COMMERCIAL METALS CO
Form 424B2
July 13, 2007

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Filed Pursuant to Rule 424(b)(2)
A filing fee of $12,280, calculated in accordance with Rule 457(r), has been transmitted to the SEC in connection with the securities offered from the registration statement (File No. 333-144500) by means of this prospectus supplement.

Prospectus Supplement
July 12, 2007
(To Prospectus dated July 12, 2007)

$400,000,000

Commercial Metals Company

6.50% Notes due 2017

The Notes will mature on July 15, 2017 (the Notes). The Notes will bear interest at a rate of 6.50% per year. Interest on the Notes will be paid on January 15 and July 15 of each year, beginning January 15, 2008.

At our option, we may redeem some or all of the Notes at any time at the redemption price described in Description of the Notes Optional Redemption.

Upon the occurrence of a change of control triggering event, we will be required to make an offer to repurchase all outstanding Notes at a price in cash equal to 101% of the principal amount of the Notes, plus any accrued and unpaid interest to, but not including, the purchase date. See Description of the Notes Change of Control Offer.

The Notes will be unsecured and will rank equally with all of our unsecured and unsubordinated indebtedness from time to time outstanding.

Investing in the Notes involves risks. See Risk Factors beginning on page S-5 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Note	**Total**
Public Offering Price(1)	99.906%	$ 399,624,000

Underwriting Discount	0.650%	$	2,600,000
Proceeds, Before Expenses, to the Company(1)	99.256%	$	397,024,000

(1) Plus accrued interest, if any, from July 17, 2007, if settlement occurs after that date.

The Notes will not be listed on any securities exchange or quoted on any automated dealer quotation system. Currently there is no public market for the Notes.

We expect to deliver the Notes to investors in registered book-entry form through the facilities of The Depository Trust Company and its participants on or about July 17, 2007.

Joint Book-Running Managers

Banc of America Securities LLC **ABN AMRO Incorporated**

Senior Co-Managers

BNP PARIBAS **JPMorgan**
HSBC **Scotia Capital**

Co-Managers

BMO Capital Markets **Lazard Capital Markets**
Fortis Securities LLC **Wells Fargo Securities**

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

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Prospectus Supplement

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SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This is not intended to be a complete description of the matters covered in this prospectus supplement and the accompanying prospectus and is subject, and qualified in its entirety by reference, to the more detailed information and financial statements (including the notes thereto) included or incorporated by reference in this prospectus supplement and the accompanying prospectus. Unless otherwise indicated, all references to Commercial Metals Company, the Company, we, us and our refer to Commercial Metals Company and its consolidated subsidiaries.

The Company

General

We manufacture, recycle, market and distribute steel and metal products and related materials and services through a network of locations located throughout the United States and internationally. We consider our business to be organized into five segments: domestic mills, our Polish mill CMC Zawiercie S.A. (CMCZ) and related operations, domestic fabrication, recycling and marketing and distribution.

We were incorporated in 1946 in the State of Delaware. Our predecessor company, a metals recycling business, has existed since approximately 1915. We maintain our executive offices at 6565 MacArthur Boulevard in Irving, Texas, telephone number (214) 689-4300.

Recent Developments

On March 2, 2007, the Company purchased all of the minority shares of CMCZ owned by the Polish Ministry of State Treasury for approximately $59.5 million, making the Company the owner of approximately 99% of the outstanding shares of CMCZ.

On April 17, 2007, the Company completed the acquisition of substantially all of the operating assets of Nicholas J. Bouras, Inc., and its subsidiaries, United Steel Deck, Inc., The New Columbia Joist Company, and ABA Trucking Corporation. United Steel Deck, Inc. manufactures steel deck at facilities in South Plainfield, New Jersey; Peru, Illinois; and Rock Hill, South Carolina. The New Columbia Joist Company manufactures steel joists in New Columbia, Pennsylvania. ABA Trucking Corporation provides delivery services for United Steel Deck, Inc. and The New Columbia Joist Company. The purchase price was approximately $145.9 million, including inventory. The acquired assets have been combined with CMC Joist and operate under the trade name CMC Joist & Deck as part of our domestic fabrication segment.

This acquisition adds joist manufacturing capacity to meet the needs of our customers in the Northeast and establishes CMC Joist as a manufacturer of steel deck. We believe the acquisition is complementary to our current operations, providing both geographic and product growth opportunities.

