COMMERCIAL METALS CO
Form PRE 14A
November 23, 2005

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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 x
Filed by a Party other than the Registrant o

Check the appropriate box:

x Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

COMMERCIAL METALS COMPANY

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

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):

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o Fee paid previously with preliminary materials.

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1) Amount Previously Paid:

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2) Form, Schedule or Registration Statement No.:

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4) Date Filed:

SEC 1913 (11-01)	**Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held January 26, 2006

The Annual Meeting of Stockholders of Commercial Metals Company, a Delaware corporation, will be held in the amphitheater at the Four Seasons conference center, 4150 North MacArthur Boulevard, Irving, Texas, on January 26, 2006, at 10:00 a.m., Central Standard Time. If you are planning to attend the meeting in person, please check the appropriate space on the enclosed proxy card. A map is included on the back cover of the attached Proxy Statement. The meeting will be held for the following purposes:

(1) To elect three persons to serve as directors until the 2009 annual meeting of stockholders and until their successors are elected;

(2) To consider and act upon a proposal to amend our restated certificate of incorporation to increase the number of authorized shares of our common stock from 100,000,000 to 200,000,000 with no change in the number of authorized shares of preferred stock;

(3) To consider and act upon a proposal to amend our restated certificate of incorporation to decrease the par value of our common stock from $5.00 per share to $.01 per share;

(4) To ratify the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm for the fiscal year ending August 31, 2006; and

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

Only stockholders of record on November 28, 2005, are entitled to notice of and to vote at the meeting or any adjournments of the meeting.

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

By Order of the Board of Directors,

David M. Sudbury
Vice President, Secretary
and General Counsel

Dallas, Texas
December , 2005

COMMERCIAL METALS COMPANY
6565 North MacArthur Boulevard
Irving, Texas 75039
Telephone (214) 689-4300
PROXY STATEMENT
FOR
ANNUAL MEETING OF STOCKHOLDERS
To Be Held January 26, 2006

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 26, 2006, and at any and all adjournments of the meeting. The approximate date on which this proxy statement and accompanying proxy card are first being sent or given to stockholders is December [ ], 2005.

Shares represented by each proxy, if properly executed and returned to us prior to the meeting, will be voted as directed, but if not otherwise specified, will be voted for the election of three directors, for approval of the proposals to amend our restated certificate of incorporation to increase the number of authorized shares of our common stock from 100,000,000 to 200,000,000 and decrease the par value of our common stock from $5.00 per share to $.01 per share and to ratify the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm, all as recommended by our Board of Directors. A stockholder executing the proxy may revoke it at any time before it is voted by giving written notice to the Secretary of Commercial Metals Company, by subsequently executing and delivering a new proxy or by voting in person at the meeting (although attending the 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, 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 28, 2005, the record date for determining stockholders entitled to vote at the annual meeting, we had outstanding [58,227,906] shares of our common stock, par value $5.00 per share, not including [6,302,426] 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 28, 2005.

The presence of a majority of our outstanding common stock represented in person or by proxy at the 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 by the broker. Such shares as to which authority to vote is withheld are called broker non-votes.

The three nominees receiving the highest vote totals will be elected as directors. Accordingly, abstentions and broker non-votes will not affect the outcome of the election of directors.

The proposals to amend our restated certificate of incorporation to increase the number of authorized shares of common stock from 100,000,000 to 200,000,000 shares and decrease the par value of our common stock from $5.00 per share to $.01 per share, will require the affirmative vote of the holders of a majority of our outstanding common stock. Accordingly, abstentions and broker non-votes will have the same effect as a vote against such proposal.

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 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 proxies named in the accompanying form of proxy.

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 as of the record date the following person, including groups of persons, beneficially owned more than 5% of our outstanding common stock:

Name and Address	Amount and Nature of Beneficial Ownership	Percent of Class
Dimensional Fund Advisors Inc.	3,994,478(1)	6.78%
1299 Ocean Avenue, 11th Floor		
Santa Monica, CA 90401		

(1) Based on Amendment No. 5 to Schedule 13G report filed with the Securities and Exchange Commission on February 6, 2005, as adjusted by the two-for-one stock split subsequent to the date of the reported ownership.

