

## **NUCOR CORPORATION**

### **CORPORATE GOVERNANCE PRINCIPLES**

The following Corporate Governance Principles (the “Principles”) have been adopted by the Board of Directors (the “Board”) of Nucor Corporation (“Nucor” or the “Company”). These Principles, along with the charters of the committees of the Board, provide the framework for the corporate governance of the Company. These Principles are subject to modification from time to time by the Board.

#### **Role of the Board and Management**

The primary responsibility of members of the Board (“Directors”) is to act in what they reasonably believe to be in the best interests of the Company and its stockholders. Nucor’s business is conducted by its employees, managers and officers under the direction of the Chief Executive Officer (the “CEO”) and the oversight of the Board. In performing their oversight responsibilities, Directors rely on the ability and integrity of management in carrying out their responsibilities.

#### **Director Responsibilities**

The Board will meet as frequently as required to review and discuss reports by management on the performance of the Company, its plans and prospects, as well as immediate issues facing the Company. Directors are expected to participate in Board meetings, review relevant materials, serve on Board committees and adequately prepare for meetings and discussions with management. Directors are expected to attend all meetings, including the annual meeting of stockholders.

#### **Selection of Directors**

Under Nucor’s bylaws, the Board has authority to fill vacancies on the Board and to nominate candidates for election by the stockholders. The Board’s Governance and Nominating Committee is responsible for (1) developing and recommending to the Board specific guidelines and criteria for selecting nominees for election to the Board, and (2) reviewing the qualifications of and making recommendations to the Board regarding nominees for election as Directors at each annual meeting of stockholders and the nominees for Directors to be elected by the Board to fill any vacancies or newly created directorships. As a part of such responsibility, the Board’s Governance and Nominating Committee shall work to ensure that the Board is composed of individuals representing a diversity of thoughts, backgrounds, skills, experiences and expertise and shall include in each third party search for new nominees, qualified candidates who reflect diverse backgrounds, including diversity of gender and race.

### **Effect of Withheld Votes in Uncontested Elections of Directors; Resignation Policy**

In an uncontested election of Directors, any nominee for Director who is an incumbent Director and receives a greater number of votes “withheld” from his or her election than votes “for” his or her election shall promptly tender his or her resignation to the Secretary of the Company following certification of the stockholder vote for consideration by the Board.

The Governance and Nominating Committee shall promptly evaluate the Director’s tendered resignation, taking into account the best interests of the Company and its stockholders, and shall recommend to the Board whether to accept or reject such resignation. In assessing whether to accept or reject the tendered resignation, the Governance and Nominating Committee will consider all factors it deems relevant, including any stated reasons why stockholders “withheld” votes, the Director’s length of service and qualifications, the Director’s contributions to Nucor, and these Principles.

The Board shall act on the Governance and Nominating Committee’s recommendation within 120 days following certification of the stockholder vote. The Board shall consider the Governance and Nominating Committee’s recommendation and any additional information the Board believes to be relevant in deciding whether to accept the tendered resignation. Nucor will promptly disclose the Board’s decision and the reasons therefor in a Form 8-K filing with the Securities and Exchange Commission (the “SEC”). Any Director who tenders his or her resignation pursuant to this governance principle shall not participate in any committee or Board consideration of it. This governance principle will be summarized or included in the Company’s annual proxy statement.

### **Director Qualification Standards**

A majority of the Directors must be “independent” under the listing standards of the New York Stock Exchange (the “NYSE”). On an on-going basis, the Board will affirmatively determine for each Director whether or not he or she is independent, and disclose the determinations in Nucor’s annual proxy statement. In addition to the CEO, additional members of management may become Directors depending on the individual and the circumstances.

