

COMMERCIAL METALS CO

Form DEF 14A

December 10, 2012

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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):

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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 On January 25, 2013**

The annual meeting of stockholders (the Annual Meeting ) of Commercial Metals Company, a Delaware corporation (the Company ), will be held in the Rangoon Room at Omni Mandalay Hotel at Las Colinas at 221 East Las Colinas Boulevard, Irving, Texas 75039, on January 25, 2013, at 10:00 a.m., Central Standard Time. If you are planning to attend the Annual Meeting in person, please follow the instructions as outlined on the accompanying proxy card. Directions to the Annual Meeting are included at the end of the accompanying proxy statement.

The Annual Meeting will be held to consider the following matters:

- (1) the election of the three persons named in the accompanying proxy statement to serve as directors until the 2016 annual meeting of stockholders and until their successors are elected;
- (2) the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending August 31, 2013;
- (3) an advisory vote on executive compensation;
- (4) the approval of the Commercial Metals Company 2013 Cash Incentive Plan;
- (5) the approval of the Commercial Metals Company 2013 Long-Term Equity Incentive Plan; and
- (6) the transaction of such other business as may properly come before the Annual Meeting or any adjournments or postponement of the Annual Meeting.

You are invited to attend the Annual Meeting. Whether or not you plan to attend the Annual Meeting, please vote your shares either by telephone, Internet or mail as described in the accompanying proxy card in order to be certain your shares are represented at the Annual Meeting. Proxies forwarded by or for banks, brokers or other 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  
*Corporate Secretary*

Irving, Texas

December 17, 2012

**Important Notice Regarding the Availability of Proxy Materials for the**

**Annual Meeting of Stockholders to be held on January 25, 2013:**

**This Proxy Statement and the Annual Report to Stockholders for the fiscal year ended August 31, 2012**

**are available for viewing, printing and downloading at [www.proxyvote.com](http://www.proxyvote.com).**

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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 On January 25, 2013**

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors (the Board) of Commercial Metals Company (we or the Company) for use at the annual meeting of our stockholders to be held on January 25, 2013 at 10:00 a.m., Central Standard Time, in the Rangoon Room at Omni Mandalay Hotel at Las Colinas at 221 East Las Colinas Boulevard, Irving, Texas 75039 (the Annual Meeting), and at any and all postponements or adjournments of the Annual Meeting. The approximate date on which this proxy statement and accompanying proxy card are first being made available to stockholders is December 17, 2012. The annual report to stockholders for fiscal year 2012 has been mailed to stockholders with this proxy statement or previously, and this proxy statement should be read in conjunction with the annual report.

Shares represented by each proxy, if properly executed and returned to us prior to the Annual Meeting in accordance with the instructions in the accompanying proxy card, will be voted as directed, but if not otherwise specified, will be voted (i) for the election of the three directors nominated by the Board and named in this proxy statement, (ii) to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm, (iii) for the approval of the advisory resolution on executive compensation, (iv) for the approval of the Commercial Metals Company 2013 Cash Incentive Plan and (v) for the approval of the Commercial Metals Company 2013 Long-Term Equity Incentive Plan. A stockholder executing a 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.

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 accompanying proxy card.

Only stockholders of record on December 7, 2012 are entitled to notice of and to attend and/or 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. Proof of ownership of Commercial Metals Company common stock, as well as a form of personal photo identification, must be presented in order to be admitted to the Annual Meeting. If your shares are held in the name of a broker, nominee or other intermediary, you must bring proof of ownership with you to the meeting. A recent account statement, letter or proxy from your broker, nominee or other intermediary will suffice.

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*This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.*

**Annual Meeting of Stockholders**

Time and Date	10:00 a.m., January 25, 2013
Place	Omni Mandalay Hotel at Las Colinas  Rangoon Room  221 East Las Colinas Boulevard  Irving, Texas 75039
Record date	December 7, 2012
Voting	Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director to be elected and one vote for each of the other matters to be voted on.
Admission	Proof of ownership of our common stock and a form of personal photo identification must be presented in order to be admitted to the Annual Meeting.

**Voting Matters**

	<b>Board Vote Recommendation</b>	<b>Page Reference (for more detail)</b>
1. Election of three directors	FOR EACH OF THE BOARD'S DIRECTOR NOMINEES	12
2. Ratification of Deloitte & Touche LLP as independent registered public accounting firm for fiscal year ending August 31, 2013	FOR	58
3. Advisory vote on executive compensation	FOR	59
4. Approval of the Commercial Metals Company 2013 Cash Incentive Plan	FOR	60
5. Approval of the Commercial Metals Company 2013 Long-Term Equity Incentive Plan	FOR	63

**Election of Directors**

The Board has nominated three candidates for election to our Board as Class III directors, with a term expiring at the 2016 annual meeting of stockholders. A brief description of the director nominees follows. Additional detail on the director nominees can be found beginning on page 14 of this proxy statement. In addition, the name, age, years of service, biographical description and qualifications of each of the Class I and Class II directors continuing in office are provided beginning on page 16 of this proxy statement.

Rhys J. Best, age 66, has served on our Board since January 2010. He is currently engaged in private investments and is the Managing Partner of SEREN Holdings LTD, a Texas limited partnership primarily involved in investments. Please see page 14 of this proxy statement for a complete description of Mr. Best's business experience and qualifications.

Richard B. Kelson, age 66, has served on our Board since January 2010. Mr. Kelson is the Chairman, President and CEO of ServCo, LLC, a strategic sourcing company. Please see page 14 of this proxy statement for a complete description of Mr. Kelson's business experience and qualifications.





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Rick J. Mills, age 65, has served on our Board since January 2012. Mr. Mills, now retired, is the former Corporate Vice-President and President of Components Group of Cummins, Inc., a manufacturer of service engines and related technologies. Please see page 15 of this proxy statement for a complete description of Mr. Mills' business experience and qualifications.

**Independent Registered Public Accounting Firm**

As a matter of good corporate governance, we are asking our stockholders to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending August 31, 2013. Set forth below is summary information with respect to Deloitte & Touche's fees for services provided in fiscal years 2012 and 2011.

Type of Fees	Fiscal Year 2012	Fiscal Year 2011
Audit Fees	\$ 4,569,525	\$ 4,648,600
Audit-Related Fees	\$ 0	\$ 4,250
Tax Fees	\$ 0	\$ 0
All Other Fees	\$ 2,345	\$ 2,345
Total	\$ 4,571,870	\$ 4,655,195

**Executive Compensation Advisory Vote**

We are asking stockholders to approve on a non-binding advisory basis our named executive officer compensation. The Board recommends a FOR vote because it believes that our compensation policies and practices are reasonable, competitive and highly-focused on pay-for-performance principles.

**Vote to Approve the Commercial Metals Company 2013 Cash Incentive Plan**

We are asking stockholders to approve the Commercial Metals Company 2013 Cash Incentive Plan (the "Bonus Plan") under which participating employees of the Company will be eligible to receive incentive payments based on the achievement of objective performance goals for performance periods commencing on or after September 1, 2012. The purpose of the Bonus Plan is to advance the interests of the Company and its stockholders by (i) providing certain employees incentive compensation tied to the achievement of pre-established and objective performance goals, (ii) identifying and rewarding superior performance and providing competitive compensation to attract, motivate, and maintain employees who have outstanding skills and abilities and achieve superior performance, and (iii) fostering accountability and teamwork throughout the Company.

