COMMERCIAL METALS CO
Form DEF 14A
December 18, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:
o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

COMMERCIAL METALS COMPANY

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held January 28, 2010

The annual meeting of stockholders of Commercial Metals Company, a Delaware corporation (Commercial Metals Company or the Company or we), will be held in The Texas Learning Center Amphitheater at The Omni Park West, 1590 LBJ Freeway, Dallas, Texas 75234, on January 28, 2010, at 10:00 a.m., Central Standard Time. If you are planning to attend the annual meeting in person, please check the appropriate space on the enclosed Proxy Card. A map is included at the end of the attached Proxy Statement. The annual meeting will be held for the following purposes:

(1) To elect three persons to serve as directors until the 2013 annual meeting of stockholders and until their successors are elected;

(2) To approve the adoption of the Commercial Metals Company 2010 Employee Stock Purchase Plan;

(3) To approve an amendment to our 2006 Long-Term Equity Incentive Plan (the 2006 Equity Plan) to (i) increase the number of shares of common stock available for awards under the 2006 Equity Plan from 5,000,000 shares to 10,000,000 shares, (ii) add certain restrictions to the share reuse provisions of the 2006 Equity Plan, (iii) place limitations on the number of full value awards that may be granted pursuant to the 2006 Equity Plan, (iv) reduce the maximum term of any award to seven years from ten years and (v) remove a restriction requiring a reduction in the term of an award due to a termination of service;

(4) To approve an amendment to our 1999 Non-Employee Director Stock Plan, Second Amendment and Restatement (the 1999 Director Stock Plan) to (i) remove certain limitations placed on the option period during which stock options can be exercised following a termination of service due to death, disability or retirement and (ii) extend the term of the 1999 Director Stock Plan from January 31, 2010 to January 31, 2015;

(5) To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending August 31, 2010; and

(6) To transact such other business as may properly come before the annual meeting or any adjournments of the annual meeting.

Only stockholders of record on November 30, 2009 are entitled to notice of and to vote at the annual meeting or any adjournments of the annual meeting. A complete list of stockholders entitled to vote at the annual meeting will be available for examination at our principal executive offices located at 6565 North MacArthur Boulevard, Suite 800, Irving, Texas 75039 for a period of ten days prior to the annual meeting. The list of stockholders will also be available for inspection at the annual meeting and may be inspected by any stockholder for any purpose germane to the annual meeting.

You are cordially invited to attend the annual meeting. Whether or not you plan to attend the annual meeting in person, you are urged to fill out, sign and mail promptly the enclosed Proxy Card in the accompanying envelope on which no postage is required if mailed in the United States. Alternatively, you may vote your shares via telephone or the internet as described on the enclosed Proxy Card. Proxies forwarded by or for brokers or fiduciaries should be returned as requested by them. The prompt return of proxies will save the expense involved in further communication.

By Order of the Board of Directors,

Ann J. Bruder
Vice President, General Counsel
and Corporate Secretary

Irving, Texas
December 18, 2009

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held January 28, 2010:

This Proxy Statement and the Annual Report to Stockholders for the fiscal year ended August 31, 2009 are available for viewing, printing, and downloading at http://bnymellon.mobular.net/bnymellon/cmc.

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COMMERCIAL METALS COMPANY
6565 North MacArthur Boulevard, Suite 800
Irving, Texas 75039
Telephone (214) 689-4300

PROXY STATEMENT

FOR

ANNUAL MEETING OF STOCKHOLDERS

To Be Held January 28, 2010

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Commercial Metals Company for use at the annual meeting of our stockholders to be held on January 28, 2010, and at any and all adjournments of the annual meeting. The approximate date on which this Proxy Statement and accompanying Proxy Card are first being sent or given to stockholders is December 18, 2009.

Shares represented by each proxy, if properly executed and returned to us prior to the annual meeting, will be voted as directed, but if not otherwise specified, will be voted (i) for the election of three directors, (ii) to approve the adoption of the Commercial Metals Company 2010 Employee Stock Purchase Plan (the ESPP), (iii) to approve an amendment to our 2006 Long-Term Equity Incentive Plan (the 2006 Equity Plan) to (a) increase the number of shares of common stock available for awards under the 2006 Equity Plan from 5,000,000 shares to 10,000,000 shares, (b) add certain restrictions to the share reuse provisions of the 2006 Equity Plan, (c) place limitations on the number of full value awards that may be granted pursuant to the 2006 Equity Plan, (d) reduce the maximum term of any award to seven years and (e) remove a restriction requiring a reduction in the term of an award due to termination of service, (iv) to approve an amendment to our 1999 Non-Employee Director Stock Plan, Second Amendment and Restatement (the 1999 Director Stock Plan) to (a) remove certain limitations placed on the option period during which stock options can be exercised following a termination of service due to death, disability or retirement and (b) extend the term of the 1999 Director Stock Plan from January 31, 2010 to January 31, 2015, and (v) to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm. A stockholder executing the proxy may revoke it at any time before it is voted by giving written notice to the Corporate Secretary of Commercial Metals Company, by subsequently executing and delivering a new proxy or by voting in person at the annual meeting (although attending the annual meeting without executing a ballot or executing a subsequent proxy will not constitute revocation of a proxy).

Stockholders of record can simplify their voting and reduce our cost by voting their shares via telephone or the internet. The telephone and internet voting procedures are designed to authenticate stockholders identities, to allow stockholders to vote their shares and to confirm that their instructions have been properly recorded. If a stockholder s shares are held in the name of a bank or broker, the availability of telephone and internet voting will depend upon the voting processes of the bank or broker. Accordingly, stockholders should follow the voting instructions on the form they receive from their bank or broker.

Stockholders who elect to vote via the internet may incur telecommunications and internet access charges and other costs for which they are solely responsible. The internet and telephone voting facilities for stockholders of record will close at 11:59 p.m., Eastern Standard Time, on the evening before the annual meeting. Instructions for voting via telephone or the internet are contained in the enclosed Proxy Card.

OUTSTANDING VOTING SECURITIES

On November 30, 2009, the record date for determining stockholders entitled to vote at the annual meeting, we had outstanding 112,756,203 shares of our common stock, par value $.01 per share, not including 16,304,461 treasury shares. Each share of our common stock is entitled to one vote for each director to be elected and upon all other matters to be brought to a vote. We had no shares of preferred stock outstanding at November 30, 2009.

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The presence of a majority of our outstanding common stock represented in person or by proxy at the annual meeting will constitute a quorum. Shares represented by proxies that are marked abstain will be counted as shares present for purposes of determining the presence of a quorum. Proxies relating to street name shares that are voted by brokers on some matters will be treated as shares present for purposes of determining the presence of a quorum, but will not be treated as shares entitled to vote at the annual meeting on those matters as to which authority to vote is withheld from the broker. Such shares as to which authority to vote is withheld are called broker non-votes. Effective July 1, 2009, The New York Stock Exchange (the NYSE) amended its rule regarding discretionary voting by brokers on uncontested elections of directors such that any investor who does not instruct the investor s broker on how to vote in an election of directors will cause the broker to be unable to vote that investor s shares on an election of directors. Previously, the broker could exercise its own discretion in determining how to vote the investor s shares even when the investor did not instruct the broker on how to vote.

The three nominees receiving the highest vote totals will be elected as directors. Accordingly, assuming a quorum is present, broker non-votes will not affect the outcome of the election of directors.

