\$44.51	506	506	5.4 years				
\$47.59	700	_	7.4 years				
\$48.80	899	_	8.4 years				
\$50.63	435	435	6.4 years				
\$59.07	698		9.4 years				
\$35.76 – \$59.07	4,106	1,809	6.9 years				

As of December 31, 2017, the total aggregate intrinsic value of stock options outstanding and stock options exercisable was \$64.2 million and \$36.5 million, respectively.

The grant date fair value of stock options granted was \$12.61 per share in 2017 (\$9.12 per share in 2016 and \$11.71 per share in 2015). The fair value was estimated using the Black-Scholes option-pricing model with the following assumptions:

	2017	2016	2015	
Exercise price	\$59.07	\$48.80	\$47.59	
Expected dividend yield	2.56%	3.07%	3.13%	
Expected stock price volatility	26.53%	26.14%	33.32%	
Risk-free interest rate	2.02%	1.67%	1.86%	
Expected life (in years)	6.5	6.5	6.5	

Stock options granted to employees who are eligible for retirement on the date of grant are expensed immediately since these awards vest upon retirement from the Company. Retirement, for purposes of vesting in these stock options, means termination of employment after satisfying age and years of service requirements. Similarly, stock options granted to employees who will become retirement-eligible prior to the end of the vesting term are expensed over the period through which the employee will become retirement-eligible. Compensation expense for stock options granted to employees who will not become retirement-eligible prior to the end of the vesting term is recognized on a straight-line basis over the vesting period. Compensation expense for stock options was \$8.2 million in 2017 (\$7.8 million in 2016 and \$7.4 million in 2015). As of December 31, 2017, unrecognized compensation expense related to stock options was \$2.2 million, which is expected to be recognized over a weighted-average period of two years.

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 an officer vests 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 will not become retirement-eligible prior to the end of the vesting term is recognized on a straight-line basis over the vesting period.

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

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

A summary of Nucor's RSU activity is as follows:

(shares in thousands)

Year Ended December 31,	2017		2016		2015	
	Shares	Grant Date Fair Value	Shares	Grant Date Fair Value	Shares	Grant Date Fair Value
Restricted stock units:						
Unvested at beginning of year	1,040	\$48.47	1,031	\$47.93	1,012	\$45.98
Granted	721	\$59.07	723	\$48.80	790	\$47.59
Vested	(677)	\$53.17	(681)	\$48.09	(756)	\$44.99
Canceled	(13)	\$50.21	(33)	\$46.44	(15)	\$46.61
Unvested at end of year	1,071	\$52.62	1,040	\$48.47	1,031	\$47.93
Shares reserved for future grants (stock options and RSUs)	7,259		8,706		10,349	

Compensation expense for RSUs was \$38.0 million in 2017 (\$33.9 million in 2016 and \$34.8 million in 2015). The total fair value of shares vested during 2017 was \$39.9 million (\$33.4 million in 2016 and \$35.8 million in 2015). As of December 31, 2017, unrecognized compensation expense related to unvested RSUs was \$34.9 million, which is expected to be recognized over a weighted-average period of 2.1 years.

Restricted Stock Awards Nucor's Senior Officers Long-Term Incentive Plan ("LTIP") and Annual Incentive Plan ("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 55 while employed by Nucor. Although participants are entitled to cash dividends and may vote such awarded shares, the sale or transfer of such shares is limited during the restricted period.

The AIP provides for the payment of annual cash incentive awards. An AIP participant may elect, however, to defer payment of up to one-half of an 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 55 while employed by Nucor. Vested common stock units are paid to AIP participants in the form of shares of common stock following their termination of employment with Nucor.

A summary of Nucor's restricted stock activity under the AIP and the LTIP is as follows:

(shares in thousands)

Year Ended December 31,	2017		2016		2015	
	Shares	Grant Date Fair Value	Shares	Grant Date Fair Value	Shares	Grant Date Fair Value
Restricted stock awards and units:						
Unvested at beginning of year	67	\$45.77	63	\$48.07	65	\$48.20
Granted	172	\$60.62	123	\$44.03	136	\$47.07
Vested	(148)	\$51.72	(116)	\$45.16	(138)	\$47.15
Canceled	_	_	(3)	\$45.75	_	_
Unvested at end of year	91	\$54.50	67	\$45.77	63	\$48.07
Shares reserved for future grants	683		<u>855</u>		<u>975</u>	

Compensation expense for common stock and common stock units awarded under the AIP and the LTIP is recorded over the performance measurement and vesting periods based on the anticipated number and market value of shares of common stock and common stock units to be awarded. Compensation expense for anticipated awards based upon Nucor's financial performance, exclusive of amounts payable in cash, was \$17.9 million in 2017 (\$14.8 million in 2016 and \$3.4 million in 2015). The total fair value of shares vested during 2017 was \$9.0 million (\$5.2 million in 2016 and \$6.5 million in 2015). As of December 31, 2017, 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 1.7 years.

17. EMPLOYEE BENEFIT PLANS

Nucor makes contributions to a Profit Sharing and Retirement Savings Plan for qualified employees based on the profitability of the Company. Nucor's expense for these benefits totaled \$169.4 million in 2017 (\$129.0 million in 2016 and \$60.5 million in 2015). The related liability for these benefits is included in salaries, wages and related accruals in the consolidated balance sheets.

