



**IT STARTS HERE**

**Daniel R. DiMicco, Executive Chairman  
Nucor Corporation  
October 16, 2013**

# Nucor in Ohio



- Nucor is the largest steel producer in U.S.
- Headquartered in Charlotte, NC
  - NS-Marion Bar Mill 
  - David J. Joseph (HQ in Cincinnati)
  - Harris Steel
  - Skyline Steel
- 22,000+ teammates
  - About 800 in Ohio
- Average Ohio teammate salary over \$78,000
- \$68 million in Ohio capital improvements since 2005

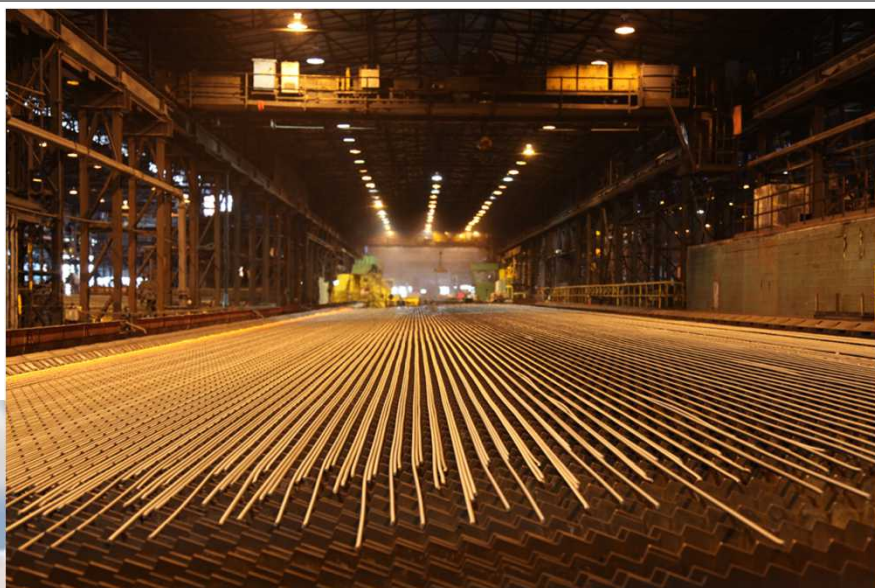


# Perception of Steel

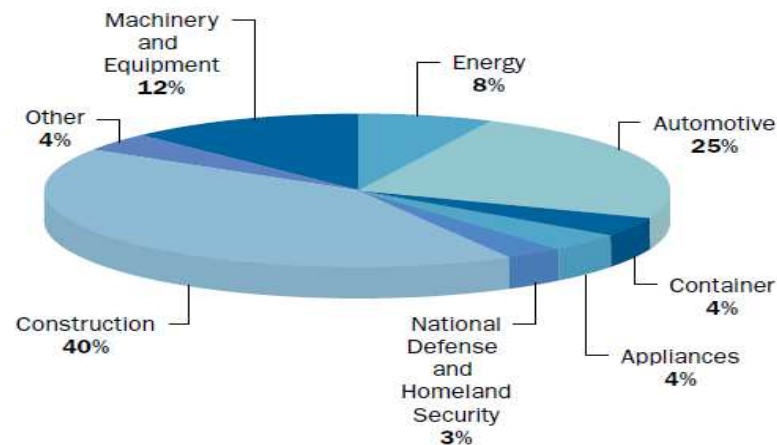
## Steel mills of the early 20<sup>th</sup> Century



# Nucor Steel Marion Steel mill in the 21st Century



# American Steel – Vital Today... and Tomorrow



# Nucor's Philosophy

Plan for the Bad Times During the Good Times &  
Plan for the Good Times During the Bad Times



- **Across Nucor, we've made \$8 billion in capital investments since 2008**
  - *After* the Great Recession began in Dec. 2007
- Focused on long-term sustainable growth
- No teammate has ever been laid off due to lack of work
- Average production teammate's salary is over \$75,000



# Creating Jobs MUST BE Top Priority

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**. . . in U.S. & here in Ohio!**

