COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion & Analysis ("CD&A") outlines Nucor's executive compensation philosophy, objectives and processes. It explains how the Compensation and Executive Development Committee (the "Committee") makes executive compensation decisions, the data used and the reasoning behind the decisions that are made.

Following this CD&A are tables detailing the compensation of our Named Executive Officers ("NEOs" or "Executive Officers") along with descriptions and other narrative explaining the information in the tables. Also included is a section presenting the potential compensation Executive Officers would receive if they had been terminated on December 31, 2007.

Compensation Philosophy

Nucor's executive compensation philosophy is based on and supports the Company's overall management philosophy. Our philosophy is to:

1. Hire and retain highly talented and productive people.
2. Put them in a simple, streamlined organizational structure that allows them to innovate and make quick decisions that affect results.
3. Pay them not just for showing up, but for producing results.

Nucor takes an egalitarian approach to providing benefits to its employees. That is, the upper levels of management do not enjoy better benefits such as insurance programs, vacation schedules or holidays. Certain benefits such as Nucor's Profit Sharing, Scholarship Program, Employee Stock Purchase Plan, Extraordinary Bonus and Service Awards Program are not available to Nucor's NEOs. In addition, Executive Officers do not receive traditional executive perquisites such as company cars, executive dining rooms or personal use of corporate aircraft.

The Company believes that the compensation provided to its Executive Officers should be commensurate and aligned with the performance of the Company and creation of long-term stockholder value. The key principles guiding Executive Officer compensation are to 1) reward Executive Officers for superior performance, 2) provide incentives that are based on overall Company performance, and 3) pay guaranteed compensation (meaning those elements of pay, such as base salary and benefits, that are not dependent on performance) that is below the median for similar size industrial and materials companies.

The objectives of our Executive Officer compensation plans are to:

- Retain the services of our Executive Officers.
- Motivate our Executive Officers to advance the interests of the Company and build stockholder value.
- Reward our Executive Officers for their contributions to the success of the Company and to the stockholder value that they help create.
- Measure the success of the Company through Return on Equity ("ROE"), Return on Average Invested Capital ("ROAIC") and sales growth.
- Reward Executive Officers as a team based on overall Company performance.

Executive Officer compensation at Nucor is highly leveraged, meaning that a significant portion of an executive's potential compensation is variable, because the compensation is earned under incentive plans that are based on the performance of the Company and the value delivered to Nucor's stockholders. The incentive plans are designed to function in a cyclical environment by measuring performance relative to two performance comparator groups: a group of steel industry competitors and a group of capital intensive companies that were chosen at the time they were added to the peer group for their superior financial performance. The incentive plans are also designed to pay well when performance is high and not pay any incentive if performance is poor. The Company believes that variable compensation plays an important role in Nucor's financial performance. The Company has earned a profit every year since 1966, through business cycles where peer companies showed losses.

The performance comparator groups are used to benchmark financial performance for incentive plan purposes. They are not used to benchmark compensation.

Base salaries are set below the median of survey data for similar size industrial and materials companies. Therefore, the Company recognizes the risk that Executive Officers may earn below median levels of compensation when Company