

NUCOR
BAR MILL GROUP

December 16, 2003

To Our Valued Customers:

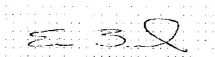
Beginning with shipments on January 1, 2004, Nucor Steel - Nebraska will be implementing a raw materials surcharge of \$ 1.00 cwt or \$20 per net ton. This surcharge is being applied by all steel mill subsidiaries and divisions of Nucor Corporation on all products. The surcharge has become necessary due to rapid and unprecedented raw material price increases. The rapid escalation of raw material costs has outpaced our ability to appropriately react through normal price changes. The surcharge will be adjusted on the third Monday of each month, based on raw material cost changes from the previous month, and applied to shipments on the first day of the following month.

As a result of implementing this surcharge, we are rescinding our December 9, 2003 price announcement of \$20 per net ton or \$1.00/cwt for merchant, structural & reinforcing bar products effective with shipments on January 15, 2004.

The unprecedented increase in the cost of raw materials used by the world's steel producers (scrap, coke, iron ore, freight, alloys and energy) can no longer be absorbed through normal price increases. Nucor has and will continue to work to lower its operating costs through the highly productive efforts of our people, the development and use of new technologies, and the relentless pursuit of excellence. We regret the need to apply this raw material surcharge and we will remove it as soon as conditions allow.

As always, we value your business and appreciate your continued support and cooperation.

Sincerely,



Eric Zemikow
Sales Manager

December 16, 2003

Frequently Asked Questions

What is the basis for this surcharge?

It is due to the unprecedented rapidly global cost escalation of raw materials for steel making.

When does the surcharge take effect?

It takes effect on all steel shipments beginning January 1, 2004.

Why now?

The rapid escalation of our raw materials cost has outpaced our ability to absorb them through normal price changes. Unfortunately, this rising trend in pricing is expected to continue for some time.

How can you implement a surcharge after recently raising my prices over the last several weeks?

Our collected price increases year to date have not recovered our rising material costs. Nucor cannot recover these monthly raw material increases thru price increases alone. A surcharge mechanism will allow an orderly pass-thru of these raw material costs.

What is causing this rapid rise?

Raw material inputs for steel making are commodities and influenced by supply and demand. There are a number of factors driving raw material costs. Global expansion and more specifically, China's rapid expansion is consuming many raw materials: iron ore, coke, scrap, and transportation resources. Additionally, US manufacturing moving to China also reduces US factory output and domestic scrap generation. Finally there is increased steel demand in the US putting a strain on raw materials.

Will all Nucor mills implement it?

Yes, all Nucor Steel mills will implement it.

Does it affect all products?

Yes, it includes all products made by our mills.

Is it the same amount for all products?

Yes, it will be \$20/nt effective with shipments commencing January 1, 2004, for all grades of billets, slabs, sheet, strip, plate, reinforcing bars, rod, merchant bar, SBQ bar and structural product.

How was it calculated?

It was based on Nucor's raw materials costs.

Is there any type of index one can reference?

There is no particular reference as it takes into account many raw materials.

Does it apply to all customers?

Yes.

Does it apply to existing contracts?

Yes.

How will it be applied?

The surcharge will be shown as a single line item entry on the invoice.

How often will it be reviewed?

It will be reviewed on the third Monday of each month, based on raw materials cost changes from the previous month, and applied to shipments on the first day of the following month. i.e. In January, we will determine the surcharge amount for shipments beginning February 1, 2004.

What will trigger the amount of the surcharge to change?

Any change in our raw materials costs as compared to the prior month.

When is this going to end?

We don't know when, as we cannot predict when raw material costs will stop escalating.

What will trigger its removal?

Surcharges will be reduced or eliminated when market conditions warrant.

What is Nucor doing to stop these increases?

Our Bar Mill Group has recently spent over \$200 million in capital expenditures to reduce costs and improve operational efficiencies. In addition, Nucor for sometime has been strategically pursuing alternative iron units. Nucor's Hismelt and Green Pig projects are two examples of Nucor working to control iron unit costs. The recent announcement concerning Nucor's purchase of the American Iron Reduction facility in Louisiana demonstrates our on-going implementation of developing alternative iron units for our facilities.