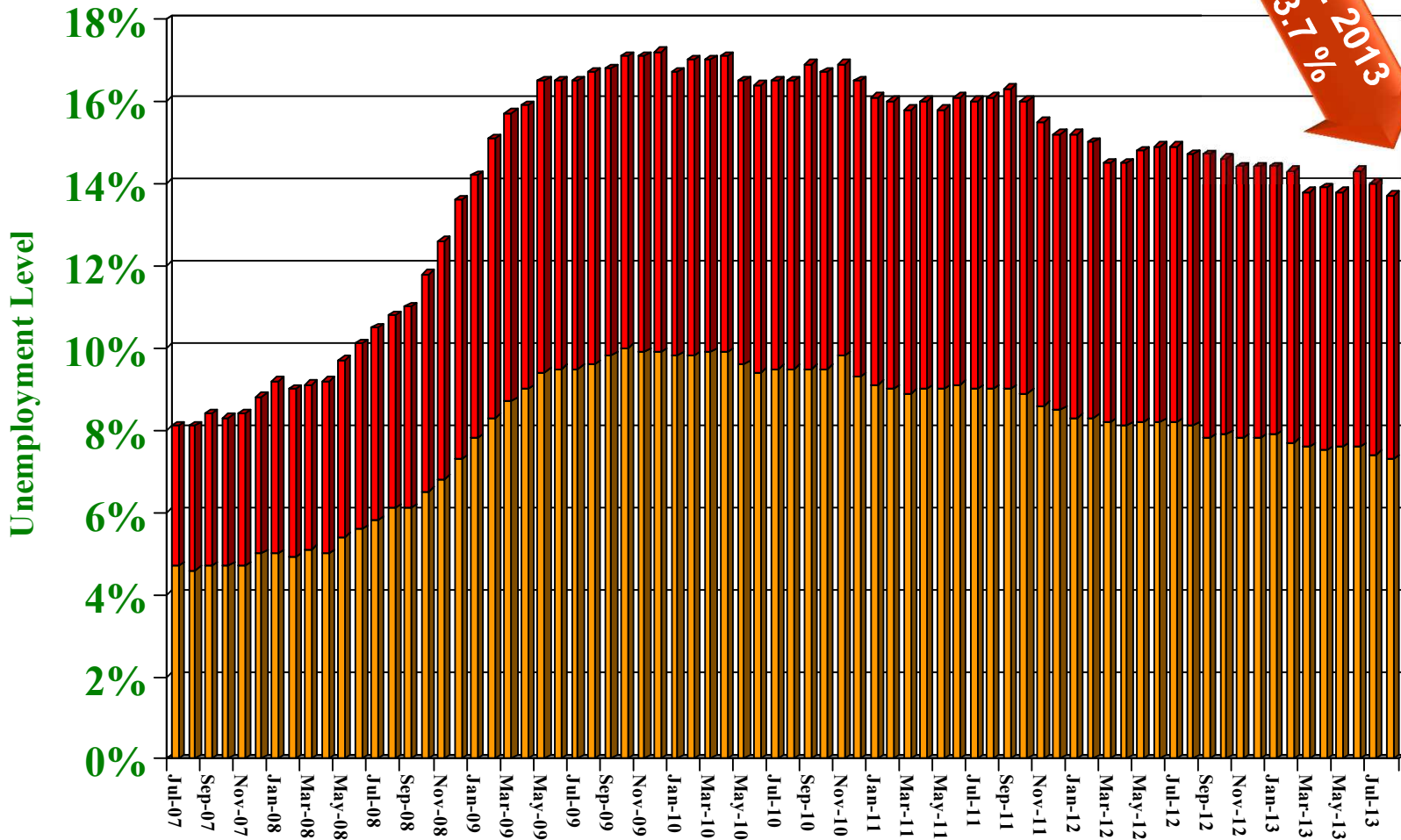
- Real unemployment rates
  - 13.7% in the United States
  - 13.5% in Ohio
- There are 659,900 Manufacturing Workers in Ohio today
- **In 2000, there were 1,031,600!!**

# Official vs. Real Unemployment

(accounts for part-time workers who want to work full time and people who have stopped looking for work in the last year)



Aug. 2013  
13.7%



Official Unemployment (U-3)

Real Unemployment (U-6)

U.S. Bureau of Labor Statistics, Labor Force Statistics, Seasonally Adjusted (Table A-15, Alternative measures of labor underutilization).