All other matters to be voted on will be decided by the affirmative vote of a majority of the shares present or represented at the annual meeting and entitled to vote. On any such matter, an abstention will have the same effect as a negative vote. A broker non-vote on such matters will not be counted as an affirmative vote or a negative vote because shares held by brokers will not be considered entitled to vote on matters as to which the brokers withhold authority.

Management has designated the individuals named as proxies in the accompanying Proxy Card.

We will appoint one or more inspectors of election to act at the annual meeting and to make a written report on the voting. Prior to the annual meeting, the inspectors will sign an oath to perform their duties in an impartial manner and to the best of their abilities. The inspectors will ascertain the number of shares outstanding and the voting power of each of the shares, determine the shares represented at the annual meeting and the validity of proxies and ballots, count all votes and ballots and perform certain other duties as required by law.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

On the basis of filings with the Securities and Exchange Commission and other information, we believe that based on 112,813,516 shares of our common stock being issued and outstanding as of December 11, 2009, the following persons, including groups of persons, beneficially owned more than five percent (5%) of our outstanding common stock:

Name and Address	Amount and Nature of Beneficial Ownership	Percent of Class
Barclays Global Investors, N.A. 400 Howard Street San Francisco, CA 94105	6,210,998(1)	5.51%

(1) Based on the Form 13F report filed with the Securities and Exchange Commission on November 12, 2009. Barclays Global Investors, N.A. reported shared voting and dispositive power over 6,210,998 shares.

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The following table sets forth information known to us about the beneficial ownership of our common stock based on 112,813,516 shares of our common stock being issued and outstanding as of December 11, 2009 by each director and nominee for director, our Chief Executive Officer (the CEO), our Chief Financial Officer (the CFO), the other executive officers included in the Summary Compensation Table, and all current directors and executive officers as a group. Unless stated otherwise in the notes to the table, each person named below has sole authority to vote and dispose of the shares listed.

Name	Owned Shares of Common Stock	Option Shares of Common Stock(1)	Total Shares of Common Stock Beneficially Owned	Percentage of Common Stock Beneficially Owned
Adams, Harold L.	22,000	13,000	35,000	*
Best, Rhys J.	0	0	0	0
Feldman, Moses(2)	450,836	7,000	457,836	*
Guido, Robert L.	18,173	7,000	25,173	*
Kelson, Richard B.	0	0	0	0
Larson, William B.	252,138	193,373	445,511	*
Loewenberg, Ralph E.(3)	146,000	20,410	166,410	*
Massaro, Anthony A.	24,000	41,406	66,406	*
McClean, Murray R.	156,691	222,166	378,857	*
Neary, Robert D.	38,000	7,000	45,000	*
Owen, Dorothy G.	971,843	72,236	1,044,079	*
Rinn, Russell B.	164,709	92,659	257,368	*
Smith, J. David	23,762	20,670	44,432	*
Sudbury, David M.	522,290	103,610	625,900	*
Womack, Robert R.	84,683	19,000	103,683	*
Zoellner, Hanns	96,166	113,959	210,125	*
All current directors and executive officers as a group (17 persons)	2,614,555	928,577	3,543,132	3.14%

* Less than one percent

(1) Represents shares subject to options exercisable within 60 days of December 11, 2009.

(2) Mr. Feldman has sole voting and dispositive power over 150,836 shares and shared voting and dispositive power over 300,000 shares. Includes 150,000 shares owned by the Marital Trust under the Trust Indenture created by the Will of Jacob Feldman of which Mr. Feldman is one of four trustees and 150,000 shares owned of record by Moses Feldman Family Foundation of which Mr. Feldman is a director. Mr. Feldman disclaims beneficial ownership as to all shares held by Moses Feldman Family Foundation and the Marital Trust. Mr. Feldman is retiring from the Board of Directors on the day of the 2010 annual meeting.

(3) Mr. Loewenberg is one of four trustees of the Marital Trust under the Trust Indenture created by the Will of Jacob Feldman which owns 150,000 shares. Mr. Loewenberg disclaims any beneficial interest as to such shares. Mr. Loewenberg is retiring from the Board of Directors on the day of the 2010 annual meeting.

(4) Mr. Sudbury retired as Senior Vice President, Secretary and General Counsel on August 31, 2009.

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PROPOSAL I

ELECTION OF DIRECTORS

Our restated certificate of incorporation divides the Board of Directors into three classes. The term of office of the three Class III directors previously elected by stockholders expires at this annual meeting of stockholders. On May 27, 2009 and November 6, 2009, respectively, each of Mr. Feldman and Mr. Loewenberg wrote to us announcing their intention not to stand for re-election at the 2010 annual meeting. As a result of Mr. Feldman and Mr. Loewenberg electing not to stand for re-election, the Nominating and Corporate Governance Committee initiated a search process to select director candidates. Messrs. Best and Kelson were selected from a slate of qualified candidates recommended by current directors and executive officers and which recommendations were supplemented by information from knowledgeable third parties. In evaluating the suitability of candidates for election to our Board of Directors, the Nominating and Corporate Governance Committee took into account many factors, including requirements for independence; the individual s general understanding of the various disciplines relevant to the success of our company, as a large globally-operated, publicly-traded company in today s business environment; each candidate s understanding of the Company s businesses and the metals industry and markets; their professional expertise and educational background; the individual s ethics, integrity, values, inquisitive and objective perspectives, practical wisdom, judgment and availability; and other factors that promote diversity of views and experience. Nominees were interviewed through a series of meetings with directors and executive management. Background reviews of each nominee were conducted by an independent professional agency specializing in the performance of such background reviews. The Nominating and Corporate Governance Committee evaluated each individual in the context of the Board of Directors as a whole, with the objective of recommending the director candidates that would be the most likely of the candidate slate to best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment. The Nominating and Corporate Governance recommended Messrs. Best and Kelson to the Board of Directors, and the Board of Directors decided to nominate Messrs. Best and Kelson based on the factors described above. There are three Class III nominees standing for election. The term of the four Class I directors ends at the 2011 annual meeting of stockholders, and the term of the three Class II directors ends at the 2012 annual meeting of stockholders. Proxies cannot be voted for the election of more than three persons to the Board of Directors at the annual meeting.

Each nominee has consented to being named in this Proxy Statement and to serve if elected. If any nominee becomes unavailable for any reason, the shares represented by the proxies will be voted for the person, if any, designated by our Board of Directors to replace such nominee. However, management has no reason to believe that any nominee will be unavailable. All of the nominee directors, as well as the continuing directors, plan to attend this year s annual meeting of stockholders. At the 2009 annual meeting, all of our current directors were in attendance.

The following tables set forth information about the continuing directors and the nominees. All directors have been employed in substantially the same positions set forth in the table for at least the past five years except for Mr. McClean, Mr. Best and Mr. Kelson. Currently, Mr. McClean serves as our Chairman of the Board, CEO and President. From September 20, 2004 to August 31, 2006, Mr. McClean was employed as our President and Chief Operating Officer. In July 2006, Mr. McClean was elected a director. Effective September 1, 2006, Mr. McClean was promoted from Chief Operating Officer and President to CEO and President. On August 31, 2008, Mr. McClean became our Chairman of the Board. Mr. Best has been engaged in private investments since June 2007. From 1999 until June 2004, Mr. Best served as Chairman of the Board of Directors, President and CEO and from June 2004 to June 2007, Mr. Best served as Chairman of the Board of Directors and CEO of Lone Star Technologies, Inc., a company engaged in producing and marketing casing, tubing, line pipe and couplings for the oil and gas, industrial, automotive and power generation industries until its acquisition by United States Steel Corporation in June 2007.

