

COMMERCIAL METALS CO

Form DEF 14A

December 18, 2009

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

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

COMMERCIAL METALS COMPANY

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held January 28, 2010**

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

- (1) To elect three persons to serve as directors until the 2013 annual meeting of stockholders and until their successors are elected;
- (2) To approve the adoption of the Commercial Metals Company 2010 Employee Stock Purchase Plan;
- (3) To approve an amendment to our 2006 Long-Term Equity Incentive Plan (the 2006 Equity Plan ) to (i) increase the number of shares of common stock available for awards under the 2006 Equity Plan from 5,000,000 shares to 10,000,000 shares, (ii) add certain restrictions to the share reuse provisions of the 2006 Equity Plan, (iii) place limitations on the number of full value awards that may be granted pursuant to the 2006 Equity Plan, (iv) reduce the maximum term of any award to seven years from ten years and (v) remove a restriction requiring a reduction in the term of an award due to a termination of service;
- (4) To approve an amendment to our 1999 Non-Employee Director Stock Plan, Second Amendment and Restatement (the 1999 Director Stock Plan ) to (i) remove certain limitations placed on the option period during which stock options can be exercised following a termination of service due to death, disability or retirement and (ii) extend the term of the 1999 Director Stock Plan from January 31, 2010 to January 31, 2015;
- (5) To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending August 31, 2010; and
- (6) To transact such other business as may properly come before the annual meeting or any adjournments of the annual meeting.

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

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

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By Order of the Board of Directors,

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

Irving, Texas  
December 18, 2009

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

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

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

**PROXY STATEMENT  
FOR  
ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held January 28, 2010**

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

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

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

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

**OUTSTANDING VOTING SECURITIES**

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

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

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

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

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

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

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

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

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

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





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

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

\* Less than one percent

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

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

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

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

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**PROPOSAL I**

**ELECTION OF DIRECTORS**

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

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

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

Mr. Kelson is an operating advisor of Pegasus Capital, a private equity investment firm, and has served in this position since October 2006. In August 2006, he retired from Alcoa, Inc. ( Alcoa ), a producer of primary aluminum, fabricated aluminum and alumina, where he served as Chairman s Counsel from January 2006 to August 2006, served as Executive Vice President and Chief Financial Officer from 1997 to December 2005 and as a

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member of the Executive Council, which is the senior leadership group that provides strategic direction for the company. He joined Alcoa in 1974.

**NOMINEES**

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

**DIRECTORS CONTINUING IN OFFICE**

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

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

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

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

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

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

**Vote Required**

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

**ADDITIONAL INFORMATION RELATING TO CORPORATE GOVERNANCE  
AND THE BOARD OF DIRECTORS**

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

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

A director will not be independent if:

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



executive officers (except as an interim Chairman or CEO or other executive officer);

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

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

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

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

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

We have three standing board committees, Audit, Compensation and Nominating and Corporate Governance. Membership of each of these committees is comprised entirely of independent directors. The Board of Directors has adopted charters for each of these committees describing the authority and responsibilities delegated to each committee by the Board of Directors. Our Board of Directors has also adopted corporate governance guidelines. We have also adopted a Code of Conduct and Business Ethics (the Code of Conduct), which applies to all of our directors, officers and employees. In addition, we have adopted a separate Financial Code of Ethics which is applicable to our CEO, CFO, Corporate Controller and any other officer that may function as a Chief Accounting Officer. We intend to post any amendments to or waivers from our Financial Code of Ethics and our Code of Conduct on our website to the extent applicable to our CEO, CFO, Corporate Controller, any other officer that may function as a Chief Accounting Officer or a director. All committee charters, corporate governance guidelines, the Code of Conduct, the Financial Code of Ethics and other information are available at our website, [www.cmc.com](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.

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

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

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

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

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

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

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

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

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

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

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

**SECTION 16 BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

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

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**COMPENSATION COMMITTEE REPORT**

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

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

**COMPENSATION DISCUSSION AND ANALYSIS**

**Introduction**

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

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

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

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

The executive compensation program is targeted to attract top-caliber, achievement-oriented executives. Our executive compensation philosophy is based on the premise that it is in the best interests of the stockholders for us to

establish and maintain a competitive executive compensation program. Our base salary philosophy consists of maintaining competitive base salaries which we target at approximately the 40<sup>th</sup> percentile benchmarked against positions of similar responsibility within the Peer Group as defined below. Short and long-term variable compensation provides the opportunity, based on performance, to earn in excess of the Peer Group 75<sup>th</sup> percentile. A significant portion of potential executive compensation is variable based upon our financial performance, which we believe aligns executive performance goals with those of stockholders, and, thus, constitutes a larger percentage of an executive's overall compensation opportunity. We will pay higher compensation when goals are exceeded and reduced compensation when goals are not met, taking into consideration individual ability to influence results.



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

facilitates the attraction and retention of top-caliber talent;

aligns the interests of our executives with those of stockholders in both the short and long-term; and

offers moderate base salaries and competitive employee benefits coupled with significant annual and long-term variable incentives dependent upon achieving superior financial performance of the Company and/or business units.

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

largely formulaic;

designed to compensate based upon both individual and Company performance;

established and communicated early in the performance period; and

designed generally to minimize subjective discretion.

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

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

### ***How Does the Committee Operate?***

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

### ***Does the Committee or the Company Use External Compensation Advisors?***

Since 2005, the Committee has engaged Ernst & Young LLP ( E&Y ) on an ongoing basis to consult on compensation matters. All work performed by E&Y with regard to our executive compensation program is tasked and overseen directly by the Committee. Our management works with E&Y, and occasionally other external advisors hired by management to ensure that the information, analysis, and recommendations given to the Committee provide a thorough and accurate basis for its decisions. In addition, we participate in and purchase various compensation surveys and studies which management uses to analyze compensation for employees other than the executives listed in the Summary Compensation Table on page 31. This information is also made available to the Committee. We believe that utilizing information from multiple external consulting firms and surveys ensures an objective and well-rounded view of executive compensation practices. Management has occasionally called upon the services of Mercer Management Consulting ( Mercer ) to assist management in making recommendations to the Committee and to assist the Committee and management in benchmarking compensation

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for executive positions when little or no publicly available data exists for comparable positions; however, Mercer did not provide any services to management regarding fiscal year 2009 and fiscal year 2010 compensation.

***What is the Role of Management in Compensation Decisions?***

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

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

***Who are the Participants in the Executive Compensation Programs?***

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

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

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

Mr. McClean, Chairman of the Board, CEO and President

Mr. Rinn, Executive Vice President & President CMC Americas Division

Mr. Zoellner, Executive Vice President & President CMC International Division

Mr. Larson, Senior Vice President and CFO

Mr. Sudbury, Senior Vice President, Secretary and General Counsel through August 31, 2009 <sup>(1)</sup>

Senior Executives for fiscal year 2009 are:

Approximately 23 senior executives, including the NEOs

Senior Managers for fiscal year 2009 are:

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

<sup>1</sup> Mr. Sudbury retired from the Company as Senior Vice President, Secretary and General Counsel on August 31, 2009.

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***How is the Competitiveness of our Compensation Program Established?***

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

AK Steel Holding Corporation

Allegheny Technologies Incorporated

Gerdau Ameristeel Corporation

Mueller Industries, Inc.

Nucor Corporation

Reliance Steel & Aluminum Co.

Schnitzer Steel Industries, Inc.

Steel Dynamics, Inc.

The Timken Company

United States Steel Corporation

Worthington Industries

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

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

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

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

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

the Senior Executives, other than the NEOs, each voluntarily elected to reduce their base salaries by 5% effective October 1, 2009, until such time as business has significantly recovered; and

for fiscal year 2010, the Committee made the variable cash compensation less formulaic and more qualitative than in prior years as described below under Annual Cash Incentive Bonus by providing the Committee with more discretion in determining whether to make certain payments and providing more qualitative key performance indicators for the Committee to consider.

**Table of Contents*****What are the Components and Objectives of Short and Long-Term Compensation?*****Compensation Mix**

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

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

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

\* Denotes plan approved by stockholders



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

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

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

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

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

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

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

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

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

### **Annual Cash Incentive Bonus**

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

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

identifying and rewarding superior performance;

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

fostering accountability and teamwork throughout the Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

Cash Incentive Bonus.

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

**Table of Contents****Messrs. McClean s and Larson s 2010 Annual Cash Incentive Bonus Performance Goals**

<b>Commercial Metals Company</b>	<b>Weighting</b>	<b>Threshold</b>	<b>Target</b>
FIFO ROE	100%	3%	5%

**Mr. Rinn s 2010 Annual Cash Incentive Bonus Performance Goals**

<b>Commercial Metals Company</b>	<b>Weighting</b>	<b>Threshold</b>	<b>Target</b>
FIFO ROE	50%	3%	5%

<b>Business Unit Performance Goal</b>	<b>Weighting</b>	<b>Threshold</b>	<b>Target</b>
<b>Americas Division</b>			
RONA	50%	12.9%	15.2%

**Mr. Zoellner s 2010 Annual Cash Incentive Bonus Performance Goals**

<b>Commercial Metals Company</b>	<b>Weighting</b>	<b>Threshold</b>	<b>Target</b>
FIFO ROE	50%	3%	5%

<b>Business Unit Performance Goal</b>	<b>Weighting</b>	<b>Threshold</b>	<b>Target</b>
<b>International Division</b>			
RONA	50%	10.2%	11.7%

Aside from whether the target level for the 2010 Annual Cash Incentive Bonus is reached for a NEO, the NEO may be eligible to receive additional 2010 Annual Cash Incentive Bonus payments if the Committee determines to make such additional payment based on the qualitative factors set forth above. For each NEO, such additional payment is limited to the difference between the target bonus opportunity and the maximum bonus opportunity expressed as a percentage of base salary as set forth above. Any 2010 Annual Cash Incentive Bonus based on the qualitative factors is separate from the Cash Incentive Plan.

***How and Why are Discretionary Bonuses Awarded To Executives?***

Separate from, and in addition to the Annual Cash Incentive Bonus, the Committee may, in its discretion, approve an additional discretionary cash award to employees, including the NEOs (the Annual Discretionary Incentive ). This Annual Discretionary Incentive is generally established as a percentage of the executive s base salary, but the method of calculation of all Annual Discretionary Incentive awards is solely at the discretion of the Committee. The Committee believes that it is important to maintain discretionary authority over a portion of our executives annual

cash incentives in order to respond to circumstances unforeseen at the beginning of the fiscal year when metrics and qualitative factors are established. At the end of each fiscal year the Committee determines whether any discretionary awards are deemed warranted, and, if so, the amount of the Annual Discretionary Incentive to be granted. Each discretionary cash award is based on the Committee's evaluation of the individual's overall job performance including (i) progress toward non-financial or less objective goals such as employee development, training and leadership and succession planning, (ii) a qualitative assessment of the business and competitive conditions in which we operate, including whether we have been confronted with any significant and unexpected challenges during the fiscal year which were not contemplated when the incentive goals and qualitative factors were set in place at the outset of the fiscal year, and (iii) issues of internal equity and external benchmarking. There were no fiscal year 2009 Annual Discretionary Incentive awards for the NEOs.