The following table sets forth information known to us about the beneficial ownership of our common stock as of December 7, 2005, by each director and nominee for director, the Chief Executive Officer, the other executive officers included in the Summary Compensation Table, and all current directors, nominees for director 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 invest the shares listed.

Name	Owned Shares of Common Stock	Option Shares of Common Stock(1)	Total Shares of Common Stock Beneficially Owned	Percentage of Common Stock Beneficially Owned
Adams, Harold L.	5,000	3,000	8,000	*
Feldman, Moses(2)	552,000	9,000	561,000	*
Loewenberg, Ralph E.(3)	17,000	6,705	23,705	*
Massaro, Anthony A.	6,000	59,399	65,399	*
McClean, Murray R.	41,743	40,600	82,343	*
Neary, Robert D.	12,000	23,224	35,224	*
Owen, Dorothy G.	582,204	84,810	667,014	1.14%
Rabin, Stanley A.	928,184	337,400	1,265,584	2.17%
Rinn, Russell B.	36,526	107,048	143,574	*
Selig, Clyde P.	177,233	77,564	254,797	*
Smith, J. David	2,000	6,835	8,835	*
Womack, Robert R.	19,342	9,000	28,342	*
Zoellner, Hanns	24,151	68,700	92,851	*
All current directors and executive officers as a group (19 persons)	2,998,365	1,106,279	4,104,644	6.92%

* Less than one percent

(1) Represents shares subject to options exercisable within 60 days of December 7, 2005.

(2) Moses Feldman has sole voting and dispositive power over 152,000 shares and shared voting and dispositive power over 552,000 shares. Includes 200,000 shares owned by the Marital Trust under the Trust Indenture created by the Will of Jacob Feldman of which Moses Feldman is one of four trustees and 200,000 shares owned of record by The Feldman Foundation, a Texas non-profit corporation, of which Moses Feldman is one of three voting directors. Moses Feldman disclaims beneficial ownership as to all shares held by The Feldman Foundation and the Marital Trust.

(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 200,000 shares. Mr. Loewenberg disclaims any beneficial interest as to such shares.

PROPOSAL I
ELECTION OF DIRECTORS

The size of our Board of Directors had been 10 members. Our restated certificate of incorporation divides the Board of Directors into three classes. The term of office of the three existing Class II directors expires at this annual meeting of stockholders. Because Clyde P. Selig is retiring as a director, there are only two Class II nominees standing for election, and the size of our Board has been reduced to nine members. The term of the four Class III directors ends at the 2007 annual meeting of stockholders, and the term of the three Class I directors ends at the 2008 annual meeting of stockholders. Proxies cannot be voted for the election of more than three persons to the Board of Directors at the meeting. On January 22, 2004, the stockholders elected nominee Harold L. Adams to the Board of Directors as a Class III director. To equally divide our nine directors into three classes of three directors, Mr. Adams agreed to stand for election at this annual meeting of stockholders with the other Class II nominees.

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, as may be designated by our Board of Directors. However, management has no reason to believe that any nominee will be unavailable.

The following table sets forth information about the directors. All directors have been employed in substantially the same positions set forth in the table for at least the past five years except for Messrs. Massaro, and Feldman. Mr. Massaro retired as President and Chief Executive Officer of Lincoln Electric Holdings, Inc. in June 2004 and as Chairman of the Board in October 2004. Mr. Feldman was named Chairman of AeroMed, Inc. in July 2005, having previously served as its President and CEO.