**Vote to Approve the Commercial Metals Company 2013 Long-Term Equity Incentive Plan**

We are asking stockholders to approve the Commercial Metals Company 2013 Long-Term Equity Incentive Plan (the "2013 Plan"). The purposes of the 2013 Plan are to: (i) align the interests of our stockholders and recipients of awards under the 2013 Plan by increasing the proprietary interest of such recipients in the Company's growth and success; (ii) advance the interests of the Company by attracting and retaining officers, other employees, non-employee directors, and independent contractors; and (iii) motivate such persons to act in the long-term best interests of the Company and its stockholders. The 2013 Plan will replace the Commercial Metals Company 2006 Long-Term Equity Incentive Plan with respect to the granting of future equity awards.

**Compensation Mix: Components and Objectives of Short- and Long-Term Compensation**

In accordance with our overall compensation philosophy and program, executives are provided with a mix of base salary, short-term incentives, long-term incentives, employee benefits and health and welfare benefits.

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Our compensation philosophy places a greater portion of the potential compensation for each NEO (as defined under Executive Compensation Participants on page 25) at risk such that compensation will vary based on performance. Variable compensation is a component of compensation for most of our employees, but it is reflected in greater proportion in the NEO compensation. The table on the following pages describes each element of compensation and the objectives for each element:

PROGRAM	DESCRIPTION	OBJECTIVES
<b>ANNUAL COMPENSATION:</b>		
<b>Base Salary</b>	Annual cash compensation.	Retention. Recognition of individual performance.
<b>Annual Cash Incentive Bonus</b>	Bonus plan based on performance periods set by the Compensation Committee (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.	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, overhead reduction and other financial and operational goals and objectives.
<b>Annual Discretionary</b>	Cash bonuses awarded at the discretion of the Committee. The Committee may consider any circumstances it deems appropriate in awarding these discretionary bonuses.	Provides the Committee with flexibility to reward individual performance not reflected in formulaic metrics.
<b>Incentive Bonus</b>		Focus employees on performance. Reviewed annually for individual contribution in context of Company performance and internal pay equity and external benchmarking.
<b>LONG-TERM COMPENSATION:</b>		
<b>Long-Term Incentive Program</b>	A long-term incentive program using a combination of stock appreciation rights and time-vested and performance-based awards. The performance-based awards are subject to a multi-year performance period, currently based on growth in EBITDA and ROIC targets.	Focus on long-term Company performance and long-term success.  Retention.  Employee alignment with stockholders via performance goals and stock ownership.

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PROGRAM	DESCRIPTION	OBJECTIVES
<b>OTHER EXECUTIVE BENEFITS:</b>		
<b>Retirement Programs</b>	Company offers an ERISA-qualified defined contribution plan, a non-qualified plan designed to restore benefits that would have otherwise been received by participants but for applicable IRS limits, and pension retirement plans for designated employees located outside the U.S.	Attract qualified employees. Retention. Provide vehicle for retirement.
<b>Perquisites</b>	Company-provided automobiles and related insurance and maintenance (or, alternatively, an allowance for the same). Relocation benefits.	Attract qualified employees.
<b>Other Benefits</b>	Medical, dental, vision, life insurance, short and long-term disability, employee assistance program, employee stock purchase plan, and other benefits.	Attract qualified employees. Retention. Provide competitive benefits to employees.

**Other Key Compensation Features**

No tax gross-ups for Executive Employment Continuity Agreements.

Double trigger required for receipt of cash severance payments.

Executives and directors are subject to stock ownership guidelines.

Benchmarking process is used for compensation determinations.

Metrics based on Company and executive performance.

**Compensation Decisions During Fiscal Year 2012**

In fiscal year 2012, the following compensation actions were taken:

Annual Cash Incentive Bonus (as defined in the Compensation Discussion & Analysis) was paid at 83% of target for NEOs holding Company-wide positions and 56% and 120% of target for Mr. Zoellner and Mr. Porter, respectively;

no Long-Term Cash Incentive (as defined in the Compensation Discussion & Analysis) payments were made to the NEOs for the performance period ending in fiscal year 2012;

each of the NEOs, other than Mr. Zoellner, received discretionary annual bonuses in recognition of their significant efforts and contributions to the Company in fiscal year 2012;

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the NEOs were granted a combination of stock appreciation rights and performance-based and time-vested restricted stock units, with vesting of the performance-based stock units being determined based on cumulative three-year EBITDA and ROIC targets (each as defined in the Compensation Discussion & Analysis), subject to the Committee's exercise of negative discretion based on the Company's ranking in total stockholder return as compared to the members of the Peer Group;

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Mr. Alvarado received supplemental equity grants in connection with his appointment to the position of President and CEO, and Ms. Smith received a supplemental equity grant in connection with her commencement of employment with the Company;

the NEOs received salary and/or promotional increases;

the Company entered into a retirement and transition agreement with Mr. Zoellner in connection with Mr. Zoellner's transition from the role of an officer of the Company and eventual retirement from the Company, which included, among other benefits, a retirement bonus of \$300,000, severance benefits and the accelerated vesting of certain outstanding equity awards held by Mr. Zoellner; and

the Compensation Committee undertook an evaluation of the Company's overall compensation program which resulted in numerous changes to the Company's compensation design for fiscal year 2013 as well as a change in the Compensation Committee's independent compensation consultant from Ernst & Young LLP to Hay Group (as more fully described on page 36).

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**INFORMATION ABOUT THE MEETING AND VOTING**

**Q: Why did you send me this proxy statement?**

**A:** We sent you this proxy statement and the enclosed proxy card because the Board is soliciting your proxy to vote at our Annual Meeting, and at any postponements or adjournments of the Annual Meeting. This proxy statement summarizes information that is intended to assist you in making an informed vote on the proposals described in this proxy statement.

**Q: Who is entitled to vote at the Annual Meeting?**

**A:** Only stockholders of record on December 7, 2012 are entitled to notice of and to attend and/or vote at the Annual Meeting or any postponements or adjournments of the Annual Meeting. 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.

**Q: How can I vote my shares?**

**A:** You can vote your shares in one of two ways: either by proxy or in person at the Annual Meeting by written ballot. If you choose to vote by proxy, you may vote your shares by signing, dating and returning the enclosed proxy card. For your convenience, you may also vote your shares by telephone or the Internet by following the instructions on the enclosed proxy card. Each of these procedures is explained below. Even if you plan to attend the Annual Meeting, the Board recommends that you submit a proxy card in advance by telephone, Internet or mail. In this way, your shares of common stock will be voted as directed by you even if you are unable to attend the Annual Meeting.

**Q: May I change my vote?**

**A:** Yes. You may change your vote or revoke your proxy at any time before it is exercised at the Annual Meeting by taking any of the following actions:

- by giving written notice to the Corporate Secretary of Commercial Metals Company at 6565 North MacArthur Boulevard, Suite 800, Irving, Texas 75039;
- by subsequently executing and delivering a new proxy; or
- by voting in person at the Annual Meeting.

**Q: How many shares must be present to conduct the Annual Meeting?**

**A:** We must have a quorum to conduct the Annual Meeting. A quorum is a majority of the outstanding shares of common stock entitled to vote at the meeting, present in person or by proxy. Abstentions and broker non-votes will be counted for the purpose of determining a quorum. On December 7, 2012, the record date for determining stockholders entitled to vote at the Annual Meeting, there were 116,448,898 shares of our common stock, par value \$.01 per share, outstanding, not including approximately 12,611,766 treasury shares. There were no shares of our preferred stock outstanding on December 7, 2012.