Mr. Kelson is an operating advisor of Pegasus Capital, a private equity investment firm, and has served in this position since October 2006. In August 2006, he retired from Alcoa, Inc. (Alcoa), a producer of primary aluminum, fabricated aluminum and alumina, where he served as Chairman s Counsel from January 2006 to August 2006, served as Executive Vice President and Chief Financial Officer from 1997 to December 2005 and as a member of the Executive Council, which is the senior leadership group that provides strategic direction for the company. He joined Alcoa in 1974.

NOMINEES

Name, Principal Occupation and Business	Age	Served as Director Since
Class III Term to Expire in 2013		
Rhys J. Best	63	
Former Chairman, President, CEO and director of Lone Star Technologies, Inc., a company engaged in producing and marketing casing, tubing, line pipe and couplings for the oil and gas, industrial, automotive and power generation industries; currently engaged in private investments; Chairman of Crosstex Energy, L.P. and a director of Trinity Industries, Inc., Cabot Oil & Gas Corporation and McJunkin Red Man Corporation		
Richard B. Kelson	63	
Operating advisor of Pegasus Capital, a private equity investment firm; director of Lighting Science Group, Inc., MeadWestvaco Corporation and PNC Financial Services Group, Inc.		
Murray R. McClean	61	2006
Chairman of the Board, CEO and President, Commercial Metals Company		

DIRECTORS CONTINUING IN OFFICE

Name, Principal Occupation and Business	Age	Served as Director Since
Class I Term to Expire in 2011		
Robert L. Guido	63	2007
Retired Former Vice Chair and Chief Executive Officer of Ernst & Young s Assurance and Advisory Practice, a professional services firm; director of Bally Technologies, Inc.		
Dorothy G. Owen	75	1995
Retired Former Chairman of the Board, Owen Steel Company, Inc.; currently manages personal investments		
J. David Smith	60	2004
Retired Chairman, President and Chief Executive Officer, Euramax International, Inc., an international producer of aluminum, steel, vinyl, copper and fiberglass products for equipment manufacturers, distributors, contractors and home centers		
Robert R. Womack	72	1999

Retired Former Chairman and Chief Executive Officer, Zurn Industries, Inc. and Chief Executive of U.S. Industries Bath and Plumbing Products Group, each a manufacturer of plumbing products and accessories

Name, Principal Occupation and Business	Age	Served as Director Since
Class II Term to Expire in 2012		
Harold L. Adams	70	2004
Chairman Emeritus, RTKL Associates Inc., a global design firm; Director of Legg Mason, Inc. and Lincoln Electric Holdings, Inc.		
Anthony A. Massaro	65	1999
Retired Former Chairman, President and Chief Executive Officer of Lincoln Electric Holdings, Inc., a manufacturer of welding and cutting equipment; director of PNC Financial Services Group, Inc.		
Robert D. Neary	76	2001
Retired Former Co-Chairman of Ernst & Young, a professional services firm; Chairman of the Board of Trustees of Allegiant Funds and Allegiant Advantage Funds		

The Board of Directors has determined that no person age 75 or older will be nominated as a candidate for a director position. A director who attains age 75 after the date of his or her election by our stockholders may complete the term to which such director was elected. This retirement age shall not be mandatory for those directors who were serving as directors on January 24, 2002. Of the current Board of Directors, the following directors were serving as directors on January 24, 2002: Ms. Owen and Messrs. Feldman, Loewenberg, Massaro, Neary and Womack.

There is no family relationship between any of the directors, executive officers, or any nominee for director.

The Board of Directors recommends a vote FOR the election of the nominees for director named above.

Vote Required

Directors are elected by plurality vote, and cumulative voting is not permitted.

ADDITIONAL INFORMATION RELATING TO CORPORATE GOVERNANCE AND THE BOARD OF DIRECTORS

Independence. Our Board of Directors has determined, after considering all the relevant facts and circumstances, that Ms. Owen and Messrs. Adams, Best, Feldman, Guido, Kelson, Loewenberg, Massaro, Neary, Smith and Womack are independent, as independence is defined by the listing standards of the NYSE, because they have no direct or indirect material relationship with us (either directly or as a partner, stockholder or officer of an organization that has a relationship with us).

The Board of Directors has established the following requirements and guidelines to assist it in determining director independence in accordance with the listing standards of the NYSE:

A director will not be independent if:

(i) the director is, or has been within the last three years, an employee of us (except as an interim Chairman or CEO or other executive officer) or an immediate family member is, or has been within the last three years, one of our executive officers (except as an interim Chairman or CEO or other executive officer);

(ii) the director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than $120,000 in direct compensation from us, other than (a) director and committee fees, (b) other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), (c) compensation received by a director for former service as an interim Chairman or CEO or other executive officer or (d) compensation received by an immediate family member for service as one of our employees (other than an executive officer);

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(iii) (a) the director is a current partner or employee of a firm that is our internal or external auditor; (b) the director has an immediate family member who is a current partner of such a firm; (c) the director has an immediate family member who is a current employee of such a firm and personally works on our audit; or (d) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on our audit within that time;

(iv) the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of our present executive officers at the same time serves or served on that company s compensation committee; or

(v) the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, us for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million, or 2% of such other company s consolidated gross revenues.

Contributions to tax exempt organizations shall not be considered payments for purposes of the above standards; provided, however, that we will disclose in our annual proxy statement, or annual report on Form 10-K, any such contributions made by us to any tax exempt organization in which any independent director serves as an executive officer if, within the preceding three years, contributions in any single fiscal year from us to the organization exceeded the greater of $1 million, or 2% of such tax exempt organization s consolidated gross revenues. A further discussion of the requirements and guidelines we use to assist in determining director independence is available at our website, www.cmc.com.

We have three standing board committees, Audit, Compensation and Nominating and Corporate Governance. Membership of each of these committees is comprised entirely of independent directors. The Board of Directors has adopted charters for each of these committees describing the authority and responsibilities delegated to each committee by the Board of Directors. Our Board of Directors has also adopted corporate governance guidelines. We have also adopted a Code of Conduct and Business Ethics (the Code of Conduct), which applies to all of our directors, officers and employees. In addition, we have adopted a separate Financial Code of Ethics which is applicable to our CEO, CFO, Corporate Controller and any other officer that may function as a Chief Accounting Officer. We intend to post any amendments to or waivers from our Financial Code of Ethics and our Code of Conduct on our website to the extent applicable to our CEO, CFO, Corporate Controller, any other officer that may function as a Chief Accounting Officer or a director. All committee charters, corporate governance guidelines, the Code of Conduct, the Financial Code of Ethics and other information are available at our website, www.cmc.com, and such information is available in print to any stockholder without charge, upon request to Commercial Metals Company, 6565 North MacArthur Blvd., Suite 800, Irving, Texas 75039, Attention: Corporate Secretary, or by calling (214) 689-4300.