Nucor also has a medical plan covering certain eligible early retirees. The unfunded obligation, included in deferred credits and other liabilities in the consolidated balance sheets, totaled \$25.1 million at December 31, 2017 (\$20.4 million at December 31, 2016). The expense associated with this early retiree medical plan totaled \$2.2 million in 2017 (\$0.6 million in 2016 and \$1.1 million in 2015).

The discount rate used was 3.6% in 2017 (4.2% in 2016 and 4.4% in 2015). The health care cost increase trend rate used was 6.6% in 2017 (6.8% in 2016 and 7.1% in 2015). The health care cost increase in the trend rate is projected to decline gradually to 4.5% by 2037.

18. INTEREST EXPENSE (INCOME)

The components of net interest expense are as follows:

			(in thousands)
Year Ended December 31,	2017	2016	2015
Interest expense	\$187,282	\$181,179	\$ 177,543
Interest income	(13,702)	(11,935)	(4,012)
Interest expense, net	<u>\$173,580</u>	<u>\$169,244</u>	<u>\$173,531</u>

Interest paid was \$186.8 million in 2017 (\$183.4 million in 2016 and \$180.0 million in 2015).

19. INCOME TAXES

The Tax Reform Act makes significant changes to U.S. tax law that impact the Company, including permanently lowering the U.S. corporate federal income tax rate from 35% to 21%, effective for tax years beginning after December 31, 2017. Other changes made by the Tax Reform Act effective for tax years beginning after December 31, 2017 include, but are not limited to, the elimination of the domestic manufacturing deduction, the addition of limitations on the deductibility of executive compensation, and the move to a territorial system. The Tax Reform Act also includes the acceleration of deductions for certain fixed assets placed in service after September 27, 2017 and a one-time transition tax on the deemed repatriation of certain foreign earnings associated with the move to the territorial system. In addition to the move to a territorial system, the Tax Reform Act creates two new U.S. tax base erosion provisions, the GILTI provision and the BEAT provision.

The staff of the U.S. Securities and Exchange Commission issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of Accounting Standards Codification 740, Income Taxes, in situations when a registrant does not have the necessary information available, prepared or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Reform Act. Reflected in our financial results, and in accordance with SAB 118, are certain provisional income tax effects of the Tax Reform Act, including a net tax benefit of \$175.2 million recorded primarily due to the revaluation of our U.S. net deferred tax liabilities from 35% to 21%. The Company, provisionally, has not included any tax impact related to the transition tax in its consolidated financial statements for the year ended December 31, 2017. The deemed repatriation of foreign earnings should be offset by foreign deficits or the tax should be offset by foreign tax credits. The Company has elected to account for the GILTI tax in the period in which it is incurred and does not expect to be subject to material impacts related to the BEAT provision and has therefore not included any tax impacts of these provisions in its consolidated financial statements for the year ended December 31, 2017.

The ultimate impact of the Tax Reform Act may differ from these provisional amounts, possibly materially, due to, among other things, additional analysis, changes in interpretations and assumptions the Company has made, additional regulatory guidance that may be issued, and actions the Company may take as a result of the Tax Reform Act. The accounting is expected to be complete by the time the Company's 2017 U.S. corporate income tax return is filed in 2018.

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

			(in thousands)
Year Ended December 31,	2017	2016	2015
United States	\$ 1,610,652	\$ 1,241,117	\$ 407,666
Foreign	139,305	57,542	(165,800)
	\$ 1,749,957	\$ 1,298,659	<u>\$ 241,866</u>

The provision for income taxes consists of the following:

			(in thousands)
Year Ended December 31,	2017	2016	2015
Current:			
Federal	\$ 504,865	\$ 286,224	\$ 285,856
State	37,308	27,353	4,618
Foreign	48,386	13,211	5,198
Total current	590,559	326,788	295,672
Deferred:			
Federal	(207,006)	71,777	(213,601)
State	(4,533)	5,193	(21,240)
Foreign	(9,634)	(5,515)	_(11,995)
Total deferred	(221,173)	71,455	(246,836)
Total provision for income taxes	\$ 369,386	\$ 398,243	\$ 48,836

A reconciliation of the federal statutory tax rate (35%) to the total provision is as follows:

Year Ended December 31,	2017	2016	2015
Taxes computed at statutory rate	35.00%	35.00%	35.00%
State income taxes, net of federal income tax benefit	1.22%	1.67%	-5.02%
Federal research credit	-0.24%	-0.28%	-1.47%
Domestic manufacturing deduction	-2.58%	-2.11%	-9.98%
Equity in losses of foreign joint venture	0.13%	0.27%	2.88%
Impairment on investment in foreign joint venture	_	_	22.14%
Foreign rate differential	-0.62%	-1.05%	-5.04%
Noncontrolling interests	-1.24%	-2.81%	-16.27%
Tax Reform Act	-10.01%	_	_
Out-of-period correction	_	-0.22%	-4.02%
Other, net	-0.55%	0.20%	1.97%
Provision for income taxes	21.11%	<u>30.67</u> %	<u>20.19</u> %

For the year ended December 31, 2017, the Company's effective tax rate on continuing operations decreased by 9.56% to 21.11% compared with 30.67% in the prior year period. The enactment of the Tax Reform Act decreased the rate by 10.01%. This decrease was primarily driven by a benefit of \$186.3 million from the revaluation of the Company's net U.S. deferred tax assets and liabilities and an expense of \$11.1 million related to adding a valuation allowance on prior year foreign tax credit deferred tax assets due to the Company's assessment of its ability to realize the credits after the move to the territorial system and the removal of deferred tax liabilities related to undistributed foreign earnings.

The 2015 provision included out-of-period non-cash gains related to corrections to tax balances of \$9.7 million. This out-of-period adjustment was not material to the period of correction or any previously reported periods.

Deferred tax assets and liabilities resulted from the following:

		(in thousands)
December 31,	2017	2016
Deferred tax assets:		
Accrued liabilities and reserves	\$ 127,955	\$ 195,787
Allowance for doubtful accounts	15,136	15,511
Inventory	61,522	75,550
Post-retirement benefits	9,167	12,163
Commodity hedges	2,056	_
Net operating loss carryforward	19,895	11,544
Tax credit carryforwards	92,380	18,358
Valuation allowance	(96,107)	_
Total deferred tax assets	232,004	328,913
Deferred tax liabilities:		
Holdbacks and amounts not due		
under contracts	(10,214)	(9,999)
Commodity hedges	_	(316)
Intangibles	(164,716)	(246,697)
Property, plant and equipment	(385,815)	(630,500)
Total deferred tax liabilities	(560,745)	(887,512)
Total net deferred tax liabilities	<u>\$(328,741)</u>	\$(558,599)

(in thousands)

Nucor's U.S. deferred tax assets and liabilities were revalued to reflect the reduction in the U.S. corporate income tax rate from 35% to 21%, resulting in a \$186.3 million decrease in net U.S. deferred tax assets and liabilities as of December 31, 2017. The move to a territorial system impacts the Company's ability to use the foreign tax credit carryforwards which existed as of December 31, 2017. As a result, a valuation allowance has been assessed on these credits in the amount of \$74.3 million (\$57.8 million originated in 2017 and \$16.5 million relates to deferred tax assets that originated in previous years). The remaining movement in Valuation Allowance was primarily due to a change in the Company's assessment of its ability to utilize certain state tax credit carryforwards. This movement was offset in Tax Credit Carryforwards as these credits were previously presented net of the valuation allowance as the Company's ability to utilize the credits was viewed as remote.

Non-current deferred tax assets included in other assets were \$0.6 million at December 31, 2017 (none at December 31, 2016). Non-current deferred tax liabilities included in deferred credits and other liabilities were \$329.3 million at December 31, 2017 (\$558.6 million at December 31, 2016). Current federal and state income taxes receivable included in other current assets were \$212.5 million at December 31, 2017 (\$91.7 million at December 31, 2016). Nucor paid \$699.8 million in net federal, state and foreign income taxes in 2017 (\$329.3 million and \$260.3 million in 2016 and 2015, respectively).

The Tax Reform Act provides for a one-time mandatory deemed repatriation of post-1986 undistributed foreign subsidiary earnings and profits. The deemed repatriation of foreign earnings should be offset by foreign deficits or the tax should be offset by foreign tax credits. After the deemed repatriation, cumulative undistributed foreign earnings for which U.S. taxes have not been provided were none at December 31, 2017 (\$190.1 million at December 31, 2016). Future earnings are considered to be indefinitely reinvested. If this assertion of permanent reinvestment were to change, there could be withholding tax impacts on the actual distribution of certain cumulative undistributed foreign earnings; the Company believes this amount, if any, would be immaterial.

State net operating loss carryforwards were \$605.9 million at December 31, 2017 (\$573.4 million at December 31, 2016). If unused, they will expire between 2018 and 2037. Foreign net operating loss carryforwards were \$28.3 million at December 31, 2017 (\$18.5 million at December 31, 2016). If unused, they will expire between 2029 and 2037.

At December 31, 2017, Nucor had approximately \$48.8 million of unrecognized tax benefits, of which \$48.2 million would affect Nucor's effective tax rate, if recognized. At December 31, 2016, Nucor had approximately \$44.1 million of unrecognized tax benefits, of which \$43.4 million would affect Nucor's effective tax rate, if recognized.

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

			(in thousands)
Year Ended December 31,	2017	2016	2015
Balance at beginning of year Additions based on tax positions related to current year	\$44,088 11,154	\$50,510 6,157	\$63,001 6,508
Reductions based on tax positions related to current year Additions based on tax positions related to prior years	2,556	— 147	241
Reductions based on tax positions related to prior years (Reductions) additions due to settlements with taxing authorities Reductions due to statute of limitations lapse	(5,461) — (3,492)	(8,201) (258) (4,267)	(13,294) 930 (6,876)
Balance at end of year	<u>\$48,845</u>	\$44,088	<u>\$50,510</u>

We estimate that in the next 12 months, our gross uncertain tax positions, exclusive of interest, could decrease by as much as \$10.6 million, as a result of the expiration of the statute of limitations.