NOMINEES

Name, Principal Occupation and Business	**Age**	**Served as Director Since**
Class II Term to Expire in 2009		
Anthony A. Massaro Retired Former Chairman, President and Chief Executive Officer of Lincoln Electric Holdings, Inc.	61	1999
Robert D. Neary Retired Former Co-Chairman of Ernst & Young	72	2001
Harold L. Adams Chairman Emeritus, RTKL Associates Inc.	66	2004

DIRECTORS CONTINUING IN OFFICE

Class III Term to Expire in 2007		
Moses Feldman President, AeroMed, Inc.	65	1976
Ralph E. Loewenberg President, R. E. Loewenberg Capital Management Corporation	66	1971
Stanley A. Rabin Chairman, President and Chief Executive Officer, Commercial Metals Company	67	1979
Class I Term to Expire in 2008		
Dorothy G. Owen Retired Former Chairman of the Board, Owen Steel Company, Inc.; Management of Investments	70	1995
J. David Smith Chairman, President and Chief Executive Officer, Euramax International, Inc.	56	2004
Robert R. Womack Retired Former Chairman and Chief Executive Officer, Zurn Industries, Inc. and Chief Executive of U.S. Industries Bath and Plumbing Products Group.	68	1999

Mr. Adams is a director of Legg Mason, Inc. and Lincoln Electric Holdings, Inc. Mr. Massaro is a director of PNC Financial Services Group, Inc. Mr. Neary is a director of Strategic Distribution, Inc. and is Chairman of the Board of Trustees of Allegiant Funds and Allegiant Advantage Fund. Mr. Smith is a director of Euramax International, Inc. Mr. Womack is a director of Jacuzzi Brands, Inc.

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ADDITIONAL INFORMATION RELATING TO CORPORATE GOVERNANCE AND THE BOARD OF DIRECTORS

Corporate Governance. Our Board of Directors has determined, after considering all the relevant facts and circumstances, that Messrs. Adams, Feldman, Loewenberg, Massaro, Neary, Smith, and Womack, and Ms. Owen are independent, as independence is defined by the revised listing standards of the New York Stock Exchange, because they have no direct or indirect material relationship with us (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company).

The Board of Directors has established the following requirements and guidelines to assist it in determining director independence in accordance with the revised listing standards of the New York Stock Exchange:

A director will not be independent if, within the preceding five years, the director or an immediate family member:

(i) received more than $100,000 per year in direct compensation from the Company other than director and committee fees and deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), unless all independent directors unanimously determine that such compensatory relationship is not material;

(ii) was affiliated with or employed in a professional capacity by a present or former internal or external auditor of the Company;

(iii) was employed as an executive officer of another company where any Company employee serves on that company s compensation committee; or

(iv) is an executive officer of another company (a) that accounts for at least 2% or $1 million, whichever is greater, of the Company s consolidated gross revenue or (b) for which the Company accounts for at least 2% or $1 million, whichever is greater, of such other company s consolidated gross revenues.

The following categorical standards for commercial or charitable relationships will not be considered to be material relationships that would impair a director s independence: (i) if the director or immediate family member is an executive officer of a company which is indebted to the Company, or to which the Company is indebted, and the total amount of either entity s indebtedness to the other is less than 1% percent of the total consolidated assets of the other company; and (ii) if a director or immediate family member serves as an officer, director or trustee of a charitable organization, and the Company s discretionary charitable contributions to the organization are less than ten percent of that organization s total annual charitable receipts.

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. Our Board of Directors has also adopted corporate governance guidelines. All Committee charters, corporate governance guidelines, financial code of ethics and other information is available at our website, www.commercialmetals.com and such information is available in print to any shareholder who requests it.

Non-management directors regularly schedule executive sessions in which non-management directors meet without the presence of management. The presiding director of such executive sessions is the Chairman of the Nominating and Corporate Governance Committee, currently Mr. Massaro. Interested parties may communicate with the non-management directors by submitting a letter addressed to Non-management Directors c/o General Counsel at P.O. Box 1046, Dallas, Texas 75221.

Meetings of the Board of Directors. During the fiscal year ended August 31, 2005, the entire Board of Directors met eight times, of which seven were regularly scheduled meetings and one was a special meeting. All directors attended at least seventy-five percent or more of the meetings of the Board and of the Committees on which they served.