Lead Director. Our corporate governance guidelines permit, when considered appropriate, the designation for an annual term and by the majority vote of independent directors, a Lead Director. The responsibilities of the Lead Director include convening and presiding over executive sessions attended only by independent or independent and non-employee directors, communicating to the CEO the substance of discussions held during those sessions to the extent requested by the participants, serving as a liaison between the Chairman of the Board and the Board of Directors independent directors on sensitive issues, consulting with the Chairman of the Board on meeting schedules and agendas including the format and adequacy of information the directors receive and the effectiveness of the meeting process and presiding at meetings of the Board of Directors in the event of the Chairman of the Board s unavailability. The Lead Director is also available to receive direct communications from stockholders through Board of Directors approved procedures and periodically, as the Board of Directors may decide, be asked to speak for the Company or perform other responsibilities. In January 2009, Mr. Womack was appointed as the Lead Director for a term to expire as of the date of the annual meeting of stockholders in 2010. Non-employee and independent directors regularly schedule executive sessions in which they meet without the presence of employee directors or management.

The presiding director at such executive sessions is the Lead Director.

Stockholder Communications. Interested parties may communicate with Mr. Womack as the Lead Director or any of the non-employee and independent directors by submitting a letter addressed to their individual attention or to the attention of non-employee directors c/o General Counsel at P.O. Box 1046, Dallas, Texas 75221.

Meetings of the Board of Directors. During the fiscal year ended August 31, 2009, the entire Board of Directors met eight times, of which six were regularly scheduled meetings and two were special meetings. All directors attended at least seventy-five percent (75%) or more of the meetings of the Board of Directors and of the committees on which they served. We expect all directors and nominees to attend the annual meeting.

Non-Employee Directors Meetings. All of the non-employee members of the Board of Directors, which includes all members of the Board of Directors other than Mr. McClean, held eight non-employee director meetings in connection with Board of Director meetings and one stand alone meeting in compliance with the listing requirements of the NYSE.

Audit Committee. The Board of Directors has a standing Audit Committee which performs the activities more fully described in the Audit Committee Report on page 47. The members of the Audit Committee during fiscal year 2009 were Messrs. Adams, Guido, Neary, Smith, and Womack. Mr. Neary is Chairman of the Audit Committee. During the fiscal year ended August 31, 2009, the Audit Committee met nine times.

Compensation Committee. The Board of Directors has a standing Compensation Committee that is responsible for the matters described in the Compensation Committee s charter including, (i) annually reviewing and approving corporate goals and objectives relevant to the compensation of the CEO and the other executive officers, (ii) evaluating the performance of the CEO and the other executive officers in light of those goals and objectives and (iii) determining and approving the CEO s compensation based on this evaluation as well as setting the compensation of the other executive officers following a review with the CEO of the CEO s evaluation, recommendations and decisions as to the performance and compensation of the other executive officers. In addition, the Compensation Committee assists the Board of Directors in the discharge of its responsibilities relating to the establishment, administration and monitoring of fair and competitive compensation and benefits programs for our executive officers and other executives.
Ms. Owen and Messrs. Feldman, Loewenberg, Neary, Massaro and Womack served as members of the Compensation Committee during fiscal year 2009. Mr. Womack is Chairman of the Compensation Committee. The Compensation Committee met seven times during the fiscal year ended August 31, 2009. Additional responsibilities of the Compensation Committee are (i) to assist the Board of Directors in the establishment, administration and monitoring of the CEO s and other executive officers compensation and benefits programs, (ii) to make recommendations to the Board of Directors for employer contributions to our defined contribution plan, (iii) to review compensation policies, plans and reports related to compensation and benefit matters including the designation of eligible employees and establishment of performance periods and goals for one year and three-year performance periods commencing in fiscal year 2009 and certifying the extent to which performance goals for periods ended with fiscal year 2009 were achieved, (iv) to approve the issuance of restricted stock awards, restricted stock unit awards and grants of stock appreciation rights, (v) to conduct a Compensation Committee self-assessment, (vi) to review the Compensation Committee s charter and (vii) to review the Compensation Committee Report and the Compensation Discussion and Analysis section included in each Proxy Statement. For a further discussion of the Compensation Committee s role in executive officer compensation, the role of executive officers in determining or recommending the amount or form of executive compensation and the Compensation Committee s use and engagement of independent third-party compensation consultants, please see the Compensation Discussion and Analysis section of this Proxy Statement. Pursuant to the Compensation Committee Charter, the Compensation Committee may delegate authority to a subcommittee consisting of at least two members of the Board of Directors.

Nominating and Corporate Governance Committee. The Board of Directors has a standing Nominating and Corporate Governance Committee that is responsible for the matters described in the Nominating and Corporate Governance Committee s charter including, (i) identifying and making recommendations as to individuals qualified to be nominated for election to the Board of Directors, (ii) reviewing management succession planning, including reviewing and considering candidates for executive officer succession, (iii) considering the structure of the Board of Directors and compensation of non-employee directors, (iv) considering our corporate governance guidelines,

(v) considering committee and Board of Directors self-assessment processes and evaluations of management, and (vi) other corporate governance matters. During 2009, the Nominating and Corporate Governance Committee consisted of Ms. Owen and Messrs. Adams, Feldman, Guido, Loewenberg, Massaro, Neary, Smith and Womack. Mr. Massaro is Chairman of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee met five times during the fiscal year ended August 31, 2009. The Nominating

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and Corporate Governance Committee will consider persons recommended by stockholders for inclusion as nominees for election to our Board of Directors. Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of stockholders. Director candidates must also have an inquisitive and objective perspective, practical wisdom and mature judgment. Dedication of sufficient time, energy and attention to insure diligent and effective performance of their duties is expected. Directors should be committed to serve on the Board of Directors for an extended period of time. In order for the Nominating and Corporate Governance Committee to consider persons recommended by stockholders for inclusion as nominees for election to our Board of Directors, stockholders should submit the names, biographical data and qualifications of such persons in writing in a timely manner addressed to the attention of the Nominating and Corporate Governance Committee and delivered to the Corporate Secretary of Commercial Metals Company at P.O. Box 1046, Dallas, Texas 75221.

IT Sub-Committee. In April 2007, the Nominating and Corporate Governance Committee established a sub-committee (the IT Sub-Committee) to assist the Board of Directors oversight of a significant company-wide enterprise software implementation known as the Process Improvement Project (PIP). The IT Sub-Committee is chaired by Mr. Guido with Messrs. Massaro, Smith and Womack as members. During fiscal year 2009, the IT Sub-Committee met eleven times to review reports on PIP progress including the PIP scope, expense, staffing and scheduling of the implementation process.

SECTION 16 BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires directors, executive officers and beneficial owners of more than ten percent (10%) of our common stock to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of our common stock and any of our other equity securities. Based solely upon our review of the copies of such forms received by us or written representations that no other forms were required from reporting persons, we believe that all such reports were submitted on a timely basis during the fiscal year ended August 31, 2009, except for Mr. Smith who reported thirteen late filings from April 21, 2006 through April 17, 2009 reflecting thirteen unreported purchases resulting from a brokerage account automatic dividend reinvestment program and Mr. Guido who reported three late filings from January 24, 2008 through July 18, 2008 reflecting three unreported purchases resulting from a brokerage account automatic dividend reinvestment program for his spouse.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors has reviewed and discussed the following section of this Proxy Statement entitled Compensation Discussion and Analysis with management. Based on this review and discussion, the Compensation Committee has recommended to the Board of Directors that this Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended August 31, 2009.

