COMMERCIAL METALS CO
Form DEF 14A
December 08, 2004

OMB APPROVAL	
OMB Number:	3235-0059
Expires:	February 28, 2006
Estimated average burden hours per response	12.75

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:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x 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):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

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 27, 2005

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 27, 2005, 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 2008 annual meeting of stockholders and until their successors are elected;

(2) To consider and act upon a proposal to amend our 1999 Non-Employee Director Stock Option Plan to provide grants of either options or restricted stock to non-employee directors of the Company and to increase the number of shares that may be purchased upon exercise of the options from 3,000 shares to 6,000 shares;

(3) To ratify the appointment of Deloitte & Touche LLP as the Company s independent registered public accounting firm for the fiscal year ending August 31, 2005; and

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

Only stockholders of record on November 29, 2004, 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 8, 2004

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 27, 2005

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 27, 2005, 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 10, 2004.

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 proposal to amend our 1999 Non-Employee Director Stock Option Plan to provide grants of either options or restricted stock to non-employee directors of the Company and to increase the number of shares that may be purchased upon exercise of the options from 3,000 shares to 6,000 shares, 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 29, 2004, the record date for determining stockholders entitled to vote at the annual meeting, we had outstanding 29,437,945 shares of our common stock, par value $5.00 per share, not including 2,827,221 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 29, 2004.

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.

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, provided that, with respect to the approval of the amendment to the 1999 Non-Employee Director Stock Option Plan, the total votes cast represent over 50% of all shares entitled to vote on the proposal. 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. 1299 Ocean Avenue, 11th Floor Santa Monica, CA 90401	2,017,016(1)	6.85%

(1) Based on Amendment No. 1 to Schedule 13G report filed with the Securities and Exchange Commission on February 6, 2004.

The following table sets forth information known to us about the beneficial ownership of our common stock as of December 6, 2004, 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.	0	1,500	1,500	*
Feldman, Moses(2)	1,418,684	3,000	1,421,684	4.83%
Heinkele, Harry J.	59,280	0	59,280	*
Howell, A. Leo	113,178	0	113,178	*
Loewenberg, Ralph E.(3)	0	40,905	40,905	*
Massaro, Anthony A.	2,000	40,905	42,905	*
McClean, Murray R.	7,000	26,520	33,520	*
Neary, Robert D.	5,000	10,112	15,112	*
Owen, Dorothy G.	316,074	40,905	356,979	1.21%
Rabin, Stanley A.	417,000	215,800	632,800	2.15%
Selig, Clyde P.	88,258	72,582	160,840	*
Smith, J. David	0	1,500	1,500	*
Womack, Robert R.	8,670	30,596	39,266	*
All current directors and executive officers as a group (22 persons)	2,683,780	860,769	3,544,549	12.04%

2

* Less than one percent

(1) Represents shares subject to options exercisable within 60 days of December 6, 2004.

(2) Moses Feldman has sole voting and dispositive power over 111,088 shares and shared voting and dispositive power over 1,307,596 shares. Includes 651,382 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 656,214 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 656,214 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 11 members. Our restated certificate of incorporation divides the Board of Directors into three classes. The term of office of the four existing Class I directors expires at this annual meeting of stockholders. Because A. Leo Howell is retiring as a director, there are only three Class I nominees standing for election, and the size of our Board has been reduced to ten members. The term of the three Class II directors ends at the 2006 annual meeting of stockholders, and the term of the four Class III directors ends at the 2007 annual meeting of stockholders. Proxies cannot be voted for the election of more than three persons to the Board of Directors at the 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, 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, Womack and Selig. 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. Womack retired as Chairman and Chief Executive Officer of Zurn Industries, Inc. and Chief Executive of U.S. Industries Bath and Plumbing Products Group in January 2000. Mr. Selig was elected to the additional position of Chief Executive Officer of the CMC Steel Group in June 2002.

NOMINEES

Name, Principal Occupation and Business	Age	Served as Director Since
Class I Term to Expire in 2008		
Dorothy G. Owen Retired Former Chairman of the Board, Owen Steel Company, Inc.; Management of Investments	69	1995
J. David Smith Chairman, President and Chief Executive Officer, Euramax International, Inc.	55	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	67	1999

DIRECTORS CONTINUING IN OFFICE

Name, Principal Occupation and Business	Age	Served as Director Since
Class II Term to Expire in 2006		
Anthony A. Massaro	60	1999
Retired Former Chairman, President and Chief Executive Officer of Lincoln Electric Holdings, Inc.		
Robert D. Neary	71	2001
Retired Former Co-Chairman of Ernst & Young		
Clyde P. Selig	72	2002
Vice President, Commercial Metals Company; President and Chief Executive Officer, CMC Steel Group		
Class III Term to Expire in 2007		
Moses Feldman	64	1976
President, AeroMed, Inc.		
Ralph E. Loewenberg	65	1971
President, R. E. Loewenberg Capital Management Corporation		
Stanley A. Rabin	66	1979
Chairman, President and Chief Executive Officer, Commercial Metals Company		
Harold L. Adams	65	2004
Chairman Emeritus, RTKL Associates Inc.		

