COMMERCIAL METALS CO
Form DEF 14A
December 10, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant þ 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))**

þ 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):

þ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) 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:

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¨ 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 On January 25, 2013

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

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

(1) the election of the three persons named in the accompanying proxy statement to serve as directors until the 2016 annual meeting of stockholders and until their successors are elected;

(2) the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending August 31, 2013;

(3) an advisory vote on executive compensation;

(4) the approval of the Commercial Metals Company 2013 Cash Incentive Plan;

(5) the approval of the Commercial Metals Company 2013 Long-Term Equity Incentive Plan; and

(6) the transaction of such other business as may properly come before the Annual Meeting or any adjournments or postponement of the Annual Meeting.

You are invited to attend the Annual Meeting. Whether or not you plan to attend the Annual Meeting, please vote your shares either by telephone, Internet or mail as described in the accompanying proxy card in order to be certain your shares are represented at the Annual Meeting. Proxies forwarded by or for banks, brokers or other fiduciaries should be returned as requested by them. The prompt return of proxies will save the expense involved in further communication.

By Order of the Board of Directors,

ANN J. BRUDER
Corporate Secretary

Irving, Texas

December 17, 2012

Important Notice Regarding the Availability of Proxy Materials for the

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

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

are available for viewing, printing and downloading at www.proxyvote.com.

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COMMERCIAL METALS COMPANY

6565 North MacArthur Boulevard, Suite 800

Irving, Texas 75039

Telephone (214) 689-4300

PROXY STATEMENT

FOR

ANNUAL MEETING OF STOCKHOLDERS

To Be Held On January 25, 2013

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

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

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

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

Only stockholders of record on December 7, 2012 are entitled to notice of and to attend and/or vote at the Annual Meeting or any adjournments of the Annual Meeting. A complete list of stockholders entitled to vote at the Annual Meeting will be available for examination at our principal executive offices located at 6565 North MacArthur Boulevard, Suite 800, Irving, Texas 75039 for a period of ten days prior to the Annual Meeting. The list of stockholders will also be available for inspection at the Annual Meeting and may be inspected by any stockholder for any purpose germane to the Annual Meeting. Proof of ownership of Commercial Metals Company common stock, as well as a form of personal photo identification, must be presented in order to be admitted to the Annual Meeting. If your shares are held in the name of a broker, nominee or other intermediary, you must bring proof of ownership with you to the meeting. A recent account statement, letter or proxy from your broker, nominee or other intermediary will suffice.

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PROXY STATEMENT SUMMARY

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

Annual Meeting of Stockholders

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

Voting Matters

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

Election of Directors

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

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

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

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

Independent Registered Public Accounting Firm

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

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

Executive Compensation Advisory Vote

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

Vote to Approve the Commercial Metals Company 2013 Cash Incentive Plan

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

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

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

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

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

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

PROGRAM	DESCRIPTION	OBJECTIVES
	ANNUAL COMPENSATION:	
Base Salary	Annual cash compensation.	Retention. Recognition of individual performance.
Annual Cash Incentive Bonus	Bonus plan based on performance periods set by the Compensation Committee (the Committee) typically utilizing formula-driven target awards based upon performance goals. Bonus payout for formulaic bonus features may be reduced below (but not increased above) formula results at the discretion of the Committee.	Focus executives on achieving pre-established performance goals, such as return on invested capital or net assets, operating profit, net earnings or working capital reduction, overhead reduction and other financial and operational goals and objectives.
Annual Discretionary **Incentive Bonus**	Cash bonuses awarded at the discretion of the Committee. The Committee may consider any circumstances it deems appropriate in awarding these discretionary bonuses.	Provides the Committee with flexibility to reward individual performance not reflected in formulaic metrics. Focus employees on performance. Reviewed annually for individual contribution in context of Company performance and internal pay equity and external benchmarking.
	LONG-TERM COMPENSATION:	
Long-Term Incentive Program	A long-term incentive program using a combination of stock appreciation rights and time-vested and performance-based awards. The performance-based awards are subject to a multi-year performance period, currently based on growth in EBITDA and ROIC targets.	Focus on long-term Company performance and long-term success. Retention. Employee alignment with stockholders via performance goals and stock ownership.

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

Other Key Compensation Features

- No tax gross-ups for Executive Employment Continuity Agreements.
- Double trigger required for receipt of cash severance payments.
- Executives and directors are subject to stock ownership guidelines.
- Benchmarking process is used for compensation determinations.
- Metrics based on Company and executive performance.

Compensation Decisions During Fiscal Year 2012

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

- Annual Cash Incentive Bonus (as defined in the Compensation Discussion & Analysis) was paid at 83% of target for NEOs holding Company-wide positions and 56% and 120% of target for Mr. Zoellner and Mr. Porter, respectively;
- no Long-Term Cash Incentive (as defined in the Compensation Discussion & Analysis) payments were made to the NEOs for the performance period ending in fiscal year 2012;
- each of the NEOs, other than Mr. Zoellner, received discretionary annual bonuses in recognition of their significant efforts and contributions to the Company in fiscal year 2012;

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

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

the NEOs received salary and/or promotional increases;

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

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

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INFORMATION ABOUT THE MEETING AND VOTING

Q: Why did you send me this proxy statement?

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

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

A: Only stockholders of record on December 7, 2012 are entitled to notice of and to attend and/or vote at the Annual Meeting or any postponements or adjournments of the Annual Meeting. Each share of our common stock is entitled to one vote for each director to be elected and upon all other matters to be brought to a vote.

Q: How can I vote my shares?

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

Q: May I change my vote?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q: What are broker non-votes?

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

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

A: If you are the beneficial owner of shares held in a street name by a broker, the broker, as the record holder of the shares, is required to vote those shares in accordance with your instructions. Under applicable New York Stock Exchange (NYSE) rules, if you hold your shares through a bank or broker and your broker delivers this proxy statement to you, but you do not give instructions to the broker, the broker does not have the discretion to vote on the election of directors, the advisory vote on executive compensation, the proposal to approve the Commercial Metals Company 2013 Cash Incentive Plan or the proposal to approve the Commercial Metals Company 2013 Long-Term Equity Incentive Plan. **THEREFORE, UNLESS YOU PROVIDE VOTING INSTRUCTIONS TO THE BROKER HOLDING SHARES ON YOUR**

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

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

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

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

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

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

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

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

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

A: The Board recommends that you vote:

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

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

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

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

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

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Q: Who will count the votes?

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

Q: What happens if the Annual Meeting is adjourned?

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

Q: Whom can I contact if I have questions?

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

Q: Where can I find the voting results?

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

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

AND MANAGEMENT

On the basis of filings with the SEC and other information, we believe that based on 116,448,898 shares of our common stock issued and outstanding as of December 7, 2012, the following persons, including groups of persons, beneficially owned more than five percent (5%) of our outstanding common stock:

Name and Address	Amount and Nature of Beneficial Ownership	Percent of Class
High River Limited Partnership(1) c/o Icahn Capital LP 767 Fifth Avenue, 47 Floor New York, NY 10153	8,689,089	7.5%
BlackRock Inc.(2) 40 East 52nd Street New York, NY 10022	8,219,354	7.1%

(1) Based on the information provided pursuant to Amendment No. 7 to Schedule 13D filed with the SEC on April 18, 2012 (the Icahn Schedule 13D/A) by Carl C. Icahn and certain affiliated entities of Carl C. Icahn (collectively, the Reporting Persons). The Reporting Persons reported that (i) High River Limited Partnership, a Delaware limited partnership (High River) has sole voting and dispositive power with respect to 1,737,818 shares of common stock; (ii) Icahn Partners LP (Icahn Partners) has sole voting and dispositive power with respect to 2,705,058 shares of common stock; (iii) Icahn Partners Master Fund LP (Icahn Master) has sole voting and dispositive power with respect to 2,830,547 shares of common stock; (iv) Icahn Partners Master Fund II LP (Icahn Master II) has sole voting and dispositive power with respect to 982,177 shares of common stock; and (v) Icahn Partners Master Fund III LP (Icahn Master III) has sole voting and dispositive power with respect to 433,489 shares of common stock. Carl C. Icahn, by virtue of his relationship to High River, Icahn Partners, Icahn Master, Icahn Master II and Icahn Master III, is deemed to beneficially own the shares of common stock which High River, Icahn Partners, Icahn Master, Icahn Master II and Icahn Master III directly beneficially own. According to the Icahn Schedule 13D/A, each of the Reporting Persons may have shared voting and/or dispositive power over all or some of such shares.

(2) Based on the information provided pursuant to Amendment No. 2 to Schedule 13G filed with the SEC on February 13, 2012 (the Blackrock Schedule 13G/A) by BlackRock Inc. (BlackRock). BlackRock reported that it has sole voting and dispositive power with respect to 8,219,354 shares of common stock. The BlackRock Schedule 13G/A states that various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the common stock and that no one person s interest in the common stock is more than five percent of the total outstanding common shares.

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The following table sets forth information known to us about the beneficial ownership of our common stock by each director and nominee for director, our Chief Executive Officer (the CEO), our Chief Financial Officer (the CFO), the other executive officers included in the Summary Compensation Table, and all current directors and executive officers as a group based on 116,448,898 shares of our common stock issued and outstanding as of December 7, 2012. Unless stated otherwise in the notes to the table, each person named below has sole authority to vote and dispose of the shares listed.

Name	Owned Shares of Common Stock	Option Shares of Common Stock(1)	Total Shares of Common Stock Beneficially Owned	Percentage of Common Stock Beneficially Owned
Harold L. Adams	25,200	42,000	67,200	*
James B. Alleman	17,589	39,150	56,739	*
Joseph Alvarado	24,975		24,975	*
Rhys J. Best	19,000	28,000	47,000	*
Ann J. Bruder	20,590	13,000	33,590	*
Robert L. Guido	26,173	28,000	54,173	*
Richard B. Kelson	5,000	28,000	33,000	*
Anthony A. Massaro	24,000	42,000	66,000	*
Rick J. Mills	10,200		10,200	*
Tracy L. Porter	47,317	24,270	71,587	*
Sarah E. Raiss	9,300	14,000	23,300	*
Barbara R. Smith	10,902		10,902	*
J. David Smith	35,762	42,000	77,762	*
Joseph Winkler	6,234		6,234	*
Robert R. Womack	100,683	42,000	142,683	*
Hanns K. Zoellner	127,424	106,090	233,514	*
All current directors and executive officers as a group (20 persons)	562,315	485,654	1,047,969	0.9%

* Less than one percent

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

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 (the Exchange Act), as amended, requires directors, executive officers and beneficial owners of more than ten percent (10%) of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and any of our other equity securities. Based solely upon our review of the copies of such forms received by us or written representations that no other forms were required from reporting persons, we believe that all such reports, except for a single Form 4 for Louis A. Federle related to accelerated restricted stock awards granted to Mr. Federle upon his permitted early retirement, were submitted on a timely basis during the fiscal year ended August 31, 2012.

PROPOSAL 1

ELECTION OF DIRECTORS

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

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

With the announcement of Robert R. Womack s retirement from the Board of Directors effective as of the Annual Meeting, and in connection with the Board s succession planning, the Nominating and Corporate Governance Committee initiated a search process to select director candidates to replace directors who would retire in the next two years, including Mr. Womack. The Nominating and Corporate Governance Committee engaged Russell Reynolds Associates to facilitate a search for director candidates and took into account many factors including, but not limited to, requirements for independence; the individual s general understanding of the various disciplines relevant to the success of our Company as a large globally-operated, publicly-traded company in today s business environment; each candidate s understanding of the Company s businesses and the metals industry and markets; the individual s professional expertise and educational background; the individual s ethics, integrity, values, inquisitive and objective perspectives, practical wisdom, judgment and availability; and other factors that promote diversity of thought, views and experience. Candidates were evaluated by a sub-committee of the Nominating and Corporate Governance Committee and were interviewed through a series of meetings with directors and executive management. Background reviews of each candidate were conducted by an independent professional agency specializing in the performance of such background reviews. The Nominating and Corporate Governance Committee evaluated each individual in the context of the Board as a whole, with the objective of recommending the director candidate that would be the most likely of the candidate slate to best achieve the success of the business and represent stockholder interests through the exercise of sound judgment. Mr. Winkler was selected from a slate of qualified candidates for election to our Board. The Nominating and Corporate Governance Committee recommended Mr. Winkler to the Board, and the Board appointed Mr. Winkler as a director effective as of June 25, 2012 to fill the Class II seat added to the Board.

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

Each nominee named in this proxy statement has consented to being named in this proxy statement and to serve if elected. If any nominee becomes unavailable for any reason, the shares represented by the proxies will be voted for the person, if any, designated by our Board to replace such nominee. However, the Company has no reason to believe that any nominee will be unavailable. All of the director nominees, as well as the continuing directors, plan to attend this year s Annual Meeting. At the 2012 annual meeting, all of our current directors were in attendance. The following tables set forth information about the nominees and the continuing directors.

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DIRECTOR NOMINEES

Name, Principal Occupation and Other Information	Age	Served as Director Since
Class III Term to Expire in 2013		
Rhys J. Best	66	2010

Engaged in private investments and Managing Partner of SEREN Holdings LTD, a Texas limited partnership primarily involved in investments

Business Experience: Mr. Best has been engaged in private investments since June 2007. From 1999 until June 2004, Mr. Best served as Chairman of the board of directors, President and CEO of Lone Star Technologies, Inc., a company engaged in producing and marketing casing, tubing, line pipe and couplings for the oil and gas, industrial, automotive and power generation industries until its acquisition by United States Steel Corporation in June 2007, and from June 2004 to June 2007, Mr. Best served as Chairman of the board of directors and CEO of Lone Star Technologies, Inc.

Other Board Experience: Mr. Best serves as Chairman of Crosstex Energy, L.P. and has been appointed to serve a two-year term as non-executive Chairman of Austin Industries, Inc. commencing November 29, 2012. He is a director of Trinity Industries, Inc., Cabot Oil & Gas Corporation and MRC Global, Inc.

Qualifications: Mr. Best brings to the Board chief executive leadership and business management experience, as well as strong business acumen and financial and strategic planning expertise. His service on the boards of directors of other publicly traded companies provides our Board with a broad perspective and experience in the areas of management, operations and strategy, as well as additional perspective on the Company s operations, including its international operations and steel manufacturing.

Richard B. Kelson	66	2010

Chairman, President and CEO of ServCo, LLC

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

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

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

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

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

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

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

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

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DIRECTORS CONTINUING IN OFFICE

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

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

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

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

Sarah E. Raiss	55	2011
Retired Former Executive Vice President Corporate Services, TransCanada Corporation, Calgary, Alberta, Canada		

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

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

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

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

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Name, Principal Occupation and Other Information	**Age**	**Served as Director Since**
of TransCanada Corporation and director of Shoppers Drug Mart provide our Board with additional perspective on corporate strategy and opportunities for current and future operations. In addition, Ms. Raiss has received an Institute of Corporate Directors professional designation and has completed courses at Harvard on Making Boards More Effective and at University of Pennsylvania s Wharton School of Business on Creating Value Through Finance.		
J. David Smith	63	2004
Retired Former Chairman, President and Chief Executive Officer, Euramax International, Inc.; Currently serving as non-executive Chairman of Nortek, Inc.		
Business Experience: Mr. Smith served as Chairman, President and Chief Executive Officer of Euramax International, Inc., an international producer of aluminum, steel, vinyl, copper and fiberglass products for construction and transportation markets, from 1996 to 2008. In 2011, Mr. Smith served as Interim Chief Executive Officer of Nortek, Inc. Prior thereto, he served as President of Alumax Fabricated Products, Inc. from 1989 to 1996, and held numerous senior operating roles in its predecessor companies from 1972 to 1989.		
Other Board Experience: Mr. Smith serves as a director and a member of the Audit Committee of Houghton International Inc., and as Chairman and a member of the Audit and Compensation Committees of Siamons International, Inc.		
Qualifications: Mr. Smith brings to our Board managerial and operational expertise gained through his broad experience in managing and leading a significant industrial and manufacturing enterprise. His service as the Chairman, President and Chief Executive Officer of Euramax International, Inc. provides our Board with additional international and strategic perspectives. Mr. Smith s interim leadership position at Nortek, as well as his service on Nortek s board, have provided him with valuable management, governance and leadership experience that he brings to our Board. In addition, his service on several boards of international companies provides him with international experience and enables him to make valuable contributions to our international growth strategies.		

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

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

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

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

Anthony A. Massaro Retired Former Chairman, President and Chief Executive Officer of Lincoln Electric Holdings, Inc.	68	1999

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

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

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Name, Principal Occupation and Other Information	Age	Served as Director Since
Qualifications: Mr. Massaro has broad experience in leading a significant industrial enterprise, particularly with respect to international operations and business management. His service as the Chairman, President and Chief Executive Officer of Lincoln Electric Holdings, Inc. provides the Board with strong global business acumen and financial and strategic planning expertise. His strong international background provides our Board with additional perspective on corporate strategy and opportunities for current and future international operations. In addition, his public company directorship service provides our Board with experience in the areas of management, operations and strategy and provides additional perspective on the Company s operations.		
Joseph Winkler Chairman and Chief Executive Officer of Complete Production Services, Inc.	61	2012
Business Experience: Mr. Winkler served as the Chairman and Chief Executive Officer of Complete Production Services, Inc., an oilfield services provider, from March 2007 to February 2012. Prior thereto, Mr. Winkler served as President and Chief Executive Officer of Complete Production Services, Inc. from March 2005 to March 2007. Prior to joining Complete Production Services, Inc., Mr. Winkler was an executive for National Oilwell Varco and several of its predecessor entities from April 1996 to March 2005.		
Other Board Experience: Director of Dresser-Rand (DRC), Hi-Crush Partners LP and Petroleum Equipment Suppliers Association.		
Qualifications: Mr. Winkler brings to the Board significant leadership, operational and strategic experience gained from his service as Chairman and Chief Executive Officer of Complete Production Services, Inc. and his executive experience at National Oilwell Varco and its predecessors. His public-company board of directors service provides our Board with valuable corporate leadership, governance and strategy development knowledge.		

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

Vote Required

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

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

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CORPORATE GOVERNANCE; BOARD AND COMMITTEE MATTERS

Director Independence. Our Board of Directors has determined, after considering all the relevant facts and circumstances, that Ms. Raiss and Messrs. Adams, Best, Guido, Kelson, Massaro, Mills, Smith and Winkler are independent, as independence is defined by the listing standards of the NYSE, because they have no direct or indirect material relationship with us (either directly or as a partner, stockholder or officer of an organization that has a relationship with us) that would cause the independence requirements of the NYSE listing standards to not be satisfied.

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

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

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

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

Corporate Governance Guidelines and Code of Ethics. Our Board has adopted corporate governance guidelines. Our Corporate Governance Guidelines reflect the principles by which we operate. From time to time, the Nominating and Corporate Governance Committee and the Board review and revise our Corporate Governance Guidelines in response to regulatory requirements and evolving best practices. We have also adopted a Code of Conduct and Business Ethics (the Code of Conduct), which applies to all of our directors, officers and employees. In addition, we have adopted a separate Financial Code of Ethics which is applicable to our CEO, CFO, Corporate Controller and any other officer who may function as a Chief Accounting Officer. We intend to post any amendments to or waivers from our Financial Code of Ethics and our Code of Conduct on our website to the extent applicable to our CEO, CFO, Corporate Controller, and any other officer who may function as a Chief Accounting Officer or a director. Our Corporate Governance Guidelines, the Code of Conduct, the Financial Code of Ethics and other information are available at our website, www.cmc.com, and such information is available in print to any stockholder without charge, upon request to Commercial Metals Company, 6565 North MacArthur Blvd., Suite 800, Irving, Texas 75039, Attention: Corporate Secretary, or by calling (214) 689-4300.