In addition to the above independence criteria, nominees for the Board are selected on the basis of the following criteria, among others: their business or professional experience, their integrity and judgment, their records of public service, their ability to devote sufficient time to the affairs of the Company, the diversity of backgrounds and experience they will bring to the Board, and the needs of the Company from time to time. All nominees should be individuals of substantial accomplishment with demonstrated leadership capabilities and should possess skills and expertise that complement the attributes of existing Directors. They should represent all stockholders and not any special interest group or constituency and should be free of conflicts of interest that would interfere with their ability to discharge their duties.

### **Size of the Board**

Under Nucor's bylaws, the number of Directors shall be not less than three or more than eleven, the precise number to be determined from time to time by resolution of the Board. It is the sense of the Board that a size of seven to eleven Directors is currently suitable for Nucor's purposes.

### **Lead Director**

Whenever the Chairman of the Board is a member of management, there shall be a Lead Director. The Lead Director shall be an independent Director appointed by the independent Directors. The Lead Director will:

- Provide leadership to the Board;
- Chair Board meetings in the absence of the Chairman;
- Organize, set the agenda for and lead executive sessions of the independent Directors without the attendance of management;
- Serve as a liaison between the Chairman and the independent Directors;
- Consult with the Chairman and the Secretary of the Company to approve the agenda for each Board meeting and the information that shall be provided to the Directors for each scheduled meeting;
- Approve meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- Meet with the Chairman between Board meetings as appropriate in order to facilitate Board meetings and discussions;
- Have the authority to call meetings of the independent Directors; and
- Be available for consultation and direct communication with major stockholders.

### **Board Agendas and Meetings**

The Non-Executive Chairman of the Board or the Lead Director, as the case may be, shall consult with the CEO (and, if there is a Lead Director, the Chairman) and the Secretary of the Company to approve the agenda for each Board meeting and distribute it in advance to the Board. Each Director is free to suggest the items to be included on the agenda. The agenda shall include reports from each committee that has held a meeting since the last Board meeting.

The agenda and supporting materials shall be distributed to the Directors in advance to allow the Directors to prepare for discussion of matters at the meeting. Management presentations shall be made to the Board and its committees regularly on various aspects of the Company's operations.

## **Board Committees**

The Board has three standing committees: the Audit Committee, the Compensation and Executive Development Committee, and the Governance and Nominating Committee. Each committee has a written charter adopted by the Board. From time to time, the Board may provide for such other special committees as deemed necessary to carry out its responsibilities. The committee chairmen determine the frequency of meetings consistent with the charters of their respective committees and set meeting times and develop committee agendas. Each committee reports on its actions and discussions to the Board as soon as practicable.

All members of the Audit Committee, the Compensation and Executive Development Committee, and the Governance and Nominating Committee shall be independent under the listing standards of the NYSE, the applicable rules and regulations of the SEC and the Company's categorical standards for determination of director independence, which are attached as Appendix A to these Principles.

Any Director may attend and participate in discussions of any Board committee, although formal committee action will only be through the vote of appointed committee members.

Members of the Audit Committee are limited to serving on the audit committee of no more than three public companies.

## **Executive Sessions of Independent Directors**

Independent Directors meet in executive session (without members of management present) as needed. Executive sessions are included on the agenda of each regularly scheduled Board meeting and are chaired by the Non-Executive Chairman of the Board or the Lead Director, as the case may be.

## **Attendance of Non-Directors at Board Meetings**

Executive officers and other members of senior management who report directly to the CEO can be present at Board meetings at the invitation of the CEO or the Board. The Board also encourages management from time to time to bring managers into Board meetings who (1) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (2) demonstrate future leadership potential.

## **Director Access to Management and Independent Advisors**

Directors have full and free access to the officers, employees, and books and records of the Company as well as to the independent auditors. The Board and its committees may, in appropriate circumstances and at Company expense, hire independent advisors, including counsel. Generally, the independent advisors would be engaged with the knowledge of the CEO.

### **Director Orientation and Continuing Education**

Materials are provided to newly appointed Directors to acquaint them with the Company's business, industry and corporate governance practices. Senior management and other appropriate personnel and outside advisors are also made available to brief new Directors on the Company and the industry. The Company also arranges for Directors to visit Nucor's operating facilities and divisions on an ongoing basis to enable them to better carry out their duties.