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 20. The members of the Audit Committee during fiscal year 2005 were Messrs. Adams, Feldman, Neary, Smith and Womack. Mr. Womack was Chairman of the Comittee until January 27, 2005, at which time Mr. Neary was named Chairman. Mr Adams was appointed to the Committee on January 27, 2005. During the fiscal year ended August 31, 2005, the Audit Committee met nine times. Mr. Neary, also serves on the audit committee of Strategic Distributions, Inc., Allegiant Funds and Allegiant Advantage Fund. Under the rules of the New York Stock Exchange, if an audit committee member simultaneously serves on the audit committees of more than three public companies, and the listed company does not limit the number of audit committees on which its audit committee members serve to three or less, then in each case, the board must determine that such simultaneous service would not impair the ability of such member to effectively serve on the listed company s audit committee. The Board of Directors has determined that Mr. Neary s simultaneous service on the audit committees of more than three public companies will not impair his ability to serve effectively as a member of the Company s Audit Committee.

Compensation Committee. The Board of Directors has a standing Compensation Committee that is responsible for the matters described in the Committee s charter including annually reviewing and approving corporate goals and objectives relevant to the CEO s compensation, evaluating the CEO s performance in light of those goals and objectives and setting the CEO s compensation based on this evaluation as well as assisting the Board in the discharge of its responsibilities relating to the establishment, administration and monitoring of fair and competitive compensation and benefits programs for the Company s executive officers and other executives. Messrs. Feldman, Loewenberg, Neary and Massaro served as members of the Committee during fiscal year 2005. Mr. Adams was a member of the Committee until January 27, 2005, when replaced by Mr. Womack. Mr. Womack replaced Mr. Loewenberg as Committee Chairman on January 27, 2005. The Compensation Committee met five times during the fiscal year ended August 31, 2005, to establish the CEO s salary and bonus, make recommendations to the Board of Directors as to salary and bonus compensation for other executive officers, to review compensation policies, approve the issuance of restricted stock awards and grants of stock appreciation rights, conduct Committee self-assessment and consider the Committee s charter.

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 Committee s charter including efforts to identify and make recommendations as to individuals qualified to be nominated for election to the Board of Directors, reviewing management succession planning, and corporate governance matters. During 2005, the Nominating and Corporate Governance Committee consisted of Messrs. Massaro (Chairman), Adams, Feldman, Loewenberg, Neary, Smith, and Womack, and Ms. Owen. The Nominating and Corporate Governance Committee met four times during the fiscal year ended August 31, 2005, to consider Board structure, corporate governance matters including governance guidelines and Committee charters, Committee and Board self-assessment process, candidates for directors and executive officer succession. The Committee will consider persons recommended by stockholders for inclusion as nominees for election to our Board of Directors if the names, biographical data and qualifications of such persons are submitted in writing in a timely manner addressed to the attention of the Committee and delivered to the Secretary of Commercial Metals Company at P.O. Box 1046, Dallas, Texas 75221.

Compensation of Non-employee Directors. None of our employees receive additional compensation for serving as a director. Messrs. Adams, Feldman, Loewenberg, Massaro, Neary, Smith, and Womack, and Ms. Owen were paid an annual fee of $40,000 and $1,500 for each Board meeting and Committee meeting. Effective as of October 2005, the annual fee was increased to $50,000. Chairmen of the Audit, Compensation and Nominating and Corporate Governance Committees receive an additional payment of $5,000 per year which was increased to $7,500 per year effective October, 2005. We also reimburse the directors for expenses in connection with their attendance at Board and Committee meetings.

The 1999 Non-Employee Director Stock Option Plan approved at the 2000 annual meeting of stockholders and as amended by stockholders at the 2005 annual meeting provides that each non-employee director receive on the date of each annual meeting of stockholders either an option to acquire, as adjusted for our June, 2002 and January 2005, two-for-one stock dividends, 12,000 shares or a grant of 2,000 shares of

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restricted stock. Directors elected to fill vacancies between annual meetings receive a grant for a pro rata amount based on their period of service before the next annual meeting. Each non-employee director received on January 27, 2005, a grant of 2,000 shares of restricted stock. These restricted shares 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 an additional option grant in lieu of all or part of the annual cash fee to be paid for that year. The number of shares subject to option as a result of this election is determined by dividing the amount of the annual fee subject to the election by the Black-Scholes value for one share as of the grant date. The grant date is the date of the annual meeting of stockholders following the calendar year covered by the election. Messrs. Loewenberg and Massaro and Smith elected to receive an option to acquire shares of common stock January 27, 2005 in lieu of receipt of all or a portion of the annual cash fee otherwise payable for calendar year 2004. Messrs. Loewenberg and Massaro each received an option for 3,705 shares and J. David Smith received an option for 835 shares, all at $27.15, the average of the high and low price on the date of grant, January 27, 2005.