# U-6 Unemployment Rate



**U-6 Unemployment Rate**  
(as reported by U.S. Bureau of Labor Statistics)

**AUGUST**  
**2012**

**AUGUST**  
**2013**

**Unemployed**

**12,483**

**11,316**

**Involuntary Part-Time Workers**

**8,043**

**7,911**

**Marginally Attached Workers**

**2,561**

**2,342**

**REAL / U-6 UNEMPLOYED**

**23,087**

**22,585**

**REAL UNEMPLOYMENT**

**14.7%**

**13.7%**

**NOT IN LABOR FORCE**

**88,919**

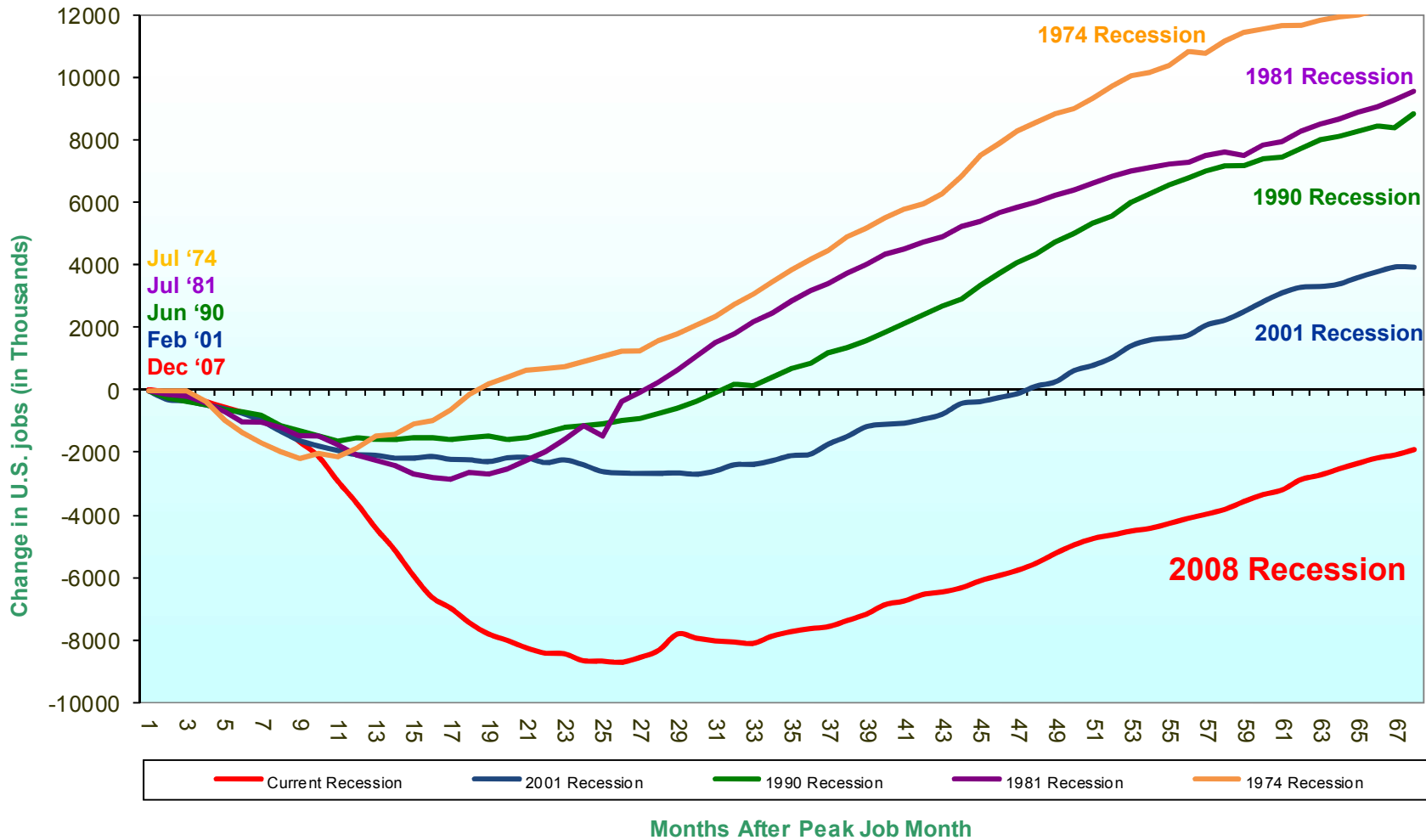
**90,473**

# Job Losses in Recent U.S. Recessions

August 2013 Employment Report (issued September 2013)

Change in Total Nonfarm Jobs

**\*\* DOES NOT INCLUDE THE 7.8 MILLION NEW JOBS THAT WE HAVE FAILED TO CREATE TO KEEP UP WITH THE GROWTH IN WORKFORCE!!!\*\***



U.S. Bureau of Labor Statistics, Total Nonfarm Jobs, Seasonally Adjusted.


# Job Losses in Recent U.S. Recessions



U.S. Bureau Of Labor Statistics – AUGUST 2013 Employment Report  
 Change In Total Nonfarm Jobs (In Thousands) ( BLS report issued 9-6-13)