### **Long-Term Cash Incentive**

As discussed above under Annual Cash Incentive Bonus, the Committee has elected to establish both annual and longer term performance periods under the Cash Incentive Plan. In accordance with the objectives of the Cash Incentive Plan, we provide Senior Executives, including participating NEOs, the opportunity for cash payments ( Long-Term Cash Incentive ) contingent on the attainment of multi-year performance goals. Through fiscal year

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2009, at the beginning of each three-year performance period, the Committee established performance goals and set threshold, target and maximum achievement levels for award opportunities for each participant expressed as a percentage of that participant's base salary in effect at the beginning of the period. Results are measured over the ensuing three-year period. Participants are paid cash awards following the end of each three-year period only if we achieve the performance goals. A minimum level (threshold) is established below which no payment will be made to any participant as well as a target and maximum award payment for each participant.

During each of the performance periods consisting of fiscal years 2007 through 2009, 2008 through 2010 and 2009 through 2011, growth in net earnings before interest (including accounts receivable securitization program expense), taxes, depreciation, amortization and accrual for Long-Term Cash Incentives, which we call EBITDA, was used as the sole performance goal. For the three-year period of fiscal years 2007 through 2009, a continuation of our then record 2006 EBITDA multiplied by three (the Threshold LTI-EBITDA) had been established as the minimum hurdle to reach a threshold Long-Term Cash Incentive payment. For the three-year periods of fiscal years 2008 through 2010 and 2009 through 2011, the minimum hurdle to reach a threshold Long-Term Cash Incentive payment was increased to be a continuation of our new record 2007 EBITDA multiplied by three. Increases to the Threshold LTI-EBITDA have been required over each three-year performance period to attain target and maximum payments. In order to attain the target payments, we must increase the Threshold LTI-EBITDA by 6%. In order to attain the maximum payments, we must increase the Threshold LTI-EBITDA by 8%. Through fiscal year 2009, the Committee considered only Company results (rather than individual business unit results or individual performance) in establishing this performance goal for the Long-Term Cash Incentive.

Through fiscal year 2009, the Committee considered the establishment of high, yet attainable, results over a three-year performance period to be a significant factor in balancing short-term and longer term cash incentives as part of the executive compensation program. The Committee believed the use of growth in Long Term Incentive EBITDA (LTI-EBITDA) over a three-year period as a performance goal focused our participating executives on activities that cause us to generate earnings growth, a key factor in increasing stockholder value. Acting in concert, the Annual Cash Incentive Bonus, the Annual Discretionary Incentive, and the Long-Term Cash Incentive provide balanced cash incentives that reward executive focus on delivering short-term results and on continuing long-term growth.

At the end of each three-year performance period, the Committee reviews a report derived from our audited financial statements as to the level of achievement of the performance goal for the period, approves the calculations of the awards based on achievement of the previously established threshold, target and maximum award levels and authorizes payment of the awards to those executives that were designated as participants at the beginning of the three-year performance period. Additionally, through fiscal year 2009, the Committee approved the group of Senior Executives (including the participating NEOs) and Senior Managers who are designated to participate in the three-year performance period then beginning as well as establishing the applicable LTI-EBITDA performance goal for the period as described above.

The following tables describe the payout opportunity set for threshold, target and maximum performance (expressed as a percentage of base salary at the beginning of each respective three-year period) for the performance period ended in 2009 and each of the periods ending in 2010 and 2011. When serving as Senior Vice President, Secretary and General Counsel, Mr. Sudbury was designated a participant in the performance periods ending in 2009, 2010, and 2011. However, his participation ceased with his retirement on August 31, 2009. Since the Threshold LTI-EBITDA level was not met for fiscal year period 2007-2009, there were no Long-Term Cash Incentive payments attributable to the three-year performance period ended August 31, 2009.

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**Fiscal Year 2007 through 2009 Long-Term Cash Incentive Opportunity  
Expressed as a Percentage of Base Salary at Beginning of Fiscal Year 2007**

<b>Name</b>	<b>Threshold LTI-EBITDA \$670,830,000</b>	<b>Target(1) LTI-EBITDA \$711,079,800</b>	<b>Maximum LTI-EBITDA \$724,496,400</b>
Murray R. McClean	40%	80%	120%
Russell B. Rinn	30%	60%	90%
Hanns K. Zoellner	30%	60%	90%
William B. Larson	30%	60%	90%
David M. Sudbury	30%	60%	90%

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

**Fiscal Year 2008 through 2010 Long-Term Cash Incentive Opportunity  
Expressed as a Percentage of Base Salary at Beginning of Fiscal Year 2008**

<b>Name</b>	<b>Threshold LTI-EBITDA \$691,629,000</b>	<b>Target(1) LTI-EBITDA \$733,126,740</b>	<b>Maximum LTI-EBITDA \$746,959,320</b>
Murray R. McClean	40%	80%	120%
Russell B. Rinn	35%	70%	105%
Hanns K. Zoellner	35%	70%	105%
William B. Larson	30%	60%	90%
David M. Sudbury(2)	N/A	N/A	N/A

**Fiscal Year 2009 through 2011 Long-Term Cash Incentive Opportunity  
Expressed as a Percentage of Base Salary at Beginning of Fiscal Year 2009**

<b>Name</b>	<b>Threshold LTI-EBITDA \$691,629,000</b>	<b>Target(1) LTI-EBITDA \$733,126,740</b>	<b>Maximum LTI-EBITDA \$746,959,320</b>
Murray R. McClean	40%	80%	120%
Russell B. Rinn	35%	70%	105%
Hanns K. Zoellner	35%	70%	105%
William B. Larson	30%	60%	90%
David M. Sudbury(2)	N/A	N/A	N/A

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

(2)

Upon Mr. Sudbury's retirement from the Company as Senior Vice President, Secretary and General Counsel on August 31, 2009, Mr. Sudbury ceased participation in this program.

In response to the unusual economic climate, the Committee modified the Long-Term Cash Incentive for fiscal years 2010 through 2012 such that we must achieve EBITDA of \$810,000,000 for fiscal year 2012, with the target level EBITDA being \$858,000,000 and the maximum EBITDA level being \$875,000,000 for any Long-Term Cash Incentive to be paid at the end of fiscal year 2012. This is a change from prior years where the threshold level was set as a continuation of our then record EBITDA. No minimum EBITDA targets are set, required or will be calculated



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for fiscal year 2010 or fiscal year 2011. The Committee, after consultation with management and E&Y, established these targets in order to align management incentives with stockholder goals in this unusual economic climate.

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

At the end of fiscal year 2012, the Committee will review a report derived from our audited financial statements as to the level of achievement of the performance goal for fiscal year 2012, approve the calculations of the awards based on achievement of the previously established threshold, target and maximum EBITDA levels and authorize payment of the awards to those executives that were designated as participants at the beginning of fiscal year 2010.

The following table describes the payout opportunity set for threshold, target and maximum performance (expressed as a percentage of base salary at the beginning of fiscal year 2010) for fiscal year 2012.

**Fiscal Year 2012 Long-Term Cash Incentive Opportunity  
Expressed as a Percentage of Base Salary at Beginning of Fiscal Year 2010**

Name	Threshold LTI-EBITDA <b>\$810,000,000</b>	Target(1) LTI-EBITDA <b>\$858,000,000</b>	Maximum LTI-EBITDA <b>\$875,000,000</b>
Murray R. McClean	40%	80%	120%
Russell B. Rinn	35%	70%	105%
Hanns K. Zoellner	35%	70%	105%
William B. Larson	30%	60%	90%

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

***How Does Equity Based Compensation Operate as a Component of Overall Compensation?***

Equity based compensation along with cash incentive compensation is used to afford the executive the opportunity, when achieving maximum performance, to reach the upper quartile or better of Peer Group comparable position compensation.

**Commercial Metals Company 2006 Long-Term Equity Incentive Plan (the 2006 Equity Plan )**

In January of 2007, the stockholders approved the 2006 Equity Plan, the purpose of which is to attract and retain the services of key management and employees of the Company and our subsidiaries and to provide such persons with a proprietary interest in the Company through the granting of equity incentives which, as determined by the Committee, may include incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, and other awards, whether granted singly, or in combination, or in tandem, that we believe will:

incent participants to achieve superior financial performance for us;

incent executives to increase stockholder value equal to or in excess of the average steel industry performance; and

provide a retention tool for us.

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**Grants Pursuant to the 2006 Equity Plan**

In accordance with the 2006 Equity Plan, the Committee approves annual equity awards. The grant date is either the same date as the Committee approves the grant or a specifically designated future date established by the Committee when it acts. The Committee does not grant equity compensation awards or options in anticipation of the release of material non-public information and we do not time the release of such information based on equity award grant dates. The grant price for all equity awards which have grant prices under the 2006 Equity Plan is the fair market value as defined in the 2006 Equity Plan, which is the closing sales price per share of our common stock on the NYSE Consolidated Tape on the date of the award or in the absence of reported sales on such day, the most recent previous day for which sales were reported. The Committee has never approved an option or other equity award with a grant price different from the fair market value as defined under the applicable plan on the date of grant.

The Committee has established guidelines for its use in determining the number of equity-based shares to grant to our executives. The Committee determined that equity awards should, in part, be granted with an eye toward superior Company performance relative to the Peer Group, and determined that more equity-based awards should be granted in fiscal years where our total stockholder return ranked higher amongst the Peer Group, and fewer or no equity-based awards in fiscal years where we ranked lower. While the Committee also considers each executive's individual performance, internal equity and external equity when granting equity based awards, it believes that the tenet of variable compensation should also apply to equity grants.

Our three-year retrospective total stockholder return for calendar years 2006-2008 was below the 40<sup>th</sup> percentile of our Peer Group. Therefore, the return to stockholders as measured by the guidelines did not result in equity grants to the NEOs. However, the Committee felt it was critical to maintain the alignment between management and stockholders and focus on our long-term success given the current economic conditions and the changes occurring in the steel industry.

With that in mind, the Committee determined that it was appropriate to make grants to select key employees in order to maintain an alignment with the stockholders, drive Company performance as well as stock price, and to encourage employee retention. Forty-four employees were identified by management and recommended to the Committee as critical to our future success. On May 19, 2009, these forty-four employees, which included all of the NEOs except Mr. Sudbury, received an aggregate of 403,000 performance based restricted stock units ( PSU ).

Upon vesting, each PSU results in the applicable NEO receiving one share of our common stock. Although prior equity awards had been granted using a three-year look-back approach in which total stockholder return was measured over the prior three years preceding the grant date, the Committee felt it was critical for management to focus on future performance. Therefore, the PSUs vest upon the following: (i) for twenty (20) consecutive trading days between May 19, 2009 – May 19, 2012, the closing price of our common stock is at least \$30.00 per share and we rank at or greater than the 50<sup>th</sup> percentile on a total stockholder return basis as compared to our Peer Group, with the total stockholder return being based on the average of the closing prices for the month of December 2008 versus the average of the closing prices for the month of December 2011; or (ii) for twenty (20) consecutive trading days between May 19, 2009 – May 19, 2012, the closing price of our common stock is at least \$24.00 per share and we rank at or greater than the 80<sup>th</sup> percentile on a total stockholder return basis as compared to our Peer Group with the total stockholder return being based on the average of the closing prices for the month of December 2008 versus the average of the closing prices for the month of December 2011. If between May 19, 2009 and December 31, 2011, any member of the Peer Group ceases to be a public company with common stock listed for trading, that company shall not be considered a member of the Peer Group for the purpose of determining the vesting of the PSUs. If between May 19, 2009 and December 31, 2011, more than twenty-five percent (25%) of the original Peer Group ceases to be public companies with common stock listed for trading, the Committee has the right to add additional companies to the Peer Group for the purpose of determining the vesting of the PSUs. The NEO must be employed by us on the date

of vesting for the NEO to receive the shares of common stock.