Stockholder Communications. Interested parties may communicate with the non-executive Chairman of the Board or, from and following January 1, 2013, the Lead Director, or any of the non-employee and independent directors by submitting a letter addressed to their individual attention or to the attention of non-employee directors c/o Corporate Secretary at P.O. Box 1046, Dallas, Texas 75221.

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

Executive Sessions. As required by the NYSE listing standards, non-employee and independent directors regularly schedule executive sessions in which they meet without the presence of employee directors or management. The presiding director at such executive sessions is the non-executive Chairman of the Board or, from and following January 1, 2013, the Lead Director. In fiscal year 2012, all of the non-employee directors, which includes all members of the Board other than Mr. Alvarado, held six non-employee director sessions in connection with each Board of Directors meeting and one stand-alone meeting.

Board Committees

We have four standing board committees: Audit, Compensation, Nominating and Corporate Governance and Finance. Membership of each of these committees is comprised entirely of independent directors. The Board has adopted charters for each of these committees describing the authority and responsibilities delegated to each committee by the Board. All committee charters are available at our website, www.cmc.com, and available in print to any stockholder without charge, upon request to Commercial Metals Company, 6565 North MacArthur Blvd., Suite 800, Irving, Texas 75039, Attention: Corporate Secretary, or by calling (214) 689-4300.

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

Compensation Committee. The Board has a standing Compensation Committee that is responsible for the matters described in the Compensation Committee s charter, including (i) annually reviewing and approving corporate goals and objectives relevant to the compensation of the CEO and the other executive officers, (ii) evaluating the performance of the CEO and the other executive officers in light of those goals and objectives and (iii) determining and approving the CEO s compensation based on this evaluation as well as setting the compensation of the other executive officers following a review with the CEO of the CEO s evaluation, recommendations and decisions as to the performance and compensation of the other executive officers. Additional responsibilities of the Compensation Committee are (i) to assist the Board in the discharge of its responsibilities relating to the establishment, administration and monitoring of fair and competitive compensation and benefits programs for our executive officers and other executives, (ii) to make recommendations to the Board with respect to incentive compensation plans, equity based plans and other compensation and benefits programs that are subject to Board approval, (iii) to administer the Company s incentive compensation, stock option and other equity based plans, including approving option guidelines and grants, making, modifying, substituting or canceling grants, designating participants, interpreting the plans and programs, determining plan and program rule and regulations, and imposing limitations, restrictions and conditions upon any award, (iv) to review and make recommendations to the Board regarding any employment, severance, change in control or separation agreement, or any deferred compensation arrangement, to be entered into with any executive officer, (v) to review and discuss with management the Compensation Discussion and Analysis (CD&A) included in the proxy statement and, based on such review and discussion, recommend to the Board that such CD&A be included in the annual report on Form 10-K and the proxy statement, (vi) to prepare the Compensation Committee Report for inclusion in the proxy statement, (vii) to conduct a Compensation Committee self-assessment annually and (viii) to annually review the Compensation Committee s charter. At the beginning of fiscal year 2012, the members of the Compensation Committee were Messrs. Smith (Chairman), Best, Guido, Kelson, Massaro and Womack. Effective November 7, 2011, the members of the Compensation Committee are Messrs. Smith, Best, Kelson, and Ms. Raiss. Mr. Smith remains the Chairman of the Compensation Committee. The Compensation Committee met eleven times during the fiscal year ended August 31, 2012. For a further discussion of the Compensation Committee s role in executive officer compensation, the role of executive officers in determining or recommending the amount or form of executive compensation and the Compensation Committee s engagement and use of independent third-party compensation consultants, please see the Compensation Discussion and Analysis section of this proxy statement.

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

Finance Committee. The Board has established a standing Finance Committee that is responsible for the matters described in the Finance Committee s charter, including reviewing and making recommendations to the Board with respect to (i) potential strategic transactions including mergers, acquisitions, divestitures, joint ventures and other investments and proposed major capital expenditures along with reviewing the performance of the forgoing, (ii) our cash position, capital structure and strategies, financing strategies, debt arrangements and insurance coverage matters, (iii) our dividend policy, stock splits and stock repurchases and debt arrangements, (iv) the issuances, as appropriate, of debt or equity securities and (v) the adequacy of the funding of our funded retirement plans and welfare benefits plans (other than those plans maintained pursuant to a collective agreement that names a joint administrative board as the governing plan fiduciary) in terms of our corporate purposes and objectives. The Finance Committee also conducts annually an evaluation of its own performance and, in light of this, considers changes in the membership, charter or procedures of the committee. At the beginning of fiscal year 2012, the members of the Finance Committee were Messrs. Adams, Best (Chairman), Kelson, Neary and Womack. Effective November 7, 2011, the members of the Finance Committee are Messrs. Adams, Best, Smith and Womack, and effective June 25, 2012, Mr. Winkler was appointed to the Finance Committee. Mr. Best remains the Chairman of the Finance Committee. The Finance Committee met four times during the fiscal year ended August 31, 2012.

Selection of Nominees for Election to the Board. The Nominating and Corporate Governance Committee has established a process for identifying and evaluating nominees for directors. Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of stockholders. Director candidates must also have an inquisitive and objective perspective, practical wisdom and mature judgment. In addition to considering these qualifications, the Nominating and Corporate Governance Committee will consider such relevant factors as it deems appropriate, including the current composition of our Board, the evaluations of other prospective nominees, and the need for any required expertise on our Board or one of its committees. The Nominating and Corporate Governance Committee also contemplates multiple dynamics that promote and advance diversity among the members of our Board. Although the Nominating and Corporate Governance Committee does not have a formal diversity policy, the Nominating and Corporate Governance Committee considers a number of factors regarding diversity of personal and professional backgrounds (both domestic and international), national origins, specialized skills and acumen, and breadth of experience in industry, manufacturing, financing transactions, and business combinations. Dedication of sufficient time, energy and attention to insure diligent and effective performance of their duties is expected of directors. Directors should be committed to serve on our Board for an extended period of time, if elected by stockholders. The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders on the same basis that it evaluates other nominees for director. In order for the Nominating and Corporate Governance Committee to consider persons recommended by stockholders for inclusion as nominees for election to our Board, stockholders should submit the names, biographical data and qualifications of such persons in writing in a timely manner addressed to the attention of the Nominating and Corporate Governance Committee and delivered to the Corporate Secretary of Commercial Metals Company at P.O. Box 1046, Dallas, Texas 75221. A stockholder wishing to formally nominate a director for election at a stockholder meeting must comply with the provisions in the Company s second amended and restated bylaws addressing stockholder nominations of directors.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board has reviewed and discussed the following section of this proxy statement entitled Compensation Discussion and Analysis with management. Based on this review and discussion, the Compensation Committee has recommended to the Board that this Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the Company s Annual Report on Form 10-K for the fiscal year ended August 31, 2012.

J. David Smith (Chairman)

Rhys J. Best

Richard B. Kelson

Sarah E. Raiss

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

The Company manufactures, recycles and markets steel and metal products, related materials and services through a network including steel minimills, steel fabrication and processing plants, construction-related product warehouses, a copper tube minimill, metal recycling facilities and marketing and distribution offices in the United States and in strategic international markets. The CMC Americas Division operates utilizing three segments: Americas Recycling, Americas Mills and Americas Fabrication. The CMC International Division operates utilizing two segments: International Mill (comprised of all mill, recycling and fabrication operations located outside of the U.S.) and International Marketing and Distribution (which includes all marketing and distribution operations located outside the U.S. as well as two U.S.-based trading and distribution divisions, CMC Cometals, located in Fort Lee, New Jersey and CMC Cometals Steel, located in Irving, Texas).

In order to compete effectively in the steel and metal products industry, it is critical that we attract and retain motivated leaders who can best position the Company to deliver financial and operational results for the benefit of our stockholders. We believe that we achieve this objective through our executive compensation program, which is administered by the Compensation Committee of the Board of Directors (the Committee).

The Committee, with the assistance of its independent compensation consultant, engages in an ongoing review of the Company s executive compensation program to ensure that it supports the Company s compensation policy and ultimately serves the best interests of our stockholders. Following are highlights of the Company s corporate governance framework, which the Committee believes reinforces our pay for performance environment:

No Tax Gross-Ups Under Executive Employment Continuity Agreements. The Company does not provide for excise tax gross-ups under the Executive Employment Continuity Agreements. Under these agreements, if we determine that the payments to an executive under the Company s change in control agreement, combined with any other payments or benefits to which the executive may be entitled, would result in the imposition on the executive of an excise tax, we are required to either (i) reduce such payments to the maximum amount which would not result in imposition of an excise tax or (ii) make such payments to the executive if, even after the executive s payment of the excise tax, the executive would receive a larger net amount.

Double Trigger Required for Receipt of Cash Severance Payments. The Company s change in control agreements contain a double trigger in that there must be present both a change in control and a qualifying termination of the executive in order to trigger cash severance payments under these agreements. We believe that these agreements provide a mechanism for eliminating the distraction to the executives that is inherent in change in control events.

Stock Ownership Guidelines. To align the interests of our executives and directors with those of our stockholders and to assure that our executives and directors own meaningful levels of Company stock throughout their tenures with the Company, the Committee established stock ownership guidelines for our executives and directors. The stock ownership guidelines require the non-employee directors and President and CEO to own Company stock equal in value to five times such person s annual cash retainer or base salary, as applicable, and each of our other named executive officers to own Company stock equal in value to three times his or her respective base salary.

Benchmarking Process Used for Compensation Determinations. The Committee reviews external market data prepared by the Committee s external compensation consultant, in order to set market-based compensation levels and consider current best practices when making compensation decisions.

Metrics based on Company and Individual Performance. Bonuses paid under the Annual Cash Incentive Bonus as well as the settlement of performance-based equity awards is determined based on pre-establish Company-wide performance goals and, in the cash of the Annual Cash Incentive Bonus program, business-unit performance goals. The Committee includes an annual discretionary incentive bonus component in the Company s executive compensation program to reward individual performance not reflected in the formulaic metrics established under the Annual Cash Incentive Bonus and Long-Term Incentive programs.

As noted above, in its compensation review process, the Committee considers whether the Company s executive compensation and benefits program serves the best interests of the Company s stockholders. In that respect, as part of its on-going review of the Company s executive compensation program, the Committee considered the affirmative stockholder say on pay vote at the Company s prior annual meeting of stockholders and determined that the Company s executive compensation objectives and compensation elements continued to be appropriate. While the Committee did not make any specific changes to the Company s executive

compensation program in response to the say on pay vote, as part of the Committee s compensation review process, in fiscal year 2013 the Committee instituted several design changes to the Company s executive compensation program. For a discussion of such changes, please see Evolving Structure of Executive Compensation Programs for Fiscal Year 2013 on page 36.

In fiscal year 2012, the Company achieved a significant improvement in its results despite a challenging environment for the metals industry as a whole. Notably, the Company substantially improved its adjusted EBITDA year over year. While none of the named executive officers received payments under the long-term incentive program that concluded in fiscal year 2012, the Committee approved annual bonuses for each named executive officer pursuant to the performance formula established under the Company s Annual Cash Incentive Bonus program. In addition, each of our named executive officers other than Mr. Zoellner received discretionary bonuses with respect to their strong operational performance in fiscal year 2012. As discussed below, Mr. Zoellner ceased serving as an executive officer during fiscal year 2012 and will receive severance and certain other retirement payments in connection with his retirement.

Executive Compensation Participants

The Company s executive compensation program applies to approximately 220 senior executives and senior managers; however, per the SEC executive compensation disclosure rules, this CD&A focuses on the compensation paid or awarded to the six named executive officers included in the Summary Compensation Table on page 38.

For fiscal year 2012, the named executive officers (the NEOs) were:

- Mr. Alvarado, President and CEO
- Ms. Smith, Senior Vice President and Chief Financial Officer
- Mr. Zoellner, Executive Advisor to the CEO (July 2, 2012 to present); former Executive Vice President of Commercial Metals Company & President CMC International Division (through July 1, 2012)
- Mr. Porter, Senior Vice President of Commercial Metals Company & President CMC Americas Division
- Ms. Bruder, Senior Vice President of Law, Government Affairs & Global Compliance, General Counsel & Corporate Secretary
- Mr. Alleman, Senior Vice President of Human Resources and Organizational Development

Compensation Objectives and Principles

The Committee oversees the compensation and benefit programs of our executives. The Committee is responsible for ensuring that our compensation policies and practices support the successful recruitment, development, and retention of the executive talent and leadership required to achieve our business objectives. The Committee is made up entirely of independent directors, consistent with the current listing standards of the NYSE.

The Committee believes that it is in the best interests of stockholders for us to establish and maintain a competitive executive compensation program. For fiscal year 2012, our base salary philosophy consisted of maintaining competitive base salaries which were targeted at approximately the 40th percentile of competitive market data, as discussed below. A significant portion of potential executive compensation is based upon our financial performance, which we believe aligns executive performance goals with those of our stockholders. We will pay higher compensation when financial goals are exceeded than when such goals are not met, taking into consideration individual ability to influence results and overall economic and market conditions.

The Committee has approved an executive compensation program that:

facilitates the attraction and retention of top-caliber talent;

aligns the mid range interests of our executives with those of our stockholders; and

offers average base salaries and competitive employee benefits coupled with meaningful short and long-term variable incentives dependent upon achieving financial performance goals.

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

- primarily formulaic;
- designed to compensate based upon a combination of individual, business unit and Company performance goals; and
- established and communicated early in the performance period in order to align individual performance with Company goals.

In addition, the Committee strongly believes that a portion of our executive compensation program must remain discretionary. Discretionary compensation allows the Committee (i) to evaluate and reward executive performance in areas such as employee development and training, leadership and succession planning, (ii) to perform a qualitative assessment of the business and competitive conditions in which we operate, and (iii) to consider issues of internal pay equity and external benchmarking.

Determination of Total Compensation

The Committee engages an external compensation consultant to assist it in an ongoing review of the Company s executive compensation program. 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, our compensation philosophy, and the features of the program. The Committee periodically adjusts the various compensation elements, and did so at the start of fiscal year 2013, to further align the performance goals applicable to our executives with those of our stockholders as well as with the requirements of our business and regulatory environment.

External Compensation Advisors

In July 2012, the Committee engaged Hay Group on an ongoing basis to consult on executive compensation matters. Prior to the engagement of Hay Group, Ernst & Young LLP served as the Committee s independent compensation consultant. All work performed by the independent compensation consultant with regard to our executive compensation program is tasked and overseen directly by the Committee. At the direction of the Committee, our management provides information and analyses to the Committee. As discussed further below, the Company participates in and purchases various compensation surveys and studies that management and the Committee use to analyze executive compensation. The Committee believes that utilizing information from multiple external consulting firms and compensation surveys ensures an objective and well-rounded view of executive compensation practices.

In fiscal year 2012, we paid Hay Group and Ernst & Young LLP approximately $42,551 and $422,473, respectively, for services provided to the Committee relating to executive and director compensation. While serving as the Committee s independent compensation consultant, Ernst & Young LLP also provided various financial and tax-related services to the Company, resulting in the payment of $73,590 in fees for such services, all of which were pre-approved by the Committee. While the Committee believes that adequate safeguards exist to ensure the continued independence and objectivity of its independent compensation consultant, in its analysis of available compensation consultants the Committee considered management s advice that it would need to retain Ernst & Young LLP in the future for financial and tax-related services at levels which were the same or greater than those in fiscal year 2012 and elected to retain Hay Group as the Committee s independent compensation consultant. Hay Group does not provide any other services to the Company.

Role of Management and CEO in Compensation Decisions

We strongly believe in aligning executive and stockholder interests 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 Committee and management s compensation advisors, trends and recommends improvements

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to the compensation programs. Specifically, Mr. Massaro, the Chairman of the Board, and Mr. Alvarado, President and CEO, reviewed with the Committee their recommendations (without any recommendation as to Mr. Alvarado s own compensation) regarding base salary adjustments, annual bonus, long-term bonus and equity awards for the NEOs to ensure alignment of stockholder interests with executive goals as well as reward for performance. While the Committee receives management s input with respect to executive compensation, all decisions regarding compensation for the NEOs are made by the Committee.

As periodically invited by the Committee, the following executives have attended meetings or portions of meetings of the Committee in fiscal year 2012: Mr. Alvarado, President and CEO; Ms. Smith, Senior Vice President and Chief Financial Officer; Ms. Bruder, Senior Vice President of Law, Government Affairs and Global Compliance, General Counsel and Corporate Secretary; and Mr. Alleman, Senior Vice President of Human Resources and Organizational Development, as well as employees of Ernst & Young and Hay Group.

Competitiveness of Our Compensation Program

Our executive compensation program is designed so that total short and long-term compensation is competitive with market practices. Market practices, or benchmarks, are based on Peer Group data and compensation survey data. Peer Group data is used to evaluate the compensation paid or awarded to Mr. Alvarado, while compensation survey data also is used to evaluate compensation paid or awarded to the other NEOs.

Annually, the Committee selects for the Peer Group those companies it considers to be the most comparable with emphasis on their industry focus, size, scope, and complexity of operations. The Peer Group does not vary significantly from one year to the next to ensure a stable basis of comparison. For example, the Peer Group used for determining fiscal year 2012 compensation was the same as the Peer Group used for determining fiscal year 2011 compensation.

For fiscal year 2012, the Peer Group consisted of the following companies:

AK Steel Holding Corporation

Allegheny Technologies Incorporated

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

As noted above, the Committee also uses compensation survey data in its evaluation of executive pay for the NEOs other than Mr. Alvarado. Survey data provides insight into positions that may not generally be reported in proxy statements and information about the compensation of executives of non-public companies. To assist the Committee in evaluating fiscal year 2012 compensation levels, the Committee reviewed information from the following surveys: Economic Research Institute 2012 Executive Compensation Assessor; Mercer Human Resource Consulting 2011 Executive Survey Report; and Towers Watson 2011/2012 Industry Report on Top Management. For purposes of this CD&A, the Peer Group data and compensation survey data are collectively referred to as Peer Data.

Compensation Decisions During Fiscal Year 2012

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

- Annual Cash Incentive Bonus (as defined below) was paid at 83% of target for NEOs holding Company-wide positions and 56% and 120% of target for Mr. Zoellner and Mr. Porter, respectively, based on both Company-wide and business unit performance;
- no Long-Term Cash Incentive (as defined below) payments were made to the NEOs for the performance period ending in fiscal year 2012;
- each of the NEOs, other than Mr. Zoellner, received discretionary annual bonuses in recognition of their significant efforts and contributions to the Company in fiscal year 2012;
- the NEOs were granted a combination of stock appreciation rights and performance-based and time-vested restricted stock units, with vesting of the performance-based stock units being determined based on cumulative three-year EBITDA and ROIC targets (each as defined below), subject to the Committee s exercise of negative discretion based on the Company s ranking in total stockholder return as compared to the members of the Peer Group;
- Mr. Alvarado received supplemental equity grants in connection with his appointment to the position of President and CEO, and Ms. Smith received a supplemental equity grant in connection with her commencement of employment with the Company;
- the NEOs received salary and/or promotional increases;
- the Company entered into a retirement and transition agreement with Mr. Zoellner in connection with Mr. Zoellner s transition from the role of an officer of the Company and eventual retirement from the Company, which included, among other benefits, a retirement bonus of $300,000, severance benefits and the accelerated vesting of certain outstanding equity awards held by Mr. Zoellner; and
- the Committee undertook an evaluation of the Company s overall compensation program which resulted in numerous changes to the Company s compensation design for fiscal year 2013 (as described on page 36) as well as a change in the Committee s independent compensation consultant from Ernst & Young LLP to Hay Group.