Clyde P. Selig is the uncle of Jeffrey H. Selig, an executive officer. There are no other family relationships among the directors, nominees and executive officers.

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

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).

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.

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 rotates among the Chairs of the Audit Committee, Compensation Committee and the Nominating and Corporate Governance Committee. 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, 2004, 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 19. The members of the Audit Committee during fiscal year 2004 were Messrs. Womack (Chairman), Feldman, Neary, and Smith and, until January 2004, Ms. Owen. During the fiscal year ended August 31, 2004, the Audit Committee met thirteen times.

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. During 2004 the Compensation Committee consisted of Messrs. Loewenberg (Chairman), Feldman, Neary, Massaro and Adams. The Compensation Committee met five times during the fiscal year ended August 31, 2004, 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 stock options, 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 2004, 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 seven times during the fiscal year ended August 31, 2004, 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 retainer fee of $34,000 and $1,500 for each Board meeting and Committee meeting. Effective as of October 2004, the annual retainer fee was increased to $40,000. Chairmen of the Audit, Compensation and Nominating and Corporate Governance Committees receive an additional payment of $5,000 per year. 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 provides that each non-employee director receive on the date of each annual meeting of stockholders an option to acquire, as adjusted for our June, 2002, two-for-one stock dividend, 3,000 shares. The amendment to the Plan submitted as Proposal II would, among other things, increase the number of shares that may be purchased upon exercise of an option from 3,000 shares to 6,000 shares, which would be adjusted to 12,000 shares effective with our two-for-one stock dividend to be paid on January 10, 2005 to stockholders of record as of December 13, 2004. 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 22, 2004, an option to acquire 3,000 shares of common stock at an exercise price of $30.10 per share. 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 retainer 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 retainer 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 Ms. Owen each received an option to acquire 3,749 shares of common stock at $30.10 on January 22, 2004 in lieu of receipt of the annual cash retainer for calendar year 2003. Messrs. Loewenberg and Massaro have elected to accept an option for a number of shares to be determined and granted January 27, 2005, in lieu of their retainer fee for the calendar year 2004. J. David Smith has elected to accept an option on the same terms for a portion of his retainer fee for the calendar year 2004.

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. We are submitting to stockholders for approval a proposed amendment to the 1999 Non-Employee Director Stock Option Plan to permit the grant of either stock options or restricted stock as described more fully on page 16 under Proposal II.

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, 2004, except as follows:

A. Leo Howell, Vice President and President of our Howell Metal Company subsidiary and a director, inadvertently failed to timely report 3 separate dispositions that occurred on January 6, 2004, in the aggregate amount of 8,800 shares. The transactions were reported on a Form 4 filed October 14, 2004.

William B. Larson, Vice President and Chief Financial Officer, inadvertently failed to timely report an acquisition on July 19, 2004, of 1.103 shares resulting from a broker administered automatic dividend reinvestment program. The transaction was reported on Form 4 filed October 20, 2004.

Jeffrey H. Selig, Vice President and CMC Steel Group-East President, inadvertently failed to timely report 7 dispositions that occurred between January 9, 2004 and May 15, 2004, in the aggregate amount of 19,873 shares. The transactions were reported on Form 4 filed on May 24, 2004.

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

Name and Principal Position	Fiscal Year	Annual Compensation Salary ($)	Annual Compensation Bonus ($)	Long-Term Compensation Awards of Stock Option/SARs (#)(1)	LTIP Payouts ($)(2)	All Other Compensation ($)(3)
Stanley A. Rabin	2004	550,000	1,650,000	41,800	345,729	369,536
Chairman, President and	2003	525,000	240,000	41,800	0	35,072
Chief Executive Officer	2002	475,000	350,000	38,000	0	87,941
A. Leo Howell	2004	350,000	700,000	0	185,602	153,954
Vice President; President	2003	350,000	120,000	0	0	21,508
Howell Metal Company	2002	340,000	240,000	0	0	63,236
Clyde P. Selig	2004	350,000	800,000	0	101,899	167,053
Vice President; CMC Steel Group	2003	350,000	134,500	0	0	22,670
President and Chief Executive Officer	2002	320,000	235,000	0	0	69,335
Murray R. McClean	2004	320,000	750,000	15,000	112,817	102,268
Executive Vice President and Chief	2003	320,000	380,000	12,800	0	27,353
Operating Officer	2002	310,000	295,000	13,720	0	45,622
Harry J. Heinkele	2004	280,000	800,000	0	0	173,873(4)
Vice President; President	2003	280,000	350,000	0	0	28,944
Secondary Metals Processing Division	2002	270,000	145,000	0	0	47,407