The Committee believes this forward-looking approach is appropriate given today's economic environment and that the prospective nature is directly aligned with creating value for stockholders while encouraging the performance and retention of the key management necessary to our success.

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The Committee believes that equity awards are an important and significant portion of executive compensation. It is the Committee's intention to continue to award equity, as appropriate, and to annually evaluate the appropriate performance objectives to maintain management's alignment with stockholders and drive future success.

### ***What are the Other Elements of Compensation?***

We also provide retirement benefits in the form of a Profit Sharing and 401(k) Plan and a Benefit Restoration Plan, as well as similar plans for internationally based management employees, and medical, Social Security (or its foreign equivalent) and other welfare benefits. Mr. Zoellner does not participate in either of the plans described below but does participate in retirement plans available to certain Swiss employees described on pages 36 and 37.

## **Retirement and Nonqualified Deferred Compensation Benefits**

### **Profit Sharing and 401(k) Plan**

The primary tax qualified long-term compensation retirement plan we have for our employees in the United States is the Commercial Metals Company's Profit Sharing and 401(k) Plan (the PS/401(k) Plan). The PS/401(k) Plan is a defined contribution plan and all Company payments to the plan are discretionary. Under the terms of the PS/401(k) Plan, participating employees may elect to contribute, up to a federally mandated maximum, a portion of their compensation on a pre-tax basis. Additionally we may make discretionary Company-paid contributions and have historically done so, dependent upon profitability. The PS/401(k) Plan is based upon the calendar year, rather than our fiscal year. For calendar year 2008, we matched three hundred percent of the first one percent (1%) of employee deferral contributions and fifty percent of the next three percent (3%) of employee deferral for a maximum Company contribution of four and a half percent (4.5%). For calendar year 2009, we matched one hundred fifty percent of the first two percent (2%) of employee deferral contributions and fifty percent of the next three percent (3%) of employee deferral contributions for a maximum Company contribution of four and a half percent (4.5%). The second type of Company contribution was our profit sharing contribution, which was an amount equal to approximately eight point three percent (8.3%) of each participant's eligible compensation during calendar year 2008. The NEOs participate in the PS/401(k) Plan, although their elective contributions and those of the Company allocated to their respective accounts are restricted in amount by law. Other than a Swiss pension plan applicable only to employees based in Switzerland as described on pages 36 and 37, we have one defined benefit pension plan for a small number of employees at one U.S. operation that was acquired in fiscal year 2007. The amounts contributed to the PS/401(k) Plan account of each NEO are listed in the Summary Compensation Table on page 31.

### **Benefit Restoration Plan**

As a result of limitations mandated by federal tax law and regulations that limit defined contribution plan retirement benefits of more highly compensated employees, the Board of Directors in fiscal year 1996 approved the Benefit Restoration Plan (BRP). The BRP is a non-qualified plan for certain executives, including each of the NEOs, designated by the Committee, who are subject to federally mandated benefit limits in the PS/401(k) Plan. Following each calendar year-end, we credit to the participant's account under the BRP a dollar amount equal to the amount of Company contribution the participant would have received under the PS/401(k) Plan but for the limit imposed by law on Company contributions to that plan. A BRP participant may also elect to defer up to fifty percent (50%) of compensation into his or her BRP account.

Although not required to do so under the BRP, we may segregate assets equal to a portion of the BRP amount credited to participant accounts in a trust created for BRP participants. Each BRP participant is a general unsecured creditor of the Company to the extent of his or her BRP account benefit and the assets of the trust are subject to claims of Company creditors in general. The amount we credit to the accounts of BRP participants, including NEOs, vest under

the same terms and conditions as the PS/401(k) Plan. All NEOs participating in the BRP are fully vested as a result of their years of service with us. The investment options available to BRP participants are mutual funds similar to those offered in the PS/401(k) Plan. There is no Company guaranteed or above market rate of return on BRP accounts. The Committee believes these payments are an important element in our long-term compensation

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program because they restore a reasonable level of retirement benefits for key employees, including NEOs. The specific contributions into the BRP plan accounts for each of the NEOs are listed in the Summary Compensation Table on page 31.

## **Perquisites**

We provide limited perquisites to Senior Executives, including the NEOs, in order to facilitate the successful achievement of their and our performance. These perquisites include Company provided leased cars. Because the amount of such perquisites did not exceed \$10,000 for any single individual, the value of the perquisites is not included in the Summary Compensation Table. We do not own or provide corporate aircraft, security services, personal tax or financial planning, an executive dining room or similar perquisites to Senior Executives.

## **Medical and Other Welfare Benefits**

Our executives, along with all other employees, are eligible to participate in medical, dental, vision, life, accidental death and disability, long-term disability, short-term disability, and any other employee benefit made available to employees.

## ***Do the NEOs Employment Contracts Contain Termination, Severance and Change in Control Benefits?***

As of August 31, 2009, we have employment contracts with two executive officers, Messrs. McClean and Zoellner, and executive employment continuity agreements with Messrs. Rinn, Zoellner and Larson. Prior to his retirement on August 31, 2009, Mr. Sudbury had an executive employment continuity agreement.

## **Termination of Employment Contracts and Change in Control Agreements**

As described in the section entitled Discussion of Summary Compensation Table and Grants of Plan-Based Awards Table, we have entered into employment agreements with Mr. McClean and Mr. Zoellner. If we terminate Mr. McClean's employment for cause, or for nonperformance due to disability, or if Mr. McClean terminates his own employment, then we have no further payment obligations. If we terminate Mr. McClean's employment without cause, then we must pay one hundred fifty percent (150%) of his then current annual base salary plus an amount equal to one hundred fifty percent (150%) of his average annual bonus payments over the prior five fiscal years. At such time as we do not renew the agreement after the initial term or any successive one year extension, we shall pay Mr. McClean \$100,000. In the event of Mr. McClean's death, we shall make a one time payment of \$50,000 to his estate in order to assist his spouse in repatriating to Australia. Upon a Change in Control accompanied by his termination without cause by us or for good reason by Mr. McClean within twelve months of the Change in Control, he will be entitled to (i) a lump sum payment equal to two times his then current annual base salary, (ii) a cash payment equal to two times the average annual bonus received by him for the five fiscal year period ending with our last completed fiscal year prior to the Change in Control, (iii) a pro rata share of any bonus for the year in which the termination occurred as determined by the Board of Directors, (iv) payment of any cash incentive attributable to periods during which Mr. McClean was employed (paid at such time as all other participants in that plan receive payment), (v) to the extent permitted by the terms and conditions of the applicable equity incentive plan and to the extent authorized by the terms of Mr. McClean's outstanding award or grant agreements entered into pursuant to such plan, immediate vesting of all stock appreciation rights, restricted stock, and/or stock options previously awarded to Mr. McClean, (vi) to the extent permitted by the terms and conditions of the PS/401(k) Plan and BRP, crediting of any Company contribution to Mr. McClean's account attributable to the plan year during which termination occurs and accelerated full vesting of any previously unvested Company contributions to Mr. McClean's account in such plans and (vii) continued participation for 24 months in all benefits under welfare benefit plans, including medical, prescription, dental, disability, group life, accidental death and travel accident insurance on terms no less favorable than those in effect

during the 90-day period immediately preceding the Change in Control. Mr. McClean has agreed that for eighteen months after his termination, he will not participate in any business that is competitive with our business. See the definition of *cause and good reason* under *Discussion of Summary Compensation Table and Grants of Plan-Based Awards Table* and the definition of *Change in Control* under *Potential Payments and Benefits Upon Termination or Change in Control*.



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If we terminate Mr. Zoellner's employment for cause under Swiss law, or for nonperformance of duties due to disability, or if Mr. Zoellner terminates his own employment, then we have no further payment obligations. If we terminate Mr. Zoellner without cause, pursuant to his employment agreement, we must pay him one year's salary based on his salary at the time of termination. For a period of two years after his termination, he agreed not to participate in any business that is competitive with our business. In addition to a belief that such termination payments are reasonable, we receive in return the executive's prohibition from competition as described in the preceding sentence.

We found the contractual payments upon termination without cause to be reasonable in order to ensure that we have the continued attention and dedication of the executive, without any distraction that might be presented by the potential of termination without either cause or compensation. The termination payment stemming from a termination in the event of a Change in Control is intended to ensure that we will have the continued attention and dedication of the executive in the event of a Change in Control of the Company. In addition to a belief that such termination payments are reasonable, we receive in return the executive's prohibition for competition as described above.

Our Change in Control Agreements are known as Executive Employment Continuity Agreements (EECAs). In April 2006, our Board of Directors authorized the execution of a form of EECA (the Agreement) with certain key executives, including each of the NEOs, with the exception of Mr. McClean. The Agreement is intended to ensure that we will have the continued attention and dedication of the executive in the event of a Change in Control of the Company. Should a Change in Control occur, we have agreed to continue to employ each executive for a period of two years thereafter (the Employment Period). The EECAs terminate two years after a Change in Control. Mr. Sudbury's EECA terminated upon his retirement on August 31, 2009.

During the Employment Period, each executive will continue to receive: (i) an annual base salary equal to at least the executive's base salary before the Change in Control; (ii) cash bonus opportunities equivalent to that available to the executive under our annual and long-term cash incentive plans in effect immediately preceding the Change in Control; and (iii) continued participation in all incentive, including equity incentive, savings, deferred compensation, retirement plans, welfare benefit plans and other employee benefits on terms no less favorable than those in effect during the 90-day period immediately preceding the Change in Control.

Should the executive's employment be terminated during the Employment Period for other than cause or disability (including Constructive Termination (as defined under Potential Payments and Benefits Upon Termination or Change in Control)), the Agreement requires us to pay in a lump sum within 30 days following termination certain severance benefits to the executive. The severance benefits for Messrs. Larson, Rinn and Zoellner include an amount equal to four times the highest base salary in effect at any time during the twelve month period prior to the Change in Control as well as unpaid salary, vacation pay and certain other amounts considered to have been earned prior to termination. Company contributions to retirement plans and participation, including that of the executive's eligible dependents, in Company provided welfare plan benefits will be continued for two years following termination. The executive shall become fully vested in all stock incentive awards and all stock options shall remain exercisable for the remainder of their term. The EECA contains a double trigger in that there must be present both a Change in Control and a termination of the executive in order to trigger the payments under these agreements. We believe that this double trigger and the absence of a tax gross-up (as discussed below) is a reasonable trigger for the compensation under the EECAs and that these agreements provide a good mechanism for eliminating the distraction to the executives that is inherent in change in control events.

The Agreement does not provide for a tax gross up reimbursement payment by us to the executive for taxes, including Section 4999 excise taxes that the employee may owe as a result of receipt of payments under the Agreement. The Agreement does require us to determine if the payments to an executive under the Agreement combined with any other payments or benefits to which the executive may be entitled (in aggregate the Change in Control Payments)

would result in the imposition on the executive of the excise tax under Section 4999 of the Internal Revenue Code of 1986, as amended (the Code ). We will either reduce the Change in Control Payments to the maximum amount which would not result in imposition of the Section 4999 excise tax or pay the entire Change in Control Payment to the executive if, even after the executive's payment of the Section 4999 excise tax, the executive would receive a larger net amount.