**Q: How do I vote if I cannot attend the Annual Meeting in person?**

**A:** Because many stockholders cannot attend the Annual Meeting in person, it is necessary that a large number of stockholders be represented by proxy.

By signing, dating and returning the enclosed proxy card in the postage-paid envelope provided or by voting your shares by telephone or via the Internet by following the instructions on the enclosed proxy card, you will enable Joseph Alvarado, Barbara R. Smith and Ann J. Bruder, each of whom is named on the proxy card as a Proxy Holder, to vote your shares at the Annual Meeting in the manner you indicate on your proxy card. When you vote your proxy, you can specify whether your shares should be voted for each of the nominees for director identified in Proposal 1, or you can withhold your vote on any or all of the director nominees. You can also specify how you want your shares voted with respect to Proposals 2, 3, 4 and 5, which are described elsewhere in this proxy statement.

Management of the Company is not aware of any matters other than those described in this proxy statement that may be presented for action at the Annual Meeting. If any other matters are properly presented at the Annual Meeting for consideration, the proxy holders will have discretion to vote for you on those matters.

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*Voting by Mail.* You can vote by mail by signing, dating and returning the enclosed proxy card in the postage-paid envelope provided.

*Voting via the Internet.* You can vote your shares via the Internet by following the instructions provided on the proxy card. The Internet voting procedures are designed to authenticate your identity and to allow you to vote your shares and confirm that your voting instructions have been properly recorded. Voting by Internet authorizes the named proxies to vote your shares in the same manner as if you had submitted a validly executed proxy card.

*Voting by Telephone.* You can vote your shares by telephone by following the instructions provided on the proxy card. The telephone voting procedures are designed to authenticate your identity and to allow you to vote your shares and confirm that your voting instructions have been properly recorded. Voting by telephone authorizes the named proxies to vote your shares in the same manner as if you had submitted a validly executed proxy card.

### **Q: May I vote in person at the Annual Meeting?**

**A:** Yes, you may vote your shares at the Annual Meeting if you attend in person and use a written ballot. However, if your shares are held in the name of a broker, trust, bank or other nominee, you must bring a legal proxy or other proof from that broker, trust, bank or nominee granting you authority to vote your shares directly at the Annual Meeting. If you vote by proxy and also attend the Annual Meeting, you do not need to vote again at the Annual Meeting unless you wish to change your vote. Even if you plan to attend the Annual Meeting, we strongly urge you to vote in advance by proxy by signing, dating and returning the proxy card.

### **Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

**A:** If your shares are registered in your name with our transfer agent, Broadridge Corporate Issuers Solutions, Inc., you are the stockholder of record of those shares, and this proxy statement and any accompanying documents have been provided directly to you by the Company. In contrast, if you purchased your shares through a broker or other financial intermediary, the broker or other financial intermediary will be the stockholder of record of those shares.

Generally, when this occurs, the broker or other financial intermediary will automatically put your shares into street name, which means that the broker or other financial intermediary will hold your shares in its name or another nominee's name and not in your name, but will keep records showing you as the real or beneficial owner. If you hold shares beneficially in street name, this proxy statement and any accompanying documents have been forwarded to you by your broker, bank or other holder of record.

### **Q: What are broker non-votes?**

**A:** A broker non-vote occurs when a bank, broker or other fiduciary does not receive voting instructions from the beneficial owner and does not have the discretion to direct the voting of the shares. Broker non-votes are not counted as votes against a proposal or as abstentions, and will not be counted for purposes of determining the number of votes present in person or represented by proxy and entitled to vote with respect to a particular proposal or the number of votes cast on a particular proposal. As described below, brokers will not have discretion to vote on the election of directors, the advisory vote on executive compensation, the proposal to approve the Commercial Metals Company 2013 Cash Incentive Plan or the proposal to approve the Commercial Metals Company 2013 Long-Term Equity Incentive Plan.

### **Q: Will my shares be voted if I do not provide instructions to my broker?**

**A:** If you are the beneficial owner of shares held in a street name by a broker, the broker, as the record holder of the shares, is required to vote those shares in accordance with your instructions. Under applicable New York Stock Exchange ( NYSE ) rules, if you hold your shares



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through a bank or broker and your broker delivers this proxy statement to you, but you do not give instructions to the broker, the broker does not have the discretion to vote on the election of directors, the advisory vote on executive compensation, the proposal to approve the Commercial Metals Company 2013 Cash Incentive Plan or the proposal to approve the Commercial Metals Company 2013 Long-Term Equity Incentive Plan. **THEREFORE, UNLESS YOU PROVIDE VOTING INSTRUCTIONS TO THE BROKER HOLDING SHARES ON YOUR**

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**BEHALF, THE BROKER WILL NOT HAVE DISCRETIONARY AUTHORITY TO VOTE YOUR SHARES ON ANY OF THESE PROPOSALS.** We strongly encourage you to vote your proxy or provide voting instructions to the broker so that your vote on these matters will be counted.

Under NYSE rules, if you hold your shares through a bank or broker and your broker delivers this proxy statement to you, but you do not give instructions to the broker, the broker will have the discretion to vote on the ratification of the appointment of Deloitte & Touche LLP.

### **Q: What are the proposals and what is the required vote for each?**

**A:** Proposal 1: Election of Directors. The Company's second amended and restated bylaws provide for plurality voting for directors. Accordingly, this means that the three candidates receiving the highest number of FOR votes will be elected. A properly executed proxy card marked WITHHOLD with respect to the election of a director nominee will be counted for purposes of determining if there is a quorum at the Annual Meeting, but will not be considered to have been voted for or against the director nominee. An abstention or a broker non-vote on Proposal 1 will not have any effect on the election of directors and will not be counted in determining the number of votes cast.

Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm. The affirmative vote of the holders of a majority of the shares having voting power represented in person or by proxy at the Annual Meeting is required to adopt Proposal 2. An abstention on Proposal 2 will have the same effect as a vote against Proposal 2. A broker non-vote will not have any effect on Proposal 2 and will not be counted.

Proposal 3: Advisory Vote on Executive Compensation. Proposal 3 is being submitted to enable stockholders to approve, on an advisory basis, the compensation of the Company's named executive officers. The affirmative vote of the holders of a majority of the shares having voting power represented in person or by proxy at the Annual Meeting is required to adopt Proposal 3. An abstention on Proposal 3 will have the same effect as a vote against Proposal 3. A broker non-vote will not have any effect on Proposal 3 and will not be counted. Proposal 3 is an advisory vote only, and therefore it will not bind the Company or our Board. However, the Board and the Compensation Committee will consider the voting results as appropriate when making future decisions regarding executive compensation.

Proposal 4: Approval of the Commercial Metals Company 2013 Cash Incentive Plan. The affirmative vote of the holders of a majority of the shares having voting power represented in person or by proxy at the Annual Meeting is required to adopt Proposal 4. An abstention on Proposal 4 will have the same effect as a vote against Proposal 4. A broker non-vote will not have any effect on Proposal 4 and will not be counted.