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

In accordance with our overall compensation philosophy and program, executives are provided with a mix of base salary, short-term incentives, long-term incentives, employee benefits and health and welfare benefits. Our compensation philosophy places a greater portion of the potential compensation for each NEO at risk such that compensation will vary based on performance. Variable compensation is a component of compensation for most of our employees, but it is reflected in greater proportion in the NEO compensation. The table on the following pages describes each element of compensation and the objectives for each element:

PROGRAM	DESCRIPTION	OBJECTIVES
	ANNUAL COMPENSATION:	
Base Salary	Annual cash compensation.	Retention.

		Recognition of individual performance.
Annual Cash Incentive Bonus	Bonus plan based on performance periods set by the Committee typically utilizing formula-driven target awards based upon performance goals. Bonus payout for formulaic bonus features may be reduced below (but not increased above) formula results at the discretion of the Committee.	Focus executives on achieving pre-established performance goals, such as return on invested capital or net assets, operating profit, net earnings or working capital reduction, overhead reduction and other financial and operational goals and objectives.

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PROGRAM	DESCRIPTION	OBJECTIVES
Annual Discretionary Incentive Bonus	Cash bonuses awarded at the discretion of the Committee. The Committee may consider any circumstances it deems appropriate in awarding these discretionary bonuses.	Provides the Committee with flexibility to reward individual performance not reflected in formulaic metrics. Focus employees on performance. Reviewed annually for individual contribution in context of Company performance and internal pay equity and external benchmarking.
	LONG-TERM COMPENSATION:	
Long-Term Incentive Program	A long-term incentive program using a combination of stock appreciation rights and time-vested and performance-based awards. The performance-based awards are subject to a multi-year performance period, currently based on growth in EBITDA and ROIC targets.	Focus on long-term Company performance and long-term success. Retention. Employee alignment with stockholders via performance goals and stock ownership.
	OTHER EXECUTIVE BENEFITS:	
Retirement Programs	Company offers an ERISA-qualified defined contribution plan, a non-qualified plan designed to restore benefits that would have otherwise been received by participants but for applicable IRS limits, and pension retirement plans for designated employees located outside the U.S.	Attract qualified employees. Retention. Provide vehicle for retirement.
Perquisites	Company-provided automobiles and related insurance and maintenance (or, alternatively, an allowance for the same). Relocation benefits.	Attract qualified employees.
Other Benefits	Medical, dental, vision, life insurance, short and long-term disability, employee assistance program, employee stock purchase plan, and other benefits.	Attract qualified employees. Retention. Provide competitive benefits to employees.

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. For fiscal year 2012, the Committee targeted base salary at the 40th percentile of the Peer Data; however, actual base salary may be above or below the 40th percentile based on the Committee s review of the underlying scope of an NEO s responsibilities, individual performance and experience, internal pay equity, and retention concerns. For fiscal year 2013, in connection with a comprehensive evaluation of the Company s overall compensation program, our target base salary increased from the 40th percentile to the 50th percentile of Peer Data to further enhance our ability to attract and retain key executive talent. The Committee strives to maintain salaries at a level that will attract top talent, while linking a significant portion of an executive s total compensation opportunity to our success. The fiscal year 2012 salary increases described below were generally made to bring the base salary levels of our NEOs into closer alignment with the Peer Data and, in the case of Mr. Alvarado, reflected his promotion from the position of Chief Operating Officer of the Company to President and CEO of the Company.

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For fiscal year 2012, the annual base salaries were adjusted as follows:

- Mr. Alvarado s base salary increased from $650,000 to $750,000;
- Neither Ms. Smith s nor Mr. Zoellner s base salary increased during fiscal year 2012;
- Mr. Porter s base salary increased from $440,000 to $500,000;
- Ms. Bruder s base salary increased from $355,000 to $400,000; and
- Mr. Alleman s base salary increased from $315,000 to $346,500.

Annual Cash Incentive Bonus

At the 2007 annual meeting of stockholders, our stockholders approved the Commercial Metals Company 2006 Cash Incentive Plan (the 2006 Cash 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, other senior executives, senior managers and other employees, incentive compensation tied to stockholder goals for Company and individual performance;
- identifying and rewarding superior performance;
- providing competitive compensation to attract, motivate, and retain outstanding employees who achieve superior financial performance for us; and
- fostering accountability and teamwork throughout the Company.

In accordance with the terms of the 2006 Cash Plan, the Committee establishes appropriate performance periods, designates those executives eligible to participate, sets the level of potential awards and determines the financial targets 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 with respect to the implementation of the 2006 Cash Plan. In establishing performance goals, the Committee reviews industry and market conditions, projected general economic conditions, both our past and forecasted performance levels applicable to those executives with overall Company responsibilities and, with respect to Mr. Porter and Mr. Zoellner, each business unit for which they are responsible.

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, in the case of business unit leaders, EBITDA and RONA goals (each as defined below). We believe that these goals in concert help ensure that executives are focused on effectively utilizing our assets, maximizing operational efficiencies and seeking profitable growth opportunities.

The table below sets forth each NEO s fiscal year 2012 threshold, target and maximum bonus opportunities, expressed as a percentage of base salary. Target Annual Cash Incentive Bonus opportunity is designed to achieve, when combined with base salary, compensation at approximately the 50th percentile of Peer Data.

2012 Annual Cash Incentive Bonus Opportunity

Expressed as a Percentage of Base Salary at Beginning of Fiscal Year 2012

Name	Threshold	Target	Maximum
Joseph Alvarado	50%	100%	300%
Barbara R. Smith	35%	75%	195%
Hanns K. Zoellner	37.5%	75%	210%
Tracy L. Porter	37.5%	75%	210%
Ann J. Bruder	30%	60%	165%
James B. Alleman	30%	60%	165%

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The 2012 performance goals were based on overall Company performance and business unit performance. For Mr. Alvarado, Ms. Smith, Ms. Bruder and Mr. Alleman, their 2012 Annual Cash Incentive Bonus was based entirely on overall Company FIFO Net Income and ROIC (each as defined below), with each performance goal weighted equally. For Messrs. Zoellner and Porter, their 2012 Annual Cash Incentive Bonus was based 50% on overall Company FIFO Net Income and ROIC and 50% on their respective business unit RONA and EBITDA, with each performance goal weighted equally.

With regard to fiscal year 2012, the Committee established annual performance targets that were aligned with the Company s operating plans to further incentivize participants to achieve the Company s business plans. At the time the performance goals were established, the Committee decided to exclude the impact of the certain one-time, extraordinary charges associated with the Company s exit from the CMC Sisak mill in Croatia as well as certain costs associated in responding to the fiscal year 2012 tender offer by IEP Metals Sub LLC. The decision to exclude these items was based on the Committee s belief that the compensation paid under the bonus plan should reflect the Company s operating performance and should not be impacted by these unusual and non-recurring charges. In addition, at the time the performance goals were established, the Committee decided to exclude the impact of fluctuations in the Company s effective tax rate and, instead, the performance targets as well as the measurement of performance against those targets was based on the statutory tax rate applicable to the Company.

The portion of the bonus tied to CMC financial performance metrics became payable, in the absence of negative discretion by the Committee, if CMC achieved its threshold FIFO Net Income. The portion of the NEOs bonus that was tied to business unit performance became payable if the Company met its FIFO Net Income goal and both the RONA and EBITDA goals were achieved. If RONA and EBITDA goals were met, then bonuses would be automatically paid. Payouts for performance in excess of threshold are determined using straight line interpolation.

The following tables set forth the fiscal year 2012 performance goals applicable to each NEO.

Mr. Alvarado s, Ms. Smith s, Ms. Bruder s and Mr. Alleman s 2012 Annual Cash Incentive Bonus Performance Goals

Commercial Metals Company	Weighting	Threshold	Target	Maximum
FIFO Net Income(1)	50%	$65M	$93M	$130M
ROIC(2)	50%	4%	5.7%	7.9%

Mr. Zoellner s 2012 Annual Cash Incentive Bonus Performance Goals

Commercial Metals Company	Weighting	Threshold	Target	Maximum
FIFO Net Income(1)	50%	$65M	$93M	$130M
ROIC(2)	50%	4%	5.7%	7.9%
Business Unit Performance Goal (International Division)	**Weighting**	**Threshold**	**Target**	**Maximum**
RONA(3)	50%	7.5%	10.7%	15%
EBITDA(4)	50%	$100M	$143M	$200M

Mr. Porter s 2012 Annual Cash Incentive Bonus Performance Goals

Commercial Metals Company	Weighting	Threshold	Target	Maximum
FIFO Net Income(1)	50%	$65M	$93M	$130M
ROIC(2)	50%	4%	5.7%	7.9%
Business Unit Performance Goal (Americas Division)	**Weighting**	**Threshold**	**Target**	**Maximum**
RONA(3)	50%	11%	15.7%	21.9%
EBITDA(4)	50%	$207M	$296M	$415M

(1) FIFO Net Income means net earnings calculated using the first in, first out (FIFO) inventory costing principle for all inventories.

(2) ROIC means FIFO Net Income before interest expense divided by the sum of commercial paper, notes payable, current maturities of long-term debt, debt and stockholders equity.

(3) For an applicable business unit, RONA means the percentage obtained by dividing Operating Profit by the value of average net assets, determined by using the FIFO inventory costing principle.

(4) For an applicable business unit, EBITDA means FIFO Net Income before income taxes, interest (both internal and external), depreciation, amortization expenses and the impairment of depreciable and other intangible assets.

Based on the Company s and business unit s performance, the NEOs holding Company-wide positions, received a payout of 83% of target and Messrs. Zoellner and Porter received payouts of 56% and 120% of target, respectively. Accordingly, Messrs. Alvarado, Zoellner, Porter and Alleman and Ms. Smith and Ms. Bruder received Annual Cash Incentive Bonuses of $623,200, $249,322, $449,300, $172,700, $292,000 and $199,400, respectively, each of which is included in the Non-Equity Incentive Plan Compensation column to the Summary Compensation Table.

Discretionary Bonuses

In addition to the Annual Cash Incentive Bonus, the Committee may, in its discretion, approve additional discretionary cash awards to employees, including the NEOs (the Annual Discretionary Incentive). Any Annual Discretionary Incentive is calculated solely at the discretion of the Committee. The Annual Discretionary Incentive allows the Committee to award discretionary bonuses in response to circumstances unforeseen at the beginning of the fiscal year. At the end of each fiscal year the Committee determines whether any discretionary awards are deemed warranted and, if so, in what amount. 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, leadership and succession planning, (ii) a qualitative assessment of the business and competitive conditions in which we operate, and (iii) issues of internal pay equity and external benchmarking.

After reviewing the Company and individual performance for fiscal year 2012, the Committee determined that it was appropriate to award discretionary bonuses to certain of the NEOs to recognize and reward management for its strong operational performance during fiscal year 2012 along with the successful defense of the hostile tender offer and proxy contest. Accordingly, Messrs. Alvarado, Porter and Alleman and Ms. Smith and Ms. Bruder received discretionary bonuses of $126,800, $75,700, $27,300, $108,000 and $70,600, respectively.

Long-Term Incentives

Through our long-term incentive program, we provide senior executives, including participating NEOs, the opportunity for cash and equity awards contingent on the attainment of multi-year performance goals. Acting in concert, the Annual Cash Incentive Bonus, the Annual Discretionary Incentive, and long-term incentive programs provide balanced cash incentives and equity incentives that reward executive focus on delivering both financial results and long-term growth. Both equity and cash are used in order to facilitate retention, provide long-term motivation and focus executives on increasing stockholder value. The target long-term incentive awards are designed to achieve, when combined with base salary and the target Annual Cash Incentive Bonus, approximately the 50th percentile, or slightly higher, of Peer Data and, when achieving maximum performance, to reach total compensation at the upper quartile or better of Peer Data.

Fiscal Year 2012 Fiscal Year 2014 Combined Long-Term Incentive Program

In fiscal year 2012, the Committee approved the 2012 2014 Combined Long-Term Incentive Program with the long-term incentive awards to be delivered in the form of time-vested restricted stock units (RSUs), stock appreciation rights (SARs) and performance-vested stock units (PSUs). The RSU awards vest ratably

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over a three-year period. The SAR awards vest 50% on each of the second and third anniversaries of the date of grant. For the PSUs, the performance period began on September 1, 2011 and will end on August 31, 2014. The PSU awards are measured over the performance period based on the achievement of growth in net earnings before interest (including accounts receivable securitization program expenses), taxes, depreciation, amortization and accrual for prior years long-term cash incentive awards (EBITDA), and return on invested capital (ROIC) targets. Under the terms of the award agreements, the Committee may exercise its discretion to reduce the award payments in the event that the Company s total stockholder return is below the 40th percentile of the Peer Group. The 2012 2014 PSUs will be settled in cash, with the settlement value of the PSUs determined based on the closing share price on the last day of the performance period. A minimum performance 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. For the 2012 2014 performance period, the Committee established the payout formula to encourage strong, focused performance with each performance level representing what the Committee deemed to be stretch performance goals given the economic and market conditions at the time the goals were set.

The following table sets forth the target award opportunity, expressed as a percentage of base salary, under the 2012-2014 Combined Long-term Incentive Program.

Fiscal Year 2012 through 2014 Combined Long-Term Incentive Opportunity

Expressed as a Percentage of Base Salary at Beginning of Performance Period

Name	Threshold	Target	Maximum
Joseph Alvarado	90%	200%	340%
Barbara R. Smith	70%	150%	255%
Hanns K. Zoellner(1)	16%	34%	57%
Tracy L. Porter	70%	150%	255%
Ann J. Bruder	70%	150%	255%
James B. Alleman	70%	150%	255%

(1) In anticipation of Mr. Zoellner s retirement form the Company, the Committee approved a reduced long-term incentive award opportunity for Mr. Zoellner compared to the Company s historical equity grant practice and the equity awards granted to the other participants in the 2012-2014 Combined Long-Term Incentive Program.

The following table sets forth the aggregate long-term incentive target award, expressed as a percentage of base salary, to be delivered in the form of RSUs, SARs and PSUs.

Fiscal Year 2012 through 2014 Combined Long-Term Incentive Awards

Expressed as a Percentage of Base Salary at Beginning of Performance Period

				PSUs:	
			Threshold	Target	Maximum
Name	RSU s	SAR s	LTI-EBITDA	LTI-EBITDA	LTI-EBITDA
Joseph Alvarado	87%	87%	72%	160%	272%
Barbara R. Smith	45%	45%	53%	123%	209%
Hanns K. Zoellner(1)	0%	0%	16%	34%	57%
Tracy L. Porter	45%	45%	28%	60%	102%
Ann J. Bruder	45%	45%	28%	60%	102%
James B. Alleman	45%	45%	28%	60%	102%

(1)

Pursuant to the terms of Mr. Zoellner s retirement and transition agreement, 7,397 PSUs of the 20,000 PSUs granted to Mr. Zoellner under the 2012-2014 Combined Long-Term Incentive Program remain eligible for vesting, with the actual vesting of the PSUs determined based on the Company s achievement of performance goals.

Special Equity Grants Awarded to Mr. Alvarado and Ms. Smith

In addition, to the annual equity grants described above, Mr. Alvarado and Ms. Smith received one-time supplemental equity grants in fiscal year 2012. Mr. Alvarado s equity grant was granted in connection with his promotion to the position of President and CEO of the Company and delivered in the form of 34,934 SARs, 17,467 RSUs and 52,402 PSUs, at target performance. The Committee approved Mr. Alvarado s grant based on the advice of its independent compensation consultant, Ernst & Young LLP, as well as Peer Data for individuals serving as chief executive officer. Ms. Smith s equity grant was granted in connection with the negotiation of the terms of her employment and delivered in the form of a supplemental PSU award of 26,154 PSUs, at target performance. The Committee approved Ms. Smith s equity grant based on its review of Peer Data and to compensate Ms. Smith for equity forfeited at her prior employer. The vesting terms applicable to Mr. Alvarado s and Ms. Smith s special equity grants are the same as the vesting terms applicable to the SARs, RSUs and PSUs granted under the Company s 2012-2014 Combined Long-Term Incentive Award program. For further information regarding these grants, please see the Grants of Plan-Based Awards in Fiscal Year 2012 table.

Prior Years Outstanding Long-Term Incentive Programs

During fiscal year 2012, the Company had two outstanding long-term incentive programs. For the 2011 2013 performance period, the PSU awards will be settled based on the Company s achievement of growth in net earnings before interest (including accounts receivable securitization program expenses), taxes, depreciation, amortization and accrual for prior years long-term cash incentive awards (EBITDA), and return on invested capital (ROIC) targets. Under the terms of the award agreements, the Committee may exercise its discretion to reduce the award payments in the event that the Company s total stockholder return is below the 40th percentile of the Peer Group. The 2011 2013 PSUs will be settled 50% in cash and 50% in stock, with the settlement value of the PSUs determined based on the closing share price on the last day of the performance period. For the 2010-2012 performance period, growth in Company-wide EBITDA was used as the sole performance goal for the 2010-2012 PSUs. The minimum hurdle to reach a threshold long-term cash incentive payment was EBITDA equal to $810,000,000. Since the threshold EBITDA performance goal was not achieved for the 2010-2012 performance period, no long-term cash incentive payments were attributable to the three-year performance period ended August 31, 2012.

Other Elements of Compensation

As described below, we also provide retirement benefits and health and other welfare benefits to our NEOs.

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 contributions to the plan are discretionary. In addition, Mr. Zoellner has participated in a Swiss pension plan applicable to employees based in Switzerland. This plan is described in further detail on page 44. The amounts contributed to the Swiss pension plan on behalf of Mr. Zoellner and the PS/401(k) Plan on behalf of each of the other NEOs are listed in the Summary Compensation Table on page 38.

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 Company provides the Benefit Restoration Plan (BRP), 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 contributions that the participant would have received under the PS/401(k) Plan but for the limits 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. The Committee believes that the BRP is an important element of our long-term compensation program because it helps attract and retain talent in a competitive market. The amounts contributed to the BRP plan on behalf of each of the participating NEOs are listed in the Summary Compensation Table on page 38.

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Supplemental Retirement Benefit to Mr. Zoellner: In fiscal year 2010, we engaged Towers Watson in Zurich to review our Swiss pension plan to determine local competitiveness. Towers Watson found that for most employee age groups, the current Swiss pension plan contributions were competitive; however, Mr. Zoellner s contributions were generally less than competitive over the last 10 years. Given the Company s mandatory executive retirement age of 65, unlike other employees, Mr. Zoellner would not have enough future years of employment to make up for the contributions to be competitive. Therefore, the Committee determined that a payment in the amount of 198,935 Swiss francs (equivalent to $207,570 U.S. Dollars based on an exchange rate of .9584 Swiss francs to 1 U.S. Dollar which was the exchange rate on August 31, 2011) would be made to Mr. Zoellner in fiscal years 2010, 2011 and 2012, provided that Mr. Zoellner remained an employee of the Company.