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The Agreement does not provide for any employment or severance benefit prior to an actual or, in some circumstances shortly before, a Change in Control. In the event the executive is terminated more than two years following a Change in Control, no severance benefits are provided under the Agreement. The Agreement provides that the executive not disclose any confidential information relating to us and, for a period of one year following termination of employment, not compete with the business as conducted by the Company within 100 miles of a Company facility nor solicit or hire employees of the Company or knowingly permit (to the extent reasonably within the executive's control) any business or entity that employs the executive or in which the executive has an ownership interest to hire Company employees. If a court rules that the executive has violated these provisions, the rights of the executive under the Agreement will terminate.

## **Acceleration of Plan Awards**

In addition to the EECAs, our equity incentive plans also provide for accelerated vesting of stock-based awards regardless of whether a termination occurs as a result of a Change in Control. Further, the Cash Incentive Plan provides that in the event of a Change in Control, the Committee has discretion to take action to determine the extent to which incentive compensation is considered earned and payable during any performance period, consistent with the requirements of Section 162(m) of the Code, and further consistent with our best interests. We believe that a Change in Control is the correct trigger for the accelerated vesting mechanism in order for employees who remain after a Change in Control are treated the same with regard to equity as the general stockholders who could sell or otherwise transfer their equity upon a Change in Control and since we would not exist in our present form after a Change in Control, executives should not have to have their return on such equity dependent on the new company's future success.

The Payment Upon Termination or Change in Control Tables and narrative on pages 38 through 43 provide a description of the compensation to NEOs in the event of their termination following a change in control, as well as other events resulting in termination of employment. In all cases the amounts of equity awards were valued at our per share stock closing price on August 31, 2009, of \$16.93.

## **Mr. Sudbury's Retirement and Consulting Agreement**

In order that we would continue to have access to Mr. Sudbury's expertise and experience following his retirement on August 31, 2009, we entered into a Retirement and Consulting Agreement with Mr. Sudbury, dated as of May 28, 2009. In accordance with this Retirement and Consulting Agreement, as reasonably requested, Mr. Sudbury will provide consulting services as a non-employee consultant to the Company from September 1, 2009 through August 31, 2011. In partial consideration for Mr. Sudbury's agreement to remain available as a consultant and execution of a Retirement and Consulting Agreement in connection with his retirement, Mr. Sudbury was paid \$1,000,000 on August 31, 2009. In addition, he will be paid a consulting fee of \$600,000 in the aggregate to be paid quarterly in eight equal installments commencing on September 10, 2009, and continuing every three months thereafter with the final payment due on or before June 10, 2011. In addition to the consulting fee, we will also reimburse Mr. Sudbury for all reasonable out-of-pocket expenses incurred in the course of providing consulting services. Additional consideration to Mr. Sudbury pursuant to the Retirement and Consulting Agreement includes: (i) us funding Mr. Sudbury's continued participation (with coverage of dependents) in our medical and dental benefit plans in accordance with terms of the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1986, and comparable benefit coverage thereafter for a maximum of twelve months (such amount to be increased on a tax adjusted basis assuming a federal income tax rate of 36.45% so that Mr. Sudbury receives, net of taxes at the assumed rate, the actual cost of such expenses); (ii) payment to Mr. Sudbury for all of his accrued but unused vacation; (iii) title to the leased automobile currently furnished by us to Mr. Sudbury; and (iv) the provision of a computer, printer/scanner and PDA comparable to that utilized by Mr. Sudbury when employed by us to facilitate Mr. Sudbury's performance of his consulting services.

The Retirement and Consulting Agreement prohibits Mr. Sudbury through August 31, 2011 from (i) accepting employment, performing legal services, consulting with or serving in any capacity for or with any business entity that is our competitor or investment firm or financier, which Mr. Sudbury may know, after reasonable inquiry, is considering or pursuing the acquisition of the Company or any investment in the Company of more than \$250,000, (ii) soliciting, hiring, attempting to hire, retain or compensate any individual who is an employee, officer or director

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of the Company or any affiliate of the Company or (iii) competing with, or participating in, any business or venture that engages in steel manufacturing, steel fabrication, steel sales or metals recycling.

### ***What are the Considerations with Regard to Deductibility of Executive Compensation?***

Section 162(m) of the Code, limits the amount of compensation paid to the NEOs that may be deducted by us for federal income tax purposes in any fiscal year to \$1,000,000. Performance-based compensation that has been approved by our stockholders is not subject to the Code's \$1,000,000 deduction limit. Our Cash Incentive Plan and 2006 Equity Plan have been approved by our stockholders and awards under those plans constitute performance-based compensation that is not subject to the Code Section 162(m) deductions limit. In part as a result of voluntary employee deferrals of compensation to the PS/401(k) Plan and the BRP Plan, we believe that all compensation paid to NEOs attributable to fiscal year 2009 will be tax deductible to us other than certain payments made to Mr. Sudbury attributable to fiscal year 2009 pursuant to the Retirement and Consulting Agreement. The portion of the 2010 Annual Cash Incentive Bonus related to qualitative factors will be subject to the Code Section 162(m) deductions limit.

While the Committee believes that it is important for compensation paid to our NEOs to be tax deductible under the Code, it does not think this should be the sole determining factor in establishing our compensation program. The Committee believes that we must balance the emphasis on maximizing deductibility against the need to retain executive talent and the need to incent executives.

### ***What is the Relationship between Prior Compensation and Current Compensation?***

The Committee periodically reviews tally sheets and wealth accumulation information considering all forms of Company paid compensation paid to NEOs, but does not specifically consider this information when making changes in base salary, cash compensation or equity compensation.

### ***What is Our Stock Ownership Policy and Policy Regarding Hedging of Company Stock?***

#### **Stock Ownership Guidelines and Transactions**

The Board of Directors in April 2006 approved stock ownership guidelines for directors, all NEOs, other officers and certain designated employees. The Board of Directors believes adoption of minimum ownership guidelines serve to further align the interests of those covered by the guidelines with our stockholders. All directors, officers and employees designated as subject to the guidelines were in compliance on January 31, 2009. Individuals who are elected, hired or promoted into positions covered by the guidelines have three years following such date to attain the minimum ownership level. The guidelines require ownership of Company stock with a market value, as determined on January 31st of each year, of not less than the following amounts:

Non-employee directors    five times the annual retainer paid to all non-employee directors

President and CEO    five times base salary

Most Vice Presidents including each Company business segment President, the CFO and the General Counsel  
three times base salary

Controller, Treasurer and Vice President and Chief Information Officer    two times base salary

Other executives as may be designated by the Committee of the Board of Directors    one times base salary.

The value of unvested restricted shares of Company common stock is included when determining the amount of stock ownership, but unexercised options, stock appreciation rights or similar equity incentives, vested or unvested, are not included.

In 2002, the Board of Directors adopted an expanded policy on insider trading prohibiting all employees from buying or selling Company stock while aware of material nonpublic information, or the disclosure of material nonpublic information to others who then trade in our securities. The policy is available on our website, [www.cmc.com](http://www.cmc.com), in the Corporate Governance section. As part of this policy, certain other Company stock related transactions by directors, officers and employees are also prohibited or subject to specific notice and pre-approval

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requirements. The policy is premised on the belief that even in those circumstances where the proposed transaction may not constitute a violation of law or applicable regulations it is nonetheless considered inappropriate for any director, officer or other employee of ours to engage in short-term or speculative transactions in our securities which may be viewed as reducing their incentive to improve our performance or inconsistent with the objectives of our stockholders in general. Therefore, it is our policy that directors, officers and other employees may not engage in any transactions involving our securities which constitute short sales, puts, calls or other similar derivative securities. The policy discourages certain other transactions including hedging or monetization transactions, such as zero-cost collars, forward sale contracts and arrangements pledging Company securities as collateral for a loan (without adequate assurance of other available assets to satisfy the loan). Prior to entering into such transactions the policy requires notice to, review of the facts and circumstances by, and the pre-approval of, our General Counsel.

**EXECUTIVE COMPENSATION**

The following tables, footnotes and narratives, found on pages 31 to 43, provide information regarding the compensation, benefits and equity holdings in the Company for the NEOs.

**SUMMARY COMPENSATION TABLE**

Using a Measurement Date of August 31, 2009 for fiscal year 2009,  
August 31, 2008 for fiscal year 2008 and  
August 31, 2007 for fiscal year 2007

Year	Salary (\$)	Bonus (\$)(3)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation(\$)			All Comp (
					Annual Incentive	Cash LTI	Total	
2009	\$ 654,231	\$ 0	\$ 140,846(4)	\$ 789,518(7)	\$ 0	\$ 0	\$ 0	\$
2008	\$ 600,000	\$ 860,000	\$ 59,213(5)	\$ 858,702(8)	\$ 1,051,200	\$ 498,750	\$ 1,549,950(10)	\$ 4
2007	\$ 600,000	\$ 360,000	\$ 140,754(6)	\$ 303,842(9)	\$ 1,800,000	\$ 360,000	\$ 2,160,000(11)	\$ 4
2009	\$ 401,885	\$ 0	\$ 61,966(4)	\$ 362,863(7)	\$ 0	\$ 0	\$ 0	\$
2008	\$ 415,000	\$ 249,000	\$ 43,469(5)	\$ 423,033(8)	\$ 724,372	\$ 306,000	\$ 1,030,372(10)	\$ 4
2007	\$ 375,000	\$ 157,500	\$ 103,376(6)	\$ 176,881(9)	\$ 682,907	\$ 243,750	\$ 926,657(11)	\$ 2
2009	\$ 443,302	\$ 0	\$ 72,668(4)	\$ 362,479(7)	\$ 0	\$ 0	\$ 0	\$
2008	\$ 463,986	\$ 271,426	\$ 40,356(5)	\$ 421,881(8)	\$ 728,574	\$ 337,500	\$ 1,066,074(10)	\$
2007	\$ 415,000	\$ 177,750	\$ 96,374(6)	\$ 174,290(9)	\$ 809,750	\$ 270,000	\$ 1,079,750(11)	\$
2009	\$ 364,500	\$ 0	\$ 51,293(4)	\$ 263,331(7)	\$ 0	\$ 0	\$ 0	\$
2008	\$ 350,000	\$ 410,000	\$ 35,727(5)	\$ 307,734(8)	\$ 403,060	\$ 222,750	\$ 625,810(10)	\$ 3
2007	\$ 350,000	\$ 105,000	\$ 85,275(6)	\$ 138,574(9)	\$ 717,500	\$ 198,450	\$ 915,009(11)	\$ 2

2009	\$ 351,779	\$ 0	\$ 0(4)	\$ 0(7)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,1
2008	\$ 350,000	\$ 410,000	\$ 20,154(5)	\$ 653,716(8)	\$ 403,060	\$ 222,750	\$ 625,810(10)	\$ 2	
2007	\$ 350,000	\$ 105,000	\$ 103,949(6)	\$ 196,171(9)	\$ 717,500	\$ 205,200	\$ 922,000(11)	\$ 4	

(1) Mr. Zoellner's annual base salary is set in Swiss Francs. The salary amount included in the table is calculated using the average monthly exchange rate in effect over the twelve months of the fiscal year during which the salary was actually paid (for fiscal year 2007 the rate was 1.224 Swiss Francs to 1 U.S. Dollar, for fiscal year 2008 the rate was 1.087 Swiss Francs to 1 U.S. Dollar and for fiscal year 2009 the rate was 1.126 Swiss Francs to 1 U.S. Dollar). The amounts shown for Zoellner's Annual Cash Incentive Bonus and Long-Term Cash Incentive payments, also paid in Swiss Francs, use the exchange rate in effect at the time such amounts were paid.