The exercise price for all options granted non-employee directors shall be the fair market value on the day of grant. One-half of the number of the shares covered by each option vests on the first anniversary of the date of grant with the remaining one-half vesting on the second anniversary or immediately upon a change in control. All options received as a result of a non-employee director s election to receive an option in lieu of the cash retainer are fully vested on the date 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 non-qualified options under §422A of the Internal Revenue Code.

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 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 Form 5 s were required from reporting persons, we believe that all such reports were submitted on a timely basis during the year ended August 31, 2005, except that director G. Owen on January 6, 2005, filed an amendment to a Form 4 filed December 21, 2004 to correct from 5,000 to 10,000 the number of shares she gifted to a charitable trust of which she is a Trustee.

EXECUTIVE COMPENSATION

The following table sets forth information concerning compensation paid during each of the last three fiscal years to the Chief Executive Officer and the named executive officers.

SUMMARY COMPENSATION TABLE

		Annual Compensation		Long-Term Compensation			
				Restricted Stock			All Other
Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Award(s) ($)(1)	Option/SARs (#)(2)	LTIP Payouts ($)(3)	Compensation ($)(4)
Stanley A. Rabin	2005	600,000	2,000,000	359,890	35,200	630,000	652,292
Chairman, President and	2004	550,000	1,650,000	0	83,600	345,729	369,536
Chief Executive Officer	2003	525,000	240,000	0	83,600	0	35,072
Clyde P. Selig	2005	380,000	900,000	0	0	315,000	362,299
Vice President; CMC Steel	2004	350,000	800,000	0	0	101,899	167,053
Group President and Chief Executive Officer	2003	350,000	134,500	0	0	0	22,670
Murray R. McClean	2005	400,000	1,000,000	191,114	18,800	192,000	225,292
Executive Vice President and	2004	320,000	750,000	0	30,000	112,817	102,268
Chief Operating Officer	2003	320,000	380,000	0	30,000	0	27,353
Russell B. Rinn	2005	325,000	700,000	141,474	13,900	172,800	201,639
Vice President; CMC Steel	2004	300,000	570,000	0	30,000	76,424	102,017
Group Chief Operating Officer	2003	288,000	128,000	0	30,000	0	20,904
Hanns Zoellner(5)	2005	370,981	750,000	141,474	13,900	166,740	44,628
Vice President; Marketing	2004	321,179	640,000	0	21,000	76,233	38,512
and Distribution Segment President	2003	296,349	350,000	0	20,800	0	33,514

(1) Awards of restricted stock under our 1996 Long-Term Stock Incentive Plans based on the closing market price of our common stock on July 8, 2005, the date of grant. These awards vest and restrictions lapse in three substantially equal annual installments each anniversary of the grant date subject to continued employment on such date. Cash dividend equivalents are paid on restricted stock. The number and value of all shares of restricted

stock owned by the named executive officers as of August 31, 2005, based on the closing market price of our common stock of $29.635 on that date, are as follows: Mr. Rabin 14,500 shares valued at $429,708; Mr. McClean 7,700 shares valued at $228,190; Mr. Rinn 5,700 shares valued at $168,920; and Mr. Zoellner 5,700 shares valued at $168,920.

(2) These awards were granted under our 1996 Long-Term Stock Incentive Plan. The exercise price is the fair market value of such share on the date granted. Each of the 2003 and 2004 awards shown represent stock options which do not qualify under Section 422A of the Internal Revenue Code. The options are exercisable one half at one year from grant date and the second half two years from grant date and expire seven years from grant date. The 2005 award is a grant of stock appreciation rights. This award vests and is exercisable in three substantially equal annual installments each anniversary of the grant date and expire seven years from grant date. All options and SARs may vest earlier upon a change in control as defined in the plan.