Directors are encouraged to take advantage of continuing education opportunities that will enhance their ability to fulfill their responsibilities, and the Company shall reimburse Directors for their reasonable expenses in pursuing such opportunities.

### **Director Compensation**

Non-employee Directors receive compensation for their services, as determined from time to time by the Board upon recommendation of the Compensation and Executive Development Committee. The Board considers compensation paid to directors at peer companies when establishing the amount paid to Directors. Director compensation is a combination of cash and restricted stock units. It is the policy of the Board that the only remuneration received from Nucor by any non-employee Director is compensation for service as a Director. Directors who are employees of the Company receive no additional compensation for serving as Directors.

### **Stock Ownership and Retention Guidelines**

Each non-employee Director is required to own 7,000 shares of common stock (including restricted stock units) of Nucor (predicated upon the number of shares outstanding as of May 31, 2006). This stock ownership requirement shall be adjusted to account for any subsequent stock splits. Each such Director is allowed a period of five years after joining the Board to satisfy this requirement. A non-employee Director shall retain the shares obtained from the exercise of any option granted under Nucor's compensation plans until the Director meets the stock ownership requirement. This policy shall not prevent a Director from exercising a stock option through a broker-assisted cashless exercise transaction provided that the number of shares sold simultaneously with the exercise is limited to the shares necessary to fund the exercise price and any income and self-employment taxes incurred by the Director in connection with such exercise.

### **Annual Performance Evaluation of the Board, its Committees and Individual Directors**

The Board and each of its committees perform annual self-evaluations. The assessments focus on the Board's contribution to the Company and specifically focus on areas in which the Directors believe that the Board or any of its committees could improve. The effectiveness and contributions of individual Directors are also evaluated and are considered each time a Director stands for renomination.

### **CEO Performance Evaluation**

At the end of each year, the independent Directors meet in executive session to discuss the CEO's performance. The independent Directors use the results of this performance

evaluation when reviewing the CEO's salary, bonus and other incentive and equity compensation. The independent Directors then meet with the CEO to discuss the performance evaluation and compensation.

**Notice of Director Resignation, Retirement or Refusal to Stand for Re-Election** Any Director who intends to resign or retire from, or refuse to stand for re-election for, the Board for any reason should communicate his or her intention in writing to the Secretary of the Company no later than the close of business on the second business day after making a final determination to do so.

### **Director Retirement**

The mandatory retirement date for a non-employee Director is the annual meeting following the Director's 72nd birthday. Upon resignation or retirement from the Company, all employee Directors, including the CEO, shall resign from the Board and from all board of directors (and comparable governing bodies) of Nucor's subsidiaries and affiliates.

### **Change in Job Responsibilities**

Any director who has a change or termination in his or her principal employment or who has a substantial change in job responsibilities, in each case other than as a result of a promotion by the Director's employer, shall promptly tender his or her resignation for consideration by the Governance and Nominating Committee. The Committee shall evaluate the Director's tendered resignation to determine whether it is appropriate for such Director to continue on the Board in light of the changed circumstances and shall recommend to the Board whether to accept or reject such resignation.

### **Other Directorships or Engagements**

In addition to service on the Board, Directors shall not serve on more than three public company boards. A Director who is a CEO of a public company may serve on the board of that company and only one other public company board of directors. Directors must seek prior approval from the Board before becoming a director of another for-profit company. Directors must also seek prior approval from the Board before becoming an employee of, or accepting an engagement as an advisor or consultant to, any for-profit organization that competes with any business of Nucor, or which owns or may be reasonably expected to acquire an interest in a business that competes with any business of Nucor. The Governance and Nominating Committee will determine, in each instance, whether there may be a potential conflict of interest for the Director to accept such position or engagement and make a recommendation to the Board with respect to approval.