Proposal 5: Approval of the Commercial Metals Company 2013 Long-Term Equity Incentive Plan. The affirmative vote of the holders of a majority of the shares having voting power represented in person or by proxy at the Annual Meeting is required to adopt Proposal 5. An abstention on Proposal 5 will have the same effect as a vote against Proposal 5. A broker non-vote will not have any effect on Proposal 5 and will not be counted.

### **Q: What are the recommendations of the Board of Directors?**

**A:** The Board recommends that you vote:

**FOR** Proposal 1 the election of the three nominees for director nominated by the Board and named in this proxy statement;

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**FOR** Proposal 2 the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending August 31, 2013;

**FOR** Proposal 3 the proposal to approve (on an advisory basis) the compensation of the Company's named executive officers;

**FOR** Proposal 4 the proposal to approve the Commercial Metals Company 2013 Cash Incentive Plan; and

**FOR** Proposal 5 the proposal to approve the Commercial Metals Company 2013 Long-Term Equity Incentive Plan.

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**Q: Who will count the votes?**

**A:** Votes will be counted by one or more independent inspectors of election appointed by the Company for the Annual Meeting.

**Q: What happens if the Annual Meeting is adjourned?**

**A:** If we adjourn the Annual Meeting, we will conduct the same business at the later meeting and the Board can decide to set a new record date for determining stockholders entitled to vote at the adjourned meeting, or decide to only allow the stockholders entitled to vote at the original meeting to vote at the adjourned meeting. According to the Company's second amended and restated bylaws, when a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. However, if the date of any adjourned meeting is more than 30 days after the date for which the meeting was originally scheduled to take place, notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting must be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board will fix a new record date for notice of such adjourned meeting and will give notice of the adjourned meeting to each stockholder entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting.

**Q: Whom can I contact if I have questions?**

**A:** If you have any questions about the Annual Meeting or how to vote your shares, please call MacKenzie Partners, Inc., toll-free at (800) 322-2885 or collect at (212) 929-5500.

**Q: Where can I find the voting results?**

**A:** We will report the voting results in a filing with the Securities and Exchange Commission (the SEC) on Form 8-K.

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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS  
AND MANAGEMENT**

On the basis of filings with the SEC and other information, we believe that based on 116,448,898 shares of our common stock issued and outstanding as of December 7, 2012, 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
High River Limited Partnership(1) c/o Icahn Capital LP  767 Fifth Avenue, 47 Floor  New York, NY 10153	8,689,089	7.5%
BlackRock Inc.(2) 40 East 52nd Street  New York, NY 10022	8,219,354	7.1%

- (1) Based on the information provided pursuant to Amendment No. 7 to Schedule 13D filed with the SEC on April 18, 2012 (the "Icahn Schedule 13D/A") by Carl C. Icahn and certain affiliated entities of Carl C. Icahn (collectively, the "Reporting Persons"). The Reporting Persons reported that (i) High River Limited Partnership, a Delaware limited partnership ("High River") has sole voting and dispositive power with respect to 1,737,818 shares of common stock; (ii) Icahn Partners LP ("Icahn Partners") has sole voting and dispositive power with respect to 2,705,058 shares of common stock; (iii) Icahn Partners Master Fund LP ("Icahn Master") has sole voting and dispositive power with respect to 2,830,547 shares of common stock; (iv) Icahn Partners Master Fund II LP ("Icahn Master II") has sole voting and dispositive power with respect to 982,177 shares of common stock; and (v) Icahn Partners Master Fund III LP ("Icahn Master III") has sole voting and dispositive power with respect to 433,489 shares of common stock. Carl C. Icahn, by virtue of his relationship to High River, Icahn Partners, Icahn Master, Icahn Master II and Icahn Master III, is deemed to beneficially own the shares of common stock which High River, Icahn Partners, Icahn Master, Icahn Master II and Icahn Master III directly beneficially own. According to the Icahn Schedule 13D/A, each of the Reporting Persons may have shared voting and/or dispositive power over all or some of such shares.
- (2) Based on the information provided pursuant to Amendment No. 2 to Schedule 13G filed with the SEC on February 13, 2012 (the "Blackrock Schedule 13G/A") by BlackRock Inc. ("BlackRock"). BlackRock reported that it has sole voting and dispositive power with respect to 8,219,354 shares of common stock. The BlackRock Schedule 13G/A states that various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the common stock and that no one person's interest in the common stock is more than five percent of the total outstanding common shares.

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The following table sets forth information known to us about the beneficial ownership of our common stock 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 based on 116,448,898 shares of our common stock issued and outstanding as of December 7, 2012. 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
Harold L. Adams	25,200	42,000	67,200	*
James B. Alleman	17,589	39,150	56,739	*
Joseph Alvarado	24,975		24,975	*
Rhys J. Best	19,000	28,000	47,000	*
Ann J. Bruder	20,590	13,000	33,590	*
Robert L. Guido	26,173	28,000	54,173	*
Richard B. Kelson	5,000	28,000	33,000	*
Anthony A. Massaro	24,000	42,000	66,000	*
Rick J. Mills	10,200		10,200	*
Tracy L. Porter	47,317	24,270	71,587	*
Sarah E. Raiss	9,300	14,000	23,300	*
Barbara R. Smith	10,902		10,902	*
J. David Smith	35,762	42,000	77,762	*
Joseph Winkler	6,234		6,234	*
Robert R. Womack	100,683	42,000	142,683	*
Hanns K. Zoellner	127,424	106,090	233,514	*
All current directors and executive officers as a group (20 persons)	562,315	485,654	1,047,969	0.9%

\* Less than one percent

(1) Represents shares subject to options exercisable within 60 days of December 6, 2012.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 (the Exchange Act), as amended, requires directors, executive officers and beneficial owners of more than ten percent (10%) of our common stock to file with the SEC 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, except for a single Form 4 for Louis A. Federle related to accelerated restricted stock awards granted to Mr. Federle upon his permitted early retirement, were submitted on a timely basis during the fiscal year ended August 31, 2012.

**PROPOSAL 1****ELECTION OF DIRECTORS**

Our restated certificate of incorporation divides the Board into three classes. The term of office of the Class III directors expires at this Annual Meeting. On June 25, 2012, Robert R. Womack, who turned 75 on July 1, 2012, communicated with the Board and it was concluded that, in accordance with the mandatory retirement age set forth in the Company's Corporate Governance Guidelines, he will retire at the Annual Meeting after fourteen years of loyal and distinguished service to the Company. In addition, on June 25, 2012, the Board, pursuant to applicable provisions of the Company's restated certificate of incorporation and second amended and restated bylaws, voted to increase the size of the Board from ten persons to eleven persons, and appointed



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Mr. Joseph Winkler to serve as a director of the Company, effective June 25, 2012. Mr. Winkler was appointed to fill the newly created vacancy as a Class II director (increasing the size of Class II from three to four directors). The seat on the Board currently held by Mr. Womack will automatically, without any further action by the Company or by the Board, be eliminated concurrently with Mr. Womack's retirement at the Annual Meeting, and at such time the size of the Board will be automatically reduced from eleven persons to ten persons, and the number of Class I Directors will be automatically reduced from four persons to three persons.