## Cumulative Job Losses Since Beginning Of Recession (000's of jobs)

UPDATED 9-6-13

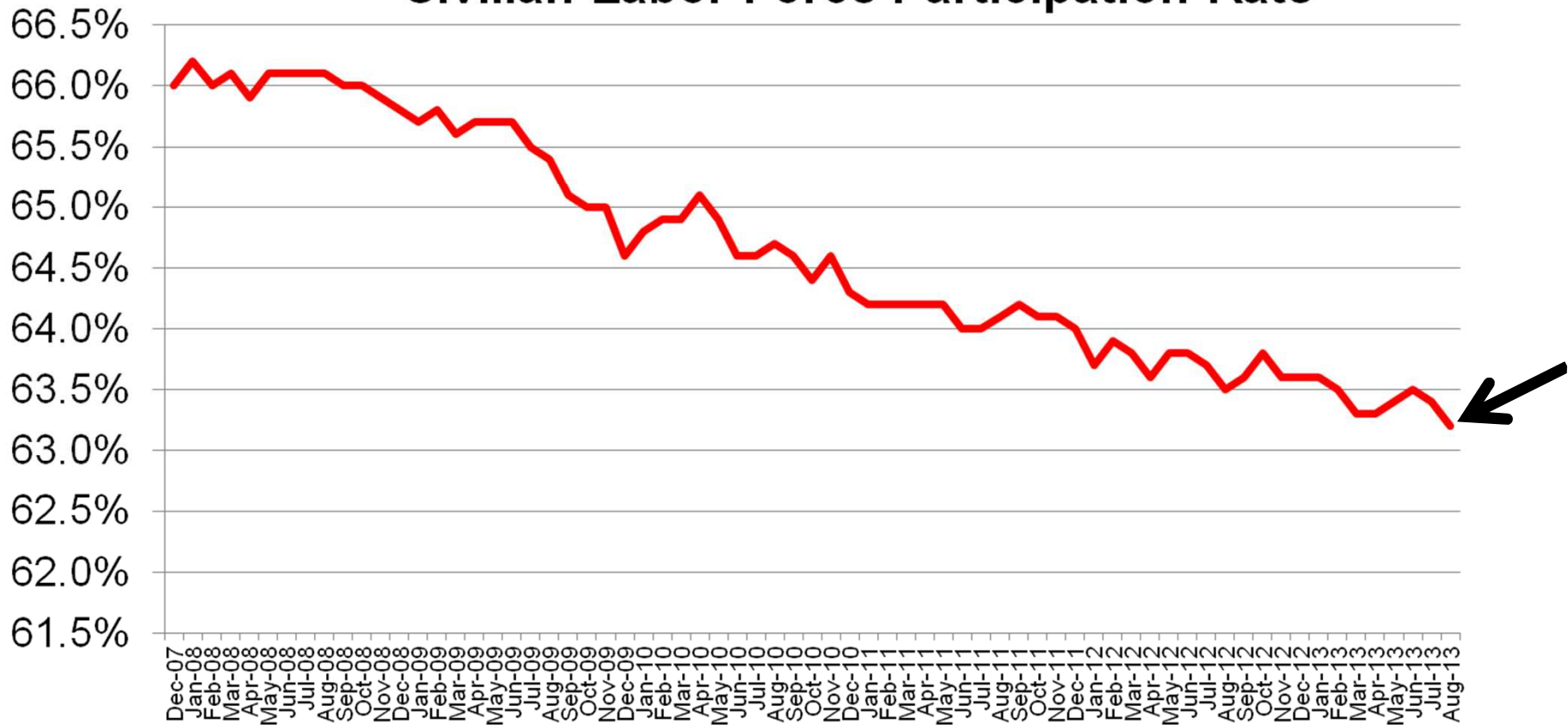
<u>Month</u>	<u>Dec. 2007 Recession</u>	<u>Feb. 2001 Recession</u>	<u>June 1990 Recession</u>	<u>July 1981 Recession</u>	<u>July 1974 Recession</u>
68	<b>(1,909)</b>	<b>3,936</b>	<b>8,842</b>	<b>9,213</b>	<b>12,357</b>
 <b><u>"GAP" IN RECOVERY OF JOBS</u></b>	<b>(5,845)</b>	<b>(10,751)</b>	<b>(11,122)</b>	<b>(14,266)</b>	

# LABOR FORCE PARTICIPATION RATE



**IF AUGUST 2013 Civilian Labor Force Participation Rate Was Back to December 2007 Level Of 66.0%, It Would Add 6.4 MILLION People To the Ranks Of Those Looking For Jobs (i.e., UNEMPLOYED)**