Perquisites

We provide leased cars and related insurance and maintenance or, alternatively, car allowances to U.S.-based NEOs in order to facilitate the successful achievement of their and our performance. We do not own or provide to the NEOs corporate aircraft, security services, personal tax or financial planning, an executive dining room or similar perquisites. In fiscal year 2013, the Company has made annual physicals and certain financial planning services available to the Company s senior leadership, including the NEOs.

Medical and Other Welfare Benefits

Our U.S.-based NEOs, 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 other employee benefits made available to employees.

Termination, Severance and Change in Control Benefits

In recognition of the years of dedication and service to the Company, in July 2012, the Committee approved a retirement and transition agreement for Mr. Zoellner. Under this agreement, Mr. Zoellner is bound to certain post-employment restrictive covenants following his retirement. In consideration of these restrictive covenants as well as Mr. Zoellner s release of claims and his agreement to be available to the Company for assistance in performing certain transition obligations, under Mr. Zoellner s retirement agreement, Mr. Zoellner is entitled to the following in connection with his retirement: (i) continued payment of his current salary through December 31, 2012; (ii) continued eligibility for an annual cash bonus for fiscal year 2012 pursuant to the terms of his retirement agreement; (iii) continued health benefits and other perquisites through December 31, 2012; (iv) accelerated vesting on December 31, 2012 of 30,000 PSUs granted on June 3, 2010; (v) accelerated vesting on December 31, 2012 of 20,000 RSUs granted on June 3, 2010; (vi) the vesting of 6,752 RSUs of the 14,123 RSUs granted to Mr. Zoellner on January 18, 2011; (vii) eligibility for vesting of 22,598 PSUs of the 31,776 PSUs granted to Mr. Zoellner on January 18, 2011, with actual vesting to be determined based on the Company s achievement at the end of the performance period of performance goals applicable to the PSUs; (viii) eligibility for vesting of 7,397 PSUs of the 20,000 PSUs granted to Mr. Zoellner on November 23, 2011, with actual vesting to be determined based on the Company s achievement at the end of the performance period of performance goals applicable to the PSUs; (ix) severance equal to two times Mr. Zoellner s current base salary; (x) a $300,000 cash payment as a supplement to Mr. Zoellner s reduced fiscal year 2012 long-term equity award; and (xi) Mr. Zoellner s full supplemental retirement payment of $207,570 for fiscal year 2012. The amounts to be paid to Mr. Zoellner pursuant to this agreement will be paid following Mr. Zoellner s December 31, 2012 retirement from the Company, subject to Mr. Zoellner s continued services through such date.

As of August 31, 2012, the employment agreements with each of our NEOs provide severance benefits upon a qualifying termination of employment. In addition, we have entered into Executive Employment Continuity Agreements (EECAs) with each of the NEOs, which provide for enhanced severance benefits in the event of a qualifying termination of employment within two years following a Change in Control (as defined in such agreements). The termination provisions included in the employment agreements and EECAs are further described below in the Potential Payments and Benefits Upon Termination or Change in Control section. The Committee believes the payments provided for under the employment agreements and EECAs upon a qualifying

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termination of employment to be reasonable in light of the non-competition obligations imposed upon the NEOs post-termination and in order to ensure that we have the continued attention and dedication of the executives during circumstances that could result in a change in control.

In addition to the EECAs, our existing 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, as defined by such plans. Further, the 2006 Cash 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 Internal Revenue Code, as amended (the Code).

Evolving Structure of Executive Compensation Programs for Fiscal Year 2013

The Committee elected to make several changes to our executive pay program for fiscal year 2013, and in conjunction with these changes, the Company retained Hay Group as its new independent compensation consultant. These changes are intended to achieve a number of important objectives, including, but not limited to:

- enhancing individual accountability in determining incentive pay;
- strengthening the pay for performance alignment of our overall compensation program;
- focusing on elements of performance that are within our executives control, allowing us to plan for the cyclical nature of our business; and
- strengthening the alignment between our pay program and our business strategy, which the Committee believes will further align our executive compensation program with the interests of our stockholders.

These prospective changes include the following:

- *Increasing our target base salary competitiveness* from the 40th percentile to the 50th percentile to further enhance the retentive nature of our program and to aid in attracting key executive talent;
- *Reducing maximum annual incentive payout levels for our CEO* to two times the target payout level, in order to better align our program with our business strategy and market standards;
- *Implementing an umbrella approach under our annual incentive plan,* in order to strengthen the ability of the Committee to establish individual performance objectives while still preserving the tax deductibility of compensation paid under such plan;
- *Diversifying our annual incentive plan scorecard* to better allow the Committee to hold management accountable for their performance against strategic, operational, functional and/or individual goals;
- *Further aligning the long-term incentive program with the Company s relative performance* by adding a custom Peer Group (in addition to the competitor Peer Group) for the vesting a portion of the long-term incentive awards granted to our executive officers;

Rebalancing our emphasis on performance-vested restricted stock and time-vested restricted stock in order to create a balanced portfolio that better aligns long-term incentive payouts with achievement of specific long-term objectives, while fostering an ownership mentality and enhancing the retentive strength of our long-term incentive program;

Paying out future grants of performance-vested restricted stock entirely in shares, in order to enhance the alignment with shareholders, promote ownership, and achieve more efficient accounting;

Increasing the maximum payout level of our performance-vested restricted stock to two times the target payout level, in order to enhance the motivational value of the program and to better align with market practices;

Strengthening the definition of ownership for purposes of achieving our executive stock ownership guidelines by eliminating the counting of unvested performance-vested shares under those guidelines; and

Requiring our executives to achieve their ownership guidelines within five years.

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Deductibility of Executive Compensation

Section 162(m) of the Code limits the amount of compensation paid to our CEO and our other three most highly compensated executive officers, other than our CFO, 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 and otherwise satisfies the performance-based requirements under Section 162(m) of the Code is not subject to the Code s $1,000,000 deduction limit. While the Committee believes that it is important for compensation paid to our NEOs to be tax deductible under the Code, the Committee also recognizes the need to retain flexibility to make compensation decisions that may not meet the standards of Section 162(m) when necessary to enable the Company to continue to attract, retain, reward and motivate its highly-qualified executives.

Relationship between Prior Compensation and Current Compensation

In evaluating executive compensation, the Committee periodically reviews tally sheets and wealth accumulation information considering all forms of Company paid compensation paid to NEOs.

Stock Ownership Policy and Policy Regarding Hedging of Company Stock

The Board of Directors has implemented stock ownership guidelines for directors, all NEOs, other officers and certain designated senior level employees. The Board of Directors believes that minimum ownership guidelines serve to further align the interests of those covered by the guidelines with our stockholders. Beginning in fiscal year 2013, executives who are hired or promoted into positions covered by the guidelines have five years following such date to attain the minimum ownership level applicable to their positions, and individuals who are elected to serve on the Board of Directors have five years from their election date to attain the minimum ownership level applicable to directors. The guidelines require ownership of Company stock with a value based on the grant date fair value or the purchase date fair value as determined on January 31st of each year, of not less than the following amounts:

- Non-employee directors five times the annual cash retainer paid to all non-employee directors;
- President and CEO five times base salary; and
- Executive Vice Presidents, Senior Vice Presidents, each Company business segment President, the CFO and the General Counsel three times base salary.

The greater of current fair market value and the grant date fair value of unvested restricted and unexercised stock and options, stock appreciation rights and similar equity incentives is included when determining the amount of stock ownership. Beginning in fiscal year 2013, unvested performance stock awards will not count for purposes of determining compliance with the stock ownership guidelines and all NEOs must retain 50% of all vested shares until achievement of the retention levels. As of October 22, 2012, all directors and NEOs have met or, within the applicable period, are expected to meet the stock ownership guidelines.

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, and prohibiting the disclosure of material nonpublic information to others who then trade in our securities. The policy is available on our website, 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 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 prohibits 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.

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EXECUTIVE COMPENSATION

The following tables, footnotes and narratives, found on pages 38 through 53, provide information regarding the compensation, benefits and equity holdings in the Company for the NEOs.

FISCAL YEAR 2012 SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)(4)	Stock Awards ($)(5)	Option Awards ($)(5)	Non-Equity Incentive Plan Compensation ($)(6)	All Other Compensation ($)(7)(8)	Total ($)
Joseph Alvarado(1)	2012	$ 748,846	$ 126,800	$ 1,793,057	$ 416,681	$ 623,200	$ 75,977	$ 3,784,561
President and CEO	2011	$ 557,692	$ 750,000	$ 1,092,000	$ 0	$ 0	$ 58,765	$ 2,458,457
	2010	$ 165,385	$ 0	$ 828,800	$ 0	$ 0	$ 1,799	$ 995,984
Barbara R. Smith(2)	2012	$ 475,000	$ 108,000	$ 781,976	$ 137,023	$ 292,000	$ 18,056	$ 1,812,055
Senior Vice President and Chief Financial Officer	2011	$ 115,096	$ 300,000	$ 260,400	$ 0	$ 0	$ 400,002	$ 1,075,498
Hanns K. Zoellner(3)	2012	$ 600,011	$ 0	$ 232,000	$ 0	$ 249,322	$ 268,667	$ 1,350,000
Executive Advisor to CEO, Former Executive Vice President CMC and President International Division	2011	$ 602,011	$ 200,000	$ 826,176	$ 0	$ 0	$ 336,231	$ 1,964,418
	2010	$ 470,215	$ 0	$ 847,600	$ 0	$ 0	$ 263,986	$ 1,581,801
Tracy L. Porter	2012	$ 499,308	$ 75,700	$ 503,782	$ 144,235	$ 449,300	$ 42,153	$ 1,714,477
Senior Vice President CMC and President CMC Americas Division	2011	$ 440,000	$ 500,000	$ 644,702	$ 0	$ 0	$ 34,573	$ 1,619,274
	2010	$ 342,077	$ 0	$ 797,800	$ 0	$ 0	$ 9,894	$ 1,149,771
Ann J. Bruder(2) Senior Vice President of Law Government Affairs & Global Compliance, General Counsel & Corporate Secretary	2012	$ 399,481	$ 70,600	$ 403,030	$ 115,388	$ 199,400	$ 43,424	$ 1,231,324
James B. Alleman(2), Senior Vice President of Human Resources and Organizational Development	2012	$ 346,136	$ 27,300	$ 349,116	$ 99,956	$ 172,700	$ 23,070	$ 1,018,278

(1) Mr. Alvarado was appointed to the position of President and CEO, effective September 1, 2011.

(2) Ms. Smith was not an NEO prior to fiscal year 2011 and Ms. Bruder and Mr. Alleman were not NEOs prior to fiscal year 2012.

(3) Mr. Zoellner retired as Executive Vice President of Commercial Metals Company and President CMC International Division, effective July 1, 2012, and assumed the role of Executive Advisor to the CEO on July 2, 2012. 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 2012 the rate was .9266 Swiss francs to 1 U.S. Dollar). The amounts shown for Mr. Zoellner s fiscal year 2012 incentive bonus, also paid in Swiss francs, use the exchange rate in effect at the time such bonus was paid (for fiscal year 2012 the rate was .9319 Swiss francs to 1 U.S. Dollar).

(4) Amounts reported in fiscal year 2012 for each NEO other than Mr. Zoellner represent discretionary bonuses paid with respect to fiscal year 2012 performance. Please see the CD&A for further information regarding these bonuses.

(5) Amounts reported in these columns for fiscal year 2012 represent the grant date fair value of PSUs, RSUs and SARs awarded in fiscal year 2012 and calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation (FASB ASC

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Topic 718). Grant date fair value for PSUs is based on the probable outcome of the performance-based vesting conditions as of the grant date. Assumptions used in determining these values can be found in Note 14 in the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K, which was filed with the SEC on October 30, 2012. The maximum value of the PSUs for Messrs. Alvarado, Zoellner, Porter, Alleman, and Ms. Smith and Ms. Bruder, respectively, are as follows: $2,066,730, $394,400, $516,676, $358,057, $2,013,199 and $413,343.

(6) Amounts reported in fiscal year 2012 for each NEO represent 2012 Annual Cash Incentive Bonus earned by each NEO. Please see the CD&A for further information regarding these bonuses.

(7) For fiscal year 2012, this column includes contributions to the PS/401(k) Plan accounts of each of our participating NEOs as follows: $8,575 for Mr. Porter, $8,813 for Mr. Alvarado, $18,056 for Ms. Smith, $9,102 for Ms. Bruder and $9,738 for Mr. Alleman. This column also includes contributions to the BRP accounts of Mr. Alvarado of $52,224, Mr. Porter of $33,578 and Ms. Bruder of $20,039. All NEOs, except Mr. Zoellner, received a car allowance and/or reimbursed vehicle in fiscal year 2012, the value of which is included in this column if the amount is over $10,000. Messrs. Alvarado, Alleman and Ms. Bruder received vehicle-related amounts of $14,940, $13,332 and $14,284 respectively.

(8) With respect solely to Mr. Zoellner, this includes the Company s contribution of $51,838 to the Swiss SOBP and of $9,259 to the Swiss BVG (as both are defined on page 44), paid in Swiss francs, and set forth here in U.S. Dollars based on the August 31, 2012 exchange rate of .9584 Swiss francs to 1 U.S. Dollar. This also includes a Company pension make-up contribution of $207,570 paid in Swiss francs directly to Mr. Zoellner (as more fully described on page 44), and set forth here in U.S. Dollars based on the August 31, 2012 exchange rate.

Grants of Plan Based Awards

The following table and footnotes provide information regarding grants of plan based awards to NEOs in fiscal year 2012.

GRANTS OF PLAN BASED AWARDS

IN FISCAL YEAR 2012

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value Of Stock and Option Awards
Name	**Grant Date**	**Approval Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**(#)(3)**	**(#)(5)**	**($/Sh)**	**(6)**
Joseph Alvarado			$ 375,000	$ 750,000	$ 2,250,000							
	11/23/2011	11/23/2011								78,603	$ 11.60	$ 288,473
	11/23/2011	11/23/2011								34,934(4)	$ 11.60	$ 128,208
	11/23/2011	11/23/2011				36,681	52,402	68,123				$ 607,863
	11/23/2011	11/23/2011				36,681	52,402	68,123				$ 607,863
	11/23/2011	11/23/2011							39,301			$ 399,691
	11/23/2011	11/23/2011							17,467(4)			$ 177,640
Barbara R. Smith			$ 166,250	$ 356,250	$ 926,250							
	11/23/2011	11/23/2011								37,336	$ 11.60	$ 137,023
	11/23/2011	11/23/2011				17,424	24,891	32,358				$ 288,736
	11/23/2011	11/23/2011							18,668			$ 189,854
	11/23/2011	06/01/2011				18,308	26,154	34,000				$ 303,386
Hanns K. Zoellner			$ 215,000	$ 431,000	$ 1,206,000							
	11/23/2011	11/23/2011				14,000	20,000	26,000				$ 232,000
Tracy L. Porter			$ 187,500	$ 375,000	$ 1,050,000							
	11/23/2011	11/23/2011								39,301	$ 11.60	$ 144,235
	11/23/2011	11/23/2011				18,341	26,201	34,061				$ 303,932
	11/23/2011	11/23/2011							19,651			$ 199,851
Ann J. Bruder			$ 120,000	$ 240,000	$ 660,000							
	11/23/2011	11/23/2011								31,441	$ 11.60	$ 115,389
	11/23/2011	11/23/2011				14,673	20,961	27,249				$ 243,147
	11/23/2011	11/23/2011							15,721			$ 159,883
James B. Alleman			$ 103,950	$ 207,900	$ 571,250							
	11/23/2011	11/23/2011								27,236	$ 11.60	$ 99,956
	11/23/2011	11/23/2011				12,710	18,157	23,604				$ 210,621
	11/23/2011	11/23/2011							13,618			$ 138,495

(1) Represents the Annual Cash Incentive Bonus under the 2006 Cash Plan. The 2006 Cash Plan and the terms of these awards are described in the section entitled Annual Cash Incentive Bonus on pages 30 through 32.

(2)

Represents PSUs with vesting based on the Company s achievement of performance goals relating to ROIC and EBITDA (each as defined in the CD&A) during fiscal years 2012-2014. The PSUs will be settled in cash. Under the terms of the award agreement, the Committee may exercise its discretion to reduce the award payments in the event that the Company s total stockholder return is below the 40th percentile of the Peer Group. The PSU awards reported for Mr. Alvarado and Ms. Smith consist of their annual long-term incentive awards as well as an additional PSU award granted to each executive in connection with Mr. Alvarado s promotion to the position of President and CEO of the Company and Ms. Smith s commencement of employment with the Company.

(3) Represents RSUs that vest ratably over three years from the date of grant.

(4) Represents special equity awards granted to Mr. Alvarado in connection with his promotion to the position of President and CEO.

(5) Represents SARs that vest 50% on the two-year anniversary of the date of grant and the remaining 50% on the three-year anniversary of the date of grant.

(6) Represents the grant date fair value of SARs, PSUs and RSUs awarded in fiscal year 2012 and calculated in accordance with FASB ASC Topic 718. Grant date fair value for PSUs is based on the probable outcome of the performance-based vesting conditions as of the grant date. Assumptions used in determining these values can be found in Note 14 in the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K, which was filed with the SEC on October 30, 2012.

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

We have entered into employment agreements with each of our NEOs. The initial term of each agreement generally expires on the last day of the fiscal year following the two year anniversary of effective date of the employment agreement, with automatic one-year renewals thereafter unless terminated by either party. The employment agreements set forth a minimum annual base salary and provide that each executive is eligible to earn a bonus under our compensation program but has no guaranteed bonus amount. Each executive is also eligible to participate in or receive benefits under any plan or arrangement made generally available to our employees. Please see the Potential Payments and Benefits Upon Termination or Change in Control Tables and narrative on pages 45 through 53 for 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 calculated based on our closing share price of $12.74 on August 31, 2012.

Material terms of the grants of plan based awards are described in pages 30 through 32 where we have discussed the Annual Cash Incentive Bonus and pages 32 through 34 where we have discussed the long-term incentive awards. The fiscal year 2012 long-term incentive awards consisted of time-based SARs and RSUs and PSUs, with vesting based on EBITDA and ROIC, each as further described in the section entitled Long-Term Incentives on pages 32 through 34. 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. Alvarado (40%), Ms. Smith (48%), Mr. Zoellner (63%), Mr. Porter (60%), Ms. Bruder (54%), and Mr. Alleman (54%).

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Outstanding Equity Awards at Fiscal Year-End

The following table and footnotes provide information regarding unexercised stock options and vested and unvested SARs and unvested PSUs and RSUs as of the end of fiscal year 2012. The market value of shares that have not vested was determined by multiplying the closing market price of our stock on August 31, 2012, $12.74, by the number of shares that have not vested.

OUTSTANDING EQUITY AWARDS

AT 2012 FISCAL YEAR-END

		Number of Securities Underlying Unexercised Options		**Option Exercise Price ($)**		—	—
Interest rate derivatives	Other long term liabilities	—	(4.3)		—	—	(4.7)
Derivatives designated as hedging instruments:							
OTC commodity swaps[1]	Other current assets	—	—		1.8	(1.8)	
OTC commodity swaps[1]	Other current liabilities	—	—		0.2	(0.2)	
Total gross fair value of derivatives		1.0	(7.6)		3.5	(8.8)	
Less: Counterparty netting and cash collateral[2]		(0.8)	(4.1)		3.2	(6.0)	
Total net fair value of derivatives		1.8	(3.5)		0.3	(2.8)	

(1) As of March 31, 2013 and December 31, 2012, we had open derivative contracts representing 1,338,000 barrels and 2,134,000 barrels, respectively, of crude oil and refined petroleum products. Of these open contracts, contracts

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representing 900,000 barrels were designated as hedging instruments as of December 31, 2012. There were no contracts designated as hedging instruments as of March 31, 2013.

(2) As of March 31, 2013 and December 31, 2012, $4.9 million and $2.7 million, respectively, of cash collateral has been netted with the derivative positions with each counterparty. Included in these amounts is $2.0 million of cash collateral associated with our interest rate derivatives as of both March 31, 2013 and December 31, 2012.

Gains (losses) recognized associated with derivatives not designated as hedging instruments for the three months ended March 31, 2013 and 2012 are as follows (in millions):

		Three Months Ended	
Derivative Type	Income Statement Location	2013	2012
OTC commodity swaps	Cost of goods sold	$(4.0)	$(2.1)
Interest rate derivatives	Interest expense	0.4	(0.2)
	Total	$(3.6)	$(2.3)

Gains (losses) on our derivatives designated as cash flow hedging instruments for the three months ended March 31, 2013 and 2012 are as follows (in millions):

	Three Months Ended	
	2013	2012
OTC commodity swaps:		
Loss recognized in OCI (effective portion)	$—	$—
Gain reclassified from accumulated OCI into cost of goods sold on closed positions (effective portion)	$0.6	$2.8
Loss recognized in cost of goods sold related to ineffectiveness	$—	$(0.1)

For cash flow hedges, no component of the derivative instruments' gains or losses was excluded from the assessment of hedge effectiveness for the three months ended March 31, 2013 and 2012. As of December 31, 2012, gains of $0.4 million on cash flow hedges, net of tax, primarily related to future purchases of crude oil and the associated sale of finished grade fuel, remained in accumulated other comprehensive income. All of these deferred gains were reclassified into cost of sales the three months ended March 31, 2013. For the three months ended March 31, 2013 and 2012, there were no amounts reclassified from accumulated other comprehensive income into income as a result of the discontinuation of cash flow hedge accounting.

14. Commitments and Contingencies

Litigation

In the ordinary conduct of our business, we are from time to time subject to lawsuits, investigations and claims, including environmental claims and employee-related matters.

A subsidiary of Lion Oil is party to a lawsuit involving a claim brought by a crude oil vendor. This lawsuit was filed in state court prior to the Lion Acquisition and alleges that the Lion Oil subsidiary breached certain of its obligations under five buy/sell agreements to exchange crude oil. The aggregate potential loss in this lawsuit ranges from zero to approximately $14.0 million, plus interest and legal fees. The trial court dismissed the claims against the Lion Oil subsidiary under four of the agreements, the appellate court affirmed the trial court's dismissal and, in April 2013, the state supreme court declined to review the appellate court's decision. An amount was accrued related to this lawsuit as part of the Lion Acquisition.

Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, including civil penalties or other enforcement actions, we do not believe that any currently pending legal proceeding or proceedings to which we are a party will have a material adverse effect on our business, financial condition or results of operations.

Self-insurance

Delek is self-insured for certain employees' medical claims up to $0.2 million per employee per year.

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Delek is self-insured for workers' compensation claims up to $1.0 million on a per accident basis. We self-insure for general liability claims up to $4.0 million on a per occurrence basis. We self-insure for auto liability up to $4.0 million on a per accident basis.

We have umbrella liability insurance available to each of our segments in an amount determined reasonable by management.

Rate Regulation of Petroleum Pipelines

The rates and terms and conditions of service on certain of our pipelines may be subject to regulation by the Federal Energy Regulatory Commission ("FERC") under the Interstate Commerce Act ("ICA") or by the state regulatory commissions in the states in which we transport crude oil and refined products, including the Railroad Commission of Texas, the Louisiana Public Service Commission, and the Arkansas Public Service Commission. We are evaluating the extent to which our pipelines are subject to such regulation. To the extent we determine that the rates and terms and conditions of service of our pipelines are subject to regulation, we intend to file tariffs with FERC or the appropriate state regulatory commissions, or, in certain cases, to seek waiver of the requirement to file tariffs, and to comply with all regulatory requirements imposed by those agencies.

FERC regulates interstate transportation under the ICA, the Energy Policy Act of 1992 and the rules and regulations promulgated under those laws. The ICA and its implementing regulations require that tariff rates for interstate service on oil pipelines, including pipelines that transport crude oil and refined products in interstate commerce, be just and reasonable and non-discriminatory and that such rates and terms and conditions of service be filed with FERC. Under the ICA, shippers may challenge new or existing rates or services. FERC is authorized to suspend the effectiveness of a challenged rate for up to seven months, though rates are typically not suspended for the maximum allowable period.

While FERC regulates rates for shipments of crude oil or refined products in interstate commerce, state agencies may regulate rates and service for shipments in intrastate commerce. We own pipeline assets in Texas, Arkansas, and Louisiana. In Texas, a pipeline, with some exceptions, is required to operate as a common carrier by publishing tariffs and providing transportation without discrimination. Arkansas provides that all intrastate oil pipelines are common carriers. In Louisiana, all pipelines conveying petroleum from a point of origin within the state to a destination within the state are declared common carriers. The Louisiana Public Service Commission is empowered with the authority to establish reasonable rates and regulations for the transport of petroleum by a common carrier, mandating public tariffs and providing of transportation without discrimination.

Environmental Health and Safety

We are subject to various federal, state and local environmental and safety laws enforced by agencies including the United States Environmental Protection Agency (the "EPA"), the U.S. Department of Transportation ("DOT")/ Pipeline and Hazardous Materials Safety Administration, the Occupational Safety and Health Administration, the Texas Commission on Environmental Quality, the Railroad Commission of Texas, the Arkansas Department of Environmental Quality and the Tennessee Department of Environment and Conservation as well as other state and federal agencies. Numerous permits or other authorizations are required under these laws for the operation of our refineries, terminals, pipelines, USTs and related operations, and may be subject to revocation, modification and renewal.

These laws and permits raise potential exposure to future claims and lawsuits involving environmental and safety matters which could include soil and water contamination, air pollution, personal injury and property damage allegedly caused by substances which we manufactured, handled, used, released or disposed, or that relate to pre-existing conditions for which we have assumed responsibility. We believe that our current operations are in substantial compliance with existing environmental and safety requirements. However, there have been and will continue to be ongoing discussions about environmental and safety matters between us and federal and state authorities, including notices of violations, citations and other enforcement actions, some of which have resulted or may result in changes to operating procedures and in capital expenditures. While it is often difficult to quantify future environmental or safety related expenditures, we anticipate that continuing capital investments and changes in operating procedures will be required for the foreseeable future to comply with existing and new requirements as well as evolving interpretations and more strict enforcement of existing laws and regulations.

The Comprehensive Environmental Response, Compensation and Liability Act, also known as Superfund, imposes liability, without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. Analogous state laws impose similar responsibilities and liabilities on responsible parties. In the course of our ordinary operations, our various businesses generate waste, some of which falls within the statutory definition of a hazardous substance and some of which may have been disposed of at sites that may require future cleanup under Superfund. At this time, our El Dorado refinery has been named as a minor potentially responsible party at one site for which we believe future costs will not be material.

We carried a liability of approximately $11.4 million, as of March 31, 2013, primarily related to the probable estimated costs of remediating or otherwise addressing certain environmental issues of a non-capital nature at the Tyler and El Dorado refineries. This liability includes estimated costs for on-going investigation and remediation efforts, which were already being performed by the former operators of the Tyler and El Dorado refineries prior to our acquisition of these facilities, for known contamination of soil and groundwater, as well as estimated costs for additional issues which have been identified subsequent to the purchase. We expect approximately $0.9 million of this amount to be reimbursable by a prior owner of the El Dorado refinery and have recorded $0.1 million in other current assets and $0.8 million in other non-current assets in our condensed consolidated balance sheet as of March 31, 2013. Approximately $1.6 million of the total liability is expected to be expended over the next 12 months with most of the balance expended by 2022. In the future we could be required to undertake additional investigations of our refineries, pipelines and terminal facilities or convenience stores, which could result in additional remediation liabilities.

Most of the cost of remediating releases from USTs in our retail segment is reimbursed by state reimbursement funds which are funded by a tax on petroleum products and subject to certain deductible amounts. As of March 31, 2013, the amount accrued for such UST related remediation less than $0.1 million.

Both the Tyler and El Dorado refineries have negotiated consent decrees, referred to as Global Refining Settlements, with the EPA and the United States Department of Justice (the "DOJ") regarding certain Clean Air Act requirements. The State of Arkansas is also a party to the El Dorado refinery consent decree. The El Dorado refinery consent decree was effective in June 2003 and the Tyler refinery consent decree became effective in September 2009. Neither consent decree alleges any violations by Delek pertaining to Delek's operation of the refineries, and the prior operators were responsible for payment of the assessed penalties. All capital projects required by the consent decrees have been completed; however, the consent decrees require certain on-going operational changes and work practices. Although the consent decrees will remain in force for several years, we believe any costs resulting from these changes and compliance with the consent decrees will not have a material adverse effect upon our business, financial condition or operations.

In 2008, the El Dorado refinery signed a Consent Administrative Order ("CAO") that was in effect through 2009 with the State of Arkansas with regard to wastewater discharges. In conjunction with three other area dischargers, including the city of El Dorado Water Utilities, the El Dorado refinery applied for and was granted a National Pollutant Discharge Elimination System permit for a combined discharge to the Ouachita River. In connection with the CAO, the El Dorado refinery and three other dischargers have designed, are constructing and will jointly operate an approximately 20 mile wastewater pipeline to convey the treated, commingled waste water to the Ouachita River. The U.S. Army Corps of Engineers has issued the required wetlands permits for construction of the pipeline and outfall structure and a lawsuit filed by environmental groups to block the permits has been dismissed by the trial court. We expect the pipeline to be completed in late 2013. The EPA was not a party to the Arkansas CAO and in late 2011 referred an enforcement action to the DOJ with regard to historical and on-going waste water discharges. We are in discussions with the EPA and the DOJ regarding penalties and interim actions and have accrued an amount expected to cover the penalty. We do not believe any such requirements would have a material adverse effect upon our business, financial condition or operations.

The EPA issued final rules for gasoline formulation that required the reduction of average benzene content by January 1, 2011 and the reduction of maximum annual average benzene content by July 1, 2012. We completed a project at the Tyler refinery in the fourth quarter 2010 to partially reduce gasoline benzene levels. However, it is necessary for us to purchase credits to fully comply with these content requirements for the Tyler refinery. Although credits were acquired that cover our 2011 and 2012 obligations, there can be no assurance that such credits will be available in the future or that we will be able to purchase available credits at reasonable prices. Additional benzene reduction projects may be implemented to reduce or eliminate our need to purchase benzene credits depending on the availability and cost of credits. A project to reduce gasoline benzene levels was completed at the El Dorado refinery in June 2011 and credits generated by that refinery in the future can be used to partially meet the Tyler refinery's credit requirement.

Various legislative and regulatory measures to address climate change and greenhouse gas ("GHG") emissions (including carbon dioxide, methane and nitrous oxides) are in various phases of discussion or implementation. They include proposed and enacted federal regulation and state actions to develop statewide, regional or nationwide

programs designed to control and reduce GHG emissions from fixed sources, such as our refineries, as well as mobile transportation sources. We are not aware of any state or regional initiatives for controlling GHG emissions that would affect our refineries. Although it is not possible to predict the requirements of any GHG legislation that may be enacted, any laws or regulations that have been or may be adopted to restrict or reduce GHG emissions will likely require us to incur increased operating and capital costs. The EPA also has indicated that it intends to regulate refinery GHG emissions from new and existing sources through a New Source Performance Standard ("NSPS"), although there is no firm proposal or date for such regulation.
Since the 2010 calendar year, EPA rules require us to report GHG emissions from our refinery operations and consumer use of fuel products produced at our refineries on an annual basis. While the cost of compliance with the reporting rule is not material,

data gathered under the rule may be used in the future to support additional regulation of GHG. Effective January 2, 2011, the EPA began regulating GHG emissions from refineries and other major sources through the Prevention of Significant Deterioration and Federal Operating Permit (Title V) programs. While these rules do not impose any limits or controls on GHG emissions from current operations, emission increases from future projects or operational changes, such as capacity increases, may be impacted and required to meet emission limits or technological requirements such as Best Available Control Technologies.

In mid-2012 the EPA announced an industry-wide enforcement initiative directed at flaring operations and performance at refineries and petrochemical plants, although our refineries have not received any associated inquiries or requests for information and are not a party to any associated enforcement action at this time. In September 2012, the EPA finalized revisions to the NSPS for Petroleum Refineries (NSPS Subpart Ja) that primarily affects flares and process heaters. We believe our existing process heaters meet the applicable requirements. Affected flares have three years to comply with the new standard and it is likely the standard will impact the way some flares at our Tyler and El Dorado refineries are designed and/or operated. We are planning capital projects at our refineries related to flare compliance with NSPS Subpart Ja that will be implemented in 2014-2015. The EPA has also announced its intent to further regulate refinery air emissions, through additional NSPS and National Emission Standards for Hazardous Air Pollutants to be proposed in 2013, but the EPA has not released enough information regarding these rules to estimate the potential cost for compliance.

In 2010, the EPA and the DOT's National Highway Traffic Safety Administration ("NHTSA") finalized new standards raising the required Corporate Average Fuel Economy of the nation's passenger fleet by 40% to approximately 35 miles per gallon ("mpg") by 2016 and imposing the first-ever federal GHG emissions standards on cars and light trucks. In September 2011, the EPA and the DOT finalized first-time standards for fuel economy of medium and heavy duty trucks. In September 2012, the EPA and NHTSA finalized rules raising the CAFE and GHG standards for passenger vehicles beginning with 2017 model year vehicles and increasing to the equivalent of 54.5 mpg by 2025. Such increases in fuel economy standards and potential electrification of the vehicle fleet, along with mandated increases in use of renewable fuels discussed below, could result in decreasing demand for petroleum fuels. Decreasing demand for petroleum fuels could materially affect profitability at our refineries, as well as at our convenience stores.

The Energy Independence and Security Act of 2007 ("EISA") increased the amounts of renewable fuel required to be blended into domestic transportation fuel supplies by the Energy Policy Act of 2005 to 32 billion gallons by 2022. The Renewable Fuel Standard - 2 rule finalized by the EPA in 2010 to implement EISA, requires that most refiners blend increasing amounts of biofuels with refined products, equal to approximately 9.2% of combined gasoline and diesel volume in 2012, increasing to 9.6% in 2013 and escalating annually to approximately 18% by 2022. Because the mandate requires specified volumes of biofuels, if the demand for motor fuels decreases in future years even higher percentages of biofuels may be required. Alternatively, credits, called Renewable Identification Numbers ("RINs") can be used instead of physically blending biofuels. The Tyler refinery began supplying a 10% ethanol gasoline blend (E-10) in January 2008 and biodiesel blends in June 2011. The El Dorado refinery completed projects at the truck loading rack in June 2011 to make E-10 available and in July 2012 to make biodiesel blends available. We are implementing additional projects at our refineries and terminals that will allow blending increasing amounts of ethanol and biodiesel into our fuels in future years. We anticipate that in 2013 we will internally generate most if not all the RINs required to meet the obligations of our refineries, including a carryover of 2012 RINs, with a net surplus of biodiesel RINs that may be sold to purchase other RIN categories, if necessary.

In March 2013, the EPA proposed Tier 3 gasoline rules, which are expected to become final by the end of 2013. The proposed Tier 3 rule requires a reduction in annual average gasoline sulfur content from 30 ppm to 10 ppm by January 1, 2017. The proposed rule requests comment on retaining the current maximum per-gallon sulfur content of 80 ppm, reducing the cap to 60 ppm or reducing it to 20 ppm. The proposed rule provides a three year waiver period, to January 1, 2020, for small volume refineries that processed less than 75,000 bpd in 2011 and 2012. We believe that both of our refineries would qualify for this proposed waiver but there is no guarantee the proposed waiver provision will become the final rule. If and when the proposed rules apply to our refineries, we anticipate that the Tyler refinery will meet these new limits with only minor operational changes and that a minor capital project may be required for additional sulfur removal capacity at the El Dorado refinery.

The EPA requested information pertaining to the November 2008 explosion and fire at the Tyler refinery and conducted an investigation under Section 114 of the Clean Air Act pertaining to our compliance with the chemical accident prevention standards. In late 2011, the EPA referred an enforcement action to the DOJ and we are in discussions with the EPA and the DOJ regarding what, if any, penalties and/or interim actions may be necessary.

On March 9, 2013, a release of crude oil was detected within a pumping facility at our Magnolia Station located west of the El Dorado refinery. We estimate that approximately 5,900 barrels of crude oil were released, of which all but approximately 2,650 barrels were contained at the Magnolia Station. Much of the remaining released crude oil reached a nearby small creek. Since detecting the release we have worked to contain the release, coordinating our efforts with the EPA and state authorities to restore the impacted area to the satisfaction of the appropriate regulatory authorities. As of the date of this filing, we believe we have recovered the vast majority of the released crude oil. The release has not impacted the delivery of crude oil from the Magnolia Station to the El Dorado refinery, and there has been no interruption to the operations of the El Dorado Pipeline connected to the Magnolia Station as a result of the release. Based on current information available to us, we estimate the costs, including any potential fines and penalties associated with this event, to be approximately $4.5 million, which are accrued in other current liabilities on our accompanying condensed consolidated balance sheet as of March 31, 2013. We have also recorded a receivable for expected partial reimbursement from our insurance policies, which is included in other current assets on our accompanying condensed consolidated balance sheet as of March 31, 2013. We do not believe the total costs associated with this event will have a material adverse effect upon our business, financial condition or operations.

Vendor Commitments

We maintain an agreement with a significant vendor that requires our retail segment to purchase certain general merchandise exclusively from this vendor over a specified period of time. Additionally, we maintain agreements with certain fuel suppliers that contain terms which generally require our retail segment to purchase predetermined quantities of third-party branded fuel for a specified period of time. In certain fuel vendor contracts, penalty provisions exist if our retail segment does not purchase certain minimum quantities of fuel.

Letters of Credit

As of March 31, 2013, Delek had in place letters of credit totaling approximately $207.7 million with various financial institutions securing obligations with respect to its workers' compensation and general liability self-insurance programs, crude oil purchases for the refining segment, gasoline and diesel purchases for the logistics segment and fuel for the retail segment. No amounts were drawn by beneficiaries of these letters of credit at March 31, 2013.

15. Related Party Transactions

From the time of our initial public offering in May 2006 through March 20, 2013, Delek Group controlled more than 50% of our voting power. As a result, Delek Group and its controlling shareholder Mr. Itshak Sharon (Tshuva), could, without the consent of our other stockholders, control the election of our directors, influence our corporate and management policies and determine the outcome of any matter or corporate transaction submitted to our stockholders for approval, including potential mergers or acquisitions, asset sales and other significant corporate transactions. Following the Delek Group Offering (defined below) and the Concurrent Stock Repurchase (defined below) on March 20, 2013, Delek Group beneficially owned approximately 36.6% of our outstanding common stock. Because the record date for our 2013 annual meeting of stockholders ("2013 Annual Meeting") was prior to March 20, 2013, Delek Group controlled more than 50% of the voting power at the 2013 Annual Meeting. Although Delek Group no longer controls more than 50% of the voting power in elections of our directors and other matters submitted to our stockholders for approval following the 2013 Annual Meeting, Delek Group will continue to influence the outcome of stockholder votes on such matters for so long as it controls a significant percentage of our voting power.