With the announcement of Robert R. Womack's retirement from the Board of Directors effective as of the Annual Meeting, and in connection with the Board's succession planning, the Nominating and Corporate Governance Committee initiated a search process to select director candidates to replace directors who would retire in the next two years, including Mr. Womack. The Nominating and Corporate Governance Committee engaged Russell Reynolds Associates to facilitate a search for director candidates and took into account many factors including, but not limited to, 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; the individual's 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 thought, views and experience. Candidates were evaluated by a sub-committee of the Nominating and Corporate Governance Committee and were interviewed through a series of meetings with directors and executive management. Background reviews of each candidate 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 as a whole, with the objective of recommending the director candidate that would be the most likely of the candidate slate to best achieve the success of the business and represent stockholder interests through the exercise of sound judgment. Mr. Winkler was selected from a slate of qualified candidates for election to our Board. The Nominating and Corporate Governance Committee recommended Mr. Winkler to the Board, and the Board appointed Mr. Winkler as a director effective as of June 25, 2012 to fill the Class II seat added to the Board.

There are three Class III nominees standing for election at the Annual Meeting. The term of the three Class I directors ends at the 2014 annual meeting of stockholders, and the term of the four Class II directors ends at the 2015 annual meeting of stockholders. Proxies cannot be voted for the election of more than three persons to the Board at the Annual Meeting.

Each nominee named in this proxy statement 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 to replace such nominee. However, the Company has no reason to believe that any nominee will be unavailable. All of the director nominees, as well as the continuing directors, plan to attend this year's Annual Meeting. At the 2012 annual meeting, all of our current directors were in attendance. The following tables set forth information about the nominees and the continuing directors.



**Table of Contents****DIRECTOR NOMINEES**

<b>Name, Principal</b>	<b>Age</b>	<b>Served as Director Since</b>
<p><b>Occupation and Other Information</b>  <b>Class III Term to Expire in 2013</b>  <b>Rhys J. Best</b>  Engaged in private investments and Managing Partner of SEREN Holdings LTD, a Texas limited partnership primarily involved in investments  <i>Business Experience:</i> 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 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, and from June 2004 to June 2007, Mr. Best served as Chairman of the board of directors and CEO of Lone Star Technologies, Inc.  <i>Other Board Experience:</i> Mr. Best serves as Chairman of Crosstex Energy, L.P. and has been appointed to serve a two-year term as non-executive Chairman of Austin Industries, Inc. commencing November 29, 2012. He is a director of Trinity Industries, Inc., Cabot Oil &amp; Gas Corporation and MRC Global, Inc.  <i>Qualifications:</i> Mr. Best brings to the Board chief executive leadership and business management experience, as well as strong business acumen and financial and strategic planning expertise. His service on the boards of directors of other publicly traded companies provides our Board with a broad perspective and experience in the areas of management, operations and strategy, as well as additional perspective on the Company's operations, including its international operations and steel manufacturing.</p>	66	2010
<p><b>Richard B. Kelson</b>  Chairman, President and CEO of ServCo, LLC</p>	66	2010

*Business Experience:* Since July 2009, Mr. Kelson has been the Chairman, President and CEO of ServCo, LLC, a strategic sourcing company. Mr. Kelson was an operating advisor of Pegasus Capital, a private equity investment firm, from September 2006 to March 2010. From 1974 to August 2006, Mr. Kelson served in a variety of capacities at Alcoa, Inc., a producer of primary aluminum, fabricated aluminum and alumina, including Chairman's Counsel from January 2006 to August 2006 and Executive Vice President and Chief Financial Officer from 1997 to December 2005.

*Other Board Experience:* Mr. Kelson is a director of MeadWestvaco Corporation, PNC Financial Services Group, Inc., Ecovative Design LLC and Shale-Inland, and he is a former director of Lighting Science Group Corporation.

*Qualifications:* Mr. Kelson brings significant financial and business knowledge and leadership experience to our Board. His past service as an operating advisor provides the Board with valuable contributions in the areas of mergers and acquisitions, capital deployment and other major financial decisions. His service as a leader of a global integrated aluminum manufacturer provides additional perspective on the Company's global industrial and manufacturing operations. His service on the boards of directors of other publicly traded companies provides our Board with a broad perspective and experience in the areas of management, operations and strategy.

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<b>Name, Principal</b>	<b>Age</b>	<b>Served as Director Since</b>
<b>Occupation and Other Information</b>		
<b>Rick J. Mills</b>	65	2012

Retired Former Corporate Vice-President and President of Components Group of Cummins, Inc.

*Business Experience:* Mr. Mills served as the Corporate Vice-President and President of Components Group of Cummins, Inc., a manufacturer of service engines and related technologies, from 2005 to 2008. Mr. Mills spent over 37 years with Cummins, serving in a variety of financial roles before being named Vice President and General Manager of Atlas Inc., a former Cummins business that manufactured engine components, in 1988. He then served as President of Atlas from 1990 to 1993, Vice President of the Pacific Rim and Latin America operations for Cummins Filtration (formerly Fleetguard Inc.) from 1993 to 1996, Corporate Controller of Cummins, Inc. from 1996 to 2000 and Vice-President and Group President of Filtration of Cummins, Inc. from 2000 to 2005.

*Other Board Experience:* Mr. Mills is currently a director of Flowserve Corporation and is a former director of Gerdau Ameristeel and Rohm and Haas Company.

*Qualifications:* Mr. Mills brings to the Board significant leadership, operational and strategic experience gained in his 37 years at Cummins, Inc. in a variety of financial, managerial and executive positions. Mr. Mills has significant international experience from his leadership roles of the Pacific Rim and Latin America operations at Cummins, which provides the Board valuable insight into the Company's international operations and strategy. In addition, Mr. Mills experience as a director of an international manufacturer and an international steel producer and recycler brings valuable corporate leadership and strategy development knowledge to the Board.

**Table of Contents****DIRECTORS CONTINUING IN OFFICE**

<b>Name, Principal</b>	<b>Age</b>	<b>Served as Director Since</b>
<b>Occupation and Other Information</b> <b>Class I Term to Expire in 2014</b> <b>Robert L. Guido</b> Retired Former Vice Chair and Chief Executive Officer of Ernst & Young's Assurance and Advisory Practice	66	2007

*Business Experience:* During Mr. Guido's 38-year career with Ernst & Young, most recently serving as Vice Chair and Chief Executive Officer of Ernst & Young's Assurance and Advisory Practice, he worked with clients in many industries, from privately held companies to some of the firm's largest global companies. In addition to client facing roles, he co-chaired the firm's Global Client Steering Committee, which was comprised of the firm's most senior partners who work with global clients, and served as the Vice-Chair of the audit practice and the Regional Partner in charge of human resources.

*Other Board Experience:* Mr. Guido is a director of Bally Technologies, Inc. and is a director and Chairman of the Audit/Finance Committee of North Highland Consulting, a privately held company based in Atlanta, Georgia and engaged in management consulting services. Mr. Guido is serving a three-year term on the Public Company Accounting Oversight Board's (PCAOB) Standing Advisory Group, which provides the PCAOB with input on its standard-setting process. Mr. Guido also serves on the Risk Advisory Council of the National Association of Corporate Directors.

*Qualifications:* Mr. Guido brings to the Board a significant level of financial and accounting expertise, as well as extensive experience in mergers and acquisitions, which he developed throughout his 38-year career at Ernst & Young. His service at Ernst & Young as a senior advisory and engagement partner to numerous global companies provides him with an in-depth understanding of the range of issues facing global companies. Mr. Guido is experienced at engaging senior management and boards in discussions encompassing key business issues such as strategy, financing alternatives, acquisitions, restructuring and personnel matters. He also brings to the Board important knowledge of and experience with the SEC and PCAOB from his prior dealings with these agencies as a public accountant. Mr. Guido has a valuable background in corporate governance, audit committee best practices and enterprise risk management based on his experiences as a public accountant, guest lecturer and author on enterprise risk management.