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



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- (3) Represents the Annual Discretionary Incentive bonus as described in the foregoing Compensation Discussion and Analysis on pages 21 through 22.
- (4) Includes FAS 123R value of Restricted Stock Awards granted May 23, 2006 and PSUs granted on May 19, 2009. Assumptions related to the FAS 123R values can be found in Note 1 in the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K which was filed with the Securities and Exchange Commission on October 30, 2009.
- (5) Includes FAS 123R value of Restricted Stock Awards granted July 8, 2005 and May 23, 2006. Assumptions related to the FAS 123R values can be found in Note 1 in the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K which was filed with the Securities and Exchange Commission on October 30, 2009.
- (6) Includes FAS 123R value of Restricted Stock Awards granted July 8, 2005 and May 23, 2006. Assumptions related to the FAS 123R values can be found in Note 1 in the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K which was filed with the Securities and Exchange Commission on October 30, 2009.
- (7) Includes FAS 123R value of stock appreciation rights ( SARs ) granted on May 23, 2006, June 22, 2007 and May 20, 2008. Assumptions related to the FAS 123R values can be found in Note 1 in the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K which was filed with the Securities and Exchange Commission on October 30, 2009.
- (8) Includes FAS 123R value of SARs granted on July 8, 2005, May 23, 2006, June 22, 2007 and May 20, 2008. Assumptions related to the FAS 123R values can be found in Note 1 in the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K which was filed with the Securities and Exchange Commission on October 30, 2009.
- (9) Includes FAS 123R value of SARs granted on July 8, 2005, May 23, 2006 and June 22, 2007. Assumptions related to the FAS 123R values can be found in Note 1 in the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K which was filed with the Securities and Exchange Commission on October 30, 2009.
- (10) Includes cash payout for the three-year performance period ended August 31, 2008 under the Key Employee Long-Term Incentive Plan and Annual Cash Incentive Bonus attributable to fiscal year 2008 under the Cash Incentive Plan.
- (11) Includes cash payout for the three-year performance period ended August 31, 2007 under the Key Employee Long-Term Incentive Plan and Annual Cash Incentive Bonus attributable to fiscal year 2007 under the Cash Incentive Plan.
- (12) Includes our contribution of \$11,025 to each of the PS/401(k) Plan accounts of Messrs. McClean, Rinn and Larson and contributions to the BRP accounts of Messrs. McClean, Rinn and Larson of \$31,849, \$52,045 and \$23,168, respectively, during the period of September 1, 2008 to August 31, 2009. All NEOs, except Mr. Zoellner, received a company furnished or reimbursed vehicle. The value of benefits and perquisites is not included in this table as the amount of such benefits and perquisites was less than \$10,000 per NEO.
- (13)

Additional contributions were also made for the period January 1, 2008 through August 31, 2008 (part of fiscal year 2008) due to a change in the PS/401(k) Plan year from a fiscal year to a calendar year effective with the 2008 calendar year. As mentioned in the 2008 proxy statement, these contributions were not shown in the 2008 Summary Compensation Table because they were not known at the time of the 2008 proxy statement. These additional amounts include our contributions for such period to the PS/401(k) Plan accounts of \$21,347, \$21,368 and \$21,477 for Messrs. McClean, Rinn and Larson, respectively, and contributions for this period to the BRP accounts in the amounts of \$367,732, \$380,861 and \$328,184 for Messrs. McClean, Rinn and Larson, respectively.

- (14) Includes Company's contribution of \$55,389 to the Swiss SOBP and of \$10,274 to the Swiss BVG (as both are defined on page 36), paid in Swiss Francs, and set forth here in U.S. Dollars based on the August 31, 2009 exchange rate of 1.0592 Swiss Francs to 1 U.S. Dollar.
- (15) Includes our contribution of \$5,409 to the PS/401(k) Plan account of Mr. Sudbury and our contribution to the BRP account of Mr. Sudbury of \$25,891. Mr. Sudbury's amount includes the following amounts pursuant to

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the terms of this Retirement and Consulting Agreement: lump sum payment of \$1,000,000, payment for all of his accrued but unused vacation (\$45,432), and title to the leased automobile furnished by us to Mr. Sudbury (\$49,103). He also received pursuant to the Retirement and Consulting Agreement a computer, printer/scanner and PDA which he is to return at the end of the two year consulting period.

- (16) Additional contributions were also made for the period January 1, 2008 through August 31, 2008 (part of fiscal year 2008) due to a change in the PS/401(k) Plan year from a fiscal year to a calendar year effective with the 2008 calendar year. As mentioned in the 2008 proxy statement, these contributions were not shown in the 2008 Summary Compensation Table because they were not known at the time of the 2008 proxy statement. These additional amounts include our contribution for such period made to his PS/401(k) Plan account of \$21,448 and contribution for this period to his BRP account of \$250,288.

**Grants of Plan Based Awards**

The following table and footnotes provide information regarding grants of plan based awards to NEOs in fiscal year 2009.

**GRANTS OF PLAN BASED AWARDS  
IN FISCAL YEAR 2009**

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards(4) Target (#)	Grant Date Fair Value of Stock and Option Awards
		Threshold (\$)	Target (\$)	Maximum (\$)		
Murray R. McClean	5/19/2009	\$ 350,000(2)	\$ 700,000(2)	\$ 2,100,000(2)	60,000	\$ 533,400
		\$ 280,000(3)	\$ 560,000(3)	\$ 840,000(3)		
Russell B. Rinn	5/19/2009	\$ 161,250(2)	\$ 322,500(2)	\$ 903,000(2)	30,000	\$ 266,700
		\$ 150,500(3)	\$ 301,000(3)	\$ 451,500(3)		
Hanns K. Zoellner	5/19/2009	\$ 183,000(2)	\$ 366,000(2)	\$ 1,024,800(2)	30,000	\$ 266,700
		\$ 150,500(3)	\$ 301,000(3)	\$ 451,500(3)		
William B. Larson		\$ 136,500(2)	\$ 292,500(2)	\$ 760,500(2)		

	\$ 117,000(3)	\$ 234,000(3)	\$ 351,000(3)		
5/19/2009				25,000	\$ 222,250

David M.  
Sudbury(1)

- (1) Mr. Sudbury received no equity awards for fiscal year 2009 due to his planned retirement on August 31, 2009.
- (2) Represents the Annual Cash Incentive Bonus under the Cash Incentive Plan. The Cash Incentive Plan and the terms of these awards are described in the section entitled Annual Cash Incentive Bonus on pages 16 through 21.
- (3) Represents Long-Term Cash Incentive awards granted under the Cash Incentive Plan. The terms of these awards are described in the section entitled Long-Term Cash Incentive commencing on page 21.
- (4) The equity incentive plan awards represent PSUs with vesting based on our stock price and total stockholder return as described in the section entitled Grants Pursuant to the 2006 Equity Plan commencing on page 25. The PSUs were granted pursuant to the 2006 Equity Plan. The equity incentive plan awards do not include threshold or maximum, therefore only target is included in the table.

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**Narrative Disclosure to Summary Compensation Table and Grants of Plan Based Awards Table**

We entered into an employment agreement with Mr. McClean on May 23, 2005, following his election as Executive Vice President and Chief Operating Officer which has been amended three times: first on September 1, 2006, when he was named CEO; again on September 1, 2008, when he was named Chairman of the Board; and most recently on April 7, 2009 when we memorialized his increase in minimum base salary to \$700,000 that was effective as of the beginning of fiscal year 2009 and extended the term of his agreement to August 31, 2010. The agreement provides for automatic annual renewal for one year terms thereafter unless terminated by either party. He is also eligible to earn bonuses under our compensation program but has no guaranteed bonus amount. Mr. McClean is also eligible to participate in or receive benefits under any plan or arrangement made generally available to our employees. See

Termination of Employment Contracts and Change in Control Agreements regarding the payments to be made to Mr. McClean upon termination of his employment and/or a Change in Control. Under his employment agreement, *cause* is defined as a breach of the agreement or his fiduciary duty to us as well as a criminal act or act of moral turpitude or dishonest acts which materially harm us, or chemical dependency and *good reason* is defined as our breach of the agreement, a significant reduction in Mr. McClean's responsibilities, or our requiring him to work at a location more than 50 miles from our current location.

We entered into an employment agreement with Mr. Zoellner on January 2, 1998. The original term of the agreement ended January 2, 2006, but the agreement provides for automatic annual renewal unless either party gives notice to the other to terminate employment. The agreement establishes Mr. Zoellner's minimum annual base salary at 380,000 Swiss Francs, approximately U.S. \$337,478 based on an exchange rate of 1.126 Swiss Francs per 1 U.S. Dollar which was the average monthly exchange rate over the twelve months of fiscal year 2009. He is also eligible to earn annual or other bonus compensation as authorized by the Committee and is eligible to participate in or receive benefits under any plan or arrangement made generally available to our employees.

In order that we would continue to have access to Mr. Sudbury's expertise and experience following his retirement on August 31, 2009, we entered into a Retirement and Consulting Agreement, dated as of May 28, 2009, with Mr. Sudbury. See Termination of Employment Contracts and Change in Control Agreements regarding the payments made and to be made to Mr. Sudbury in connection with his retirement on August 31, 2009 and his agreement to continue as a consultant through August 31, 2011.

The Potential Payments and Benefits Upon Termination or Change in Control Tables and narrative on pages 38 through 43 provide a description of the compensation to NEOs in the event of their termination following a change in control, as well as other events resulting in termination of employment. In all cases the amounts of equity awards were valued at our per share stock closing price on August 31, 2009 of \$16.93.

Material terms of the grants of plan based awards are described in pages 16 through 21 where we have discussed the Cash Incentive Plan and pages 24 through 26 where we have discussed the 2006 Equity Plan. The equity incentive plan awards represent PSUs, with vesting based on our stock price and total stockholder return as described in the section entitled Grants Pursuant to the 2006 Equity Plan on pages 25 through 26. The percentage of salary and bonus of each of the NEOs as compared to the total compensation in the Summary Compensation Table is as follows: Mr. McClean (40%), Mr. Rinn (45%), Mr. Zoellner (47%), Mr. Larson (50%) and Mr. Sudbury (31%). Mr. Sudbury's percentage was materially impacted by the payments pursuant to the Retirement and Consulting Agreement.

Table of ContentsOutstanding Equity Awards at Fiscal Year-End

The following table and footnotes provide information regarding unexercised stock options and vested and unvested stock appreciation rights and unvested restricted stock as of the end of fiscal year 2009. The market value of shares that have not vested was determined by multiplying the closing market price of our stock on August 31, 2009, \$16.93, by the number of shares.