Delek Group Offering and Concurrent Stock Repurchase

On March 20, 2013, Delek Hungary completed the sale of 9,000,000 shares of our outstanding common stock in a secondary offering (the "Delek Group Offering") at a price to the public of $39.50 per share. The price paid to Delek Hungary by the underwriters in the offering, net of underwriting discounts and commissions, was $37.92 per share, for total proceeds to Delek Hungary of $341.3 million from the Delek Group Offering. Additionally, pursuant to the Repurchase Program, on March 12, 2013, we entered into a stock repurchase agreement with Delek Hungary to repurchase 1,000,000 shares of our common stock concurrently with the closing of the Delek Group Offering (the "Concurrent Stock Repurchase"), directly from Delek Hungary in a private, non-underwritten transaction at a price per share of $37.92, which was equal to the price paid by the underwriters to Delek Hungary for the shares in the Delek Group Offering. The total purchase price of the Concurrent Stock Repurchase was $37.9 million, which was paid out of our available cash on hand at the closing of the Concurrent Stock Repurchase on March 20, 2013. The terms and conditions of the stock repurchase agreement and the Concurrent Stock Repurchase were reviewed, negotiated and approved by the Audit Committee of our Board of Directors, which is composed entirely of independent directors who

are unaffiliated with Delek Group.
In connection with the initial public offering of our Common Stock in 2006, we entered into a Registration Rights Agreement dated April 17, 2006, with Delek Group. Pursuant to this agreement, Delek Group and its affiliates have certain demand registration rights to cause us to effect up to three registrations of our securities through registration statements on Form S-3 for the purpose of allowing Delek Group and its affiliates to conduct secondary offerings of our securities. The Delek Group Offering was conducted pursuant to these demand registration rights under the registration rights agreement, which also requires that we pay certain enumerated expenses of the registration in connection with such offerings. Similarly, certain expenses associated with the

Concurrent Stock Repurchase were also deemed to constitute registration expenses that are subject to our payment obligations under the registration rights agreement.

Delek has a management and consulting agreement with Delek Group, pursuant to which key management personnel of Delek Group provide management and consulting services to Delek, including matters relating to long-term planning, operational issues and financing strategies. The agreement had an initial term of one year and continued thereafter until either party terminates the agreement upon 30 days' advance notice. As compensation, the agreement provides for payment to Delek Group of $125 thousand per calendar quarter payable within 90 days of the end of each quarter and reimbursement for reasonable out-of-pocket costs and expenses incurred. An amended and restated management and consulting agreement was executed with Delek Group in the second quarter 2011. Under the amended agreement, the fee payable to Delek Group increased to $150 thousand per calendar quarter effective April 1, 2011.

16. Subsequent Events

Dividend Declaration

On May 8, 2013, our Board of Directors voted to declare a quarterly cash dividend of $0.15 per share, payable on June 18, 2013, to shareholders of record on May 28, 2013.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is management’s analysis of our financial performance and of significant trends that may affect our future performance. The MD&A should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and in the Annual Report on Form 10-K filed with the SEC on March 12, 2013. Those statements in the MD&A that are not historical in nature should be deemed forward-looking statements that are inherently uncertain.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements reflect our current estimates, expectations and projections about our future results, performance, prospects and opportunities. Forward-looking statements include, among other things, the information concerning our possible future results of operations, business and growth strategies, financing plans, expectations that regulatory developments or other matters will not have a material adverse effect on our business or financial condition, our competitive position and the effects of competition, the projected growth of the industry in which we operate, the benefits and synergies to be obtained from our completed and any future acquisitions, and statements of management’s goals and objectives, and other similar expressions concerning matters that are not historical facts. Words such as “may,” “will,” “should,” “could,” “would,” “predicts,” “potential,” “continue,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “ap and similar expressions, as well as statements in future tense, identify forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking information is based on information available at the time and/or management’s good faith belief with respect to future events, and is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. Important factors that, individually or in the aggregate, could cause such differences include, but are not limited to:

- volatility in our refining margins or fuel gross profit as a result of changes in the prices of crude oil, other feedstocks and refined petroleum products;
- reliability of our operating assets;
- competition;
- changes in, or the failure to comply with, the extensive government regulations applicable to our industry segments;
- our ability to execute our strategy of growth through acquisitions and transactional risks in acquisitions;
- diminishment of value in long-lived assets may result in an impairment in the carrying value of the asset on our balance sheet and a resultant loss recognized in the statement of operations;
- general economic and business conditions, particularly levels of spending relating to travel and tourism or conditions affecting the southeastern United States;
- dependence on one wholesaler for a significant portion of our convenience store merchandise;
- deterioration of creditworthiness or overall financial condition of a material counterparty (or counterparties);
- unanticipated increases in cost or scope of, or significant delays in the completion of, our capital improvement and turnaround projects;
- risks and uncertainties with respect to the quantities and costs of refined petroleum products supplied to our pipelines and/or held in our terminals;
- operating hazards, natural disasters, casualty losses and other matters beyond our control;
- increases in our debt levels;
- compliance, or failure to comply, with restrictive and financial covenants in our various debt agreements;

- the inability of our subsidiaries to freely make dividends, loans or other cash distributions to us;
- seasonality;
- acts of terrorism aimed at either our facilities or other facilities that could impair our ability to produce or transport refined products or receive feedstocks;
- changes in the cost or availability of transportation for feedstocks and refined products;
- volatility of derivative instruments;
- potential conflicts of interest between our major stockholder and other stockholders; and
- other factors discussed under the headings “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” and in our other filings with the SEC.

In light of these risks, uncertainties and assumptions, our actual results of operations and execution of our business strategy could differ materially from those expressed in, or implied by, the forward-looking statements, and you should not place undue reliance upon them. In addition, past financial and/or operating performance is not necessarily a reliable indicator of future performance and you should not use our historical performance to anticipate results or future period trends. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition.
Forward-looking statements speak only as of the date the statements are made. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect thereto or with respect to other forward-looking statements.

Overview

We are an integrated downstream energy business focused on petroleum refining, the wholesale distribution of refined products and convenience store retailing. Our business consists of three operating segments: (1) refining (2) logistics and (3) retail. Our refining segment operates independent refineries in Tyler, Texas (the "Tyler refinery") and El Dorado, Arkansas (the "El Dorado refinery") with a combined design crude distillation capacity of 140,000 barrels per day ("bpd"). Our logistics segment gathers, transports and stores crude oil and markets, distributes, transports and stores refined products in select regions of the southeastern United States and west Texas for our refining segment, as well as third parties. Our retail segment markets gasoline, diesel, other refined petroleum products and convenience merchandise through a network of 373 company-operated retail fuel and convenience stores located in Alabama, Arkansas, Georgia, Kentucky, Mississippi, Tennessee and Virginia.

On November 7, 2012, Delek Logistics Partners, LP ("Delek Logistics"), then a wholly owned indirect subsidiary of Delek, closed its initial public offering (the "DKL Offering") of 9,200,000 common units. We currently own a 60.4% limited partner interest in Delek Logistics, the entire 2.0% general partner interest and all of the income distribution rights. Delek Logistics was formed by Delek to own, operate, acquire and construct crude oil and refined products logistics and marketing assets. Delek Logistics' initial assets were contributed by us in connection with the DKL Offering and included certain assets formerly owned, or used by certain of our subsidiaries. A substantial majority of Delek Logistics' assets are currently integral to Delek's refining and marketing operations.

In conjunction with the DKL Offering, we have reclassified certain operating segments. The majority of the assets previously reported as our marketing segment and certain assets previously operated by our refining segment were contributed to Delek Logistics. The results of the operation of these assets are now reported in our logistics segment. Further, certain operations previously included as part of our marketing segment were retained by Holdings and are now reported as part of our refining segment. The historical results of the operation of these assets have been reclassified to conform to the current presentation.

Our profitability in the refining segment is substantially determined by the spread between the price of refined products and the price of crude oil, referred to as the “refining margin.” The cost to acquire feedstocks and the price of the refined petroleum products we ultimately sell from our refinery depend on numerous factors beyond our control, including the supply of, and demand for, crude oil, gasoline and other refined petroleum products which, in turn, depend on, among other factors, changes in domestic and foreign economies, weather conditions such as hurricanes or tornadoes, local, domestic and foreign political affairs, global conflict, production levels, the availability of imports, the marketing of competitive fuels and government regulation. Other significant factors that influence our results in the refining segment include the cost of crude, our primary feedstock, operating costs, particularly the cost of natural gas used for fuel and the cost of electricity, seasonal factors, utilization rates and planned or unplanned maintenance activities or turnarounds. Moreover, while increases in the cost of crude oil are often reflected in the prices of light refined products, the value of heavier products, such as asphalt, coke, carbon black oil, and liquefied petroleum gas ("LPG") are typically less likely to move in parallel with crude cost. This may cause additional pressure on our realized margin.

For our Tyler refinery, we compare our per barrel refining margin to a well established industry metric, the U.S. Gulf Coast 5-3-2 crack spread ("Gulf Coast crack spread"). The Gulf Coast crack spread is used as a benchmark for measuring a refining margin by measuring the difference between the price of light products and crude oil. It represents the approximate gross margin resulting from processing one barrel of crude oil into three-fifths of a barrel of gasoline and two-fifths of a barrel of high sulfur diesel. We calculate the Gulf Coast crack spread using the market value of U.S. Gulf Coast Pipeline 87 Octane Conventional Gasoline and U.S. Gulf Coast Pipeline No. 2 Heating Oil (high sulfur diesel) and the first month futures price of light sweet crude oil on the NYMEX. U.S. Gulf Coast Pipeline 87 Octane Conventional Gasoline is a grade of gasoline commonly marketed as Regular Unleaded at retail locations. U.S. Gulf Coast Pipeline No. 2 Heating Oil is a petroleum distillate that can be used as either a diesel fuel or a fuel oil. This is the standard by which other distillate products (such as ultra low sulfur diesel) are priced. The NYMEX is the commodities trading exchange where contracts for the future delivery of petroleum products are bought and sold.

As of the date of this Quarterly Report on Form 10-Q, we do not have sufficient historical operating data to identify a reasonable refined product margin benchmark that would accurately portray the historical refined product margins at the El Dorado refinery. We anticipate that the quantities and varieties of crude oil processed and products manufactured at the El Dorado refinery may vary, when compared to those crudes processed and products produced under the prior owner. As a result, past results may not be reflective of future performance.

The cost to acquire the refined fuel products we sell to our wholesale customers in our logistics segment and at our convenience stores in our retail segment depends on numerous factors beyond our control, including the supply of, and demand for, crude oil, gasoline and other refined petroleum products which, in turn, depends on, among other factors, changes in domestic and foreign economies, weather conditions, domestic and foreign political affairs, production levels, the availability of imports, the marketing of competitive fuels and government regulation. Our retail merchandise sales are driven by convenience, customer service, competitive pricing and branding. Motor fuel margin is sales less the delivered cost of fuel and motor fuel taxes, measured on a cents per gallon basis. Our motor fuel margins are impacted by local supply, demand, weather, competitor pricing and product brand.

As part of our overall business strategy, we regularly evaluate opportunities to expand and complement our business and may at any time be discussing or negotiating a transaction that, if consummated, could have a material effect on our business, financial condition, liquidity or results of operations.

Recent Developments

Crude Supply Update

In our refining segment, we continued to improve crude supply flexibility by increasing pipeline access to Midland sourced crude supplies. Improved pipeline access began at the Tyler refinery in April 2013, allowing access to 52,000 bpd of Midland sourced crude. The El Dorado refinery began receiving 20,000 barrels per day of Midland sourced crude through increased pipeline access in May 2013 and this amount is expected to increase toward 35,000 barrels per day in June. By June, the combination of these changes will increase Midland sourced crude in our refinery system by approximately 42,000 barrels per day and is expected to replace crude sources that are currently more expensive.

In addition to improved pipeline access, construction of a new rail facility with two off-loading racks at the El Dorado refinery has been completed. The offloading capacity of these racks is approximately 12,000 bpd of heavy crude or up to 25,000 bpd of light crude. In addition, a third party rail facility adjacent to the El Dorado refinery can offload up to 20,000 bpd of light crudes. These facilities give the El Dorado refinery the ability to receive primarily Canadian, Bakken, Eagleford, Cushing and other cost advantaged crude by rail. The combination of improved pipeline access and increased rail supplied crude will allow the El Dorado refinery to operate at capacity without relying on Gulf Coast crude supplies.

Return to Shareholders

Dividends

On May 8, 2013, our Board of Directors authorized an increase to our regular quarterly dividend to $0.15 per share, a 50% increase from the previous quarterly dividend of $0.10 per share.

Stock Repurchase Program

On March 12, 2013, we announced that our Board of Directors had authorized a $75.0 million common stock repurchase program (the "Repurchase Program"). The repurchases are intended to be implemented through open market transactions or in privately negotiated transactions, in accordance with applicable securities laws. The timing, price, and size of repurchases will be made at the discretion of management and will depend upon prevailing market prices, general economic and market conditions and other considerations. The Repurchase Program does not obligate us to acquire any particular amount of stock and the authorization under the Repurchase Program will expire on December 31, 2013.

Delek Group Offering and Concurrent Stock Repurchase

At December 31, 2012, Delek Group Ltd., a conglomerate that is domiciled and publicly traded in Israel ("Delek Group"), through Delek Hungary Holding Limited Liability Company, a Hungarian limited liability company and indirect subsidiary of Delek Group ("Delek Hungary") beneficially owned approximately 52.8% of our outstanding common stock.

On March 20, 2013, Delek Hungary, completed the sale of 9,000,000 shares of our outstanding common stock in a secondary offering (the "Delek Group Offering") at a price to the public of $39.50 per share. The price paid to Delek Hungary by the underwriters in the offering, net of underwriting discounts and commissions, was $37.92 per share, for total proceeds to Delek Hungary of $341.3 million from the Delek Group Offering. Additionally, pursuant to the Repurchase Program, on March 12, 2013, we entered into a stock repurchase agreement with Delek Hungary to repurchase 1,000,000 shares of our common stock concurrently with the closing of the Delek Group Offering (the "Concurrent Stock Repurchase"), directly from Delek Hungary in a private, non-underwritten transaction at a price per share of $37.92, which was equal to the price paid by the underwriters to Delek Hungary for the shares in the Delek Group Offering. The total purchase price of the Concurrent Stock Repurchase was $37.9 million, which was paid out of our available cash on hand at the closing of the Concurrent Stock Repurchase on March 20, 2013. The terms and conditions of the stock repurchase agreement and the Concurrent Stock Repurchase were reviewed, negotiated and approved by the Audit Committee of our Board of Directors, which is composed entirely of independent directors who are unaffiliated with Delek Group.

Transition from Controlled Company Status

From the time of our initial public offering in May 2006 through March 20, 2013, Delek Group controlled more than 50% of our voting power. As a result, Delek Group and its controlling shareholder Mr. Itshak Sharon (Tshuva), could, without the consent of our other stockholders, control the election of our directors, influence our corporate and management policies and determine the outcome of any matter or corporate transaction submitted to our stockholders for approval, including potential mergers or acquisitions, asset sales and other significant corporate transactions. Following the Delek Group Offering and the Concurrent Stock Repurchase on March 20, 2013, Delek Group beneficially owned approximately 36.6% of our outstanding common stock. As the record date for our 2013 annual meeting of stockholders ("2013 Annual Meeting") was prior to March 20, 2013, Delek Group controlled more than 50% of the voting power at the 2013 Annual Meeting. Although Delek Group no longer controls more than 50% of the voting power in elections of our directors and other matters submitted to our stockholders for approval following the 2013 Annual Meeting, Delek Group will continue to influence the outcome of stockholder votes on such matters for so long as it controls a significant percentage of our voting power.
As a result of Delek Group controlling more than 50% of our voting power, our Board of Directors had determined that we were a "controlled company" for purposes of the NYSE Listed Company Manual. At times we have relied on exemptions available to us as a "controlled company" from certain requirements of the NYSE Listed Company Manual relating to the independence of our directors and the structure and composition of the committees of our Board of Directors. Upon the completion of the Delek Group Offering and the Concurrent Stock Repurchase, our Board of

Directors determined that we were no longer a "controlled company" for purposes of the NYSE Listed Company Manual. Accordingly, effective March 20, 2013, our Board of Directors effected changes to the structure and membership of its committees to comply fully with the provisions of the NYSE Listed Company Manual.

Beacon Acquisition

On January 10, 2013, we purchased a biodiesel facility, including the real property and other related assets involved in the production of biodiesel fuels and related activities from Beacon Energy (Texas) Corp (the "Beacon Acquisition"). The aggregate purchase price was approximately $6.6 million, which has been preliminarily allocated to property, plant and equipment. The property, plant and equipment valuation is subject to change during the purchase price allocation period.

Payment Card Security Breach

We experienced a security breach by third-party hackers that may have compromised the credit/debit card information of certain of our retail segment customers. The incident involved credit/debit card payments for transactions at certain retail locations between March 19-25, 2013, April 14-15, 2013 and April 20-21, 2013. We are working with computer forensics investigation firms, payment card associations and law enforcement, including, without limitation, the Federal Bureau of Investigation's Joint Cyber Crime Task Force, to determine what happened and the extent of the information that may have been compromised. At this time, we cannot determine or estimate the extent of any potential losses related to this breach. However, we do not believe that this incident will have a material, adverse effect on our financial position or results of operations.

Economic Overview

Consolidated net income for the first quarter 2013 was $77.5 million, or $1.28 per diluted share, compared to $46.2 million, or $0.79 per diluted share, in the same period last year. The first quarter 2013 results benefited from a strong performance in all three operating segments.

Refining Segment

Refining segment contribution margin increased to $171.5 million in the first quarter 2013, versus $118.3 million in the first quarter 2012. In the first quarter 2013 and 2012, the refining segment operated at a combined average utilization rate of 83.2% and 88.1%, respectively, and produced a combined 91.1% and 88.6% light products, respectively. The refining segment margin benefited from improved market conditions as the benchmark Gulf Coast crack spread averaged $26.68 per barrel in the first quarter 2013, compared to $23.87 during first quarter 2012. In addition, refining segment margins also benefited as the West Texas Intermediate (WTI) Midland crude discount to WTI Cushing expanded to $7.80 per barrel in the first quarter 2013 from $1.48 per barrel in the prior year period.

The Tyler refinery produced approximately 97.0% light products in the first quarter 2013 and 96.2% in the first quarter 2012. The Tyler refinery's refining margin was $25.26 per barrel sold in the first quarter 2013, compared to $19.57 per barrel sold in the first quarter 2012. The increase in refining margin was primarily attributable to Tyler refinery benefiting from an elevated Gulf Coast crack spread and access to cost advantaged feedstocks, including WTI crude oil, which comprised a majority of the refinery's overall crude slate.

The Tyler refinery operated at 88% of capacity in the first quarter 2013, versus 85% in the first quarter 2012. The Tyler refinery sold 58,523 bpd in the first quarter 2013, a 3.0% increase versus the comparable period of 2012. The increase in sales volume at the refinery was supported by strong demand for finished products.

In the first quarter 2013 and 2012, the El Dorado refinery operated at an average utilization rate of 79.9% and 90.7%, respectively. El Dorado's low utilization rate in the first quarter 2013 was due to the temporary suspension of crude oil deliveries from a supplier's pipeline. The El Dorado refinery produced 85.8% and 83.1% light products in the first quarters 2013 and 2012, respectively. The El Dorado refining margin was $14.41 per barrel sold during the first quarter 2013, compared to $8.76 per barrel sold during the first quarter 2012.

Retail Segment

Retail segment contribution margin increased to $7.9 million in the first quarter 2013, versus $7.3 million in the first quarter 2012. Retail fuel margin was $0.145 per gallon in the first quarter 2013, versus $0.121 in the prior-year period. Fuel margins benefited from improved economics associated with the blending of biofuels and ethanol. Same-store retail fuel gallons sold increased 1.7% in the first quarter 2013 when compared to the same period of 2012. Same-store merchandise sales decreased 4.7% in the first quarter 2013. At the conclusion of the first quarter 2013, the retail segment operated 373 locations, versus 375 locations in the prior-year period.

In the first quarter 2013, we completed the construction of two new retail stores and expect to open an additional four stores in the second quarter 2013. We also completed remodeling 24 retail locations in the first quarter 2013.

Logistics Segment

Logistics segment contribution margin increased to $17.1 million in the first quarter 2013, versus $8.7 million in the first quarter 2012, primarily due to higher margins achieved in our west Texas operations. Total west Texas sales volumes increased 7.6% to 16,555 bpd in the first quarter 2013, versus 15,383 bpd in the prior-year period, as regional demand trends for distillate products remained strong in the period.

Market Trends

Our results of operations are significantly affected by the cost of the commodities that we purchase, process, produce and sell. Sudden change in petroleum prices is our primary source of market risk. Historically, our profitability has been affected by the volatility of commodity prices, including crude oil and refined products.

We continually experience volatility in the energy markets. The price of WTI ranged from a high of $97.94 per barrel to a low of $90.12 per barrel during the first three months of 2013 and averaged $94.41 and $102.88 per barrel, respectively, in the first three months of 2013 and 2012. The Gulf Coast crack spread ranged from a high of $37.07 per barrel to a low of $19.60 per barrel during the first three months of 2013 and averaged $26.68 per barrel during the first three months of 2013 compared to an average of $23.87 in the same period of 2012.

The differential between the price of WTI crude oil and competing benchmark crudes such as Brent crude, remained wide during the first three months of 2013, when compared to recent levels. The price of WTI held an average discount of $18.24 per barrel when compared to Brent crude during the first quarter 2013, compared to a discount of $15.39 per barrel in the comparable period of 2012. We believe the price differential between WTI and other benchmarked crude experienced over the last two years is attributable to increased crude oil supply in the Mid-Continent region that has outpaced the development of energy infrastructure required to transport these volumes. Energy infrastructure development is presently underway in the Mid-Continent region and, as new pipelines and rail capabilities are added, we expect the crude oil price differential to narrow over time. However, in the first quarter of 2013, as a result of these price differentials, inland refiners, like us, with access to discounted WTI or similarly priced crudes were competitively advantaged versus refiners in predominantly coastal markets. Our Tyler and El Dorado refineries both had access to discounted WTI and WTI-linked crudes during the first three months of 2013. During the next three months, we expect to increase the volume of west Texas sourced crude being supplied to both of our refineries through improved pipeline access.

As part of our overall business strategy, management determines the cost to store crude, the pricing of products and whether we should maintain, increase or decrease inventory levels of crude or other intermediate feedstocks based on various factors, including the crude pricing market in the Gulf Coast region, the refined products market in the same region, the relationship between these two markets, our ability to obtain credit with crude vendors, and any other factors which may impact the costs of crude. During the first three months of 2013, crude inventories increased as compared to the end of 2012, due to line fill associated with various new and existing crude supply pipelines.

Seasonality

Demand for gasoline, convenience merchandise and asphalt products is generally lower during the winter months due to seasonal decreases in motor vehicle traffic and road and home construction. Additionally, varying vapor pressure requirements between the summer and winter months also tighten summer gasoline supply. As a result, our operating results are generally lower during the first and fourth quarters of the year.

Contractual Obligations

There have been no material changes to our contractual obligations and commercial commitments during the three months ended March 31, 2013, from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012.

Critical Accounting Policies

The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The SEC has defined critical accounting policies as those that are both most important to the portrayal of our financial condition and results of operations and require our most difficult, complex or subjective judgments or estimates. Based on this definition and as further described in our Annual Report on Form 10-K for the year ended December 31, 2012, we believe our critical accounting polices include the following: (i) determining our inventory using the LIFO valuation method, (ii) evaluating impairment for property, plant and equipment and definite life intangibles, (iii) valuing goodwill and potential impairment, and (iv) estimating environmental expenditures. For all financial statement periods presented, there have been no material modifications to the application of these critical accounting policies or estimates since our most recently filed Annual Report on Form 10-K.

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Summary Financial and Other Information

The following table provides summary financial data for Delek:

Statement of Operations Data	Three Months Ended March 31, 2013	2012
	(In millions, except share and per share data)	
Net sales:		
Refining	$1,734.3	$1,591.8
Logistics	210.9	194.4
Retail	448.8	445.2
Other	(69.3)	(61.0)
Total	2,324.7	2,170.4
Operating costs and expenses:		
Cost of goods sold	2,037.0	1,955.0
Operating expenses	98.7	84.4
General and administrative expenses	32.6	27.0
Depreciation and amortization	22.0	19.0
Total operating costs and expenses	2,190.3	2,085.4
Operating income	134.4	85.0
Interest expense	9.2	12.4
Interest income	(0.1)	—
Total non-operating expenses	9.1	12.4
Income before taxes	125.3	72.6
Income tax expense	43.2	26.4
Net income	82.1	46.2
Net income attributed to non-controlling interest	4.6	—
Net income attributable to Delek	$77.5	$46.2
Basic earnings per share	$1.30	$0.79
Diluted earnings per share	$1.28	$0.79
Weighted average common shares outstanding:		
Basic	59,571,744	58,119,573
Diluted	60,645,717	58,750,074

	Three Months Ended March 31, 2013	2012
Cash Flow Data:		
Cash flows provided by operating activities	$81.5	$45.6
Cash flows used in investing activities	(34.6)	(44.0)
Cash flows (used in) provided by financing activities	(55.7)	7.6
Net (decrease) increase in cash and cash equivalents	$(8.8)	$9.2

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	Three Months Ended March 31, 2013				
(In millions)	Refining	Retail	Logistics	Corporate, Other and Eliminations	Consolidated
Net sales (excluding intercompany fees and sales)	$1,679.8	$448.8	$196.0	$0.1	$2,324.7
Intercompany fees and sales	54.5	—	14.9	(69.4)	—
Operating costs and expenses:					
Cost of goods sold	1,501.1	409.3	187.9	(61.3)	2,037.0
Operating expenses	61.7	31.6	5.9	(0.5)	98.7
Segment contribution margin	$171.5	$7.9	$17.1	$(7.5)	189.0
General and administrative expenses					32.6
Depreciation and amortization					22.0
Operating income					$134.4
Total assets	$1,974.5	$435.5	$260.8	$49.2	$2,720.0
Capital spending (excluding business combinations)	$15.3	$5.4	$1.3	$6.0	$28.0

	Three Months Ended March 31, 2012				
(In millions)	Refining	Retail	Logistics	Corporate, Other and Eliminations	Consolidated
Net sales (excluding intercompany fees and sales)	$1,540.5	$445.2	$189.2	$(4.5)	$2,170.4
Intercompany fees and sales	51.3	—	5.2	(56.5)	—
Operating costs and expenses:					
Cost of goods sold	1,424.3	407.5	180.9	(57.7)	1,955.0
Operating expenses	49.2	30.4	4.8	—	84.4
Segment contribution margin	$118.3	$7.3	$8.7	$(3.3)	131.0
General and administrative expenses					27.0
Depreciation and amortization					19.0
Operating income					$85.0
Total assets	$1,691.1	$419.9	$232.5	$(50.1)	$2,293.4
Capital spending (excluding business combinations)	$14.7	$3.6	$0.3	$2.1	$20.7

Results of Operations

Consolidated Results of Operations — Comparison of the Three Months Ended March 31, 2013 versus the Three Months Ended March 31, 2012

In the first quarters of 2013 and 2012, we generated net sales of $2,324.7 million and $2,170.4 million, respectively, an increase of $154.3 million, or 7.1%. The increase in net sales was primarily due to increases in sales volumes in all three operating segments in the first quarter 2013, compared to the same period in 2012, which were partially offset by decreases in retail fuel prices in our retail segment.

Cost of goods sold was $2,037.0 million for the first quarter 2013 compared to $1,955.0 million for the first quarter 2012, an increase of $82.0 million, or 4.2%. The increase in cost of goods sold primarily resulted from the increases in sales volumes in all three operating segments. The increase was partially offset by decreases in the cost of crude oil and refined products across all three segments.

Operating expenses were $98.7 million for the first quarter 2013 compared to $84.4 million for the first quarter 2012, an increase of $14.3 million, or 16.9%. The increase in operating expenses was primarily due to an increase in repairs and maintenance

expenses in both the refining and logistics segments. During the first quarter 2013, both the Tyler and El Dorado refineries underwent necessary planned maintenance activities to maximize production capabilities heading into the summer months. Additionally, repairs and maintenance expenses were incurred in connection with the logistics segment's Magnolia Station crude oil release that occurred in March 2013. Further contributing to the increase was increased salaries, advertising and lease expenses at the retail segment.

General and administrative expenses were $32.6 million and $27.0 million for the first quarter 2013 and 2012, respectively, an increase of $5.6 million, or 20.7%. The increase in general and administrative expenses was primarily due to an increase in salaries and outside services for the first quarter 2013, as compared to the same period of 2012. We do not allocate general and administrative expenses to our operating segments.

Depreciation and amortization was $22.0 million for the first quarter 2013 compared to $19.0 million for the first quarter 2012, an increase of $3.0 million, or 15.8%. This increase was primarily due to the addition of depreciation associated with the Nettleton assets, acquired in the first quarter 2012.

Interest expense was $9.2 million for the first quarter 2013 compared to $12.4 million for the first quarter 2012, a decrease of $3.2 million, or 25.8%. The decrease was primarily attributable to decreases in interest costs under our credit facilities due to changes in debt utilization and interest rates thereunder and by favorable mark-to-market impact of our interest rate hedges.

Income tax expense was $43.2 million for the first quarter 2013, compared to $26.4 million for the first quarter 2012, an increase of $16.8 million, or 63.6%. Our effective tax rate was 34.5% for the first quarter 2013, compared to 36.4% for the first quarter 2012. The decrease in our effective tax rate in the first quarter 2013 was primarily due to the reduction in taxable income associated with the minority interest in Delek Logistics.

Operating Segments

We review operating results in three reportable segments: refining, logistics and retail.

Refining Segment

The table below sets forth certain information concerning our refining segment operations:

	Three Months Ended March 31,	
	2013	2012
Tyler Refinery		
Days operated in period	90	91
Total sales volume (average barrels per day)(1)	58,523	56,840
Products manufactured (average barrels per day):		
Gasoline	33,690	31,106
Diesel/Jet	22,007	19,998
Petrochemicals, LPG, NGLs	1,531	2,101
Other	1,762	2,102
Total production	58,990	55,307
Throughput (average barrels per day):		
Crude oil	52,604	50,835
Other feedstocks	7,392	4,690
Total throughput	59,996	55,525
Per barrel of sales(3):		
Tyler refining margin(4)	$25.26	$19.57
Direct operating expenses(5)	$5.72	$5.17

	Three Months Ended March 31,	
	2013	2012
El Dorado Refinery		
Days operated in period	90	91
Total sales volume (average barrels per day)(2)	76,327	82,044
Products manufactured (average barrels per day):		
Gasoline	32,027	32,802
Diesel	24,074	29,619
Petrochemicals, LPG, NGLs	1,418	1,418
Asphalt	8,580	6,380
Other	925	6,623
Total production	67,024	76,842
Throughput (average barrels per day):		
Crude oil	63,908	72,536
Other feedstocks	4,172	5,678
Total throughput	68,080	78,214
Per barrel of sales(3):		
El Dorado refining margin(4)	$14.41	8.76
Direct operating expenses(5)	$4.51	3.01
Pricing statistics (average for the period presented):		
WTI — Cushing crude oil (per barrel)	$94.41	$102.88
Mars crude oil (per barrel)	$109.07	115.08
US Gulf Coast 5-3-2 crack spread (per barrel)	$26.68	$23.87
US Gulf Coast Unleaded Gasoline (per gallon)	$2.80	$2.95
Ultra low sulfur diesel (per gallon)	$3.09	$3.16
Natural gas (per MMBTU)	$3.49	$2.44

(1) Sales volume includes 1,271 bpd and 423 bpd, respectively, sold to the logistics segment during the three months ended March 31, 2013 and 2012. Sales volume also includes sales of 389 bpd and 587 bpd, respectively, of intermediate products.

(2) Sales volume includes 3,138 bpd and 3,439 bpd, respectively, sold to the retail segment during the three months ended March 31, 2013 and 2012.

(3) "Per barrel of sales" information is calculated by dividing the applicable income statement line item (operating margin or operating expenses) divided by the total barrels sold during the period.

(4) "Refining margin" is defined as refinery net sales less cost of goods sold.

(5) "Direct operating expenses" are defined as operating expenses attributed to the refining segment.

Comparison of the Three Months Ended March 31, 2013 versus the Three Months Ended March 31, 2012

Contribution margin for the refining segment in the first quarter 2013 was $171.5 million, or 90.7% of our consolidated contribution margin, compared to $118.3 million, or 90.3% of our consolidated segment contribution margin in the first quarter 2012. The increase to the refining segment contribution margin was primarily attributable to the increased margins at both the Tyler and El Dorado refineries, as compared to the same period in 2012.

Net sales for the refining segment were $1,734.3 million for the first quarter 2013 compared to $1,591.8 million for the first quarter 2012, an increase of $142.5 million, or 9.0%. The increase was primarily due to a 3.0% increase in total sales volume at the Tyler refinery and an increase in buy/sell activity at the El Dorado refinery. During the first quarters 2013 and 2012, respectively, the refining segment sold $54.5 million and $51.3 million, or 3,138 bpd and 3,439 bpd, of finished product to the logistics and retail segments. These sales are eliminated in consolidation.

Cost of goods sold for the first quarter 2013 was $1,501.1 million compared to $1,424.3 million for the first quarter 2012, an increase of $76.8 million, or 5.4%. This increase is a result of the increase in sales volume at the Tyler refinery and increased buy/sell activity at the El Dorado refinery, partially offset by a decrease in the cost of crude oil at both refineries.

Our refining segment has multiple service agreements with our logistics segment which, among other things, requires the refining segment to pay terminalling and storage fees based on the throughput volume of crude and finished product in the logistics segment pipelines and the volume of crude and finished product stored in the logistics segment storage tanks. These fees were $11.9 million and $2.4 million during the first quarters 2013 and 2012, respectively. We eliminate these intercompany fees in consolidation.

Operating expenses were $61.7 million for the first quarter 2013 compared to $49.2 million for the first quarter 2012, an increase of $12.5 million, or 25.4%. The increase in operating expense was primarily due to necessary planned maintenance activities during the first quarter 2013 at both the Tyler and El Dorado refineries, in order to maximize production capabilities heading into the summer months. Additionally, the refining segment reimbursed the logistics segment for certain expenses incurred in connection with the logistics segment's Magnolia Station crude oil release that occurred in March 2013.

Logistics Segment

The table below sets forth certain information concerning our logistics segment operations:

	Three Months Ended March 31,	
	2013	2012
Operating Information:		
East Texas - Tyler Refinery sales volumes (average bpd) (1)	53,086	53,528
West Texas wholesale marketing throughputs (average bpd) (2)	16,555	15,383
West Texas wholesale marketing margin per barrel	$3.69	$2.24
Terminalling throughputs (average bpd) (3)	13,836	18,059
Throughputs (average bpd)		
Lion Pipeline System:		
Crude pipelines (non-gathered)	45,018	52,969
Refined products pipelines to Enterprise Systems	43,359	46,823
SALA Gathering System	22,130	19,710
East Texas Crude Logistics System	51,147	50,388

(1) Excludes jet fuel and petroleum coke
(2) Excludes bulk ethanol and biodiesel
(3) Consists of terminalling throughputs at our Memphis and Nashville, Tennessee terminals.

Comparison of the Three Months Ended March 31, 2013 versus the Three Months Ended March 31, 2012

Contribution margin for the logistics segment in the first quarter 2013 was $17.1 million, or 9.0% of our consolidated segment contribution margin, compared to $8.7 million, or 6.6% of our consolidated segment contribution margin in the first quarter 2012. The increase in the logistics segment contribution margin was primarily attributable to higher margins achieved on our operations in west Texas in the first quarter 2013 as compared to the first quarter 2012.

Net sales for the logistics segment were $210.9 million in the first quarter 2013 compared to $194.4 million for the first quarter 2012, an increase of $16.5 million, or 8.5%. Total sales volume, excluding bulk biofuels, averaged 16,555 bpd in the first quarter 2013 compared to 15,383 bpd in the first quarter 2012. The average sales price per gallon of gasoline decreased $0.15 per gallon for the first quarter 2013, to $2.85 per gallon from $3.00 per gallon in the first quarter 2012. The average price of diesel remained static at $3.23 per gallon in both the first quarter 2013 and 2012. Net sales included $3.0 million and $2.8 million of net service fees paid by our refining segment to our logistics segment during the first quarter 2013 and 2012, respectively. These service fees are based on the number of gallons sold and a shared portion of the margin achieved in return for providing sales and customer support services. Additionally, net sales include crude and refined product transportation, terminalling and storage fees paid by our refining segment to our logistics segment. These fees were $11.9 million and $2.4 million in the first quarter 2013 and the first quarter 2012, respectively. These fees are eliminated in consolidation.

Cost of goods sold increased $7.0 million, or 3.9%, to $187.9 million in the first quarter 2013, approximating a cost per barrel sold of $125.73. This compares to cost of goods sold of $180.9 million in the first quarter 2012, approximating a cost per barrel sold of $126.43. The increase was primarily attributable to the increase in sales volumes in the west Texas wholesale marketing operations, partially offset by a decrease in the cost per barrel sold.
Operating expenses in the logistics segment were approximately $5.9 million and $4.8 million for the first quarter 2013 and 2012, respectively, an increase of $1.1 million, or 22.9%. The increase in operating expenses was primarily due to a $1.0 million expense incurred in connection with the Magnolia Station crude oil release that occurred in March 2013. Further contributing to the increase were increases in repairs and maintenance expense in the first quarter 2013 compared to the first quarter 2012.