<b>Sarah E. Raiss</b> Retired Former Executive Vice President Corporate Services, TransCanada Corporation, Calgary, Alberta, Canada	55	2011
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*Business Experience:* Ms. Raiss was employed by TransCanada Corporation, a North American energy infrastructure company, from 1999 to 2011, most recently serving as Executive Vice President, Corporate Services, from 2002 to 2011 and as Executive Vice President, Human Resources and Public Sector Relations, from 2000 to 2002. Prior to her employment with TransCanada, Ms. Raiss served in various engineering, operations, strategic planning and marketing positions in the telecommunications industry at Ameritech Corporation and its subsidiary, Michigan Bell.

*Other Board Experience:* Ms. Raiss is a director of Shoppers Drug Mart, Canadian Oil Sands, Alberta Electric System Operator and Calgary Petroleum Club and she serves as Calgary Chapter Chair of the Institute of Corporate Directors

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(Canada). She is a former director of MicroPlanet Technologies Corporation, a TSX Venture Exchange Company, at which Ms. Raiss assisted in establishing a governance framework as it became publicly traded.

*Qualifications:* Ms. Raiss brings to our Board strong business acumen and business management experience, as well as functional expertise in strategic planning, merger integration, human resources and corporate governance, all gained through her management and board experiences at significant industrial enterprises. Her service as Executive Vice President, Corporate Services

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<b>Name, Principal</b>	<b>Age</b>	<b>Served as Director Since</b>
<p><b>Occupation and Other Information</b> of TransCanada Corporation and director of Shoppers Drug Mart provide our Board with additional perspective on corporate strategy and opportunities for current and future operations. In addition, Ms. Raiss has received an Institute of Corporate Directors professional designation and has completed courses at Harvard on Making Boards More Effective and at University of Pennsylvania's Wharton School of Business on Creating Value Through Finance.</p>		
<p><b>J. David Smith</b> Retired Former Chairman, President and Chief Executive Officer, Euramax International, Inc.; Currently serving as non-executive Chairman of Nortek, Inc.</p>	63	2004

*Business Experience:* Mr. Smith served as Chairman, President and Chief Executive Officer of Euramax International, Inc., an international producer of aluminum, steel, vinyl, copper and fiberglass products for construction and transportation markets, from 1996 to 2008. In 2011, Mr. Smith served as Interim Chief Executive Officer of Nortek, Inc. Prior thereto, he served as President of Alumax Fabricated Products, Inc. from 1989 to 1996, and held numerous senior operating roles in its predecessor companies from 1972 to 1989.

*Other Board Experience:* Mr. Smith serves as a director and a member of the Audit Committee of Houghton International Inc., and as Chairman and a member of the Audit and Compensation Committees of Siamons International, Inc.

*Qualifications:* Mr. Smith brings to our Board managerial and operational expertise gained through his broad experience in managing and leading a significant industrial and manufacturing enterprise. His service as the Chairman, President and Chief Executive Officer of Euramax International, Inc. provides our Board with additional international and strategic perspectives. Mr. Smith's interim leadership position at Nortek, as well as his service on Nortek's board, have provided him with valuable management, governance and leadership experience that he brings to our Board. In addition, his service on several boards of international companies provides him with international experience and enables him to make valuable contributions to our international growth strategies.

<b>Name, Principal</b>	<b>Age</b>	<b>Served as Director Since</b>
<p><b>Occupation and Other Information</b> <i>Class II Term to Expire in 2015</i> <b>Harold L. Adams</b> Chairman Emeritus of RTKL Associates Inc.</p>		
<p><i>Business Experience:</i> Mr. Adams serves as Chairman Emeritus of RTKL Associates Inc., a global design firm, a position he has held since April 2003. Prior thereto, he served for 36 years as Chairman, President and Chief Executive Officer of RTKL Associates Inc.</p> <p><i>Other Board Experience:</i> Mr. Adams is a director of Legg Mason, Inc., Lincoln Electric Holdings, Inc. and Dewberry Inc., a private engineering company.</p> <p><i>Qualifications:</i> Mr. Adams has accumulated broad experience in managerial and leadership matters in over 36 years of service as Chairman, President and Chief Executive Officer of an international architecture firm. Mr. Adams brings to the Board extensive knowledge of the construction industry, having served as Chairman of The Design-Build Institute of America and as a member of the National Academy of Construction. His service on the Board of Directors of other publicly traded companies provides our Board with additional perspective on the Company's operations and in the areas of management, operations and strategy. In addition, Mr. Adams has served as a leader on U.S. business advisory councils with Korea and China and the Services Policy Advisory Board to the U.S. Trade Negotiator and is Chairman of the Governor's International Advisory Council for the State of Maryland. In these roles, Mr. Adams worked in many major international markets in a myriad of economic climates and cultures.</p>	73	2004

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<b>Name, Principal</b>	<b>Age</b>	<b>Served as Director Since</b>
<b>Occupation and Other Information</b> <b>Joseph Alvarado</b> President and CEO of Commercial Metals Company	60	2011

*Business Experience:* Mr. Alvarado joined the Company in April 2010 as Executive Vice President and Chief Operating Officer. He was named President and Chief Operating Officer in April 2011, and in June 2011, he was appointed President and CEO effective September 1, 2011. He was appointed to our Board on September 1, 2011. Prior to joining Commercial Metals Company, Mr. Alvarado served as President and Chief Operating Officer at Dallas, Texas-based 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 from 2004 through 2007. He held such positions until United States Steel Corporation, a steel manufacturer, named him President of U.S. Steel Tubular Products in June 2007 after completing its acquisition of Lone Star Technologies, Inc. and its related companies, a position he held until March 2009. Mr. Alvarado began his career in steelmaking at Inland Steel Company in 1976, serving in various capacities until he was promoted to President in 1995. Subsequently, Mr. Alvarado served as Executive Vice President-Commercial at Birmingham Steel Company from 1997 to 1998. In 1998, Mr. Alvarado joined Ispat North America Inc. as Vice President-Long Products Sales and Marketing, where he served until joining Lone Star Technologies in 2004.

*Other Board Experience:* Mr. Alvarado is a director of Spectra Energy Corp.

*Qualifications:* Mr. Alvarado has extensive experience in the metals, trading and manufacturing industries, which provides him with a keen understanding of the Company's industry and customer and consumer dynamics. Mr. Alvarado's vast experience in the steel industry has provided him with valuable knowledge of accounting, sales, manufacturing, planning and operations, all of which are relevant to his leadership of the Company and his service on the Board. His experience in domestic and global, integrated and minimill, and flat and long products further qualify him to lead the Company and serve on our Board. His service as our President and CEO as well as a director provides the Board with significant perspective on our global operations. His in-depth knowledge of the Company's strategic priorities and operations enable him to provide valuable contributions and facilitate effective communication between management and the Board. His role as President and CEO also enables him to provide important contributions to strengthening the Company's leadership, operations, strategy, growth and long-range plans.