**OUTSTANDING EQUITY AWARDS  
AT 2009 FISCAL YEAR-END**

Name	Number of Securities Underlying Unexercised Options		Option Awards		Stock Awards	
	Exercisable (#)	Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date(1)	Equity Incentive Plan Awards: Number of Unexercised Shares, Units, or other Rights that have not Vested (#)	Equity Incentive Plan Awards: Market Value or Payout Value of Unexercised Shares, Units, or other Rights that have not Vested (\$)
Murray R. McClean	28,333	56,667	\$ 35.380	5/20/2015(2)		
	69,933	34,967	\$ 34.280	6/22/2014(3)		
	26,300	0	\$ 24.570	5/23/2013	60,000(5)	\$ 1,015,800
	37,600	0	\$ 12.310	7/8/2012		
	60,000	0	\$ 7.782	3/5/2011		
Russell B. Rinn	12,333	24,667	\$ 35.380	5/20/2015(2)		
	34,526	17,264	\$ 34.280	6/22/2014(3)		
	18,000	0	\$ 24.570	5/23/2013		
	27,800	0	\$ 12.310	7/08/2012	30,000(5)	\$ 507,900
Hanns K. Zoellner	12,333	24,667	\$ 35.380	5/20/2015(2)		
	34,526	17,264	\$ 34.280	6/22/2014(3)		
	17,300	0	\$ 24.570	5/23/2013	30,000(5)	\$ 507,900
	27,800	0	\$ 12.310	7/8/2012		
	22,000	0	\$ 7.782	3/5/2011		

William B. Larson	9,000	18,000	\$ 35.380	5/20/2015(2)		
	24,473	12,237	\$ 34.280	6/22/2014(3)		
	15,500	0	\$ 24.570	5/23/2013	25,000(5)	\$ 423,250
	24,400	0	\$ 12.310	7/8/2012		
	60,000	0	\$ 7.782	3/5/2011		
	60,000	0	\$ 3.635	2/3/2010		
David M. Sudbury(4)	27,000	0	\$ 35.380	8/31/2011		
	36,710	0	\$ 34.280	8/31/2011		
	15,500	0	\$ 24.570	8/31/2011	0	\$ 0
	24,400	0	\$ 12.310	8/31/2011		

- (1) All grants of either restricted stock or SARs become exercisable in three substantially equal installments unless vested earlier due to a change in control as that term is defined in the plan document.
- (2) SARs reflecting an expiration date of May 20, 2015 vested one-third on May 20, 2009, vest one-third on May 20, 2010, and the remaining one-third vest on May 20, 2011.
- (3) SARs reflecting an expiration date of June 22, 2014, vested one-third on June 22, 2008 and one-third on June 22, 2009, and the remaining one-third vest on June 22, 2010.
- (4) Mr. Sudbury retired as of August 31, 2009. At that time, the vesting of Mr. Sudbury's SARs with expiration dates of May 20, 2015 and June 22, 2015 was accelerated pursuant to the terms of the grant agreements. Therefore, he had no unexercisable SARs at the 2009 fiscal year end.

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- (5) All unvested shares of restricted stock vested on May 23, 2009. The equity incentive plan awards represent PSUs granted on May 19, 2009 with vesting based on our stock price and total stockholder return as described in the section entitled "Grants Pursuant to the 2006 Equity Plan" on pages 25 through 26.

**Option or SARs Exercised and Stock Vested**

The following table provides information regarding stock option and stock appreciation right (SAR) exercises and stock vesting during fiscal year 2009 for the NEOs.

**OPTION/SARS EXERCISES AND STOCK VESTED  
IN FISCAL YEAR 2009**

Name	Option/SARs Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Murray R. McClean	0	\$ 0	2,734	\$ 45,111
Russell B. Rinn	151,600	\$ 769,131	2,000	\$ 33,000
Hanns Zoellner	31,600	\$ 305,106	1,800	\$ 29,700
William B. Larson	52,800	\$ 227,726	1,600	\$ 26,400
David M. Sudbury	30,800	\$ 304,242	1,600	\$ 26,400

**Nonqualified Defined Contributions and Other Deferred Compensation Plans**

For a description of the BRP, see the section entitled "Benefit Restoration Plan" on pages 26 through 27. All of the NEOs, excluding Mr. Zoellner due to his Swiss residence, have previously been designated by the Committee as being eligible to participate in the BRP. Annually, BRP participants must elect, prior to the fiscal year in which the compensation to be credited or deferred to the BRP is earned, the time at which they want distributions from the BRP. Amounts may be deferred for a minimum of one year. Distribution election options include commencement upon retirement either in a lump sum or installments or at a set future date either in lump sum or installments even if employment continues with us. In the event of death or disability, a lump sum payment is made. Amounts deferred by NEOs after December 31, 2004, that are to be paid after termination of employment must be held by us for a minimum of six months following termination of employment in order to comply with Section 409A of the Code.

Amounts deferred into the BRP by the participant as well as contributions by us are credited with market earnings or losses based on the participant's self directed investment election and allocation among a group of mutual funds. The mutual funds available in the BRP have investment objectives similar, but are not identical to, those funds available to all employees under our tax-qualified plan. There is no above-market or preferential interest rates credited on any compensation deferred in the BRP. Participants may change fund choices on a daily basis to the extent permitted by the funds.

Mr. Zoellner resides in Switzerland, is not a U.S. citizen and does not participate in the PS/401(k) Plan or the BRP. He participates instead in the Swiss Federal Law on Occupations Retirement, Survivors and Disability Pension Plan (the BVG) as well as a Supplementary Occupational Benefits Plan (the SOBP), both of which are defined contribution



plans.

The BVG mandates that we pay a minimum of nine percent (9%) of the first 82,080 Swiss Francs, on a pre-tax basis, of an employee's annual base salary and mandates that the employee must match another nine percent (9%). The total statutory minimum contribution is eighteen percent (18%) of the first 82,080 Swiss Francs or 14,774 Swiss Francs (equivalent to \$13,948 U.S. Dollars based upon an exchange rate of 1.0592 Swiss Francs to 1 U.S. Dollar which was the exchange rate on August 31, 2009). Contributions earn a statutory interest rate of two percent (2%), and are paid in retirement by the insurance company that manages our BVG per government regulations. The participant is eligible to receive the accumulated contributions plus accumulated interest at retirement either in lump sum or converted to a monthly payment similar to a life annuity.

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The statutory minimum contributions for the BVG are on an upward sliding scale based on an employee's age category. We have elected, per Swiss regulations, to offer our employees in Mr. Zoellner's age category (55 to 65 years of age), a total combined contribution of twenty-five percent (25%) of the first 82,080 Swiss Francs. We contribute fifteen percent (15%) to the BVG and Mr. Zoellner contributes ten percent (10%). An employee is allowed to make in excess of his statutory contribution when he has not contributed to the plan for as many years as he was eligible and thus is entitled to "catch up" contributions. Mr. Zoellner is eligible to, and does, make such "catch up" contributions.

Mr. Zoellner also participates in the SOBP. The SOBP is a defined contribution plan that allows for contributions by the employer, as well as deferral elections by the employee, in excess of those allowed under the BVG. To be eligible to participate in the SOBP, an employee must first have maximized his and his employer's contributions to the BVG. The table below provides information regarding Mr. Zoellner's participation in the BVG and SOBP. Since the SOBP chosen by us bases our contribution only on the employee's base salary and not on total compensation, the employee can make personal contributions up to the maximum limit allowed by the Swiss tax law. During fiscal year 2009, Mr. Zoellner has made such personal contributions as noted above.

The following table and footnotes provide information regarding non-qualified deferred compensation plans during fiscal year 2009 for the NEOs.

**NONQUALIFIED DEFERRED COMPENSATION  
(DEFINED CONTRIBUTION PLANS)  
IN FISCAL YEAR 2009**

Name	Executive's Contribution in Last FY (\$)	Registrant's Contributions in Last FY (\$)(1)	Aggregate Earnings (Losses) in Last FY (\$)	Aggregate Balance at Last FYE \$(2)
Murray R. McClean	\$ 722,985.00	\$ 399,581.56	\$ (35,417.77 )	\$ 3,509,284.76 (3)
Russell B. Rinn	\$ 237,040.95	\$ 432,906.72	\$ (215,949.42)	\$ 2,842,643.42 (4)
Hanns K. Zoellner(5)	\$ 47,142.22 (6)	\$ 65,663.11 (7)	\$ 98,538.00	\$ 3,851,116.00 (8)
William B. Larson	\$ 211,844.02	\$ 351,353.35	\$ (160,302.69)	\$ 2,704,397.68 (9)
David M. Sudbury	\$ 141,220.41	\$ 276,179.25	\$ (501,684.12)	\$ 3,048,457.26 (10)

(1) As described in Footnotes 12, 13, 15 and 16 to the Summary Compensation Table on pages 31 through 33, a portion of this amount is attributable to fiscal year 2008 and a portion is attributable to fiscal year 2009 as follows: Mr. McClean - fiscal year 2008 - \$367,732 and fiscal year 2009 - \$31,849; Mr. Rinn - fiscal year 2008 - \$380,861 and fiscal year 2009 - \$52,045; Mr. Larson - fiscal year 2008 - \$328,184 and fiscal year 2009 - \$23,168; and Mr. Sudbury - fiscal year 2008 - \$250,288 and fiscal year 2009 - \$25,891.

(2) Includes deferrals on accrued bonuses paid after fiscal year end for each executive.

(3) Approximately 53% of the aggregate balance at 2009 fiscal year end results from Mr. McClean's voluntary deferrals of compensation to the BRP since his participation began in 2001.

(4)

Approximately 49% of the aggregate balance at 2009 fiscal year end results from Mr. Rinn's voluntary deferrals of compensation to the BRP since his participation began in 1995.

- (5) The figures in this table represent contributions on the part of Mr. Zoellner and us to both the BVG and SOBP retirement plans. Contributions to Mr. Zoellner's plan are made in Swiss francs. The conversion rate for FY 2009 is 1.0592 Swiss Francs to 1 U.S. Dollar which was the exchange rate on August 31, 2009.
- (6) Represents Mr. Zoellner's contributions of \$39,642 to the SOBP and \$7,500 to the BVG converted at 1.0592 Swiss Francs to 1 U.S. Dollar which was the exchange rate on August 31, 2009.
- (7) Represents Company contributions of \$55,389 to the SOBP and \$10,274 to the BVG converted at 1.0592 Swiss Francs to 1 U.S. Dollar which was the exchange rate on August 31, 2009.
- (8) Approximately 74% of the aggregate balance at 2009 fiscal year end results from Mr. Zoellner's voluntary deferrals of compensation to the SOBP and BVG since his participation began in 1991.

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- (9) Approximately 52% of the aggregate balance at 2009 fiscal year end results from Mr. Larson's voluntary deferrals of compensation to the BRP since his participation began in 1995.
- (10) Approximately 44% of the aggregate balance at 2009 fiscal year end results from Mr. Sudbury's voluntary deferrals of compensation to the BRP since his participation began in 1995.

**Potential Payments and Benefits Upon Termination or Change in Control**

Under our compensation program, described above in the section entitled "Compensation Discussion and Analysis," payments and the provision of benefits can be triggered upon termination of a NEO's employment and following a Change in Control. These payments may include payments resulting from the employment agreements and EECAs discussed on pages 27 through 29. The events that may trigger different payments and benefits are classified as follows:

Voluntary Resignation

Retirement

Involuntary Termination Without Cause

For Cause Termination

Change in Control With No Termination

Change in Control With Involuntary or Good Reason Termination

Permanent Disability

Death

The EECA Agreement, cash and equity incentive plans define a Change in Control to be either (i) the acquisition of twenty-five percent (25%) or more of our outstanding voting securities, (ii) the replacement of a majority of the members of the Board of Directors by directors not approved by the incumbents, (iii) the sale of substantially all of our assets to an entity of which we own less than fifty percent (50%) of the voting securities, or (iv) the merger of the Company resulting in the pre-merger stockholders of the Company not controlling at least fifty percent (50%) of the post-merger voting securities. The EECA Agreement defines Constructive Termination as the failure to maintain the executive in the position held by him prior to the Change in Control, a material adverse change in the executive's responsibilities, the failure to pay the amounts due to him under the EECA Agreement, or requiring the executive to relocate more than 50 miles from his workplace. The definition of Change in Control in Mr. McClean's employment agreement is the following: either (i) the merger of the Company resulting in the pre-merger stockholders not having the same proportionate ownership of stock in the surviving corporation, (ii) the sale of substantially all of our assets, (iii) stockholder approval of our liquidation, (iv) the replacement of a majority of the members of the Board of Directors by directors not approved by the incumbents, or (v) the acquisition of twenty percent (20%) or more of our outstanding voting securities.