(3) These amounts represent payments earned during 2005 under the Key Employee Long-Term Performance Plan described in the Compensation Committee Report on page 12. This Plan creates a rolling series of three year performance periods. The payments reported for 2005 are for the 2003-2005 fiscal year performance period during which 133% (maximum) of the target performance objective as established in 2003 was achieved. Payments reported for 2004 are for the 2002-2004 performance period during which 90.0% of the target objective set in 2002 was achieved.

(4) The compensation reported includes Company contributions of $23,575 to the account of each of Messrs. Rabin, Selig, McClean and Rinn under the Commercial Metals Companies Profit Sharing and 401(k) Plan (Qualified Plan), the Company s qualified retirement plan, and to their account in the Benefit Restoration Plan, a non-qualified plan for certain executives, in the following amounts: Mr. Rabin $628,717; Mr. Selig $338,724; Mr. McClean $201,717 and Mr. Rinn $178,064. Both plans use a participant s compensation attributable to the fiscal year, including taxable income from the exercise of non-qualified stock options, as the basis to calculate the amount of Company contribution. The Company contribution is established annually by the Board of Directors as a percentage of annual compensation of all employees participating in the Qualified Plan. Total compensation that could be considered in establishing contributions to participant accounts in the Qualified Plan was limited by IRS regulations at $200,000 for 2003 and 2004 and $205,000 for 2005. The Company s Benefit Restoration Plan contribution is determined by applying the same contribution percentage used for the Qualified Plan to compensation in excess of the Qualified Plan limits. The compensation reported for Mr. Zoellner, an employee of our Swiss subsidiary residing in Switzerland, represents aggregate Company contributions to statutory and Company sponsored defined contribution plans for employees of the Swiss subsidiary. All of the amounts reported are fully vested in the recipient.

(5) Mr. Zoellner is an employee of our Swiss subsidiary residing in Switzerland. The dollar amount for Mr. Zoellner s Salary is based on compensation paid in Swiss Francs converted to U.S. Dollars using an average exchange rate for the twelve months of each fiscal year. The dollar amount for Mr. Zoellner s Bonus and LTIP payments are based on compensation paid in Swiss Francs converted to U.S. dollars using the exchange rate in effect at the time such amounts were paid.

The following table provides information on stock appreciation rights (SAR) grants to Messrs. Rabin McClean, Rinn and Zoellner and to all of our current executive officers as a group in fiscal year 2005. Mr. Selig did not receive a SAR grant during 2005. No stock options were granted during 2005.

SAR GRANTS IN LAST FISCAL YEAR

Name	Number of Securities Underlying SARs Granted(#)(1)	% of Total SARs Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)(2)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For SAR Term($)(3) 5%	10%
Stanley A. Rabin	35,200	6.8%	24.62	7/8/2012	$ 352,803	$ 822,181
Murray R. McClean	18,800	3.6%	24.62	7/8/2012	$ 188,429	$ 439,119
Russell B. Rinn	13,900	2.67	24.62	7/8/2012	$ 139,317	$ 324,668
Hanns Zoellner	13,900	2.67	24.62	7/8/2012	$ 139,317	$ 324,668
All executive officers as a group (11 persons)	122,200	23.5%	24.62	7/8/2012	$ 1,224,788	$ 2,854,276
Potential Future Commercial Metals Company Stock Price					$ 34.64	$ 47.98

(1)

These SARs become exercisable in three equal installments, one-third July 8, 2006, one-third July 8, 2007, and one-third on July 8, 2008 or earlier upon a change of control as defined in our 1996 Long-Term Stock Incentive Plan.

(2) The exercise price is the fair market value (mean of high and low sales price) on the date of grant.

(3) The dollar amounts in the last two columns are the result of calculations at the 5% or 10% compound annual rates set by the Securities and Exchange Commission and are not intended to forecast future appreciation of our stock.

The following table provides information concerning the exercise of options during fiscal year 2005 and unexercised options and SARs held as of August 31, 2005, for the executive officers included in the Summary Compensation Table.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION/SAR VALUES

	Shares Acquired on Exercise(#)