### Civilian Labor Force Participation Rate



# Unemployment Data Adjusted For Decline In Civilian Labor Force Participation Rate

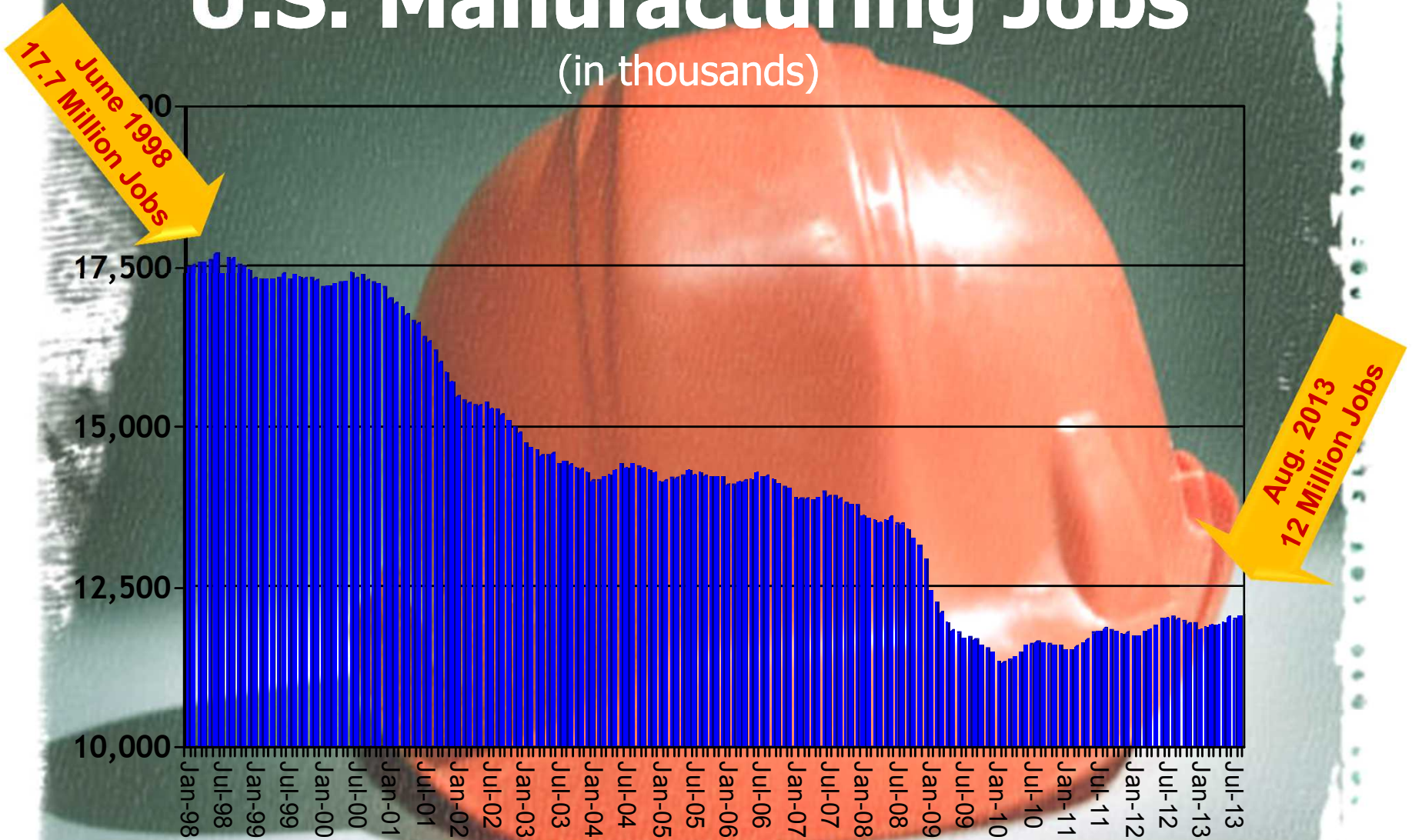
(Adjusted For Decline From December 2007 Level Of 66.0% to 63.2%  
In August 2013)



	<u>August 2013</u>
Reported Unemployed U.S. Workers	11,316,000
+ Involuntary Part-time workers	7,911,000
+ Marginally Attached To Labor Force Workers	2,342,000
+ Additional Unemployed Workers With 66% CLF Participation Rate	6,887,000
<b><u>Unemployed U.S. Workers In Reality</u></b>	<b><u>28,456,000</u></b>
Adjusted Civilian Labor force	162,373,000
<b><u>Unemployment Rate In Reality</u></b>	<b><u>17.5%</u></b>