Retail Segment

The table below sets forth certain information concerning our retail segment operations:

	Three Months Ended March 31,			
	2013		2012	
Number of stores (end of period)	373		375	
Average number of stores	370		376	
Retail fuel sales (thousands of gallons)	97,522		93,706	
Average retail gallons per average number of stores (in thousands)	264		249	
Retail fuel margin ($ per gallon)	$0.145		$0.121	
Merchandise sales (in thousands)	$85,145		$88,886	
Merchandise sales per average number of stores (in thousands)	$230		$236	
Merchandise margin %	29.3	%	29.4	%
Credit expense (% of gross margin)	12.5	%	12.6	%
Operating expense/merchandise sales plus total gallons	16.6	%	16.0	%
Change in same-store fuel gallons sold	1.7	%	0.8	%
Change in same-store merchandise sales	(4.7	)%	7.6	%

Comparison of the Three Months Ended March 31, 2013 versus the Three Months Ended March 31, 2012

Contribution margin for the retail segment increased to $7.9 million, or 4.2% of our consolidated contribution margin, in the first quarter 2013, versus $7.3 million, or 5.6% of our consolidated contribution margin, in the first quarter 2012. This increase was primarily due to higher retail fuel margins in the first quarter 2013, as compared to the first quarter 2012. Fuel margins in the first quarter 2013 benefited from improved economics associated with the blending of biofuels and ethanol.
Net sales for our retail segment in the first quarter 2013 increased 0.8% to $448.8 million from $445.2 million in the first quarter 2012. The increase in net sales was primarily due to an increase in fuel sales volumes, partially offset by a decrease in the retail fuel price per gallon of 2.0% to an average price of $3.46 per gallon in the first quarter 2013 from an average price of $3.53 per gallon in the first quarter 2012. We believe fuel volumes during the first quarter 2013, as compared to the same quarter 2012, were positively impacted by our customer loyalty program.
Retail fuel gallons sold were 97.5 million gallons for the first quarter 2013, compared to 93.7 million gallons for the first quarter 2012. Same-store fuel gallons sold increased 1.7% for the first quarter 2013, compared to the first quarter 2012. Total fuel sales, including wholesale dollars, increased 2.0% to $363.6 million in the first quarter 2013.
Merchandise sales decreased 4.2% to $85.1 million in the first quarter 2013 compared to the first quarter 2012. Same-store merchandise sales decreased 4.7%, primarily due to decreases in the cigarette, beer and general merchandise categories during the first quarter 2013 as compared to the same period in 2012.
Cost of goods sold for our retail segment increased 0.4% to $409.3 million in the first quarter 2013. This increase was primarily due to the increase in fuel sales volumes, partially offset by a decrease in the average retail cost per gallon of 2.6%, or an average cost of $3.32 per gallon in the first quarter 2013 when compared to an average cost of $3.41 per gallon in the first quarter 2012.

Operating expenses were $31.6 million in the first quarter 2013, an increase of $1.2 million, or 3.9%, as compared to the first quarter 2012. This increase was due to an increase in salaries, advertising and lease expenses, partially offset by a decrease in the number of stores operated during the first quarter 2013 as compared to the first quarter 2012.

Liquidity and Capital Resources

Our primary sources of liquidity are cash generated from our operating activities and borrowings under our revolving credit facilities. We believe that our cash flows from operations and borrowings under or refinancings of our current credit facilities will be sufficient to satisfy the anticipated cash requirements associated with our existing operations for at least the next 12 months.

Cash Flows

The following table sets forth a summary of our consolidated cash flows for the three months ended March 31, 2013 and 2012 (in millions):

	Three Months Ended March 31, 2013	2012
Cash Flow Data:		
Cash flows provided by operating activities	$81.5	$45.6
Cash flows used in investing activities	(34.6)	(44.0)
Cash flows (used in) provided by financing activities	(55.7)	7.6
Net (decrease) increase in cash and cash equivalents	$(8.8)	$9.2

Cash Flows from Operating Activities

Net cash provided by operating activities was $81.5 million for the three months ended March 31, 2013, compared to $45.6 million for the comparable period of 2012. The increase in cash flows from operations in the first three months of 2013 from the same period in 2012 was primarily due to increases in net income for the three months ended March 31, 2013, to $82.1 million, from $46.2 million in the same period of 2012, and accounts payable and other current liabilities. These were partially offset by an increase in crude inventory attributable to line fill associated with various new and existing crude supply pipelines.

Cash Flows from Investing Activities

Net cash used in investing activities was $34.6 million for the first three months of 2013, compared to $44.0 million in the comparable period of 2012. This decrease is primarily due to the cash paid in connection with both the Nettleton and Big Sandy assets in the first quarter 2012 of $23.3 million, versus cash paid of $6.6 million in the first quarter 2013 Beacon Acquisition. This was partially offset by an increase in capital expenditures in the first three months of 2013, compared to the same period of 2012.

Cash used in investing activities includes our capital expenditures during the current period of approximately $28.0 million, of which $15.3 million was spent on projects in the refining segment, $5.4 million was spent in the retail segment, $1.3 million was spent at our logistics segment and $6.0 million was spent at the holding company level. During the three months ended March 31, 2012, we spent $20.7 million, of which $14.7 million was spent on projects at our refinery, $3.6 million was spent in our retail segment, $0.3 million was spent at our logistics segment and $2.1 million was spent at the holding company level.

Cash Flows from Financing Activities

Net cash used in financing activities was $55.7 million in the three months ended March 31, 2013, compared to cash provided of $7.6 million in the comparable period of 2012. The decrease in cash from financing activities is primarily due to the Concurrent Stock Repurchase of $37.9 million in the first quarter 2013, as well as net repayments on our revolving credit facilities of $6.5 million in the first quarter 2013, compared to net proceeds of $27.3 million in the comparable period of 2012.

Cash Position and Indebtedness

As of March 31, 2013, our total cash and cash equivalents were $592.9 million and we had total indebtedness of approximately $350.7 million. Borrowing availability under our four separate revolving credit facilities was approximately $414.0 million and we had letters of credit issued of $207.7 million. We believe we were in compliance with our covenants in all debt facilities as of March 31, 2013.

Capital Spending

A key component of our long-term strategy is our capital expenditure program. Our capital expenditures for the three months ended March 31, 2013 were $28.0 million, of which approximately $15.3 million was spent in our refining segment, $5.4 million in our retail segment, $1.3 million in our logistics segment and $6.0 million at the holding company level. Our capital expenditure budget is approximately $158.2 million for 2013. The following table summarizes our actual capital expenditures for the three months ended March 31, 2013 and planned capital expenditures for the full year 2013 by operating segment and major category (in millions):

	Full Year 2013 Forecast	Three Months Ended March 31, 2013
Refining:		
Sustaining maintenance, including turnaround activities	$50.1	$4.0
Regulatory	26.2	2.6
Discretionary projects	17.7	8.7
Refining segment total	94.0	15.3
Logistics:		
Regulatory	0.5	—
Sustaining maintenance	7.0	0.9
Discretionary projects	1.3	0.4
Logistics segment total	8.8	1.3
Retail:		
Sustaining maintenance	5.7	1.1
Growth/profit improvements	8.7	0.4
Retrofit/rebrand/re-image	8.0	2.4
Raze and rebuild/new/land	8.0	1.5
Retail segment total	30.4	5.4
Other:		
Growth/profit improvements	$5.0	$2.9
New builds	$20.0	$3.1
Other total	$25.0	$6.0
Total capital spending	$158.2	$28.0

For the full year 2013, we plan to spend approximately $30.4 million in the retail segment, $8.0 million of which is expected to consist of the re-imaging of at least 20 to 26 existing stores. We spent $2.4 million on these projects in the three months ended March 31, 2013. In addition, we plan to spend $8.0 million to begin construction on approximately 8 to10 new prototype locations at existing and new leased sites and $8.7 million on other profit and growth improvements in existing stores in 2013. We expect to spend approximately $26.2 million on regulatory projects in the refining segment in 2013. We spent $2.6 million on regulatory projects in the three months ended March 31, 2013. In addition, we plan to spend approximately $50.1 million on maintenance projects and approximately $17.7 million for other discretionary projects in 2013.

The amount of our capital expenditure budget is subject to change due to unanticipated increases in the cost, scope and completion time for our capital projects. For example, we may experience increases in the cost of and/or timing to obtain necessary equipment required for our continued compliance with government regulations or to complete improvement projects. Additionally, the scope and cost of employee or contractor labor expense related to installation of that equipment could increase from our projections. Our capital expenditure budget may also be revised as management continues to evaluate projects for reliability or profitability.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements through the date of the filing of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

These disclosures should be read in conjunction with the condensed consolidated financial statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other information presented herein as well as in the "Quantitative and Qualitative Disclosures About Market Risk" section contained in our Annual Report on Form 10-K for the year ended December 31, 2012.

No material changes have occurred in our exposure to market risk since the date of the Annual Report on Form 10-K for the year ended December 31, 2012.

ITEM 4. CONTROLS AND PROCEDURES.

(a) Evaluation of Disclosure Controls and Procedures

Our management has evaluated, with the participation of our principal executive and principal financial officers, the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report, and has concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms including, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our principal executive and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

(b) Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II.
OTHER INFORMATION

Item 1A. Risk Factors

We rely on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business.

We rely on information technology systems across our operations, including management of our supply chain, point of sale processing at our retail sites, and various other processes and transactions. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential customer information, such as payment card and personal credit information. In addition, the systems currently used for certain transmission and approval of payment card transactions, and the technology utilized in payment cards themselves, may put certain payment card data at risk, and these systems are determined and controlled by the payment card industry, and not by us. The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements. We have taken the necessary steps to assure the PCI compliance and Data Security Standards are being employed at all our locations. However, compliance with these requirements may result in cost increases due to necessary systems changes and the development of new administrative processes. In recent years, several retailers, including us, have experienced data breaches resulting in the exposure of sensitive customer data, including payment card information. For example, our retail segment experienced a security breach in 2013 that may have compromised the payment card information of certain retail customers. Any compromise or breach of our information and payment technology systems could cause interruptions in our operations, damage our reputation, reduce our customers' willingness to visit our sites and conduct business with us or expose us to litigation from customer or sanctions from the PCI.

Also, we inherited information technology systems and controls at our El Dorado refinery that monitor the movement of petroleum products through certain of our pipeline systems. An undetected failure of these systems could result in environmental damage, operational disruptions, regulatory enforcement or private litigation. Further, the failure of any of our systems to operate effectively, or problems we may experience with transitioning to upgraded or replacement systems, could significantly harm our business and operations and cause us to incur significant costs to remediate such problems. In addition, a compromise of our internal data network at any of our refining or terminal locations may have disruptive impacts similar to that of our retail operations. These disruptions could range from inconvenience in accessing business information to a disruption in our refining and/or logistics operations. Cost increases may be incurred in this area to combat the continued escalation of hacking and/or disruptive criminal activity.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.
The following table sets forth information with respect to the purchase of shares of our common stock made during the three months ended March 31, 2013 by or on behalf of us or any "affiliated purchaser," as defined by Rule 10b-18 of the Exchange Act:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
January 1 - January 31, 2013	—	—	—	—
February 1 - February 28, 2013	—	—	—	—
March 1 - March 31, 2013	1,000,000	$37.92	1,000,000	$37,080,000

Total	1,000,000	$37.92	1,000,000	N/A

(1) On March 12, 2013, we publicly announced that our Board of Directors authorized a stock repurchase program for up to $75.0 million of our common stock. Pursuant to this authorization, we entered into a stock repurchase agreement and, effective March 20, 2013, repurchased 1,000,000 shares of common stock from Delek Hungary in a privately negotiated transaction. The repurchase authorization approved by our Board of Directors expires on December 31, 2013.

Item 5. OTHER INFORMATION
Submission of Matters to a Vote of Security Holders

The following information relates to matters submitted to the stockholders of Delek US Holdings, Inc. at the Annual Meeting held on May 7, 2013.

At the meeting, the following directors were elected by the vote indicated:

Ezra Uzi Yemin	
Votes cast in favor:	52,053,171
Votes withheld:	1,250,860
Broker non-votes:	3,200,225
Gabriel Last	
Votes cast in favor:	51,459,902
Votes withheld:	1,844,129
Broker non-votes:	3,200,225
Asaf Bartfeld	
Votes cast in favor:	34,571,169
Votes withheld:	18,732,862
Broker non-votes:	3,200,225
Shlomo Zohar	
Votes cast in favor:	41,760,306
Votes withheld:	11,543,725
Broker non-votes:	3,200,225
Carlos E. Jordá	
Votes cast in favor:	41,757,586
Votes withheld:	11,546,445
Broker non-votes:	3,200,225
Charles H. Leonard	
Votes cast in favor:	41,762,686
Votes withheld:	11,541,345
Broker non-votes:	3,200,225
Philip L. Maslowe	
Votes cast in favor:	52,890,517
Votes withheld:	413,514
Broker non-votes:	3,200,225

The proposal to approve an amendment to our Amended and Restated Certificate of Incorporation to provide that stockholder actions may only be taken at annual or special meetings of stockholders was approved by the vote indicated:

Votes cast in favor:	34,362,412
Votes against:	18,872,826
Abstentions:	58,040
Broker non-votes:	3,210,928

The proposal to approve an amendment to our Amended and Restated Certificate of Incorporation to provide that members of our Board of Directors could be removed with or without cause by a supermajority vote of stockholders was approved by the vote indicated:

Votes cast in favor:	34,432,073
Votes against:	18,804,410
Abstentions:	56,846
Broker non-votes:	3,210,927

The proposal to approve an amendment to our Amended and Restated Certificate of Incorporation to provide that, with certain exceptions, the Court of Chancery of the State of Delaware be the exclusive forum for certain legal actions was approved by the vote indicated:

Votes cast in favor:	37,201,658
Votes against:	16,033,823
Abstentions:	57,849
Broker non-votes:	3,210,926

The proposal to approve an amendment to our Amended and Restated Certificate of Incorporation to provide that our bylaws could be amended only by a supermajority vote of stockholders was approved by the vote indicated:

Votes cast in favor:	33,487,214
Votes against:	19,758,596
Abstentions:	47,521
Broker non-votes:	3,210,925

The proposal to approve an amendment to our Amended and Restated Certificate of Incorporation to provide that certain provisions of our Certificate of Incorporation could be amended only by a supermajority vote of stockholders was approved by the vote indicated:

Votes cast in favor:	33,162,340
Votes against:	20,082,786
Abstentions:	48,203
Broker non-votes:	3,210,927

The proposal to approve the Second Amended and Restated Certificate of Incorporation which will integrate the amendments into our Amended and Restated Certificate of Incorporation as currently in effect was approved by the vote indicated:

Votes cast in favor:	33,963,909
Votes against:	19,279,732
Abstentions:	49,689
Broker non-votes:	3,210,926

The proposal to ratify Ernst & Young LLP as our independent registered public accounting firm for the 2013 fiscal year was approved by the vote indicated:

Votes cast in favor:	56,380,281
Votes against:	69,295
Abstentions:	54,680
Broker non-votes:	—

Amendments to Certificate of Incorporation

As indicated above, on May 7, 2013, at our 2013 Annual Meeting, our stockholders approved proposals to amend our Amended and Restated Certificate of Incorporation to provide that:

- stockholder actions may only be taken at annual or special meetings of stockholders;
- members of our Board of Directors can be removed with or without cause by a supermajority vote of stockholders;
- with certain exceptions, the Court of Chancery of the State of Delaware is the exclusive forum for certain legal actions;
- our bylaws, as may be in effect from time to time, can be amended only by a supermajority vote of stockholders; and
- certain provisions of our certificate of incorporation, as may be in effect from time to time, can be amended only by a supermajority vote of stockholders.

Our stockholders also approved the proposed Second Amended and Restated Certificate of Incorporation, which integrated these amendments into our Amended and Restated Certificate of Incorporation. The Second Amended and Restated Certificate of Incorporation will be effective upon its filing with the Secretary of State of the State of Delaware.

The text of the Second Amended and Restated Certificate of Incorporation and additional details regarding the amendments are included in our definitive proxy statement for the 2013 Annual Meeting filed with the Securities and Exchange Commission on April 15, 2013. The foregoing description of the amendments and the Second Amended and Restated Certificate of Incorporation is qualified in its entirety by the text of the Second Amended and Restated Certificate of Incorporation.

Changes to the Procedure for Stockholder Nominations of Directors

On March 20, 2013, the Second Amended and Restated Bylaws (the “amended Bylaws”) became effective and replaced our Amended and Restated Bylaws (the “original Bylaws”). The amended Bylaws, among other things, modified the advance notice provision of the original Bylaws as it relates to stockholder nominations of directors. Specifically, the advance notice provision of the amended Bylaws now requires disclosure of derivative positions, hedging transactions, short interests, rights to dividends and other similar positions of any stockholder proposing a director nomination, in order to promote full disclosure of such stockholder's economic interest in Delek.

Dividend Declaration

On May 8, 2013, our Board of Directors voted to declare a quarterly cash dividend of $0.15 per share, payable on June 18, 2013 to shareholders of record on May 28, 2013.

Yemin Bonus

On May 8, 2013, our Compensation Committee recommended, and our Board of Directors (other than Ezra Uzi Yemin, our Chief Executive Officer) approved, the payment of a cash bonus to Mr. Yemin in the amount of $3,000,000 in recognition of his contribution to our strategic growth and direction, organizational development and financial performance.

Item 6. EXHIBITS

Exhibit No.		Description
3.1		Second Amended and Restated Bylaws of Delek US Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on March 20, 2013).
10.1	*	Separation of Employment / General Release dated January 18, 2013 by and between Delek US Holdings, Inc. and Mark B. Cox (incorporated by reference to Exhibit 10.15(a) to the Company's Form 10-K filed on March 12, 2013).
10.2	*	Subscription Agreement, dated as of March 10, 2013, between Delek Logistics GP, LLC and Ezra Uzi Yemin.
10.3	*	Subscription Agreement, dated as of March 10, 2013, between Delek Logistics GP, LLC and Assaf Ginzburg.
10.4	*	Subscription Agreement, dated as of March 10, 2013, between Delek Logistics GP, LLC and Frederec Green.
10.5		Fourth Amendment dated January 25, 2013 to Financing Agreement dated April 29, 2011 in the principal amount of $100 million between Lion Oil Company as borrower, subsidiaries of Lion Oil Company as guarantors and Israel Discount Bank of New York, Bank Hapoalim B.M. and Bank Leumi USA as lenders (incorporated by reference to Exhibit 10.19(d) to the Company's Form 10-K filed on March 12, 2013).
10.6		Stock Repurchase Agreement, dated as of March 12, 2013, between Delek US Holdings, Inc. and Delek Hungary Holding Limited Liability Company (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on March 18, 2013).
31.1		Certification of the Company’s Chief Executive Officer pursuant to Rule 13a-14(a)/15(d)-14(a) under the Securities Exchange Act.
31.2		Certification of the Company’s Chief Financial Officer pursuant to Rule 13a-14(a)/15(d)-14(a) under the Securities Exchange Act.
32.1		Certification of the Company’s Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2		Certification of the Company’s Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	++	The following materials from Delek US Holdings, Inc.’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of March 31, 2013 and December 31, 2012 (Unaudited), (ii) Condensed Consolidated Statements of Income for the three months ended March 31, 2013 and 2012 (Unaudited), (iii) Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2013 and 2012 (Unaudited), (iv) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2013 and 2012 (Unaudited), and (v) Notes to Condensed Consolidated Financial Statements (Unaudited).

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*	Management contract or compensatory plan or arrangement.
++	Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files in Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Delek US Holdings, Inc.

By: /s/ Ezra Uzi Yemin
Ezra Uzi Yemin
Director (Chairman), President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Assaf Ginzburg
Assaf Ginzburg
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Dated: May 9, 2013

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EXHIBIT INDEX

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31.1		Certification of the Company’s Chief Executive Officer pursuant to Rule 13a-14(a)/15(d)-14(a) under the Securities Exchange Act.
31.2		Certification of the Company’s Chief Financial Officer pursuant to Rule 13a-14(a)/15(d)-14(a) under the Securities Exchange Act.
32.1		Certification of the Company’s Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2		Certification of the Company’s Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	++	The following materials from Delek US Holdings, Inc.’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of March 31, 2013 and December 31, 2012 (Unaudited), (ii) Condensed Consolidated Statements of Income for the three months ended March 31, 2013 and 2012 (Unaudited), (iii) Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2013 and 2012 (Unaudited), (iv) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2013 and 2012 (Unaudited), and (v) Notes to Condensed Consolidated Financial Statements (Unaudited).

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* Management contract or compensatory plan or arrangement.

++ Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files in Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.