(1) 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. Although our 1996 Long-Term Stock Incentive Plan provides for the granting of stock appreciation rights, performance awards, restricted stock and incentive stock options qualified under Section 422A of the Internal Revenue Code, none have been made and each of the awards shown represent stock options which do not qualify under Section 422A. 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. All options may vest earlier upon a change in control as defined in the plan.

(2) These amounts represent payments earned during 2004 under the Key Employee Long-Term Performance Plan described in the Compensation Committee Report on page 9. This Plan creates a rolling series of three year performance periods. The payments reported are for the 2002-2004 fiscal year performance period during which 90.9% of the target performance objective as established in 2002 was achieved. No prior payouts had been made under the Plan.

(3) The compensation reported represents contributions to and forfeitures allocated to the account of the recipient under the Commercial Metals Companies Profit Sharing and 401(k) Plan and contributions to the account of the recipient pursuant to the Benefit Restoration Plan, a non-qualified plan for certain executives. All of the amounts reported are fully vested in the recipient. The compensation for the named executive officers for fiscal year 2004 include a credit to the account of each under the Benefit Restoration Plan in the following amounts: Mr. Rabin $350,368; Mr. Howell $134,786; Mr. Selig $147,885; Mr. McClean $83,100; and Mr. Heinkele $84,148.

(4) This amount includes a retirement gift valued at $70,557 in recognition of Mr. Heinkele s 24 years of service to the company.

The following table provides information on options granted to Messrs. Rabin and McClean and to all of our current executive officers as a group in fiscal year 2004. There were no option grants to the other executive officers included in the Summary Compensation Table.

OPTION GRANTS IN LAST FISCAL YEAR

Name	Number of Securities Underlying Options Granted(#)(1)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)(2)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option Term($)(3) 5%	10%
Stanley A. Rabin	41,800	4.9%	31.125	3/5/2011	$ 529,648	$ 1,234,305
Murray R. McClean	15,000	1.8%	31.125	3/5/2011	$ 190,065	$ 442,932
All executive officers as a group (11 persons)	155,025	18.1%	31.125	3/5/2011	$ 1,964,322	$ 4,577,705
Potential Future Commercial Metals Company Stock Price					$ 43.80	$ 60.65

(1) These options become exercisable on in two equal installments, one-half March 5, 2005, and one-half March 5, 2006 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 2004 and unexercised options held as of August 31, 2004, 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

Name	Shares Acquired on Exercise(#)	Value Realized($)	Number of Securities Underlying Unexercised Options at FY-End(#)		Value of Unexercised In-The-Money Options at FY-End($)(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Stanley A. Rabin	76,000	1,332,360.00	247,300	62,700	5,025,383.50	565,449.50
A. Leo Howell	30,600	487,738.50	0	0	0	0
Clyde P. Selig	38,460	488,650.96	72,582	0	1,495,495.24	0
Murray R. McClean	0	0	37,120	21,400	697,630.25	180,830.00
Harry J. Heinkele	0	0	0	0	0	0

(1) The amounts shown represent the difference between the market value of our common stock on August 31, 2004, of $34.615 and the exercise price of such options.

EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT ARRANGEMENTS

We entered into an employment agreement with Murray R. McClean on September 1, 1999. Mr. McClean was then employed as a Vice President of Commercial Metals Company and as President of the Marketing and Distribution segment. He was elected Executive Vice President and Chief Operating Officer in September 2004. The initial term of the employment agreement expired August 31, 2002, but the agreement

automatically extends for three consecutive one-year terms, beginning September 1, 2002, unless either party terminates the agreement. Mr. McClean s minimum base salary is $300,000 per year. He is also eligible to earn a discretionary annual bonus. Mr. McClean is eligible to participate in or receive benefits under any plan or arrangement made generally available to our employees. 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 his base salary for a period of 12 months. Mr. McClean has agreed that during the term of his employment and for two years after his termination, he will not participate in any business that is competitive with our business.

RETIREMENT BENEFITS

Substantially all of our employees in the United States are eligible to participate in our profit sharing and 401(k) plan, a defined contribution plan. We have no defined benefit pension plan. Our employees outside the United States generally are eligible for statutory retirement coverage under the law of the country where employed.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION