NUCOR CORP
Form 10-Q
August 08, 2012
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Second Quarter 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For quarterly period ended June 30, 2012

Commission file number 1-4119

NUCOR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of** **incorporation or organization)**	**13-1860817** **(I.R.S. Employer** **Identification No.)**
1915 Rexford Road, Charlotte, North Carolina **(Address of principal executive offices)**	**28211** **(Zip Code)**

(704) 366-7000

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x **No** ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files). Yes x **No** ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	x	**Accelerated filer**	¨
Non-accelerated filer	¨	**Smaller reporting company**	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ **No** x

317,458,256 shares of common stock were outstanding at June 30, 2012.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Nucor Corporation Condensed Consolidated Statements of Earnings (Unaudited)

(In thousands, except per share amounts)

	Three Months (13 Weeks) Ended		Six Months (26 Weeks) Ended	
	June 30, 2012	July 2, 2011	June 30, 2012	July 2, 2011
Net sales	$ 5,104,199	$ 5,107,809	$ 10,176,793	$ 9,941,743
Costs, expenses and other:				
Cost of products sold	4,704,269	4,458,359	9,396,336	8,868,558
Marketing, administrative and other expenses	112,528	130,246	219,647	240,950
Equity in losses (earnings) of unconsolidated affiliates	158	(1,267)	6,832	2,943
Impairment of non-current assets	30,000		30,000	
Interest expense, net	41,051	43,184	82,723	85,750
	4,888,006	4,630,522	9,735,538	9,198,201
Earnings before income taxes and noncontrolling interests	216,193	477,287	441,255	743,542
Provision for income taxes	76,626	155,709	138,276	240,842
Net earnings	139,567	321,578	302,979	502,700
Earnings attributable to noncontrolling interests	27,268	21,805	45,576	43,086
Net earnings attributable to Nucor stockholders	$ 112,299	$ 299,773	$ 257,403	$ 459,614
Net earnings per share:				
Basic	$ 0.35	$ 0.94	$ 0.81	$ 1.45
Diluted	$ 0.35	$ 0.94	$ 0.81	$ 1.44
Average shares outstanding:				
Basic	317,975	316,811	317,832	316,702
Diluted	318,040	317,022	317,910	316,948
Dividends declared per share	$ 0.3650	$ 0.3625	$ 0.730	$ 0.725

See notes to condensed consolidated financial statements.

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Nucor Corporation Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(In thousands)

	Three Months (13 Weeks) Ended June 30, 2012	Three Months (13 Weeks) Ended July 2, 2011	Six Months (26 Weeks) Ended June 30, 2012	Six Months (26 Weeks) Ended July 2, 2011
Net earnings	$ 139,567	$ 321,578	$ 302,979	$ 502,700
Other comprehensive income (loss):				
Net unrealized loss on hedging derivatives, net of income taxes		(1,613)	(2,264)	(2,699)
Reclassification adjustment for loss on settlement of hedging derivatives included in net income, net of income taxes	10,553	9,199	21,407	18,259
Foreign currency translation gain (loss), net of income taxes	(55,433)	8,517	(1,381)	72,643
	(44,880)	16,103	17,762	88,203
Comprehensive income	94,687	337,681	320,741	590,903
Comprehensive income attributable to noncontrolling interests	(27,232)	(21,804)	(45,512)	(43,091)
Comprehensive income attributable to Nucor stockholders	$ 67,455	$ 315,877	$ 275,229	$ 547,812

See notes to condensed consolidated financial statements.

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Nucor Corporation Condensed Consolidated Balance Sheets (Unaudited)

(In thousands)

	June 30, 2012	Dec. 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,111,989	$ 1,200,645
Short-term investments	569,421	1,362,641
Accounts receivable, net	1,919,465	1,710,773
Inventories, net	2,406,122	1,987,257
Other current assets	479,347	446,765
Total current assets	6,486,344	6,708,081
Property, plant and equipment, net	3,959,279	3,755,604
Restricted cash and investments	491,640	585,833
Goodwill	1,988,874	1,830,661
Other intangible assets, net	990,224	784,640
Other assets	850,205	905,531
Total assets	$ 14,766,566	$ 14,570,350
LIABILITIES		
Current liabilities:		
Short-term debt	$ 7,109	$ 1,826
Long-term debt due within one year	900,000	650,000
Accounts payable	1,127,471	958,645
Salaries, wages and related accruals	255,960	333,341
Accrued expenses and other current liabilities	466,748	452,247
Total current liabilities	2,757,288	2,396,059
Long-term debt due after one year	3,380,200	3,630,200
Deferred credits and other liabilities	846,519	837,511
Total liabilities	6,984,007	6,863,770
EQUITY		
Nucor stockholders equity:		
Common stock	150,730	150,496
Additional paid-in capital	1,794,457	1,756,534
Retained earnings	7,135,753	7,111,566
Accumulated other comprehensive loss, net of income taxes	(20,351)	(38,177)
Treasury stock	(1,502,425)	(1,505,534)
Total Nucor stockholders equity	7,558,164	7,474,885

Noncontrolling interests	**224,395**	**231,695**
Total equity	**7,782,559**	**7,706,580**
Total liabilities and equity	**$ 14,766,566**	**$ 14,570,350**

See notes to condensed consolidated financial statements.

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Nucor Corporation Condensed Consolidated Statements of Cash Flows (Unaudited)

(In thousands)

	Six Months (26 Weeks) Ended	
	June 30, 2012	July 2, 2011
Operating activities:		
Net earnings	$ 302,979	$ 502,700
Adjustments:		
Depreciation	260,968	256,059
Amortization	33,122	34,680
Stock-based compensation	37,312	31,531
Deferred income taxes	(23,144)	(22,885)
Equity in losses of unconsolidated affiliates	6,832	2,943
Impairment of non-current assets	30,000	
Changes in assets and liabilities (exclusive of acquisitions):		
Accounts receivable	(76,245)	(392,950)
Inventories	(152,494)	(661,337)
Accounts payable	42,394	245,572
Federal income taxes	3,364	136,985
Salaries, wages and related accruals	(82,991)	90,366
Other	64,389	69,058
Cash provided by operating activities	446,486	292,722
Investing activities:		
Capital expenditures	(383,448)	(212,893)
Investment in and advances to affiliates	(57,771)	(49,839)
Repayment of advances to affiliates	15,000	
Disposition of plant and equipment	21,026	18,409
Acquisitions (net of cash acquired)	(746,410)	
Purchases of investments	(409,403)	(141,461)
Proceeds from the sale of investments	1,200,153	202,400
Proceeds from the sale of restricted investments	87,115	
Changes in restricted cash	7,078	21,949
Cash used in investing activities	(266,660)	(161,435)
Financing activities:		
Net change in short-term debt	5,234	1,357
Issuance of common stock	6,156	3,206
Excess tax benefits from stock-based compensation	3,877	(200)
Distributions to noncontrolling interests	(52,812)	(43,272)
Cash dividends	(232,766)	(230,561)
Other financing activities	670	
Cash used in financing activities	(269,641)	(269,470)
Effect of exchange rate changes on cash	1,159	2,321

Decrease in cash and cash equivalents	**(88,656)**	**(135,862)**
Cash and cash equivalents - beginning of year	**1,200,645**	**1,325,406**
Cash and cash equivalents - end of six months	**$ 1,111,989**	**$ 1,189,544**

See notes to condensed consolidated financial statements.

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Nucor Corporation Notes to Condensed Consolidated Financial Statements (Unaudited)

1. **BASIS OF INTERIM PRESENTATION: The information furnished in Item I reflects all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods and are of a normal and recurring nature unless otherwise noted. The information furnished has not been audited; however, the December 31, 2011 condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in Nucor s annual report for the fiscal year ended December 31, 2011.**

During the first quarter of 2012, we began classifying internal fleet and some common carrier costs in cost of products sold in the condensed consolidated statements of earnings. We made this change so that all freight costs will be recorded within the same financial statement line item to allow users of our financial statements to better understand our expense structure. This resulted in the reclassification of $16.8 million of these costs from marketing, administrative, and other expenses to cost of products sold in the quarter ended July 2, 2011 ($31.4 million in the first half of 2011) in order to conform to the current year presentation. This reclassification did not have an impact on net earnings for the current or any prior periods.

Recently Adopted Accounting Pronouncements **In December 2011, the FASB issued guidance enhancing disclosure requirements surrounding the nature of an entity s right to offset and related arrangements associated with its financial instruments and derivative instruments. This new guidance requires companies to disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to master netting arrangements. The new guidance is effective in January 2013. It is not expected to have a material effect on the financial statements.**

In January 2012, Nucor adopted accounting guidance regarding changes to the presentation of comprehensive income in the financial statements. The new accounting guidance requires entities to report components of comprehensive income in either (1) a single continuous statement of comprehensive income or (2) two separate but consecutive statements of net income and other comprehensive income. We have elected to report the components of comprehensive income in two separate but consecutive statements. The adoption of this guidance will impact the presentation of comprehensive income, but will not have an impact on Nucor s consolidated financial position, results of operations or cash flows.

Also in January 2012, Nucor adopted accounting guidance that amends the existing requirements for fair value measurement and disclosure. The guidance expands the disclosure requirements around transfers between Level 1 and Level 2 of the fair value hierarchy and around the sensitivity to changes in inputs of fair value measurements categorized in Level 3 of the hierarchy. It also requires disclosure of the level in the fair value hierarchy of items that are not measured at fair value in the statement of financial position but whose fair value must be disclosed. The guidance also clarifies and expands upon existing requirements for measurement of the fair value of financial assets and liabilities as well as instruments classified in stockholders equity. The adoption of this guidance did not have an impact on the condensed consolidated financial statements.

2. **INVENTORIES: Inventories consist of approximately 37% raw materials and supplies and 63% finished and semi-finished products at June 30, 2012 (40% and 60%, respectively at December 31, 2011). 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.**

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Inventories valued using the last-in, first-out (LIFO) method of accounting represent approximately 46% of total inventories as of June 30, 2012 (47% as of December 31, 2011). If the first-in, first-out (FIFO) method of accounting had been used, inventories would have been $763.2 million higher at June 30, 2012 and December 31, 2011. Use of the lower of cost or market methodology reduced inventories by $5.1 million at June 30, 2012 ($6.8 million at December 31, 2011).

3. ACQUISITIONS: On June 20, 2012, Nucor completed the acquisition of the entire equity interest in Skyline Steel LLC (Skyline) and its subsidiaries for the cash purchase price of approximately $683.5 million, including our most recent estimate of working capital adjustments. No cash was received nor was any debt incurred as a result of the acquisition. Skyline s financial results have been included in the Company s condensed consolidated financial statements from the acquisition date and did not significantly impact the Company s consolidated financial results for the three and six month periods ended June 30, 2012. Skyline s financial results are included as part of the steel mills segment (see Note 17).

Skyline is a steel foundation distributor serving the U.S., Canada, Mexico and the Caribbean. Skyline distributes products to service challenging applications including marine construction, bridge and highway construction, heavy civil construction, storm protection, underground commercial parking, and environment containment projects in the infrastructure and construction industries. Skyline is a significant consumer of H-piling and sheet piling from Nucor-Yamato Steel, and it will become a larger downstream consumer of Nucor s coiled plate and sheet products.

We have preliminarily allocated the purchase price for Skyline to its individual assets acquired and liabilities assumed. Our valuations are subject to adjustment as additional information is obtained; however, these adjustments are not expected to be material. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed of Skyline as of the date of acquisition (in thousands):

Accounts Receivable	$ 128,004
Inventory	260,473
Other current assets	4,410
Property, plant and equipment	70,100
Goodwill	143,190
Other intangible assets	219,100
Total assets acquired	825,277
Current liabilities	139,433
Deferred credits and other liabilities	2,299
Total liabilities assumed	141,732
Net assets acquired	$ 683,545

The preliminary purchase price allocation to the identifiable intangible assets is as follows (in thousands, except years):

		Weighted - Average Life
Customer relationships	$ 188,000	17 years
Trademarks and trade names	29,500	20 years
Other	1,600	5 years
	$ 219,100	

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The goodwill of $143.2 million is primarily attributed to the synergies expected to arise after the acquisition and has been allocated to the steel mills segment (see Note 6). Approximately $126.4 million of the goodwill recognized is expected to be deductible for tax purposes.

Our second quarter 2012 results were negatively impacted by non-cash charges of $8.5 million associated with the Skyline acquisition. These charges include the impact of purchase accounting adjustments and the elimination of profit associated with our steel mills sales to Skyline post-acquisition.

4. PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment is recorded net of accumulated depreciation of $5.96 billion at June 30, 2012 ($5.73 billion at December 31, 2011).

5. RESTRICTED CASH AND INVESTMENTS: As of June 30, 2012, restricted cash and investments primarily consisted of net proceeds from the issuance of $600.0 million 30-year variable rate Gulf Opportunity Zone bonds in November 2010. The restricted cash and investments are held in a trust account and are to be used to partially fund the capital costs associated with the construction of Nucor s direct reduced ironmaking facility in St. James Parish, Louisiana. Funds are disbursed as qualified expenditures for the construction of the facility are made ($94.9 million and $21.9 million in the first six months of 2012 and 2011, respectively). Restricted investments totaled $424.4 million at June 30, 2012 ($514.3 million at December 31, 2011), and are held in similar short-term investment instruments as described in Note 4 to Nucor s annual report for the year ended December 31, 2011. Interest earned on these investments is subject to the same usage requirements as the bond proceeds. Since the restricted cash, investments and interest on investments must be used for the construction of the facility, the entire balance has been classified as a non-current asset.

6. GOODWILL AND OTHER INTANGIBLE ASSETS: The change in the net carrying amount of goodwill for the six months ended June 30, 2012 by segment is as follows (in thousands):

	Steel Mills	Steel Products	Raw Materials	All Other	Total
Balance at December 31, 2011	$ 268,466	$ 790,441	$ 682,902	$ 88,852	$ 1,830,661
Acquisitions	143,190		10,658		153,848
Translation		4,365			4,365
Balance at June 30, 2012	$ 411,656	$ 794,806	$ 693,560	$ 88,852	$ 1,988,874

Nucor completed its annual goodwill impairment testing during the fourth quarter of 2011 and concluded that there was no impairment of goodwill for any of its reporting units.

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

	June 30, 2012		December 31, 2011	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Customer relationships	$ 1,149,093	$ 291,841	$ 941,787	$ 262,841
Trademarks and trade names	152,991	28,824	123,192	25,628
Other	27,468	18,663	25,868	17,738
	$ 1,329,552	$ 339,328	$ 1,090,847	$ 306,207

Intangible asset amortization expense for the second quarter of 2012 and 2011 was $16.5 million and $17.3 million, respectively, and was $33.1 million and $34.7 million in the first six months of 2012 and 2011, respectively. Annual amortization expense is estimated to be $70.2 million in 2012; $71.7 million in 2013; $69.7 million in 2014; $67.8 million in 2015; and $66.2 million in 2016.

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7. EQUITY INVESTMENTS: The carrying value of our equity investments in domestic and foreign companies was $729.7 million at June 30, 2012 ($775.7 million at December 31, 2011) and is recorded in other assets in the condensed consolidated balance sheets. Nucor owns a 50% economic and voting interest in Duferdofin Nucor S.r.l., 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 June 30, 2012 was $433.1 million ($493.9 million at December 31, 2011). Nucor s 50% share of the total net assets of Duferdofin Nucor was $46.9 million at June 30, 2012, resulting in a basis difference of $386.2 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 ($304.0 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 and other purchase accounting adjustments associated with the fair value step-up were $2.8 million and $3.2 million in the second quarter of 2012 and 2011, respectively, and was $5.6 million and $6.1 million in the first six months of 2012 and 2011, respectively.

As of June 30, 2012, Nucor had outstanding notes receivable of 35 million ($44.1 million) from Duferdofin Nucor (30 million at December 31, 2011). The notes receivable bear interest at 2.34% to 3.12% and will reset annually on September 30 to the twelve-month Euro Interbank Offered Rate (Euribor) plus 1% per year. The principal amounts are due on January 31, 2016. Accordingly, the notes receivable were classified in other assets in the condensed consolidated balance sheets as of June 30, 2012.

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 that matures on October 26, 2013. The maximum amount that Duferdofin Nucor can borrow under Facility A is 112.5 million, and as of June 30, 2012, it had borrowings of 106.6 million outstanding under that facility. 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 the Structured Trade Finance Facilities Agreement. Nucor has not recorded any liability associated with the guarantee.

Nucor has a 50% economic and voting interest in NuMit LLC. NuMit owns 100% of the equity interest in Steel Technologies LLC, an operator of 24 sheet processing facilities located throughout the U.S., 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. The acquisition did not result in a significant amount of goodwill or intangible assets.

The value of Nucor s investment in NuMit at June 30, 2012 was $272.2 million ($259.3 million as of December 31, 2011), which is comprised of the purchase price of approximately $221.3 million plus subsequent additional capital contributions and equity method earnings less distributions since acquisition. Nucor also has recorded a $40.0 million note receivable from Steel Technologies LLC that bears interest at 1.37% as of June 30, 2012 and resets quarterly to the three-month London Interbank Offered Rate (LIBOR) plus 90 basis points. The principal amount is due on October 21, 2014. In addition, Nucor has extended a $130.0 million line of credit (of which $87.5 million was outstanding at June 30, 2012) to Steel Technologies. As of June 30, 2012, the amounts outstanding on the line of credit bear interest at 1.87% and mature on April 1, 2013. The note receivable was classified in other assets and the amount outstanding on the line of credit was classified in other current assets in the condensed consolidated balance sheets.

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 second quarter of 2012, Nucor

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concluded that a triggering event had occurred requiring assessment for impairment of the equity investment in Duferdofin Nucor due to the continued declines in the global demand for steel, the escalated economic and political turmoil in Europe and continued operating performance well below budgeted levels through the first half of 2012. Duferdofin Nucor s recently updated unfavorable forecast of future operating performance was also a contributing factor. The diminished demand combined with the continued lower than budgeted levels of operating performance has significantly impacted the financial results of Duferdofin Nucor through the first half of 2012. After completing its assessment, Nucor determined that the carrying amount exceeded its estimated fair value and recorded a $30.0 million impairment charge against the Company s investment in Duferdofin Nucor. The assumptions that most significantly affect the fair value determination include projected revenues and the discount rate. Steel market conditions in Europe have continued to be challenging through the second quarter of 2012, and, therefore, it is reasonably possible that based on actual performance in the near term the estimates used in our second quarter valuation could change and result in further impairment of our investment.

8. **CURRENT LIABILITIES: Book overdrafts, included in accounts payable in the condensed consolidated balance sheets, were $101.6 million at June 30, 2012 ($53.6 million at December 31, 2011). Dividends payable, included in accrued expenses and other current liabilities in the condensed consolidated balance sheets, were $116.8 million at June 30, 2012 ($116.3 million at December 31, 2011).**

9. **DERIVATIVES: Nucor uses derivative financial instruments from time-to-time primarily to partially manage its exposure to price risk related to natural gas purchases used in the production process as well as to scrap, copper and aluminum purchased for resale to its customers. In addition, Nucor uses derivatives from time-to-time 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 condensed consolidated balance sheets at fair value. Any resulting changes in fair value are recorded as adjustments to other comprehensive income (loss), net of tax, or recognized in net earnings, as appropriate.

The following tables summarize information regarding Nucor s derivative instruments (in thousands):

Fair Value of Derivative Instruments

		Fair Value at	
	Balance Sheet Location	June 30, 2012	Dec. 31, 2011
Asset derivatives not designated as hedging instruments:			
Commodity contracts	**Other current assets**	**$ 488**	**$ 5,071**
Liability derivatives designated as hedging instruments:			
Commodity contracts	**Accrued expenses and other current liabilities**	**$**	**$ (21,100)**
Liability derivatives not designated as hedging instruments:			
Foreign exchange contracts	**Accrued expenses and other current liabilities**	**(52)**	**(334)**
Total liability derivatives		**$ (52)**	**$ (21,434)**

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The Effect of Derivative Instruments on the Condensed Consolidated Statements of Earnings

Derivatives Designated as Hedging Instruments

Derivatives in Cash Flow Hedging Relationships	Statement of Earnings Location	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion) Three Months (13 weeks) Ended		Amount of Gain or (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion) Three Months (13 weeks) Ended		Amount of Gain or (Loss) Recognized in Earnings on Derivatives (Ineffective Portion) Three Months (13 weeks) Ended	
		June 30, 2012	July 2, 2011	June 30, 2012	July 2, 2011	June 30, 2012	July 2, 2011
Commodity contracts	Cost of products sold	$	$ (1,613)	$ (10,553)	$ (9,199)	$	$

Derivatives in Cash Flow Hedging Relationships	Statement of Earnings Location	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion) Six Months (26 weeks) Ended		Amount of Gain or (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion) Six Months (26 weeks) Ended		Amount of Gain or (Loss) Recognized in Earnings on Derivatives (Ineffective Portion) Six Months (26 weeks) Ended	
		June 30, 2012	July 2, 2011	June 30, 2012	July 2, 2011	June 30, 2012	July 2, 2011
Commodity contracts	Cost of products sold	$					