

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

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

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):

No fee required.

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:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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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.

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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	Option Shares of Common	Total Shares of Common Stock Beneficially Owned	Percentage of Common Stock Beneficially Owned
	Stock	Stock(1)		
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

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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 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	63	
Richard B. Kelson Operating advisor of Pegasus Capital, a private equity investment firm; director of Lighting Science Group, Inc., MeadWestvaco Corporation and PNC Financial Services Group, Inc.	63	
Murray R. McClean Chairman of the Board, CEO and President, Commercial Metals Company	61	2006

DIRECTORS CONTINUING IN OFFICE

Name, Principal Occupation and Business	Age	Served as Director Since
Class I Term to Expire in 2011		
Robert L. Guido 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.	63	2007
Dorothy G. Owen Retired Former Chairman of the Board, Owen Steel Company, Inc.; currently manages personal investments	75	1995
J. David Smith 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	60	2004
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

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

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.

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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.

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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 40th 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 75th 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.

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