During 2017, Nucor recognized \$2.2 million of benefit in interest and penalties (\$2.8 million of benefit in 2016 and \$7.0 million of benefit in 2015). The interest and penalties are included in interest expense and other expenses, respectively, in the consolidated statements of earnings. As of December 31, 2017, Nucor had approximately \$16.1 million of accrued interest and penalties related to uncertain tax positions on the consolidated balance sheet (approximately \$18.4 million at December 31, 2016).

Nucor has concluded U.S. federal income tax matters for years through 2013. The tax years 2014 through 2016 remain open to examination by the Internal Revenue Service. The Canada Revenue Agency has substantially concluded its examination of the 2012 and 2013 Canadian returns for Harris Steel Group Inc. and certain related affiliates. The tax years 2010 through 2016 remain open to examination by other major taxing jurisdictions to which Nucor is subject (primarily Canada and other state and local jurisdictions).

20. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

(in thousands)

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

⁽¹⁾ Includes \$973 and (\$415) net-of-tax impact of accumulated other comprehensive income reclassifications into cost of products sold for net losses on commodity contracts and adjustment to early retiree medical plan, respectively. The tax impacts of these reclassifications were \$400 and (\$279), respectively.

(in thousands)

	Gains and Losses on Hedging Derivatives	Foreign Currency Gain (Loss)	Adjustment to Early Retiree Medical Plan	Total
December 31, 2015	\$ (11,700)	\$ (351,665)	\$ 12,003	\$ (351,362)
Other comprehensive income (loss) before reclassifications	2,570	25,495	(3,589)	24,476
Amounts reclassified from accumulated other comprehensive income (loss) into earnings ⁽²⁾	9,880		(837)	9,043
Net current-period other comprehensive income (loss)	12,450	25,495	(4,426)	33,519
December 31, 2016	<u>\$ 750</u>	<u>\$ (326,170</u>)	<u>\$ 7,577</u>	<u>\$(317,843)</u>

⁽²⁾ Includes \$9,880 and (\$837) net-of-tax impact of accumulated other comprehensive income reclassifications into cost of products sold for net losses on commodity contracts and adjustment to early retiree medical plan, respectively. The tax impacts of these reclassifications were \$5,800 and (\$309), respectively.

21. EARNINGS PER SHARE

The computations of basic and diluted net earnings per share are as follows:

(in thousands, except per share data)

		(:	noope por oriaro data,
Year Ended December 31,	2017	2016	2015
Basic net earnings per share:			
Basic net earnings	\$1,318,688	\$ 796,271	\$ 80,724
Earnings allocated to participating securities	(4,549)	(2,632)	(1,514)
Net earnings available to common stockholders	<u>\$1,314,139</u>	<u>\$ 793,639</u>	\$ 79,210
Average shares outstanding	<u>319,990</u>	319,563	320,565
Basic net earnings per share	<u>\$ 4.11</u>	\$ 2.48	\$ 0.25
Diluted net earnings per share:			
Diluted net earnings	\$1,318,688	\$ 796,271	\$ 80,724
Earnings allocated to participating securities	(4,539)	(2,631)	(1,514)
Net earnings available to common stockholders	<u>\$1,314,149</u>	<u>\$ 793,640</u>	\$ 79,210
Diluted average shares outstanding:			
Basic shares outstanding	319,990	319,563	320,565
Dilutive effect of stock options and other	783	259	114
	320,773	319,822	320,679
Diluted net earnings per share	\$ 4.10	\$ 2.48	\$ 0.25

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

(charac	in	thousands)
USHALES	111	11100115a110151

Year Ended December 31,	2017	2016	2015
Anti-dilutive stock options: Weighted-average shares	407	942	1,226
Weighted-average exercise price	\$ 59.07	\$ 47.04	<u>\$ 47.20</u>

22. SEGMENTS

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

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

Nucor's results by segment are as follows:

(in	thousands)	

(In thousands				
Year Ended December 31,	2017	2016	2015	
Net sales to external customers:				
	¢14 F00 047	ф11 010 040	ф11 OO4 OO1	
Steel mills	\$14,508,847	\$11,312,048	\$11,084,331	
Steel products	4,000,606	3,687,448	3,966,895	
Raw materials	1,742,940	1,208,626	1,388,050	
	<u>\$20,252,393</u>	<u>\$16,208,122</u>	<u>\$16,439,276</u>	
Intercompany sales:				
Steel mills	\$ 2,925,321	\$ 2,070,077	\$ 2,152,157	
Steel products	108,945	106,838	90,969	
Raw materials	9,191,081	5,997,498	6,279,316	
Corporate/eliminations	(12,225,347)	(8,174,413)	(8,522,442)	
	\$ —	\$ —	\$ —	
Depreciation expense:				
Steel mills	\$ 414,670	\$ 377,627	\$ 381,352	
Steel products	39,532	36,906	39,512	
Raw materials	172,699	191,466	198,705	
Corporate	8,932	7,193	6,188	
Corporate	\$ 635,833	\$ 613,192	\$ 625,757	
	ψ 033,833	Ψ 013,132	Ψ 023,737	
Amortization expense:				
Steel mills	\$ 41,478	\$ 22,479	\$ 18,789	
Steel products	20,825	21,998	23,932	
Raw materials	28,925	29,385	31,539	
	\$ 91,228	\$ 73,862	\$ 74,260	
Earnings (loss) before income taxes				
and noncontrolling interests:				
Steel mills	\$ 2,084,203	\$ 1,724,168	\$ 629,256	
Steel products	206,805	249,970	276,048	
Raw materials	129,296	(95,121)	(283,938)	
Corporate/eliminations	(670,347)	(580,358)	(379,500)	
	\$ 1,749,957	\$ 1,298,659	\$ 241,866	
Segment assets:				
Steel mills	\$ 9,249,926	\$ 8,084,773	\$ 7,318,169	
Steel products	2,737,486	2,544,344	2,485,122	
Raw materials				
	3,396,110	3,235,237	3,123,190	
Corporate/eliminations	457,736 \$15,841,258	1,359,164 \$15,223,518	1,400,488 \$14,326,969	
	<u>\$13,641,236</u>	\$15,225,516	\$14,320,909	
Capital expenditures:				
Steel mills	\$ 359,215	\$ 375,996	\$ 248,532	
Steel products	68,497	30,698	41,291	
Raw materials	59,036	194,112	74,607	
Corporate	20,326	16,871	338	
	\$ 507,074	\$ 617,677	\$ 364,768	

Net sales by product were as follows. Further product group breakdown is impracticable.

(in thousands)

			(,
Year Ended December 31,	2017	2016	2015
Net sales to external customers:			
Sheet	\$ 6,407,974	\$ 5,178,467	\$ 4,628,805
Bar	3,558,806	2,886,648	3,005,450
Structural	1,979,898	1,982,642	2,137,413
Plate	1,644,934	1,204,185	1,312,663
Tubular products	917,235	60,106	_
Steel products	4,000,606	3,687,448	3,966,895
Raw materials	1,742,940	1,208,626	1,388,050
	\$20,252,393	\$16,208,122	<u>\$16,439,276</u>

23. QUARTERLY INFORMATION (UNAUDITED)

(in thousands, except per share data)

			(III LIIUusaiius,	except per snare data)
Year Ended December 31,	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2017				
Net sales	\$4,815,179	\$5,174,769	\$5,170,117	\$5,092,328
Gross margin ⁽¹⁾	760,250	709,625	578,964	520,568
Net earnings ⁽²⁾	377,648	341,724	266,105	395,094
Net earnings attributable to Nucor stockholders ⁽²⁾	356,899	323,048	254,850	383,891
Net earnings per share: Basic Diluted	\$1.11 \$1.11	\$1.00 \$1.00	\$0.79 \$0.79	\$1.20 \$1.20
2016				
Net sales	\$3,715,576	\$4,245,772	\$4,290,236	\$3,956,538
Gross margin ⁽³⁾	314,985	585,260	682,236	443,426
Net earnings ⁽⁴⁾	122,497	271,369	331,365	175,185
Net earnings attributable to Nucor stockholders ⁽⁴⁾	87,565	243,620	305,447	159,639
Net earnings per share: Basic Diluted	\$0.27 \$0.27	\$0.76 \$0.76	\$0.95 \$0.95	\$0.50 \$0.50

⁽¹⁾ First quarter results include inventory-related purchase accounting charges of \$9.8 million related to the acquisition of Southland and Republic.

(2) Third quarter results include a net benefit of \$13.2 million related to tax return true-ups and state tax credits as well as an expense of \$22.5 million related to certain legal matters. Fourth quarter results include a provisional net benefit of \$175.2 million related to the impacts of U.S. federal tax legislation enacted in the fourth quarter of 2017.

(3) Fourth quarter results include a benefit of \$83.0 million related to the effects of a change in estimate related to the cost of certain inventories.

(4) First quarter results include out-of-period non-cash gains totaling \$13.4 million related to a noncontrolling interest adjustment and to tax adjustments. Third quarter results were impacted by charges related to legal settlements of \$33.7 million and a net benefit of \$11.1 million related to fair value adjustments to assets in the Corporate/ eliminations segment.



Board of Directors, from left to right: Christopher J. Kearney, Lloyd J. Austin III, Victoria F. Haynes, Gregory J. Hayes, John J. Ferriola, Laurette T. Koellner, Patrick J. Dempsey, John H. Walker and Bernard L. Kasriel (retired January 5, 2018).

BOARD OF DIRECTORS

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Chairman, Chief Executive Officer and President Nucor Corporation

Lloyd J. Austin III

General, U.S. Army (Retired) and Former Commander of U.S. Central Command

Patrick J. Dempsey

President and Chief Executive Officer Barnes Group Inc.

Gregory J. Hayes

Chairman and Chief Executive Officer United Technologies Corporation

Victoria F. Haynes

Retired President and Chief Executive Officer RTI International

Christopher J. Kearney

Retired Chairman, Chief Executive Officer and President SPX FLOW, Inc.

Laurette T. Koellner

Retired President Boeing International

John H. Walker

Lead Director Nucor Corporation

Non-Executive Chairman Global Brass and Copper Holdings, Inc.

EXECUTIVE MANAGEMENT

CORPORATE OFFICE

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Chairman, Chief Executive Officer and President

James D. Frias

Chief Financial Officer, Treasurer and Executive Vice President

James R. Darsey

Executive Vice President Raw Materials

Ladd R. Hall

Executive Vice President Flat-Rolled Products

Raymond S. Napolitan, Jr.