<b>Anthony A. Massaro</b> Retired Former Chairman, President and Chief Executive Officer of Lincoln Electric Holdings, Inc.	68	1999
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*Business Experience:* Mr. Massaro served as President and Chief Executive Officer of Lincoln Electric Holdings, Inc., a manufacturer of welding and cutting equipment, from 1996 to January 2005, and as Chairman from May 1997 to October 2005. Prior to becoming Chief Executive Officer of Lincoln Electric, he served as President and Chief Operating Officer and also as President of both Lincoln Europe and Lincoln International. Prior to joining Lincoln Electric in 1993, Mr. Massaro served as a Group President of Westinghouse Electric Corporation, which he joined in 1967. Prior to his service as a Group President, he served as Westinghouse's Executive Vice President for the Industrials and Environmental Group and held a series of engineering and management positions in Westinghouse's nuclear, international and automation divisions.

*Other Board Experience:* Mr. Massaro serves as a director of PNC Financial Services Group, Inc. and USG Energy. He is a former director of Thomas Industries.



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**Name, Principal**

**Occupation and Other Information**

*Qualifications:* Mr. Massaro has broad experience in leading a significant industrial enterprise, particularly with respect to international operations and business management. His service as the Chairman, President and Chief Executive Officer of Lincoln Electric Holdings, Inc. provides the Board with strong global business acumen and financial and strategic planning expertise. His strong international background provides our Board with additional perspective on corporate strategy and opportunities for current and future international operations. In addition, his public company directorship service provides our Board with experience in the areas of management, operations and strategy and provides additional perspective on the Company's operations.

**Joseph Winkler**

Chairman and Chief Executive Officer of Complete Production Services, Inc.

**Served as  
Director  
Since**

**Age**

61 2012

*Business Experience:* Mr. Winkler served as the Chairman and Chief Executive Officer of Complete Production Services, Inc., an oilfield services provider, from March 2007 to February 2012. Prior thereto, Mr. Winkler served as President and Chief Executive Officer of Complete Production Services, Inc. from March 2005 to March 2007. Prior to joining Complete Production Services, Inc., Mr. Winkler was an executive for National Oilwell Varco and several of its predecessor entities from April 1996 to March 2005.

*Other Board Experience:* Director of Dresser-Rand (DRC), Hi-Crush Partners LP and Petroleum Equipment Suppliers Association.

*Qualifications:* Mr. Winkler brings to the Board significant leadership, operational and strategic experience gained from his service as Chairman and Chief Executive Officer of Complete Production Services, Inc. and his executive experience at National Oilwell Varco and its predecessors. His public-company board of directors service provides our Board with valuable corporate leadership, governance and strategy development knowledge.

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

**Vote Required**

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

**The Board recommends a vote FOR the election of the nominees for director named above: Rhys J. Best, Richard B. Kelson, and Rick J. Mills.**



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**CORPORATE GOVERNANCE; BOARD AND COMMITTEE MATTERS**

*Director Independence.* Our Board of Directors has determined, after considering all the relevant facts and circumstances, that Ms. Raiss and Messrs. Adams, Best, Guido, Kelson, Massaro, Mills, Smith and Winkler 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) that would cause the independence requirements of the NYSE listing standards to not be satisfied.

*Board Leadership Structure.* Currently, Mr. Massaro serves as the Chairman of the Board and Mr. Alvarado is the President and CEO. Effective January 1, 2013, the Board has appointed Mr. Alvarado to serve as Chairman of the Board and Mr. Massaro to serve as Lead Director. In appointing Mr. Alvarado as Chairman of the Board, the independent directors have concluded that the most effective leadership structure for the Company at the present time is for Mr. Alvarado to serve as both CEO and as Chairman of the Board. The Board made this determination in light of Mr. Alvarado's service to the Company and his leadership during the Company's significant financial improvement. His myriad of experience within the Company's industry afford him a broad and uniquely well-informed perspective on the Company's business, as well as substantial insight into the trends and opportunities that can affect the Company's future. As discussed further below, the Lead Director is responsible for providing leadership to the Board when circumstances arise in which the joint role of the Chairman and CEO may have been, or may have been perceived to be, in conflict and chairing those Board sessions that are attended only by independent directors. The Company believes Mr. Alvarado holding the joint role of Chairman and CEO is an appropriate structure as it promotes unified leadership and direction for the Company, allowing for a single, clear focus for management to execute the Company's strategy and business plans. The combination of the Chairman and CEO roles is balanced by the appointment of Mr. Massaro as Lead Director, as well as the high majority of the Board being comprised of independent directors. Additionally, the Board believes that having a Lead Director as part of its leadership structure promotes greater management accountability and ensures that directors have an independent contact on matters of concern to them.

*Lead Director.* When considered appropriate, our corporate governance guidelines permit the designation of a Lead Director for a two-year term by the majority vote of independent directors. As discussed above, the Board has appointed Mr. Massaro as Lead Director effective as of January 1, 2013. The responsibilities of the Lead Director include (i) convening and presiding over executive sessions attended only by independent or independent and non-employee directors, (ii) communicating to the CEO the substance of discussions held during those sessions to the extent requested by the participants, (iii) serving as a liaison between the Chairman of the Board and the Board's independent directors on sensitive issues, (iv) consulting with the Chairman of the Board on meeting schedules and agendas in order to assure that sufficient time is available for discussion of agenda items, (v) consulting with the Chairman of the Board regarding materials to be sent to the Board, including the format and adequacy of information, (vi) consulting with the Chairman of the Board to assure the effectiveness of the Board meeting process and (vii) presiding at meetings of the Board 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 approved procedures and may periodically, as directed by the Board, be asked to speak for the Company or perform other responsibilities.

*Board Role in Risk Oversight.* Management has responsibility for managing overall risk to the enterprise. Our Board assesses the enterprise-level risks that face the Company from a strategic point of view and reviews options for risk mitigation. The responsibility to review and assess such risk exposure includes reviewing regulatory, safety, environmental and financial matters, contingent liabilities, and other risks which may be material to the Company, as well as the activities of management in identifying, assessing and mitigating against business, commercial, regulatory, operational, financial and other risks associated with the Company's products and services. The President and CEO periodically reports to the Board on his and management's assessment of risks impacting the Company. The Audit Committee, discussed below, has the responsibility to review the Company's major financial reporting risks or exposures and to assess the steps taken by management to monitor and control such risks and exposures. The Audit Committee's review of these risks and exposures include, but are not limited to: (i) insurance; (ii) any special-purpose entities, complex financing transactions and related off-balance sheet accounting matters; and (iii) legal matters that may significantly impact the Company's

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financial statements or risk management. In addition, the Finance Committee provides ongoing guidance and oversight of transactions involving financing, investments, and merger and acquisition activity. Both of these committees provide the Compensation Committee with a perspective on the relationship between compensation and risk, which the Compensation Committee uses in its evaluation of management compensation in order to ensure management's continued focus on growth in shareholder value without incentivizing undue risk.

*Corporate Governance Guidelines and Code of Ethics.* Our Board has adopted corporate governance guidelines. Our Corporate Governance Guidelines reflect the principles by which we operate. From time to time, the Nominating and Corporate Governance Committee and the Board review and revise our Corporate Governance Guidelines in response to regulatory requirements and evolving best practices. 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 who 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, and any other officer who may function as a Chief Accounting Officer or a director. Our Corporate Governance Guidelines, the Code of Conduct, the Financial Code of Ethics and other information are available at our website, [www.cmc.com](http://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.