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The Offering

Issuer	Commercial Metals Company.
Securities Offered	$400,000,000 aggregate principal amount of Notes due 2017.
Maturity	July 15, 2017.
Interest	Interest on the Notes will accrue at the rate of 6.50% per year and will be payable in cash in arrears on January 15 and July 15 of each year, beginning on January 15, 2008.
Ranking	The Notes will rank equally in right of payment with all of our unsecured and unsubordinated indebtedness from time to time outstanding.
Further Issuances	We may at our option and with the consent of the existing holders of the Notes issue additional debt securities having the same terms as the Notes offered hereby. Such debt securities will be treated as part of the same series as the Notes under the indenture governing the terms of the Notes.
Sinking Fund	None.
Optional Redemption	At our option, we may redeem some or all of the Notes at any time at the redemption price described in Description of the Notes Optional Redemption.
Change of Control Offer	Upon the occurrence of a change of control triggering event, we will be required to make an offer to repurchase all outstanding Notes at a price in cash equal to 101% of the principal amount of the Notes, plus any accrued and unpaid interest to, but not including, the purchase date. See Description of the Notes Change of Control Offer.
Use of Proceeds	The net proceeds from this offering, after deducting underwriting discounts and expenses of the offering, are estimated to be approximately $397,000,000. We intend to use a substantial portion of the net proceeds from this offering (i) to repay our 6.80% notes that are due August 1, 2007, (ii) to repay commercial paper and other short term domestic bank borrowings, (iii) to fund construction of and working capital for a micro mill in Arizona currently anticipated to begin operations in May 2009, and (iv) for general corporate purposes, which may include acquisitions. See Use of Proceeds.
Trading	We do not intend to list the Notes on any national securities exchange or have them quoted on any automated dealer quotation system. The Notes will be new securities for which there is currently no public market. See Risk Factors-Risks Related to the Notes-There is no public market for the Notes, and a market for the Notes may not develop.
Risk Factors	

Investing in the Notes involves risks. See Risk Factors and other information in this prospectus supplement and the accompanying prospectus for a discussion of factors you should consider carefully before deciding to invest in the Notes.

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Summary Financial Data

The selected income statement data and balance sheet data presented below are for the nine months ended May 31, 2007 and May 31, 2006 and for the years ended August 31, 2006, 2005, 2004, 2003 and 2002. The selected financial data should be read in conjunction with our consolidated financial statements and Management s Discussion and Analysis of Financial Condition and Results of Operations of our annual report on Form 10-K filed with the Securities and Exchange Commission (the SEC) for the year ended August 31, 2006 incorporated by reference into this prospectus supplement and accompanying prospectus. The results for the nine months ended May 31, 2007 are not necessarily indicative of the results for the year ending August 31, 2007.

	Nine Months Ended		Year Ended August 31,				
	May 31,	May 31,					
n millions except share data and ratios)	2007	2006	2006	2005	2004	2003	2002
come Statement Data:							
et Sales	$ 6,348	$ 5,306	$ 7,556	$ 6,593	$ 4,768	$ 2,876	$ 2,480
ost and Expenses							
ost of goods sold	5,488	4,570	6,477	5,694	4,161	2,587	2,162
elling, general and administrative expenses	440	356	495	425	364	243	236
terest expense	27	21	30	31	28	16	19
oss on reacquisition of debt					3		
	5,955	4,947	7,002	6,150	4,556	2,846	2,417
arnings Before Income Taxes and inority Interests	393	359	554	443	212	30	63
come Taxes	133	129	188	158	65	11	22
arnings Before Minority Interests	260	230	366	285	147	19	41
inority Interests	9	2	10	(1)	15		
et Earnings	$ 251	$ 228	$ 356	$ 286	$ 132	$ 19	$ 41
asic earnings per share	$ 2.13	$ 1.93	$ 3.02	$ 2.42	$ 1.15	$ 0.17	$ 0.37
iluted earnings per share	$ 2.06	$ 1.84	$ 2.89	$ 2.32	$ 1.11	$ 0.17	$ 0.36
ash dividends per common share	$ 0.24	$ 0.11	$ 0.17	$ 0.12	$ 0.09	$ 0.08	$ 0.07
ther Financial Data:							
BITDA(1)	$ 486	$ 439	$ 659	$ 552	$ 296	$ 107	$ 143
atio of earnings to fixed charges(2)	12.02	13.35	14.80	12.43	7.30	2.57	3.77
atio of EBITDA to interest expense	18.2	21.1	22.3	17.7	10.5	7.0	7.7
atio of total debt to EBITDA	1.15	0.96	0.67	0.72	1.40	2.60	1.79
alance Sheet Data (at end of period):							
ash and cash equivalents	$ 73.1	$ 123.2	$ 180.7	$ 119.4	$ 123.6	$ 75.1	$ 124.4
otal assets	$ 3,264.2	$ 2,646.1	$ 2,898.9	$ 2,332.9	$ 1,988.0	$ 1,283.3	$ 1,247.4
ong-term debt	$ 309.6	$ 387.3	$ 322.1	$ 386.7	$ 393.4	$ 255.0	$ 256.0
otal debt	$ 559.3	$ 419.3	$ 442.2	$ 395.6	$ 414.9	$ 278.7	$ 256.6
ockholders equity	$ 1,481.1	$ 1,169.4	$ 1,220.1	$ 899.6	$ 660.6	$ 506.9	$ 501.3