### **Management Succession Plan**

The Compensation and Executive Development Committee is responsible for reviewing and maintaining a succession plan for the CEO and senior executives, including succession in the case of an emergency or retirement.

**Communications with Third Parties**

Management and, specifically, the CEO and his or her designees, speak for Nucor. It is expected that Directors would not speak for the Company except in unusual circumstances.

**Ratification of Independent Auditors**

The Board will submit the selection of independent auditors to the stockholders for ratification at the annual meeting of stockholders each year. If the stockholders fail to ratify the Audit Committee's selection, the Audit Committee will reconsider its selection of the independent auditors at such time and in such manner as the Audit Committee may determine in its sole discretion. The Audit Committee may in its discretion appoint a different independent accounting firm at any time during the year if the Audit Committee determines that a change is in the best interests of Nucor and its stockholders.

### Categorical Standards for Determination of Director Independence

The Board of Directors (the “Board”) of Nucor Corporation (the “Company”) has adopted these Categorical Standards for Determination of Director Independence to assist in its determination of director independence. To be considered “independent” for purposes of these standards, the Board must determine that the director has no material relationship with the Company other than as a director. In each case, the Board will broadly consider all relevant facts and circumstances and will apply the standards below. In addition, the Board will apply the independence standards set by the New York Stock Exchange.

The Board has determined that the following relationships with the Company, either directly or indirectly, will not be considered material relationships for purposes of determining whether a director is independent:

- Relationships involving (1) the purchase or sale of products or services, (2) the purchase, sale or leasing of real property or (3) lending, deposit, banking or other financial service relationships, either by or to the Company or its subsidiaries and involving a director, his or her immediate family members, or an organization of which the director or an immediate family member is a partner, stockholder, officer or employee if the following conditions are satisfied:
  - any payments made to, or payments received from, the Company or its subsidiaries in any single year within the last three years do not exceed the greater of (i) \$1,000,000 or (ii) 2% of such other organization’s consolidated gross revenues;
  - the products and services are provided in the ordinary course of business and on substantially the same terms and conditions, including price, as would be available to similarly situated customers;
  - the relationship does not involve consulting, legal or accounting services provided to the Company or its subsidiaries; and
  - any extension of credit was in the ordinary course of business and was made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other similarly situated borrowers.
- Any other relationship between the Company or one of its subsidiaries and a company (including a limited liability company) or partnership to which a director is connected solely as a stockholder, member or partner as long as the director is not a principal stockholder or partner of the organization. For purposes of this categorical standard, a person is a principal stockholder of a company if he or she directly or indirectly, or acting in concert with one or more persons, owns,



controls or has the power to vote more than 10% of any class of voting securities of the company. A person is a principal partner of a partnership if he or she directly or indirectly, or acting in concert with one or more persons, owns, controls or has the power to vote a 25% or more general partnership interest, or more than a 10% overall partnership interest. Shares or partnership interests owned or controlled by a director's immediate family member who shares the director's home are considered to be held by the director.

- Contributions made or pledged by the Company, its subsidiaries or by any foundation sponsored by or associated with the Company or its subsidiaries to a charitable organization of which a director or an immediate family member is an executive officer, director or trustee if the following conditions are satisfied:
  - within the preceding three years, the aggregate amount of such contributions during any single year of the charitable organization did not exceed the greater of (i) \$1,000,000 or (ii) 2% of the charitable organization's consolidated gross revenues for that year; and
  - the charitable organization is not a family foundation created by the director or an immediate family member.

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

- If the director, or an immediate family member, is an executive officer of another organization in which the Company owns an equity interest and if the amount of the Company's interest is less than 10% of the total voting interest in the other organization.
- A relationship involving a director's relative who is not an immediate family member of the director.
- In the last five years, the director has not been an executive officer, founder or principal owner of a business organization acquired by the Company, or of a firm or entity that was part of a joint venture or partnership including the Company.

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