*Stockholder Communications.* Interested parties may communicate with the non-executive Chairman of the Board or, from and following January 1, 2013, 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 Corporate Secretary at P.O. Box 1046, Dallas, Texas 75221.

*Meetings of the Board.* During the fiscal year ended August 31, 2012, the entire Board met sixteen times, of which six were regularly scheduled meetings and ten were special meetings. All directors attended at least seventy-five percent (75%) or more of the meetings of the Board and of the committees on which they served. We expect all directors and nominees to attend the Annual Meeting. All directors attended the 2012 annual meeting.

*Executive Sessions.* As required by the NYSE listing standards, 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 non-executive Chairman of the Board or, from and following January 1, 2013, the Lead Director. In fiscal year 2012, all of the non-employee directors, which includes all members of the Board other than Mr. Alvarado, held six non-employee director sessions in connection with each Board of Directors meeting and one stand-alone meeting.

## **Board Committees**

We have four standing board committees: Audit, Compensation, Nominating and Corporate Governance and Finance. Membership of each of these committees is comprised entirely of independent directors. The Board has adopted charters for each of these committees describing the authority and responsibilities delegated to each committee by the Board. All committee charters are available at our website, [www.cmc.com](http://www.cmc.com), and 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.

*Audit Committee.* The Board has a standing Audit Committee that performs the activities more fully described in the Audit Committee Report on page 57. At the beginning of fiscal year 2012, the members of the Audit Committee were Messrs. Guido (Chairman), Adams, Massaro, Neary, Smith and Ms. Raiss. Effective November 7, 2011, the members of the Audit Committee are Messrs. Adams, Guido, Massaro, and Womack and effective January 1, 2012, Mr. Mills was appointed to the Audit Committee. Mr. Guido remains the Chairman of the Audit Committee. During the fiscal year ended August 31, 2012, the Audit Committee met seven times.

*Compensation Committee.* The Board has a standing Compensation Committee that is responsible for the matters described in the Compensation Committee's charter, including (i) annually reviewing and approving

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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. Additional responsibilities of the Compensation Committee are (i) to assist the Board 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, (ii) to make recommendations to the Board with respect to incentive compensation plans, equity based plans and other compensation and benefits programs that are subject to Board approval, (iii) to administer the Company's incentive compensation, stock option and other equity based plans, including approving option guidelines and grants, making, modifying, substituting or canceling grants, designating participants, interpreting the plans and programs, determining plan and program rule and regulations, and imposing limitations, restrictions and conditions upon any award, (iv) to review and make recommendations to the Board regarding any employment, severance, change in control or separation agreement, or any deferred compensation arrangement, to be entered into with any executive officer, (v) to review and discuss with management the Compensation Discussion and Analysis ( CD&A ) included in the proxy statement and, based on such review and discussion, recommend to the Board that such CD&A be included in the annual report on Form 10-K and the proxy statement, (vi) to prepare the Compensation Committee Report for inclusion in the proxy statement, (vii) to conduct a Compensation Committee self-assessment annually and (viii) to annually review the Compensation Committee's charter. At the beginning of fiscal year 2012, the members of the Compensation Committee were Messrs. Smith (Chairman), Best, Guido, Kelson, Massaro and Womack. Effective November 7, 2011, the members of the Compensation Committee are Messrs. Smith, Best, Kelson, and Ms. Raiss. Mr. Smith remains the Chairman of the Compensation Committee. The Compensation Committee met eleven times during the fiscal year ended August 31, 2012. 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 engagement and use of independent third-party compensation consultants, please see the Compensation Discussion and Analysis section of this proxy statement.

*Nominating and Corporate Governance Committee.* The Board 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 and Board committees, (ii) monitoring developments in corporate governance matters and overseeing compliance with statutes, rules and regulations relating thereto, including reviewing, assessing and making recommendations to the Board with respect to our corporate governance guidelines, (iii) overseeing and recommending compensation of non-employee directors, (iv) overseeing the annual self-evaluation of the performance of the Board and management, (v) reviewing management succession planning, including reviewing and considering candidates for executive officer succession, and (vi) other corporate governance matters. At the beginning of fiscal year 2012, the members of the Nominating and Corporate Governance Committee were Messrs. Kelson (Chairman), Adams, Best, Guido, Massaro, Neary, Smith, Womack and Ms. Raiss. Effective November 7, 2011, the members of the Compensation Committee are Ms. Raiss and Messrs. Guido, Kelson and Massaro. Mr. Kelson remains the Chairman of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee met six times during the fiscal year ended August 31, 2012.

*Finance Committee.* The Board has established a standing Finance Committee that is responsible for the matters described in the Finance Committee's charter, including reviewing and making recommendations to the Board with respect to (i) potential strategic transactions including mergers, acquisitions, divestitures, joint ventures and other investments and proposed major capital expenditures along with reviewing the performance of the forgoing, (ii) our cash position, capital structure and strategies, financing strategies, debt arrangements and insurance coverage matters, (iii) our dividend policy, stock splits and stock repurchases and debt arrangements, (iv) the issuances, as appropriate, of debt or equity securities and (v) the adequacy of the funding of our funded retirement plans and welfare benefits plans (other than those plans maintained pursuant to a collective agreement that names a joint administrative board as the governing plan fiduciary) in terms of our corporate purposes and

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objectives. The Finance Committee also conducts annually an evaluation of its own performance and, in light of this, considers changes in the membership, charter or procedures of the committee. At the beginning of fiscal year 2012, the members of the Finance Committee were Messrs. Adams, Best (Chairman), Kelson, Neary and Womack. Effective November 7, 2011, the members of the Finance Committee are Messrs. Adams, Best, Smith and Womack, and effective June 25, 2012, Mr. Winkler was appointed to the Finance Committee. Mr. Best remains the Chairman of the Finance Committee. The Finance Committee met four times during the fiscal year ended August 31, 2012.

*Selection of Nominees for Election to the Board.* The Nominating and Corporate Governance Committee has established a process for identifying and evaluating nominees for 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. In addition to considering these qualifications, the Nominating and Corporate Governance Committee will consider such relevant factors as it deems appropriate, including the current composition of our Board, the evaluations of other prospective nominees, and the need for any required expertise on our Board or one of its committees. The Nominating and Corporate Governance Committee also contemplates multiple dynamics that promote and advance diversity among the members of our Board. Although the Nominating and Corporate Governance Committee does not have a formal diversity policy, the Nominating and Corporate Governance Committee considers a number of factors regarding diversity of personal and professional backgrounds (both domestic and international), national origins, specialized skills and acumen, and breadth of experience in industry, manufacturing, financing transactions, and business combinations. Dedication of sufficient time, energy and attention to insure diligent and effective performance of their duties is expected of directors. Directors should be committed to serve on our Board for an extended period of time, if elected by stockholders. The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders on the same basis that it evaluates other nominees for director. In order for the Nominating and Corporate Governance Committee to consider persons recommended by stockholders for inclusion as nominees for election to our Board, 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. A stockholder wishing to formally nominate a director for election at a stockholder meeting must comply with the provisions in the Company's second amended and restated bylaws addressing stockholder nominations of directors.

## **COMPENSATION COMMITTEE REPORT**

The Compensation Committee of the Board 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 that this Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2012.

J. David Smith (Chairman)

Rhys J. Best

Richard B. Kelson

Sarah E. Raiss

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Executive Summary**

The Company manufactures, recycles and markets steel and metal products, related materials and services through a