Robert R. Womack (Chairman)
Moses Feldman
Ralph E. Loewenberg
Anthony A. Massaro
Robert D. Neary
Dorothy G. Owen

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

We are primarily engaged in the manufacture, recycling, marketing and distribution of steel and metal products and related materials and services through a network of locations throughout the world. We employ over 13,000 employees and operate more than 250 locations throughout 14 countries. Effective at the beginning of our 2008 fiscal year, we realigned the management of our businesses into two operating divisions CMC Americas and CMC International. We consider our business to be organized into five segments: Americas Recycling, Americas Mills, Americas Fabrication and Distribution, all operating as part of CMC Americas, with CMC International comprised of two segments, International Mills and International Fabrication and Distribution. On December 1, 2009, CMC Americas was realigned into three segments: Americas Recycling, Americas Mills and Americas Fabrication. On December 1, 2009, CMC International was realigned into two segments: International Mills and International Marketing & Distribution.

Our executive team members are the stewards of our competitive resources and decision making. In order to compete effectively in the industry, it is critical that we attract, retain, and sustain motivated leaders who can best position the Company to deliver financial and operational results that benefit our stockholders. We believe we have a strong, well-designed compensation program to achieve this objective.

What is the Role of the Compensation Committee in Establishing Our Compensation Principles?

The Compensation Committee of the Board of Directors (for purposes of this Compensation Discussion and Analysis section and related tables, the Committee) oversees the compensation and benefit programs of our executives. The Committee determines the compensation of the senior leadership group (our officers, key operating and senior staff executives) individually. The Committee is responsible for ensuring that our compensation policies and practices support the successful recruitment, development, and retention of the executive talent required by the Company to achieve our business objectives. The Committee is made up entirely of independent directors, consistent with the current listing requirements of the NYSE.

The executive compensation program is targeted to attract top-caliber, achievement-oriented executives. Our executive compensation philosophy is based on the premise that it is in the best interests of the stockholders for us to establish and maintain a competitive executive compensation program. Our base salary philosophy consists of maintaining competitive base salaries which we target at approximately the 40^{th} percentile benchmarked against positions of similar responsibility within the Peer Group as defined below. Short and long-term variable compensation provides the opportunity, based on performance, to earn in excess of the Peer Group 75^{th} percentile. A significant portion of potential executive compensation is variable based upon our financial performance, which we believe aligns executive performance goals with those of stockholders, and, thus, constitutes a larger percentage of an executive s overall compensation opportunity. We will pay higher compensation when goals are exceeded and reduced compensation when goals are not met, taking into consideration individual ability to influence results.

To that end, the Committee has approved an executive compensation program that:

- facilitates the attraction and retention of top-caliber talent;
- aligns the interests of our executives with those of stockholders in both the short and long-term; and
- offers moderate base salaries and competitive employee benefits coupled with significant annual and long-term variable incentives dependent upon achieving superior financial performance of the Company and/or business units.

Within the objectives listed above, the Committee generally believes that best practices call for the performance metrics by which variable compensation is:

- largely formulaic;
- designed to compensate based upon both individual and Company performance;
- established and communicated early in the performance period; and
- designed generally to minimize subjective discretion.

In addition, the Committee strongly believes that a portion of our executive compensation program must remain purely discretionary. This approach provides the Committee with the flexibility to reward executives for successfully addressing challenges and opportunities not reasonably foreseeable at the beginning of a performance period, thereby encouraging executives to seek the best resolution for us. Discretionary compensation also allows the Committee (i) to evaluate and reward executive performance in areas such as employee development and training, and leadership and succession planning, (ii) to perform a qualitative assessment of the business and competitive conditions in which we operate, including whether we have been confronted with any significant or unexpected challenges during the fiscal year which were not contemplated when the incentive goals were set in place at the outset of the fiscal year, and (iii) to consider issues of internal equity and external benchmarking. Absent this flexibility, the Committee would not have adequate ability to modify executive compensation as a result of events not contemplated by a static incentive design.

Consistent with that belief, for fiscal year 2010, due to the unique economic circumstances of fiscal year 2009 and the beginning of fiscal year 2010, as described below under Annual Cash Incentive Bonus, the Committee made the variable cash compensation less formulaic and more subjective than in prior years.

How Does the Committee Operate?

Annually, the Committee reviews our executive compensation program in total and each program feature specifically. The review includes an analysis of market compensation practices and developments, external regulatory requirements, the competitive market for executive talent, the evolving culture and demands of the business, and our compensation philosophy. The Committee periodically adjusts the various compensation elements to best align the goals of our executives with those of stockholders as well as with the requirements of our business and regulatory environment.

Does the Committee or the Company Use External Compensation Advisors?

Since 2005, the Committee has engaged Ernst & Young LLP (E&Y) on an ongoing basis to consult on compensation matters. All work performed by E&Y with regard to our executive compensation program is tasked and overseen directly by the Committee. Our management works with E&Y, and occasionally other external advisors hired by management to ensure that the information, analysis, and recommendations given to the Committee provide a thorough and accurate basis for its decisions. In addition, we participate in and purchase various compensation surveys and studies which management uses to analyze compensation for employees other than the executives listed in the Summary Compensation Table on page 31. This information is also made available to the Committee. We believe that utilizing information from multiple external consulting firms and surveys ensures an objective and well-rounded view of executive compensation practices. Management has occasionally called upon the services of Mercer Management Consulting (Mercer) to assist management in making recommendations to the Committee and to assist the Committee and management in benchmarking compensation for executive positions when little or no publicly available data exists for comparable positions; however, Mercer did not provide any services to management regarding fiscal year 2009 and fiscal year 2010 compensation.

What is the Role of Management in Compensation Decisions?

We strongly believe that the best answer for aligning executive and stockholder interests is through an executive compensation program designed with input from management in an ongoing dialogue with the Committee and, as appropriate, the compensation advisors listed above regarding internal, external, cultural, business and motivational challenges and opportunities facing us and our executives. To that end, the executive team analyzes, with assistance from the compensation advisors, trends and recommends improvements to the compensation programs. Specifically, Mr. McClean, the Chairman of the Board, CEO and President, reviews with the Committee his recommendations (without any recommendation as to his own compensation) regarding base salary adjustment, annual bonus, long-term bonus and equity awards for his senior executive group (approximately 25-30 executives) to ensure alignment of stockholder interests and executive goals as well as reward for performance. No management recommendation is made with regard to any compensation for Mr. McClean. All final decisions regarding compensation for these employees which include the executives listed in the Summary Compensation Table on page 31 are made by the Committee.

As periodically invited by the Committee, the following have attended meetings or portions of meetings of the Committee in fiscal year 2009: Mr. McClean, Mr. Larson, Senior Vice President and CFO, Mr. Sudbury, Senior Vice President, Secretary and General Counsel, through August 31, 2009, James B. Alleman, Vice President of Human Resources, Ann J. Bruder, Deputy General Counsel and Assistant Corporate Secretary prior to August 31, 2009, and after August 31, 2009, Vice President, General Counsel and Corporate Secretary, and Mr. Devesh Sharma, Vice President of Business Development, as well as employees of the external compensation advisors listed above and, at the specific invitation of the Committee, other members of management are invited to present information that the Committee believes is pertinent to its effective decision making.

Who are the Participants in the Executive Compensation Programs?

The executive compensation program discussed herein applies to larger groups of executives than the five Named Executive Officers (as defined below) included in the Summary Compensation Table on page 31.

The various individuals and groups who participate in our executive compensation program are listed below.

Named Executive Officers (the NEOs) for fiscal year 2009 are:

- Mr. McClean, Chairman of the Board, CEO and President
- Mr. Rinn, Executive Vice President & President CMC Americas Division
- Mr. Zoellner, Executive Vice President & President CMC International Division
- Mr. Larson, Senior Vice President and CFO
- Mr. Sudbury, Senior Vice President, Secretary and General Counsel through August 31, 2009 (1)

Senior Executives for fiscal year 2009 are:

- Approximately 23 senior executives, including the NEOs

Senior Managers for fiscal year 2009 are:

All other business, branch, and staff unit managers	approximately 200 positions excluding Senior Executives

[1] Mr. Sudbury retired from the Company as Senior Vice President, Secretary and General Counsel on August 31, 2009.

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How is the Competitiveness of our Compensation Program Established?

Our executive compensation program is designed so that total short-term and long-term compensation is competitive with comparable positions at comparable companies which have achieved comparable results. Annually, with regard to NEOs, the Committee selects what it considers to be the most comparable companies with emphasis on their industry focus, size, scope, and complexity of operations. Compensation at this selected group of companies (the Peer Group) is used as a benchmark against which our compensation practices for NEOs and all Senior Executives are tested. The Peer Group does not vary significantly one year to the next to ensure a stable basis of comparison. The Committee selected the following companies to comprise the Peer Group used for evaluation of compensation attributable to fiscal year 2009 and fiscal year 2010:

AK Steel Holding Corporation

Allegheny Technologies Incorporated

Gerdau Ameristeel Corporation

Mueller Industries, Inc.

Nucor Corporation

Reliance Steel & Aluminum Co.

Schnitzer Steel Industries, Inc.

Steel Dynamics, Inc.

The Timken Company

United States Steel Corporation

Worthington Industries

How did the Overall Compensation Practices Function Based on the Unusual Economic Environment of Fiscal Year 2009 and 2010?

In light of the unusual economic environment for fiscal year 2009 and 2010, the following actions were taken:

the NEOs voluntarily reduced their base salaries by 10% effective January 1, 2009;

there were no Annual Cash Incentive Bonus (as defined below) payments or Long-Term Cash Incentive (as defined below) payments to the NEOs for fiscal year 2009;

the NEOs received performance based restricted stock units with vesting being based on our future stock price and on our ranking as compared to the Peer Group (as defined below) on total stockholder return;

the Senior Executives, other than the NEOs, each voluntarily elected to reduce their base salaries by 5% effective October 1, 2009, until such time as business has significantly recovered; and for fiscal year 2010, the Committee made the variable cash compensation less formulaic and more qualitative than in prior years as described below under Annual Cash Incentive Bonus by providing the Committee with more discretion in determining whether to make certain payments and providing more qualitative key performance indicators for the Committee to consider.

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What are the Components and Objectives of Short and Long-Term Compensation?

Compensation Mix

In accordance with our overall compensation philosophy and program, executives are provided with a mix of base salary, employee benefits, short-term incentives, long-term incentives, and health and welfare benefits. Our compensation philosophy also places a greater portion of the potential compensation for each Senior Executive as variable compensation. The concept of compensation placed as variable is applied to the compensation structure for most of our employees, but it is reflected in greater proportion in the NEO compensation. Similar to the Senior Executives, including the NEOs, most employees are eligible to earn a performance-based bonus that is potentially significant and material in relation to their base salary. The table on the following pages displays the overall mix of compensation and the objectives for each component:

PROGRAM	DESCRIPTION	PARTICIPANTS	OBJECTIVES
	ANNUAL COMPENSATION:		
Base Salary	Annual Cash Compensation	All salaried employees	Retention. Recognition of individual performance.
Annual Cash Incentive Bonus: annual bonuses under the Commercial Metals Company 2006 Cash Incentive Plan*(the Cash Incentive Plan) and pursuant to qualitative factors	Bonus plan based on performance periods set by the Committee typically utilizing formula-driven target awards based upon performance goals. Bonus payout for formulaic bonus features may be reduced below (but not increased above) formula results at the discretion of the Committee. At the beginning of fiscal year 2010, the Committee determined qualitative factors applicable to the non-formulaic portion of the fiscal year 2010 bonus calculation.	Senior Executives	Focus executives on achieving pre-established performance goals such as return on invested capital or net assets, operating profit, net earnings or working capital reduction, (etc).
Annual Discretionary Incentive	Cash bonuses awarded at the discretion of the Committee. The Committee may consider any circumstances it deems appropriate, such as those not contemplated when performance goals were established under the Cash Incentive Plan including	Senior Executives, Senior Managers and certain exempt and non-exempt employees. Employees included in this plan are excluded from the Performance and Productivity Bonus.	Provides the Committee with flexibility to reward individual performance not contemplated in formulaic metrics. Focus named employees on performance. Reviewed annually for individual contribution in context of Company

	evaluation of individual performance utilizing any criteria as the Committee considers appropriate.		performance and internal equity and external benchmarking.
Performance and Productivity Bonus	Established annually by management based on various criteria including fiscal year productivity and profitability at individual operating units.	Most employees not included in the Annual Discretionary Incentive. Employees included in this plan are excluded from the Annual Discretionary Incentive.	Focus non-executive employees on job and Company performance and productivity.

* **Denotes plan approved by stockholders**

PROGRAM	DESCRIPTION	PARTICIPANTS	OBJECTIVES
	LONG-TERM COMPENSATION		
Equity Awards under the 2006 Equity Plan*	Discretionary equity awards which may include Stock Appreciation Rights, Restricted Stock, Stock Options or other forms of equity-based incentives.	Senior Executives, Senior Managers and employees designated by the Committee	Drives long-term Company financial performance and focus on long-term success. Retention. Employee alignment with stockholders via stock ownership.
Long-Term Bonus under the Cash Incentive Plan*	A cash incentive using a multi year performance period, currently based on average growth in EBITDA over a three-year period per targets set by the Committee.	Senior Executives and Senior Managers and employees designated by the Committee	Focus on corporate/stockholder values. Focus on increasing long-term earnings.
	RETIREMENT PROGRAMS		
Profit Sharing and 401(k) Plan	ERISA qualified defined contribution plan that allows most U.S. employees to elect pre-tax deferrals, receive a discretionary Company match on a portion of elective deferrals and participate in discretionary Company contributions subject to IRS limits.	Most U.S. employees beginning the first of the month following thirty days of employment for deferral and Company matching eligibility; one year of service required for profit sharing eligibility	Attract qualified employees. Retention. Provide vehicle for retirement.
Benefit Restoration Plan	A non-qualified plan designed to restore the benefits that would otherwise have been received by an eligible employee under the Profit Sharing and 401(k) Plan but for the applicable IRS limits.	Employees designated by the Committee	Attract qualified employees. Retention. Provide vehicle for retirement.
Discretionary Pension Plan	A pension retirement plan in those countries where neither the Profit Sharing and 401(k) Plan nor the Benefit Restoration Plan is applicable.	Senior Executives and Senior Managers in non-U.S. locations	Attract qualified employees Retention. Provide vehicle for retirement.
	OTHER EXECUTIVE BENEFITS		
Perquisites and Executive Benefits	Company provided automobiles and related	Senior Executives Certain Senior Managers	Attract qualified employees.

	insurance and maintenance.	Based on business needs	Retention.
Other Benefits	Medical, dental, vision, life insurance, short and long-term disability, employee assistance program, Employee Stock Purchase Plan*, and other welfare benefits.	All employees	Attract qualified employees. Retention.