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(1) EBITDA relates to net earnings before interest expense, income taxes, depreciation and amortization and is a performance measure that is not derived in accordance with generally accepted accounting principles (GAAP). In calculating EBITDA, we exclude our largest recurring non-cash charge, depreciation and amortization. EBITDA provides a core operational performance measurement that compares results without the need to adjust for federal, state and local taxes which have considerable variation between domestic jurisdictions. Tax regulations in international operations add additional complexity. Also, we exclude interest cost in our calculation of EBITDA. The results are, therefore, without consideration of financing alternatives of capital employed. We use EBITDA as one guideline to assess our unleveraged performance return on investments. EBITDA is also the target benchmark for our long-term cash incentive performance for management. Reconciliations to net earnings are provided below.

	Nine Months Ended		**Year Ended August 31,**				
(in millions)	**May 31, 2007**	**May 31, 2006**	**2006**	**2005**	**2004**	**2003**	**2002**
Net earnings	$ 251	$ 228	$ 356	$ 286	$ 132	$ 19	$ 41
Interest expense	27	21	30	31	28	16	19
Income taxes	133	129	188	158	65	11	22
Depreciation and amortization	75	61	85	77	71	61	61
EBITDA	$ 486	$ 439	$ 659	$ 552	$ 296	$ 107	$ 143

(2) After giving pro forma effect to the sale of the Notes and the repayment of our indebtedness as described in Use of Proceeds , the ratio of earnings to fixed charges for the year ended August 31, 2006, would have been 9.49 and for the nine months ended May 31, 2007, would have been 8.56.

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RISK FACTORS

Before you invest in the Notes, you should carefully consider the following risks. The risks described below are not the only ones facing us. Additional risks not currently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. You should also review the other risks contained in our annual report on Form 10-K filed with the SEC for the year ended August 31, 2006, which is incorporated by reference into this prospectus supplement and accompanying prospectus.

This prospectus supplement, the accompanying prospectus and the information included or incorporated by reference also contain forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus supplement, the accompanying prospectus and the information included or incorporated by reference.

Risks Related to Our Indebtedness

We have substantial debt and have the ability to incur additional debt. The principal and interest payment obligations of our debt may restrict our future operations and impair our ability to meet our obligations under the Notes.

As of May 31, 2007, we had approximately $559.3 million of outstanding indebtedness. After giving *pro forma* effect to, and the use of proceeds from, the sale of the Notes, our total consolidated indebtedness would have been $762.4 million. See Liquidity and Capital Resources and Contractual Obligations set forth under Management s Discussion and Analysis of Financial Condition and Results of Operations of our annual report on Form 10-K filed with the SEC for the year ended August 31, 2006 for additional information regarding our debt obligations. The indenture governing the Notes will permit us to incur additional debt. See Description of the Notes.

The amount of our debt may have important consequences to you. For instance, it could:

- make it more difficult for us to satisfy our financial obligations, including those relating to the Notes;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of interest and principal due under our debt, including the Notes, which will reduce funds available for other business purposes;
- increase the risk of a ratings downgrade, increasing our cost of financing and limiting our access to capital markets;
- increase the risk of a default of certain loan covenants, restricting our use of cash and financing alternatives;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- place us at a competitive disadvantage compared with some of our competitors that have less debt; and

limit our ability to obtain additional financing required to fund working capital and capital expenditures, mergers and acquisitions and for other general corporate purposes.