The terms of the BRP and the PS/401(k) Plan are discussed in the Compensation Discussion and Analysis commencing on page 26. Upon death, disability, or termination for any reason, BRP plan participants are entitled to receive a payment of their account balance in the BRP plan based upon a schedule according to their written elections,

made annually in advance of their deferrals, and which is on file with us. Upon death, disability or termination for any reason, a participant in the PS/401(k) Plan is entitled to a distribution or roll-over into another tax qualified plan of their account balance in accordance with the terms of the Plan and federal regulations. Neither of these plans calls for an acceleration of vesting or an increase in benefits due to termination or a change in control. All NEOs are fully vested in their account balance in both plans as a result of their years of service.

Material obligations applicable to the receipt of payments or benefits, such as non-compete, non-solicitation or other obligations, are also found in this section. There are no specific provisions regarding waiver of breach of such material obligations. If a NEO breaches a material obligation, we do not anticipate that we would waive the breach and instead would rely upon any remedies available to it at law or in equity.

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In order to describe the payments and benefits that are triggered for each event, we have created the following tables for each NEO estimating the payments and benefits that would be paid under each element of our compensation program assuming that the NEO's employment terminated or the Change in Control occurred on August 31, 2009, the last day of our 2009 fiscal year. In all cases the amounts were valued as of August 31, 2009, based upon, where applicable, a stock price of \$16.93.

As a result of Mr. Sudbury's retirement on August 31, 2009, no information for the events described other than his retirement is pertinent. Pursuant to the Retirement and Consulting Agreement, Mr. Sudbury was paid \$1,000,000 on August 31, 2009 and will be paid a consulting fee of \$75,000 per quarter commencing on September 10, 2009, and continuing every three months thereafter with the final payment due on or before June 10, 2011. In addition to the consulting fee, we will also reimburse Mr. Sudbury for all reasonable out-of-pocket expenses incurred in the course of providing consulting services. Additional consideration to Mr. Sudbury pursuant to the Retirement and Consulting Agreement includes: (i) our funding of Mr. Sudbury's continued participation (with coverage of dependents) in our medical and dental benefit plans in accordance with terms of the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1986 for 18 months (\$13,694), and comparable benefit coverage thereafter for a maximum of an additional twelve months and a maximum cost of \$30,000 plus a tax adjustment (estimated cost of \$47,207 on a tax adjusted basis assuming a federal income tax rate of 36.45%); (ii) payment to Mr. Sudbury for all of his accrued but unused vacation (\$45,432); (iii) title to the leased automobile furnished by us to Mr. Sudbury on May 28, 2009 (\$49,103); and (iv) the provision of a computer, printer/scanner and PDA comparable to that utilized by Mr. Sudbury when employed by us to facilitate Mr. Sudbury's performance of his consulting services which he is to return at the end of the two year consulting period so there is no incremental cost to us. Based on the above payments and estimates, the total value of the Retirement and Consulting Agreement is \$1,755,436. Mr. Sudbury had previously elected to receive the balance of his BRP account in annual installments. He received the first payment in the amount of \$152,389 on November 30, 2009. He will receive another payment in the amount of \$122,065 (based on the value as of December 1, 2009) on December 31, 2009. The remaining account balance of \$2,907,090 (based on the value as of December 1, 2009) will be distributed annually over a seven year period. The actual BRP distribution that Mr. Sudbury receives will be based on the account value as of the distribution date.

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Mr. McClean						Change in		Change in								
Executive Benefits				Involuntary		Control		Control		Permanent						
Payments		Voluntary		Termination		For		With No		Reason						
Termination		Resignation Retirement		Without		Cause		Termination		Disability						
				Cause		Termination		Termination		Death						
<b>Compensation:</b>																
Salary	\$	0	\$	0	\$	1,050,000	\$	0	\$	0	\$	1,400,000	\$	0	\$	
Annual Cash Incentive																
Payments(1)	\$	0	\$	0	\$	1,948,860	\$	0	\$	0	\$	2,598,480	\$	0	\$	
Restricted Stock																
Granted and																
Terminated(2)	\$	0	\$	0	\$	0	\$	0	\$	1,015,800	\$	1,015,800	\$	1,015,800	\$	
Restricted Options/SARs																
Granted and																
Terminated(2)	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	
Short-Term Cash																
Incentive																
2006-Aug 2009																
Performance Period	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	
2007-Aug 2010																
Performance Period	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	
2008-Aug 2011																
Performance Period	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	
<b>Benefits and</b>																
<b>Requirements:</b>																
401(k) and																
Profit Sharing																
Contributions	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	
Life Insurance Continuation																
Life Insurance(3)	\$	0	\$	0	\$	0	\$	0	\$	0	\$	38,853	\$	0	\$	
Life Insurance																
Life Insurance Needs	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	
Life Insurance Benefits	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	470,000(5)	\$	
Life Insurance Additional Payment																
Life Insurance CMC	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	
Life Insurance Unvested Vacation																
Life Insurance(4)	\$	53,846	\$	53,846	\$	53,846	\$	53,846	\$	0	\$	53,846	\$	53,846	\$	
<b>Total</b>	<b>\$</b>	<b>53,846</b>	<b>\$</b>	<b>53,846</b>	<b>\$</b>	<b>3,052,706</b>	<b>\$</b>	<b>53,846</b>	<b>\$</b>	<b>1,015,800</b>	<b>\$</b>	<b>5,106,979</b>	<b>\$</b>	<b>1,539,646</b>	<b>\$</b>	<b>2,119,646</b>

(1) Amounts reported for Change in Control Involuntary or Good Reason Termination are calculated pursuant to Mr. McClean's employment agreement described on page 27.

- (2) Pursuant to the terms of the grant agreements, all unvested shares automatically vest upon death, permanent disability or Change in Control.
- (3) Amounts reported are based on estimated costs for two years based upon actual fiscal year 2009 costs.
- (4) As required by state law and our vacation program, we will pay any earned but unused vacation pay after termination of employment for any reason. Amount shown assumes the executive is entitled to the full annual vacation benefit.
- (5) Represents the aggregate value of permanent disability benefits to be paid in monthly installments until executive is age 65.
- (6) Pursuant to the terms of Mr. McClean's employment agreement as described on page 27.



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Russell B. Rinn						Change in		Change in						
Executive Benefits				Involuntary		Control		Control		Permanent				
Compensation		Voluntary		Termination		For		With No		Disability				
Upon Termination		Resignation Retirement		Cause Without		Cause Termination		Termination		Death				
				Cause		Termination		Termination		Termination				
				Cause		Termination		Termination		Termination				
<b>Compensation:</b>														
Base Salary	\$	0	\$	0	\$	0	\$	0	\$	1,720,000	\$	0	\$	0
Annual Cash Incentive Bonus	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0
Restricted Stock														
Unvested and Accelerated(1)	\$	0	\$	0	\$	0	\$	507,900	\$	507,900	\$	507,900	\$	507,900
Stock Options/SARs														
Unvested and Accelerated(1)	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0
Long-Term Cash Incentive														
Sept 2006-Aug 2009 Performance Period	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0
Sept 2007-Aug 2010 Performance Period	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0
Sept 2008-Aug 2011 Performance Period	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0
<b>Benefits and Perquisites:</b>														
401(k) and Profit Sharing Contributions	\$	0	\$	0	\$	0	\$	0	\$	332,091	\$	0	\$	0
Welfare Continuation Benefit(2)	\$	0	\$	0	\$	0	\$	0	\$	32,025	\$	0	\$	0
Life Insurance Proceeds	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	860,000
Disability Benefits	\$	0	\$	0	\$	0	\$	0	\$	0	\$	1,600,000(4)	\$	0
Accrued Vacation Pay(3)	\$	33,077	\$	33,077	\$	33,077	\$	33,077	\$	0	\$	33,077	\$	33,077
<b>Total</b>	<b>\$</b>	<b>33,077</b>	<b>\$</b>	<b>33,077</b>	<b>\$</b>	<b>33,077</b>	<b>\$</b>	<b>33,077</b>	<b>\$</b>	<b>507,900</b>	<b>\$</b>	<b>2,625,093</b>	<b>\$</b>	<b>2,140,977</b>
														<b>\$</b>
														<b>1,400,977</b>

(1) Pursuant to the terms of the grant agreements, all unvested shares automatically vest upon death, permanent disability or Change in Control.

(2) Amounts reported are based on estimated costs for two years based upon actual fiscal year 2009 costs.

- (3) As required by state law and our vacation program, we will pay any earned but unused vacation pay after termination of employment for any reason. Amount shown assumes the executive is entitled to the full annual vacation benefit.
- (4) Represents the aggregate value of permanent disability benefits to be paid in monthly installments until executive is age 65.

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Thomas K. Zoellner						Change in		Change in									
Executive Benefits				Involuntary		Control		Involuntary									
Payments		Voluntary		Termination		For		Control		Permanent							
Termination		Resignation Retirement		Without		Cause		With No		Disability		Death					
Cause				Cause		Termination		Termination		Termination		Termination					
<b>Compensation:</b>																	
Base Salary		\$	0	\$	0	\$	505,098(1)	\$	0	\$	0	\$	2,020,392(1)	\$	0	\$	
Annual Cash Incentive Bonus		\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	
Restricted Stock																	
Invested and Accelerated(2)		\$	0	\$	0	\$	0	\$	0	\$	507,900	\$	507,900	\$	507,900	\$	507,900
Stock Options/SARs																	
Invested and Accelerated(2)		\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	
Long-Term Cash Incentive																	
Performance Period 2006-Aug 2009		\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	
Performance Period 2007-Aug 2010		\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	
Performance Period 2008-Aug 2011		\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	
<b>Benefits and Perquisites:</b>																	
Life Insurance (Class BVG, SOBP)																	
Retirement Plans																	
Contributions		\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	
Life Insurance Continuation																	
Benefit(1)		\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	
Life Insurance Premiums		\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	
Disability Benefits		\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	1,133,303(4)	\$	
Accrued Vacation (3)		\$	38,858	\$	38,858	\$	38,858	\$	38,858	\$	0	\$	38,858	\$	38,858	\$	38,858
<b>Total</b>		\$	<b>38,858</b>	\$	<b>38,858</b>	\$	<b>543,956</b>	\$	<b>38,858</b>	\$	<b>507,900</b>	\$	<b>2,567,150</b>	\$	<b>1,680,061</b>	\$	<b>1,265,900</b>

(1) The amount is calculated using the exchange rate in effect as of August 31, 2009. On August 31, 2009, the exchange rate was 1.0592 Swiss Francs to 1 U.S. Dollar.

(2) Pursuant to the terms of the grant agreements, all unvested shares automatically vest upon death, permanent disability or Change in Control.

- (3) As required by law and our vacation program, we will pay any earned but unused vacation pay after termination of employment for any reason. Amount shown assumes the executive is entitled to the full annual vacation benefit. The amount is calculated using the exchange rate in effect as of August 31, 2009. On August 31, 2009, the exchange rate was 1.0592 Swiss Francs to 1 U.S. Dollar.
- (4) Represents the aggregate value of permanent disability benefits to be paid in monthly installments until executive is age 65. The amount is calculated using the exchange rate in effect as of August 31, 2009. On August 31, 2009, the exchange rate was 1.0592 Swiss Francs to 1 U.S. Dollar.