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Base Salary

We pay an annual base salary to each of our NEOs in order to provide them with a fixed rate of cash compensation that is non-variable during the fiscal year. The Committee establishes a base salary for our NEOs based upon a number of factors, including the underlying scope of their responsibilities, their individual performance, their experience, internal equity, competitive market compensation and retention concerns.

The base salary target of the 40th percentile is only an approximate target, given that many factors impact whether the Company, or an individual executive, is positioned precisely at the 40th percentile of the market within the Peer Group. The Committee strives to maintain salaries at a level that will attract top talent, but with a significant portion of an executive s total compensation based on our success.

Upon an evaluation of a material change in an executive s responsibilities during a fiscal year, the Committee may increase or decrease an executive s compensation accordingly.

For fiscal year 2009, Mr. McClean s minimum base salary was increased from $600,000 to $700,000, (later voluntarily reduced by 10% to $630,000 by Mr. McClean effective January 1, 2009), effective as of the beginning of fiscal year 2009, following his election as Chairman of the Board and after comparing Mr. McClean s base salary to other executives in the Peer Group who are Chairman of the Board, CEO and President.

For fiscal year 2009, the base salaries for Messrs. Larson and Sudbury were increased from $350,000 each to $390,000 and $375,000, respectively (later voluntarily reduced by 10% to $351,000 and $337,000 respectively, effective January 1, 2009). On May 28, 2009, we entered into a Retirement and Consulting Agreement with Mr. Sudbury in connection with his upcoming retirement on August 31, 2009. See Termination of Employment Contracts and Change in Control Agreements regarding the Retirement and Consulting Agreement.

After reviewing the compensation of Messrs. Zoellner and Rinn in total, the Committee determined in August 2008 to increase their base salaries for fiscal year 2009, effective as of the beginning of fiscal year 2009, from $415,000 to $488,000 and $430,000, respectively (later voluntarily reduced by 10% to $439,000 and $387,000, respectively, effective January 1, 2009). Mr. Zoellner is the President of our International Division and a resident of Switzerland. His salary is set at the beginning of each fiscal year in Swiss Francs as approved by the Committee. His Swiss Francs salary remains constant until the following fiscal year when it is evaluated and reviewed for internal equity and external market appropriateness, re-set in Swiss Francs, and converted to U.S. Dollars at the average exchange rate for the prior twelve months.

While the base salaries were increased for our NEOs for fiscal year 2009 as discussed above, in response to the unique and uncertain economic climate, all of our NEOs voluntarily reduced their base salaries by 10% effective January 1, 2009. Our NEOs volunteered these reductions to help us maintain our focus on strength and remaining competitive during challenging market conditions. On October 1, 2009, the remaining Senior Executives voluntarily reduced their base salaries by 5%. At this time, neither we nor the Senior Executives have determined a date on which their base salaries will be returned to the previous levels. Using the criteria discussed above, during the annual review of executive salaries for the 2010 fiscal year in conjunction with a review of the results of fiscal year 2009, the Committee decided to hold the remaining NEO salaries at the levels set for fiscal year 2009.

Annual Cash Incentive Bonus

At the 2007 annual meeting of stockholders, our stockholders approved the Commercial Metals Company 2006 Cash Incentive Plan (the Cash Incentive Plan), the purpose of which is to advance the interests of the Company and our stockholders by:

providing those employees designated by the Committee, which may include NEOs, Senior Executives, Senior Managers and other employees, incentive compensation tied to stockholder goals for Company and individual performance;

identifying and rewarding superior performance;

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providing competitive compensation to attract, motivate, and maintain outstanding employees who achieve superior financial performance for us; and

fostering accountability and teamwork throughout the Company.

In accordance with the terms of the Cash Incentive Plan, the Committee establishes appropriate annual or longer term performance periods, designates those executives eligible to participate, sets the level of potential awards and determines the financial or other performance measures which, if attained, result in payment of awards (the performance goals). Management may periodically make recommendations as to these matters but the Committee makes all decisions for implementation of the Cash Incentive Plan. In establishing performance goals, the Committee reviews both our past and forecasted performance levels applicable to those executives with overall Company responsibilities and, with respect to Messrs. Rinn and Zoellner, each business unit for which they are responsible. The Committee then exercises its judgment to establish levels of performance needed to achieve targets in the context of the overall industry conditions and projected general economic conditions.

The Committee has elected to establish both an annual and a long-term performance period (discussed below under Long-Term Cash Incentive) under the Cash Incentive Plan. The performance period for the annual bonus (the Annual Cash Incentive Bonus) is our fiscal year. The Annual Cash Incentive Bonus is designed to focus our executives on short-term return and operating profit goals. The performance period for the long-term performance incentive (the Long-Term Cash Incentive) is designed to focus our executives on long-term EBITDA growth. The two goals in concert, we believe, help ensure that executives are focused on fully leveraging our assets, maximizing operational efficiencies and seeking profitable growth opportunities.

For the performance period fiscal year 2009, the Senior Executives, including the NEOs, were designated by the Committee as participants eligible to receive an Annual Cash Incentive Bonus. For each participating NEO, the Committee established written performance goals for the Company, business unit or a combination of each and assigned an appropriate weighting to each goal. For the designated NEOs, except Messrs. Rinn and Zoellner, overall Company performance goals (weighted equally) composed one hundred percent (100%) of the measurement matrix for awards during the fiscal year 2009 performance period. For Messrs. Rinn and Zoellner, overall Company performance goals (weighted equally) composed fifty percent (50%) and their respective business unit performance goals (weighted equally) composed fifty percent (50%) of the measurement matrix for their awards. Mr. Rinn s business unit goals were for the Americas Division. Mr. Zoellner s business unit goals were for the International Division. The Annual Cash Incentive Bonus payout opportunities set for threshold, target and maximum performance and established as a percentage of each participating NEOs base salary, applicable to the fiscal year 2009 performance period are shown in the following table:

2009 Annual Cash Incentive Bonus Opportunity
Expressed as a Percentage of Base Salary at Beginning of Fiscal Year 2009

Name	Threshold	Target(1)	Maximum
Murray R. McClean	50%	100%	300%
Russell B. Rinn	37.5%	75%	210%
Hanns K. Zoellner	37.5%	75%	210%
William B. Larson	35%	75%	195%
David M. Sudbury	35%	75%	195%

(1) Target incentive is designed to achieve, when combined with base salary and target Long-Term Cash Incentive, approximately the 50^{th} percentile, or slightly higher, of Peer Group comparable position annual cash compensation.

The fiscal year 2009 performance period goals for threshold, target and maximum of the Company and business unit components established for the Annual Cash Incentive Bonus are listed in the following three tables. Threshold is the minimum performance required to obtain the minimum annual incentive amount. Target is the expected performance level of the executive, and maximum is exceptional performance. Beginning in the third fiscal quarter of fiscal year 2008, we began to prepare our annual Business Plan (the Plan). The Plan was finalized and approved by the Board of Directors at the beginning of fiscal year 2009. When setting the financial performance

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levels for the Annual Cash Incentive Bonus in November 2008, the Committee took into consideration the market conditions in existence at that time and their negative impact compared to assumptions made months earlier which had been incorporated into the Plan. In addition to performance grants based on ROIC, FIFO Net Earnings, RONA and Operating Profit, the Committee decided to also emphasize improved use of and reduction in working capital by adopting AWCD as a performance goal with a significant weight for fiscal year 2009 cash incentives. When referenced in the following tables, ROIC, FIFO Net Earnings, RONA, Operating Profit, and AWCD have the following meanings:

Return on Invested Capital or ROIC means last in, first out (LIFO) net earnings before interest expense divided by the sum of commercial paper, notes payable, current maturities of long-term debt, debt and stockholders equity.