Our ability to satisfy our obligations and to reduce our total debt depends on our future operating performance and on economic, financial, competitive and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow, and future financings may not be available to provide sufficient net proceeds, to meet these obligations or to successfully execute our business strategy.

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Credit ratings affect our ability to obtain financing and the cost of such financing.

Credit ratings affect our ability to obtain financing and the cost of such financing. Our commercial paper program is ranked in the second highest category by Moody s Investors Service (P-2) and Standard & Poor s Corporation (A-2). Our senior unsecured debt is investment grade rated by Standard & Poor s Corporation (BBB) and Moody s Investors Service (Baa2). In determining our credit ratings, the rating agencies consider a number of both quantitative and qualitative factors. These factors include earnings, fixed charges such as interest, cash flows, total debt outstanding, off balance sheet obligations and other commitments, total capitalization and various ratios calculated from these factors. The rating agencies also consider predictability of cash flows, business strategy and diversity, industry conditions and contingencies. Lower ratings on our commercial paper program or our senior unsecured debt could impair our ability to obtain additional financing and will increase the cost of the financing that we do obtain.

The agreements governing the Notes and our other debt contain financial covenants and impose restrictions on our business.

The indenture governing the Notes, our 6.80% notes due 2007, 6.75% notes due 2009 and 5.625% notes due 2013 contains restrictions on our ability to create liens, sell assets, enter into sale and leaseback transactions and consolidate or merge. In addition, our credit facility contains covenants that place restrictions on our ability to, among other things:

- create liens;
- enter into transactions with affiliates;
- sell assets;
- in the case of some of our subsidiaries, guarantee debt; and
- consolidate or merge.

Our credit facility also requires that we meet certain financial tests and maintain certain financial ratios, including a maximum debt to capitalization and interest coverage ratios.

Although the debt owed by CMCZ under a five-year term note is without recourse to Commercial Metals Company, our Swiss subsidiary that owns the CMCZ shares or any other of our subsidiaries, the note does contain certain covenants with which we must comply, including minimum debt to EBITDA, debt to equity and tangible net worth requirements (as defined only by reference to CMCZ s financial statements).

Other agreements that we may enter into in the future may contain covenants imposing significant restrictions on our business that are similar to, or in addition to, the covenants under our existing agreements. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise.

Our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions. The breach of any of these restrictions could result in a default under the indenture governing the Notes or under our other debt agreements. An event of default under any of our debt agreements would permit some of our lenders to declare all amounts borrowed from them to be due and payable, together with accrued and unpaid interest. If we were unable to repay debt to our secured lenders to the extent we incur secured debt in the future, these lenders could proceed against the collateral securing that debt. In addition, acceleration of our other indebtedness may cause us to be unable to make interest payments on the Notes.

Risks Related to the Notes

The Notes will be effectively subordinated to our secured debt.

Our obligations under the Notes are unsecured. As a result, the Notes will be effectively subordinated to any secured debt to the extent of the collateral securing that debt. As of May 31, 2007, we had approximately

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$12.7 million of secured debt outstanding and our short term credit facilities were unsecured. After giving *pro forma* effect to, and the use of proceeds from, the sale of the Notes, our total secured debt outstanding would have been $12.7 million. We may in the future issue additional secured debt. If we are not able to repay amounts due under the terms of the secured debt, the holders of the secured debt could proceed against the collateral securing that indebtedness. In that event, any proceeds received upon a realization of the collateral securing that indebtedness would be applied first to amounts due under the terms of the secured debt before any proceeds would be available to make payments on the Notes. If we default under any secured debt, the value of the collateral on the secured debt may not be sufficient to repay both the holders of the secured debt and the holders of the Notes.

We depend in part on our subsidiaries to generate sufficient cash flow to meet our debt service obligations, including payments on the Notes.

Although Commercial Metals Company is an operating company, a substantial part of its assets consists of the capital stock or other equity interests of its subsidiaries. As a result, we depend in part on the earnings of our subsidiaries and the availability of their cash flows to us, or upon loans, advances or other payments made by these entities to us to service our debt obligations, including the Notes. The ability of these entities to pay dividends or make other payments or advances to us will depend upon their operating results and will be subject to restrictions under agreements to which we are a party and applicable laws.

Our ability and the ability of our subsidiaries to generate sufficient cash flow from operations to allow us to make scheduled payments on our debt, including the Notes, will depend on our and their future financial performance, which is impacted by a range of economic, competitive and business factors, many of which are outside of our control. If we and our subsidiaries do not generate sufficient cash flow from operati