Executive Vice President Engineered Bar Products

R. Joseph Stratman

Chief Digital Officer and Executive Vice President

David A. Sumoski

Executive Vice President Merchant and Rebar Products

Leon J. Topalian

Executive Vice President Beam and Plate Products

D. Chad Utermark

Executive Vice President Fabricated Construction Products

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General Manager of Public Affairs

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Vice President of Commercial

Elizabeth W. Bowers

Vice President of Taxes

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General Manager and Corporate Secretary

Douglas R. Gunson

General Manager of Corporate Legal Affairs

Jon P. Hayes

General Manager of Construction

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Vice President of Nucor President of Vulcraft/Verco Group

Michael D. Keller

Vice President and Corporate Controller

Daniel W. Krug

General Manager of Digital Innovation

Stephen D. Laxton

Vice President of Business Development

Donovan E. Marks

General Manager of Human Resources

Tomas A. Miller

Vice President of Environmental Affairs

Gregory J. Murphy

Vice President and General Counsel

Bradford G. True

General Manager of Resource Development

Douglas R. Wilner

General Manager of Corporate Legal Affairs

OPERATING FACILITIES

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Edmund R. Aller

Vice President, General Manager Nucor Buildings Group Brigham City, Utah

Robert L. Angotti

Vice President of Nucor Executive Vice President of The David J. Joseph Company

Kevin E. Barksdale

Vice President, General Manager Nucor Steel Birmingham, Inc. Birmingham, Alabama

Thomas J. Batterbee

Vice President, General Manager Vulcraft of New York, Inc. Chemung, New York

Chad Beard

General Manager Vulcraft Division Grapeland, Texas

Allen C. Behr

Vice President, General Manager Bar Mill Division Jewett, Texas

Troy A. Brooks III

Vice President, General Manager Bar Mill Division Norfolk, Nebraska

Steven Campbell

General Manager CBC Steel Buildings LLC Lathrop, California

Giffin F. Daughtridge

Vice President, General Manager Sheet Mill Division, Beam Mill Division Berkeley County, South Carolina

Laurent DeMev

Vice President of Nucor President of Skyline Steel LLC

John C. Farris

Vice President, General Manager Nucor Steel Gallatin LLC Ghent, Kentucky

Craig A. Feldman

Vice President of Nucor President of The David J. Joseph Company

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General Manager Castrip, LLC Charlotte, North Carolina

Ron J. Fox

General Manager Nucor Building Systems Division Terrell, Texas

Nathan Fraser

General Manager Republic Conduit, Inc. Louisville, Kentucky

Jason Freidenberger

General Manager Vulcraft Division Florence, South Carolina

Noah Hanners

General Manager Independence Tube Corporation Chicago, Illinois

Jay E. Henderson

Vice President, General Manager Nucor Steel Louisiana LLC St. James Parish, Louisiana

Michael Hess

General Manager Nucor Steel Marion, Inc. Marion, Ohio

Doyle G. Hopper, Jr.

Vice President, General Manager Bar Mill Division Darlington, South Carolina

Johnny E. Jacobs

Vice President, General Manager Nucor Steel Kankakee, Inc. Kankakee, Illinois

Douglas J. Jellison

Vice President of Nucor President of Nucor Tubular Products

Michael D. Lee

Vice President, General Manager Nucor Steel Decatur, LLC Decatur, Alabama

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General Manager Fastener Division St. Joe, Indiana

Matthew J. Lyons

Vice President, General Manager Nucor Steel Seattle, Inc. Seattle, Washington

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General Manager Nu-Iron Unlimited Point Lisas, Trinidad

J. J. McCoy

General Manager Nucor Building Systems Division Swansea, South Carolina

Robert W. McCracken

Vice President, General Manager Plate Mill Division Hertford County, North Carolina

Patrick J. McFadden

General Manager of Nucor President Fisher & Ludlow

Eugene McManus

President – Eastern Operations Harris Rebar

Mark Miller

Vice President, General Manager Vulcraft Division Brigham City, Utah

Greg Mittendorf

General Manager Verco Decking, Inc. Phoenix, Arizona

John R. Montgomery, Jr.

General Manager Southland Tube, Inc. Birmingham, Alabama

Daniel R. Needham

Vice President, General Manager Bar Mill Division Plymouth, Utah

Nucor Steel Kingman, LLC Kingman, Arizona

Kenneth D. Nichols, Jr.

General Manager American Buildings Company South Division Eufaula, Alabama

Shannon L. Phillips

Vice President, General Manager Nucor Steel Jackson, Inc. Jackson, Mississippi

Chad M. Potter

General Manager Nucor-JFE Steel Mexico

Jeff Powers

Vice President, General Manager Sheet Mill Division Crawfordsville, Indiana

Nathan P. Pranger

General Manager American Buildings Company Midwest Division El Paso, Illinois

John Pressly

General Manager Latin America

K. Rex Query

Vice President, General Manager Cold Finish Western Region

Gary Richmond

President and Chief Executive Officer Harris Steel Group Inc.