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<b>William B. Larson</b>						<b>Change in</b>		<b>Change in</b>						
<b>Executive Benefits</b>				<b>Involuntary</b>		<b>Control</b>		<b>Involuntary</b>						
<b>and Payments</b>		<b>Voluntary</b>		<b>Termination</b>		<b>For</b>		<b>With No</b>		<b>Permanent</b>				
<b>Upon Termination</b>		<b>Resignation Retirement</b>		<b>Without</b>		<b>Cause</b>		<b>Termination</b>		<b>Disability</b>				
				<b>Cause</b>		<b>Termination</b>		<b>Termination</b>		<b>Death</b>				
<b>Compensation:</b>														
Base Salary	\$	0	\$	0	\$	0	\$	0	\$	1,560,000	\$	0	\$	0
Annual Cash Incentive Bonus	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0
Restricted Stock														
Unvested and Accelerated(1)	\$	0	\$	0	\$	0	\$	423,250	\$	423,250	\$	423,250	\$	423,250
Stock Options/SARs														
Unvested and Accelerated(1)	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0
Long-Term Cash Incentive														
Sept 2006-Aug 2009 Performance Period	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0
Sept 2007-Aug 2010 Performance Period	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0
Sept 2008-Aug 2011 Performance Period	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0
<b>Benefits and Perquisites:</b>														
401(k) and Profit Sharing Contributions	\$	0	\$	0	\$	0	\$	0	\$	267,604	\$	0	\$	0
Welfare Continuation Benefit(2)	\$	0	\$	0	\$	0	\$	0	\$	45,183	\$	0	\$	0
Life Insurance Proceeds	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	780,000
Disability Benefits	\$	0	\$	0	\$	0	\$	0	\$	0	\$	990,000(4)	\$	0
Accrued Vacation Pay(3)	\$	30,000	\$	30,000	\$	30,000	\$	30,000	\$	0	\$	30,000	\$	30,000
<b>Total</b>	<b>\$</b>	<b>30,000</b>	<b>\$</b>	<b>30,000</b>	<b>\$</b>	<b>30,000</b>	<b>\$</b>	<b>30,000</b>	<b>\$</b>	<b>423,250</b>	<b>\$</b>	<b>2,326,037</b>	<b>\$</b>	<b>1,443,250</b>
														<b>\$</b>
														<b>1,233,250</b>

(1) Pursuant to the terms of the grant agreements, all unvested shares automatically vest upon death, permanent disability or Change in Control.

(2) Amounts reported are based on estimated costs for two years based upon actual fiscal year 2009 costs.

- (3) As required by state law and our vacation program, we will pay any earned but unused vacation pay after termination of employment for any reason. Amount shown assumes the executive is entitled to the full annual vacation benefit.
- (4) Represents the aggregate value of permanent disability benefits to be paid in monthly installments until executive is age 65.

**Table of Contents****NON-EMPLOYEE DIRECTOR COMPENSATION**

The compensation arrangements for directors are described below the following table. The following table and footnotes outline the compensation paid to our non-employee directors for fiscal year 2009 as well as the outstanding restricted stock and stock options held by the non-employee directors.

**DIRECTOR COMPENSATION TABLE IN FISCAL YEAR 2009**

<b>Name</b>	<b>Annual</b>	<b>Meeting Fees</b>	<b>Committee</b>	<b>Fees</b>	<b>Stock Awards</b>	<b>All</b>	<b>Total</b>
	<b>Cash Retainer</b>		<b>Chairman Retainer</b>	<b>or Paid in Cash</b>		<b>Other Compensation</b>	
	<b>(\$)(1)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)(6)</b>	<b>(\$)(8)</b>	<b>(\$)</b>
Harold L. Adams	\$ 57,500	\$ 31,500	\$	\$ 89,000	\$ 65,685	\$	\$ 154,685
Moses Feldman	\$ 57,500	\$ 28,500	\$	\$ 86,000	\$ 65,685	\$	\$ 151,685
Robert L. Guido	\$ 57,500	\$ 43,500(3)	\$ 10,000(4)	\$ 111,000	\$ 65,685	\$	\$ 176,685
Ralph E. Loewenberg	\$ 57,500	\$ 28,500	\$	\$ 86,000	\$ 65,685	\$	\$ 151,685
Anthony A. Massaro	\$ 60,500(2)	\$ 35,500(3)	\$ 10,000	\$ 106,000	\$ 65,685	\$	\$ 171,685
Robert D. Neary	\$ 57,500	\$ 42,000	\$ 10,000	\$ 109,500	\$ 65,685	\$	\$ 175,185
Dorothy G. Owen	\$ 57,500	\$ 28,500	\$	\$ 86,000	\$ 65,685	\$	\$ 151,685
J. David Smith	\$ 60,500(2)	\$ 43,500(3)	\$	\$ 104,000	\$ 88,743(7)	\$	\$ 191,743
Robert R. Womack	\$ 60,500(2)	\$ 54,000(3)	\$ 20,000(5)	\$ 134,500	\$ 65,685	\$	\$ 200,185

(1) The directors' retainer increased effective January 1, 2009 from \$50,000 to \$60,000.

(2) Members of the IT Sub-Committee received an annual retainer of \$3,000 for serving on the IT Sub-Committee.

(3) Members of the IT Sub-Committee received \$1,000 per month in lieu of per-meeting fees for serving on the IT Sub-Committee.

(4) Mr. Guido served as Chairman of the IT Sub-Committee in fiscal 2009.

- (5) Includes Mr. Womack's \$10,000 annual retainer for service as Lead Director, as well as his \$10,000 annual retainer as Chairman of the Committee.
- (6) FAS 123R expense for fiscal year 2009 representing the amortized value of all restricted stock awards granted in 2006, 2007 and 2008 and all stock appreciation rights granted in 2009 to all non-employee directors pursuant to the Non-Employee Director Stock Plan. Assumptions related to these values calculated pursuant to FAS 123R can be found in Note 1 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on October 30, 2009. Each of the nine non-employee directors received 14,000 stock appreciation rights in 2009 (an aggregate of 126,000 stock appreciation rights) with one-half of such rights vesting on January 22, 2010 and one-half on January 22, 2011, provided such director is still serving as a director or such director has not had an accelerated vesting event, such as retirement, death, permanent disability or a change in control. These are the only stock appreciation rights held by the nine non-employee directors. The nine non-employee directors have been awarded an aggregate of 135,112 restricted stock awards of which 18,000 are not yet vested. The number of non-vested restricted stock awards for each director on August 31, 2009 was as follows: H. Adams, 2,000; M. Feldman, 2,000; R. Guido, 2,000; R. Loewenberg, 2,000; A. Massaro, 2,000; R. Neary, 2,000; D. Owen, 2,000; D. Smith, 2,000; and R. Womack, 2,000. The aggregate number of outstanding stock options awarded to the nine directors prior to fiscal year 2005 and subject to exercise is 144,722. The number of shares underlying outstanding stock options held by each director on August 31, 2009 was as follows: H. Adams, 6,000; M. Feldman, 0; R. Guido, 0; R. Loewenberg, 13,410; A. Massaro, 34,406; R. Neary, 0; D. Owen, 65,236; D. Smith, 13,670; and R. Womack, 12,000. The grant date FAS 123R fair value of the fiscal year 2009 stock appreciation rights for each non-employee director was \$65,685 based on the Black Scholes value stock price of \$4.6918 per share on the date of the award.
- (7) For stock award grants made in 2007 and 2008, all non-employee directors except Mr. Smith were age 62 or older and as such were considered vested in all stock awards for purposes of FAS 123R valuation. The stock award value for Mr. Smith is the aggregate amortized FAS 123R value of stock awards he received in 2007, 2008 and 2009.



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- (8) Costs of less than \$10,000 per director were incurred by us in connection with a spouse attending activities related to one Board of Directors meeting during fiscal year 2009. We incurred costs associated with minor commemorative items, meals, entertainment, sightseeing and similar activities for each director and accompanying guest. We did not pay for travel expenses to or from the meeting location for spouses.

None of our employees receive additional compensation for serving as a director. From September 1, 2008 through December 31, 2008, Ms. Owen and Messrs. Adams, Feldman, Guido, Loewenberg, Massaro, Neary, Smith and Womack were paid a pro rata share of the annual retainer of \$50,000 and \$1,500 for each Board of Directors meeting and committee meeting attended, excluding meetings of the IT Sub-Committee. In recognition of the difficult market conditions facing us during fiscal year 2009, the non-employee directors voluntarily relinquished the \$1,500 meeting fees for all telephonic meetings of the Board of Directors. Effective as of January 1, 2009, the annual retainer for all non-employee directors was increased to \$60,000. From January 1, 2009 until August 31, 2009, the non-employee directors received a pro rata share of the new annual retainer. Chairmen of the Audit, Compensation, Nominating and Corporate Governance Committees, IT Sub-Committee and the Lead Director each received an additional retainer payment of \$10,000 per fiscal year. Each member of the IT Sub-Committee other than the Chairman of the committee was paid a \$3,000 annual retainer. The Chairman of the IT Sub-Committee and members of the IT Sub-Committee are paid \$1,000 per month but are not paid a meeting fee for service on this Sub-Committee. We also reimburse directors for expenses in connection with their attendance at Board of Directors and IT Sub-Committee meetings and, as authorized under our corporate governance guidelines, participation in continuing education programs specifically designed for directors of public companies in order that they stay current and knowledgeable about their roles.

The 1999 Non-Employee Director Stock Plan was approved at the 2000 annual meeting of stockholders and amended by stockholders at the 2005 and 2007 annual meetings. The plan provides that each non-employee director shall receive on the date of each annual meeting of stockholders either (i) an option (including stock appreciation rights) to acquire 14,000 shares or (ii) 4,000 shares of restricted stock or 4,000 restricted stock units. During fiscal year 2009, all directors elected to receive stock appreciation rights reflecting 14,000 shares. Directors who are elected to fill vacancies between annual meetings receive a grant for a pro rata amount of equity awards based on their period of service before the next annual meeting. All non-employee director equity awards vest in two equal annual installments beginning one year from the date of the award. In addition, each non-employee director may make an irrevocable election, prior to January 1 of each year, to accept additional restricted stock units in lieu of all or part of the annual cash fees to be paid for that fiscal year. The number of shares subject to restricted stock units as a result of this election shall be the number of shares of Company common stock whose fair market value is equal to the dollar amount of fees subject to the election.

The exercise price for all options granted to non-employee directors shall be the fair market value on the day of grant. All non-employee director options terminate on the earliest of: (i) the seventh anniversary of the date of grant; (ii) one year after termination of service by reason of death or disability; (iii) two years after termination of service by reason of retirement after age sixty-two; or (iv) thirty days following termination of service for any other reason. These options are considered non-qualified options under Section 422A of the Code.

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The members of the Compensation Committee of our Board of Directors during fiscal year 2009 were Ms. Owen and Messrs. Womack (Chairman), Feldman, Loewenberg, Massaro and Neary. None of the members of the Compensation Committee was at any time during fiscal year 2009, or at any other time, an officer or employee of Commercial Metals Company. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving either as a member of our Compensation Committee or as a member of our Board of Directors. There were no relationships requiring disclosure under Item 404

of Regulation S-K or Item 407(e)(4) of Regulation S-K that involved any member of the Compensation Committee during the last fiscal year.

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**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Mr. Robert McClean, the son of our Chairman of the Board, President and CEO Murray McClean, i