FIFO Net Earnings means net earnings calculated using the first in, first out inventory costing principle for all inventories.

Return on Net Assets or RONA means for the Company or applicable business unit, the percentage obtained by dividing Operating Profit by the value of average net assets, determined by using the first in, first out (FIFO) method of inventory valuation.

Operating Profit means FIFO Net Earnings for the Company or applicable business unit, before income taxes, interest (both internal and external) and program/discount fees and expenses.

Adjusted Working Capital Days or AWCD means (i) our, or if appropriate, the applicable Business Unit s trade accounts receivable (gross without consideration of the allowance for doubtful accounts, accounts receivable sale programs, or accounts receivable securitizations) plus (ii) FIFO inventories plus (iii) supplier advances less (iv) its accounts payable trade, including those classified under documentary letters of credit plus advanced billing, calculated as of the last day of each calendar month based on the trailing ninety (90) day average sales and averaged over the thirteen (13) month period beginning with August 2008 and ending with August 2009 (for fiscal year 2009).

2009 Company Performance Matrix
Applicable to 100% of Messrs. McClean s, Larson s and Sudbury s Annual Cash Incentive Bonus and 50% of Messrs. Rinn s and Zoellner s Annual Cash Incentive Bonus

Commercial Metals Company	Weighting	Threshold	Target	Maximum
AWCD	25%	67.2 days	59.1 days	52.9 days
LIFO ROIC	25%	12%	14%	16%
FIFO Net Earnings	50%	$230,000,000	$280,000,000	$330,000,000

2009 Business Unit Performance Matrix
Applicable to 50% of Mr. Rinn s Annual Cash Incentive Bonus

Business Unit Performance Goal Americas Division	Weighting	Threshold	Target	Maximum
AWCD	50%	68.9 days	60.6 days	54.2 days
RONA	25%	15%	20%	25%
Operating Profit	25%	$300,000,000	$400,000,000	$500,000,000

2009 Business Unit Performance Matrix
Applicable to 50% of Mr. Zoellner s Annual Cash Incentive Bonus

Business Unit Performance Goal International Division	Weighting	Threshold	Target	Maximum
AWCD	50%	48.4 days	45 days	40 days
RONA	25%	15%	20%	22%
Operating Profit	25%	$120,000,000	$160,000,000	$200,000,000

Our overall performance in fiscal year 2009, measured in terms of net earnings, was profitable for the year; however, none of the threshold goals were met for fiscal year 2009, therefore no fiscal year 2009 Annual Cash Incentive Bonus payments were awarded to NEOs pursuant to the Cash Incentive Plan.

Each executive s opportunity for the Annual Cash Incentive Bonus for the fiscal year 2009 performance period was reviewed after review of the audited financial statements for that period, presentation of recommendations by the Committee s compensation consultants, as well as a report by management calculating the extent of achievement of the applicable performance goals and certification of the award amounts by the Committee pursuant to the terms of the Cash Incentive Plan. All payments under the Cash Incentive Plan, including the Annual Cash Incentive Bonuses, are subject to reduction (but not increase) by the Committee in its sole discretion.

The Committee reviews our performance goal metrics annually to ensure that the metrics selected are those most likely to improve our overall value over the fiscal year. To that end, the Committee has reviewed and established performance goals for each of the twenty-three (23) Senior Executives, including the NEOs but excluding Mr. Sudbury, participating in the Annual Cash Incentive Bonus for the fiscal year 2010 performance period.

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The Annual Cash Incentive Bonus payout opportunities set for threshold, target, and maximum performance and established as a percentage of each participating NEO s base salary for the fiscal year 2010 performance period are shown in the following table:

2010 Annual Cash Incentive Bonus Opportunity
Expressed as a Percentage of Base Salary at Beginning of Fiscal Year 2010

Name	Threshold	Target(1)	Maximum
Murray R. McClean	50%	100%	300%
Russell B. Rinn	37.5%	75%	210%
Hanns K. Zoellner	37.5%	75%	210%
William B. Larson	35%	75%	195%

(1) Target Incentive Bonus Opportunity is designed to achieve, when combined with base salary and target Long-Term Cash Incentive, approximately the 50th percentile, or slightly higher, of Peer Group comparable position annual cash compensation.

The 2010 performance goals are based on overall Company performance, business unit performance or a combination of each. For Messrs. McClean and Larson, overall Company FIFO ROE (defined below) composes one hundred percent (100%) of the performance goal for awards for the fiscal year 2010 performance period. For Messrs. Rinn and Zoellner, overall Company FIFO ROE composes fifty percent (50%) and their respective business unit RONA composes fifty percent (50%) of the measurement matrix for their performance awards. First In First Out Return On Equity or FIFO ROE means for the Company the percentage obtained by dividing net earnings calculated using the first in, first out inventory costing principle for all inventories by the average of the beginning of the fiscal year and end of the fiscal year balances of total stockholders equity, with each of the beginning and ending total stockholders equity balances calculated utilizing the first in, first out inventory costing principle for all inventories.

The fiscal year 2010 performance goals of the Company and business unit components established for the 2010 Annual Cash Incentive Bonus are listed in the following three tables.

These performance targets do not correspond to any financial guidance that we have provided or may provide for future periods and should not be considered as statements of our expectations or estimates of results. We specifically caution investors not to apply these statements to other contexts.

With regard to fiscal year 2010 performance goals, threshold is the minimum performance required to obtain the minimum annual incentive amount. With regard to fiscal year 2010 performance goals, target is the expected performance level of the executive. In response to the unique and uncertain economic climate, the Committee modified our Annual Cash Incentive Bonus for fiscal year 2010 to retain flexibility to make additional payments based on a combination of the following qualitative factors with the amount of any such payments being determined in the first quarter of fiscal 2011 by the Committee in its sole discretion: general profitability, returns and working capital improvements, return improvement projects, profitability projects, cost reduction projects, and other performance objectives to include safety and succession planning. In setting the 2010 Annual Cash Incentive Bonus, the Committee took into consideration our business plan approved in October 2009 and the continued volatility in the markets in which we operate and set the minimum FIFO ROE (and RONA based off of the FIFO ROE) required to make the threshold payments under the formulaic portion of the Annual Cash Incentive Bonus and the target FIFO ROE (and RONA based off of the FIFO ROE) required to make the target payments under the formulaic portion of the Annual

Cash Incentive Bonus.

With regard to fiscal year 2010 performance goals, the amount of each executive s Annual Cash Incentive Bonus for the fiscal year 2010 performance period will be calculated based on information derived from our fiscal year-end audited financial statements. With regard to fiscal year 2010 performance goals, all Annual Cash Incentive Bonus amounts are subject to reduction (but not increase) by the Committee in its discretion.

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Messrs. McClean s and Larson s 2010 Annual Cash Incentive Bonus Performance Goals

Commercial Metals Company	Weighting	Threshold	Target
FIFO ROE	100%	3%	5%

Mr. Rinn s 2010 Annual Cash Incentive Bonus Performance Goals

Commercial Metals Company	Weighting	Threshold	Target
FIFO ROE	50%	3%	5%

Business Unit Performance Goal Americas Division	Weighting	Threshold	Target
RONA	50%	12.9%	15.2%