Mark Schaefer

Vice President of Nucor Executive Vice President of The David J. Joseph Company

William L. Schwartz

General Manager American Buildings Company Atlantic Division LaCrosse, Virginia

Randy C. Skagen

Vice President, General Manager Nucor Steel Tuscaloosa, Inc. Tuscaloosa, Alabama

MaryEmily Slate

Vice President, General Manager Sheet Mill Division Hickman, Arkansas

David R. Smith

Vice President, General Manager Nucor Steel Memphis, Inc. Memphis, Tennessee

Jason Smith

General Manager Vulcraft Division Norfolk, Nebraska

B. Thad Solomon

Vice President, General Manager Nucor-Yamato Steel Company Blytheville, Arkansas

Mark G. Specht

General Manager Kirby Building Systems LLC Portland, Tennessee

David J. Steigerwald

General Manager of Nucor Executive Vice President of The David J. Joseph Company

John Supple

Vice President, General Manager Cold Finish Eastern Region

Johanna L. Threm

Vice President, General Manager Vulcraft Division St. Joe, Indiana

Bryson Trumble

General Manager Nucor Steel Longview LLC Longview, Texas

Kevin Van de Ven

Vice President, General Manager Nucor Steel Sedalia LLC Sedalia, Missouri

Mark Van Dyken

General Manager Nucor Building Systems Division Waterloo, Indiana

Timothy T. Whalen

Vice President, General Manager Vulcraft Division Fort Payne, Alabama

M. Drew Wilcox

Vice President, General Manager Nucor Steel Auburn, Inc. Auburn, New York

Jon D. Witherow

General Manager Duferdofin Nucor S.r.l. Brescia, Italy

CORPORATE OFFICE

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

STOCK TRANSFERS DIVIDEND DISBURSING DIVIDEND REINVESTMENT

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

ANNUAL MEETING

The 2018 annual meeting of stockholders will be held at 10:00 a.m. on Thursday, May 10, 2018 at the Charlotte Marriott SouthPark, 2200 Rexford Road, Charlotte, NC 28211.

STOCK LISTING

Nucor's common stock is traded on the New York Stock Exchange under the symbol NUE. As of January 31, 2018, there were approximately 16,000 stockholders of record.

FORM 10-K

A copy of Nucor's 2017 annual report on Form 10-K filed with the Securities and Exchange Commission ("SEC") is available to stockholders without charge upon request to A. Rae Eagle, General Manager and Corporate Secretary, at Nucor's corporate office.

INTERNET ACCESS

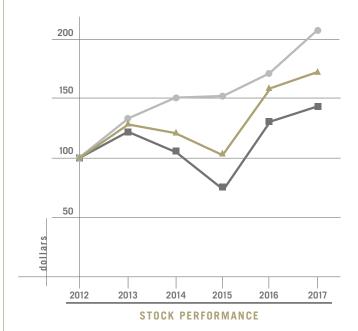
Nucor's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to these reports are available without charge through Nucor's website, www.nucor.com, as soon as reasonably practicable after Nucor files these reports electronically with or furnishes them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

STOCK PRICE AND DIVIDENDS PAID

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2017 Stock price:	\$ 66.00	\$ 62.31	\$ 62.26	\$ 64.86
High Low Dividends paid	56.19 0.3775	54.01 0.3775	51.67 0.3775	53.71 0.3775
2016 Stock price:	40.50	ф. F1.00	4 57.00	ф co oo
High Low Dividends paid	\$ 48.52 33.90 0.3750	\$ 51.99 45.32 0.3750	\$ 57.08 44.81 0.3750	\$ 68.00 45.30 0.3750

STOCK PERFORMANCE

This graphic comparison assumes the investment of \$100 in Nucor Corporation common stock, \$100 in the S&P 500 Index and \$100 in the S&P 1500 Steel Group Index, all at the year end 2012. The resulting cumulative total return assumes that cash dividends were reinvested. Nucor common stock comprised 36% of the S&P 1500 Steel Group Index at year end 2017 (34% at year end in 2012).



- ▲ Nucor Corporation
- S&P 500 Index
- S&P 1500 Steel Group Index



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WILLIAM A O'DANIEL LEONARD TODD JANET MODDEN GINO ODDI RONALD GENE ODELL BRITTANY NO'DELL KATHY O'DELL JARED SCOTT ODEN BARNEY WILLIAM ODOM JR BRANDON HODOM CHRISTOPHER MODOM CODY DREW ODOM JAMES LODOM JOHNNY ODOM JULIAN RODOM STEVEN ODOM THOMAS BRENT ODOM COLIN O'DONNELL DENNIS O'DONNELL JOSEPH O'DONNELL ROBERT W O'DONNELL GREGORY OELRICH TRISHA OERTWIG BARRA M O'FATHAIGH JOSHUA J OGBORN RICKY R OGBORN JAMES E OGBURN III JANET OGBURN ERIC E OGDEN NATALIE M OGDEN TERRY A OGDEN JASON OGILVIE JACKSON R OGIN MELVIN EUGENE OGLE CHRISTI OGLESBY MICHAEL H OGLESBY SCOTT D O'GORMAN KEVIN A O'GRADY RAYMOND A O'GRADY ADEKUNLE AKINYOSOYE OGUNTUNDE BARBARA O'HAGAN LARRY OHANO DANIEL J O'HARA DYLAN K O'HARA JUSTIN O'HARA KEVIN OHLINGER JEFFREY L OHM STEVEN R OHM JEFFREY O'HOSKI ARTURO OJEDA ISAAC OJEDA MANUEL OJEDA
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JUDITH POMO FLOYD POMPEY III KEVON POMPEY DERRICK POMRANKY DEVII
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DANNA SEIGLE-VALADE LIM SEIN KANIELA SEIPEL WILLIAM G SEIPEL BRIAN E SEITTER FOGAVAI SEIULI VIGNESH SEKAR MICHAEL SHAWN SELBY DARLENE SELF TRAVIS SELF JASON SELLAN DAMON SELLARS
MICHAEL D SELLARS ANTONIO D SELLERS JACK REYNOLDS SELLERS JONATHON T SELLERY DY SELLERS HIM ROBERT SELLERS CLAYTON R SELLIN TOD M SELLIN JEFFREY GSELS
KEVIN SELLS RANDALL L SELMAN REUBEN DOUGLAS SELMAN KARTHIK SELVARAJ QUINCY TERON SELVY JOSEPH JOHN SEMAN TIMOTHY SEMONICH LEE SEMOTIUK PHILLIP M SEMRICK ANTHONY A SENESE
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EXANDER SING-