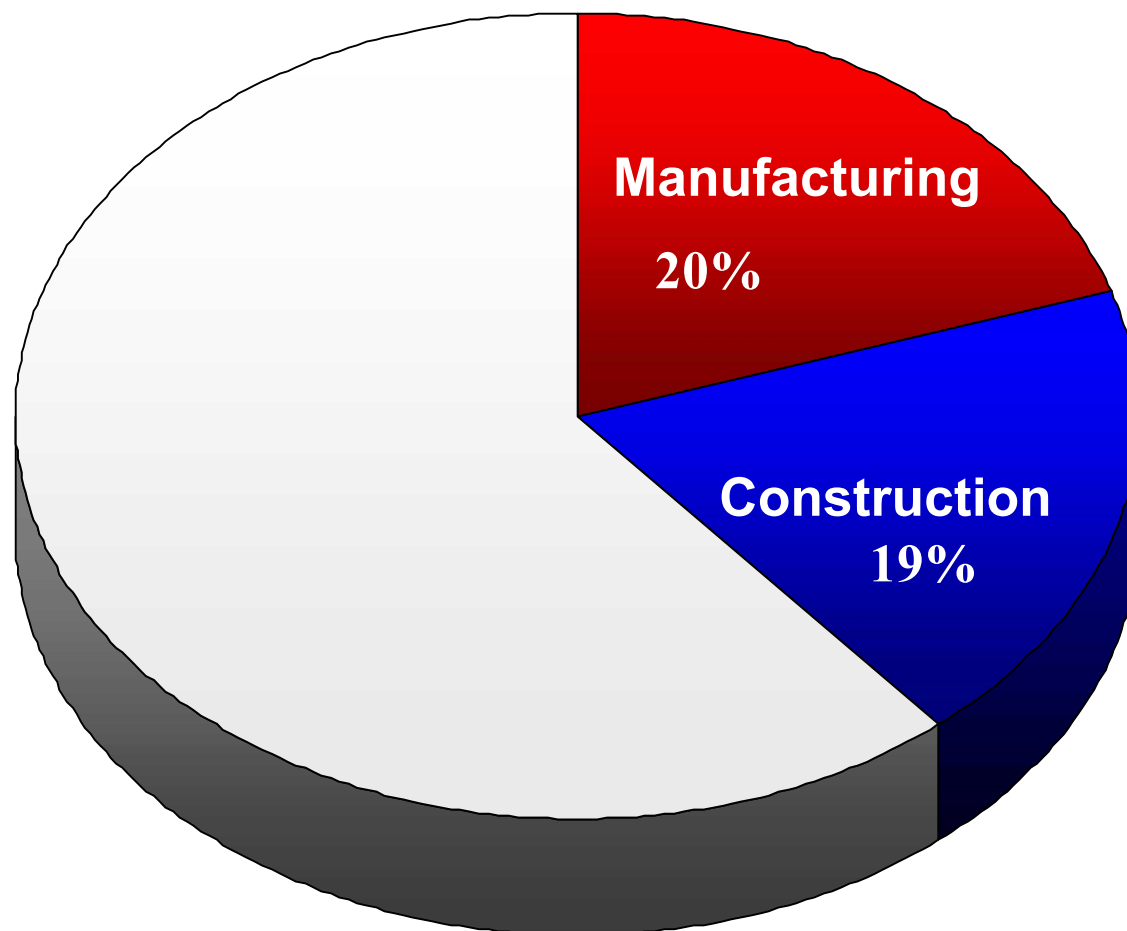
# U.S. Manufacturing Jobs

(in thousands)



**Nearly 6 million manufacturing jobs have been lost since manufacturing last peaked in 1998**

# Key Problem: Lost Jobs



**There are still nearly 2 million less jobs than there were at the start of the Great Recession in December 2007!**

# The Decline of Manufacturing

## How Did We Get Here?



- **1970-Today: A massive FAILURE of Trade Policies**
  - **Mercantilism wins out versus FREE Trade**
- **Bought into a Failed Economic Model:**
  - A Service-based Economy could replace a Manufacturing-based Economy as the Wealth Creation Engine of Our Economy and. . .
  - . . .the Driver for a Healthy and Growing Middle Class!
- **Result:**
  - Manufacturing shrinks from over 30% to 9.9% of GDP
  - ***The Destruction of the Middle Class***
  - Creation of Service/Financial based Bubble Economy — DOT-COM, ENRON, HOUSING, PONZI SCHEME TYPE FINANCIAL INSTRUMENTS
  - The Mother of all Ponzi Schemes (MADOFF NOT)



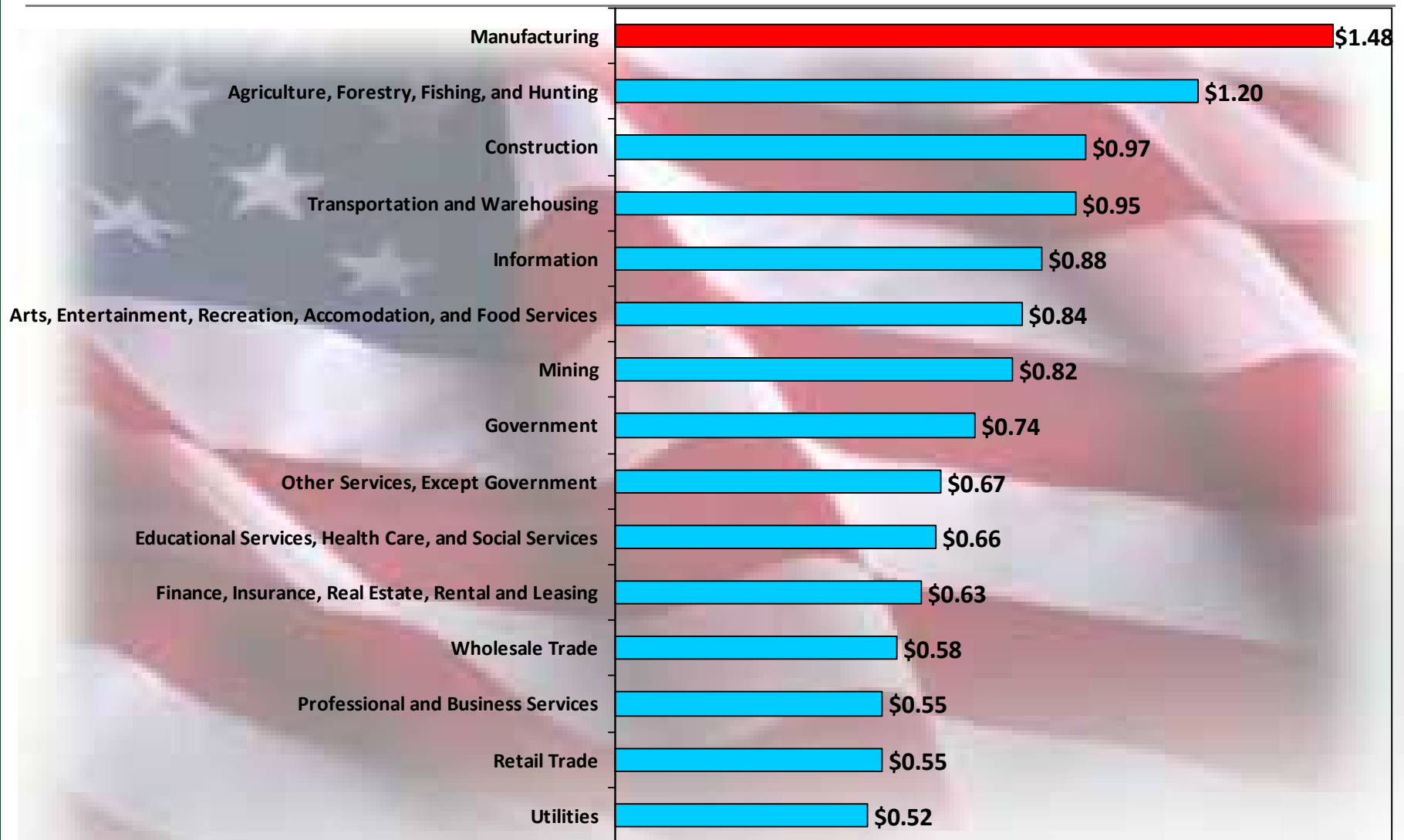
# The Wealth Creation Cycle

- **Real and Lasting Wealth** comes from a cycle of innovating, making, building and servicing products in America.
- **Manufacturing** is the critical engine that drives our economy.



# Manufacturing's Multiplier Effect

Indirect Economic Activity Generated by \$1 of Sector GDP





# THE AMERICAN SPIRIT

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The time is right for a U.S. economic renaissance, fueled by our nation's abundant energy resources and an unrivaled workforce!

# What's Holding Us Back?

## Challenges facing manufacturing

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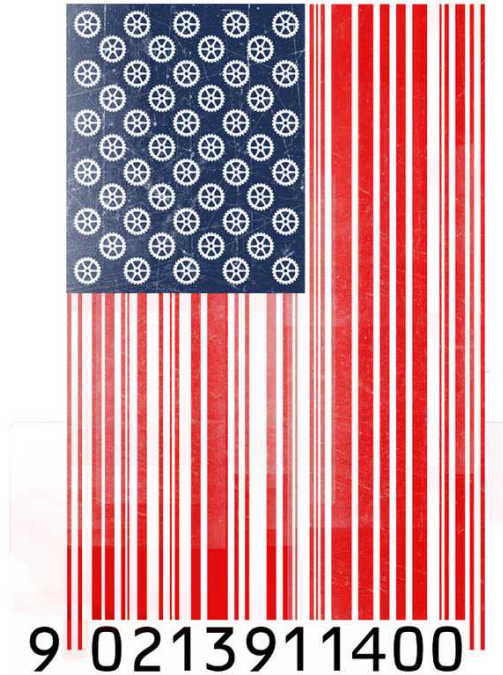
- **Lack of balance in global trade**
  - Remove barriers to American exports
  - Enforce the rules of free trade with trading “partners”
- **Volatility of the regulatory and tax environment**
  - Encourage capital investment, innovation and job creation
  - Provide predictable and pro-growth policies
- **Outdated and crumbling infrastructure**
  - We need robust and sustained investment in conventional infrastructure for the 21<sup>st</sup> Century
- **Threats to energy independence**
  - Develop all domestic resources – renewable and traditional
  - Take advantage of natural gas here as a “game changer”

# A Manufacturing Renaissance

## Are U.S. Manufacturers Coming Home?



- **Overseas Production Not as Rosy as Anticipated**
  - Quality control issues
  - Intellectual property piracy
  - Wages surging
  - Shipping time and costs
  - Government interference
- **U.S. Conditions Improving**
  - Costs of labor, logistics, raw materials and energy have fallen
  - Significant lead in workforce productivity and quality control



# Manufacturing 'Game Changer'

- **Natural Gas**

- Over 100-year supply of Natural Gas in United States
  - Est. 2,944 trillion cubic feet
  - Primarily result of US Shale Gas exploration
- Natural Gas prices have fallen more than **70%** since June 2008
- NUE Mills use 30-35 Million mmbtu/yr
- NS-Louisiana DRI facility will rely on Nat Gas
- 1/3 of total U.S. delivered energy is consumed by Industrial Sector
- Access to abundant & cheap Nat Gas is worth hundreds of millions of dollars to Nucor



# Natural Gas Revolution



**Cheap Natural Gas is Bringing Manufacturing Back to the U.S.!**

STATE	INVESTMENT	DIRECT EMPLOYMENT	INDIRECT EMPLOYMENT	TOTAL ANNUAL EMPLOYMENT	CONSTRUCTION EMPLOYMENT**
Louisiana	\$41.7B	4,290	31,830	36,120	31,820
Texas	\$22.7B	2,310	19,920	22,230	35,380
Iowa	\$3.1B	220	580	800	6,230
North Dakota	\$3.0B	230	510	740	2,810
Pennsylvania	\$2.3B	210	1,940	2,150	2,290
Ohio	\$1.8B	690	2,220	2,910	2,490
Minnesota	\$1.7B	610	1,800	2,410	1,310
Indiana	\$1.6B	190	410	600	1,350
Alabama	\$540MM	210	620	830	700

Source: America's Energy Advantage 2013

# Natural Gas Revolution



## Why U.S. Producers want to Export

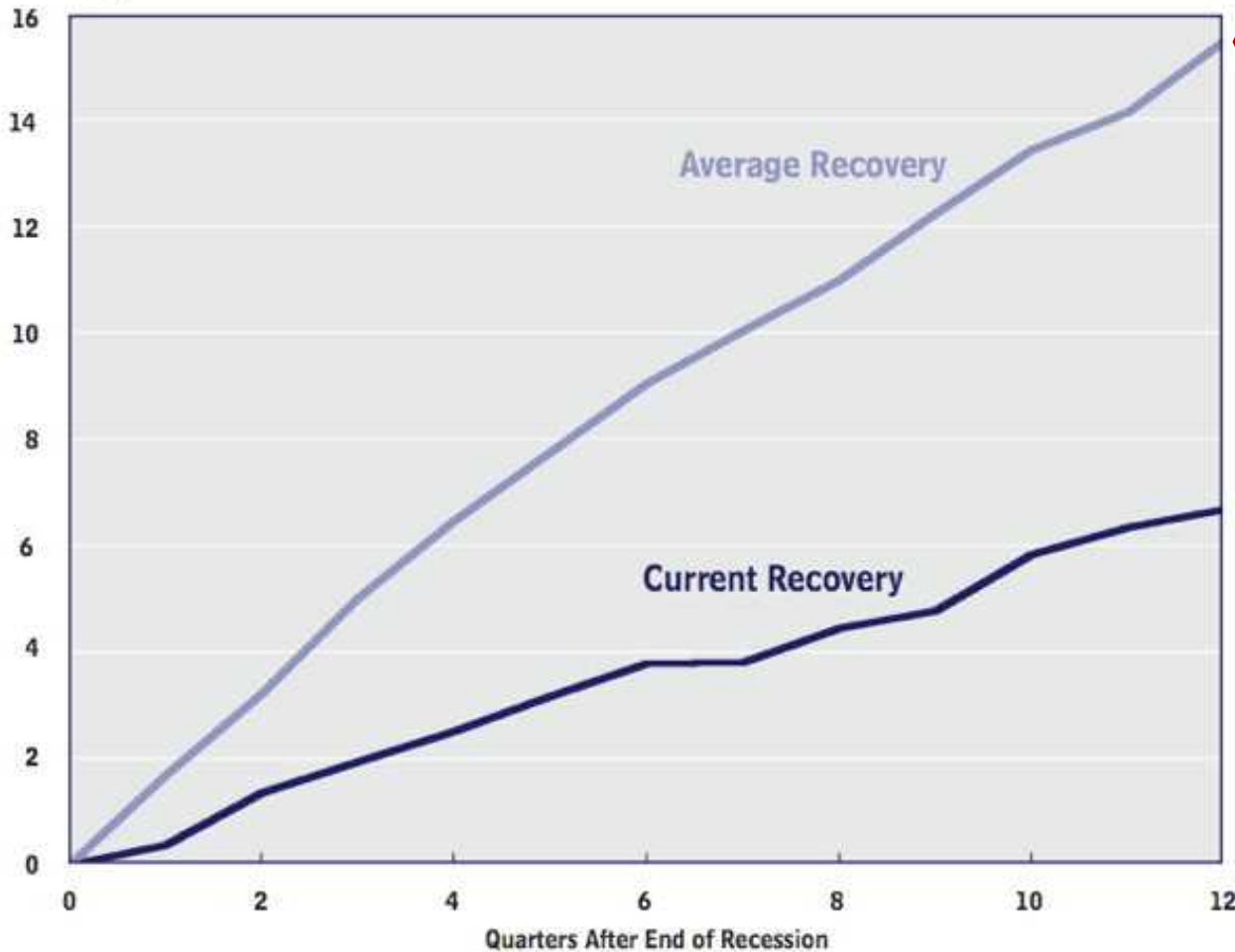


Increased manufacturing creates  
**2X** the direct value and  
**8X** as many jobs  
as exporting LNG



# We Can Get Back to Healthy GDP Growth!

Percentage Difference from End of Recession



**Inflation-Adjusted Gross Domestic Product After Recessions**

**Where we could be with a revived manufacturing economy!**

# 25 Million Jobs



# The American Worker

**The key to America's success has always been the American worker!**

**Back then**



**...AND Today!**



**Our Best Years Are Ahead Of Us!**