ITT SINGH DEEPAK SINGLA COREY SINGLETON ROBERT L SINGLETON

ERRY ALLEN SINGLETON JEFFREY A SINGLETON ROBERT L SINGLETON

VET RAY SINNOTT ROBERT SINNOTT LARREQUI SIPHO SCOTT M SIPLE FRANK SIPPEL SINSINTEN MELANIEM SISK ROBERT W SISTRUNK VALERIE SITAR JASON SITAREK DAVID D

MES D SITTON LOUISE ANN SITTON ANBARASAN SIVAJI SANGEETHA S SIVAKUMAR AARON

ARGGS BONNIE SKARA STEVEN SKEELS ANDRIA D SKEEM RUSSELL REED SKEEM TRAVIS SKE

KELTON JR WILLIAM BRADLEY SKELTON ROBERT SKENANDORE KEVIN M SKERD DAVID W SKERRI,

SKINNER JAMES T SKINNER JESSICA SKINNER JOHNATHAN SKINNER KIRK AARON SKINNER

SKINNER ZACK SKINNER SCOTT SKIPWORTH ANTHONY W SKIRVIN CHARLES T SKIRVIN W

ELIZABETH SKUPCA LESZEK E SKULSKI BOBBY MIKE SLABAUGH EDWARD SLACK CHRIS

GREGORY SLATER THERAN SLATER TIMOTHY J SLATER LEIGHR J SLATES PATRICKT SLATES

A SLAUGHTER MARVIN O SLAUGHTER JESSE D SLAUTER CATHARINE A SLAVENS CHAD M SLAVE

DYD SLEDGE KRISTIN P SLEDGE MONTEZ LEWILLIAM SLEDGE STEPHEN SLESINSK I STEVEN SI

DANIOLPH SLOBOH BRANDON SLOCUM JERZY SLOMKA JOSHUA D SLOSSON BE
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FLOYD EDWARD STANDRIDGE JR JONATHAN STANEK SHAWN STANGER MICHAEL STANIFORTH

TEPHEN STANLEY MICHAEL STANOFF MICHAEL L STANPHILL EARL D STANSBURY ROGER STANSB

JARED STANWORTH BRIAN S STAPLETON PETER STAPLETON TRACE STAPLEY CODY LEE STAPP
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AND ZÄCHARY STRICKLAND CHARLES ASHBY STRICKLIN MICHAEL L STRICKLIN ERIC STROBEL BRENT STROCK BRIAN STROCK DANA STROCK DARLENE STROC DONALD F STROM WAYLON L STROM JARED J STROMAN ZACHARY LELAND STROMAN WE STROME S
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OBERT SUMNER DAV
JOHN SUPPLE MAT
LISON SUTCLIFFE N
KY EDWARD SUTTLE
RONALD C SUTTON
BEVERLY J SWAIM SE
                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               HINGEN ANTHONY E SWEAT WENDY L
WEERUS JODI SWEESY GIFFORD
BRIAN L SWICK JOSEPH M SWICK F
DALE SWINDLE SCOTTY LEE SWINDLE
PE LOREN SWOPES JAY SWOYER N
KEISHA SYMISTER TIM SYMONS
I DAKOTA SZCZEPANIAK NEIL G SZC
WILLIAM CRISS TAGGART GREG TAIT
Y DARREL J TALLEY ERICK TALL
AN TAMILARASAN JIA TAN ELISHA TA
IER PERFYLER TANNER TYLER G:
ANTHONY PAUL TORRICELLI CHAD TOST. JOSE CARLOS MELO TOSTE. RAYMOND TOTH. JAMES TOTIN. COLIN TOUGHER. DARIO TOVAR. DAVID TOVAR. FRANCISCO TOVAR. NOHELIA TOVAR. CURTIS LEE
JACOB CHRISTIAN TOWELL. ROBERT TOWERY. BENJAMIN B TOWLES. BRANDON D TOWLES. MICHAEL SCOTT TOWLES. KIRK TOWNE. CODY L TOWNSEND. DWIGHT D TOWNSEND. KEVIN A TOWNSEND. LOUIS TO
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GERALD TRACY
CRAIG A TRAMME
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