WORTHINGTON INDUSTRIES INC
Form 10-K
July 30, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended May 31, 2010

or

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________

Commission File Number 1-8399

WORTHINGTON INDUSTRIES, INC.

(Exact Name of Registrant as Specified in its Charter)

Ohio	**31-1189815**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
200 Old Wilson Bridge Road, Columbus, Ohio	**43085**
(Address of Principal Executive Offices)	(Zip Code)

Registrant s telephone number, including area code: **(614) 438-3210**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares, Without Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No ¨

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No þ

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No þ

The aggregate market value of the Common Shares (the only common equity of the Registrant) held by non-affiliates computed by reference to the closing price on the New York Stock Exchange on November 30, 2009, the last business day of the Registrant s most recently completed second fiscal quarter, was approximately $717,342,269. For this purpose, executive officers and directors of the Registrant are considered affiliates.

Indicate the number of shares outstanding of each of the Registrant s classes of common stock, as of the latest practicable date. On July 23, 2010, the number of Common Shares issued and outstanding was 77,892,544.

DOCUMENT INCORPORATED BY REFERENCE:

Selected portions of the Registrant s definitive Proxy Statement to be furnished to shareholders of the Registrant in connection with the Annual Meeting of Shareholders to be held on September 30, 2010, are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent provided herein.

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SAFE HARBOR STATEMENT

Selected statements contained in this Annual Report on Form 10-K, including, without limitation, in PART I Item 1. Business and PART II Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations, constitute forward-looking statements as that term is used in the Private Securities Litigation Reform Act of 1995 (the Act). Forward-looking statements reflect our current expectations, estimates or projections concerning future results or events. These statements are often identified by the use of forward-looking words or phrases such as believe, expect, anticipate, may, could, intend, estimate, plan, foresee, likely, will, should or other similar words or phrases. These forward-looking statements include, without limitation, statements relating to:

- *business plans or future or expected growth, performance, sales, volumes, cash flows, earnings, balance sheet strengths, debt, financial condition or other financial measures;*
- *the sustainability of earnings;*
- *projected profitability potential, capacity and working capital needs;*
- *demand trends for the Company or its markets;*
- *pricing trends for raw materials and finished goods and the impact of pricing changes;*
- *anticipated capital expenditures and asset sales;*
- *anticipated improvements and efficiencies in costs, operations, sales, inventory management, sourcing and the supply chain and the results thereof;*
- *projected timing, results, benefits, costs, charges and expenditures related to acquisitions, headcount reductions and facility dispositions, shutdowns and consolidations;*
- *the alignment of operations with demand;*
- *the ability to capture and maintain margins and market share and to develop or take advantage of future opportunities, new products and markets;*
- *expectations for Company and customer inventories, jobs and orders;*
- *expectations for the economy and markets or improvements in the economy or markets;*
- *expected benefits from transformation plans, cost reduction efforts and other new initiatives;*
- *expectations for improving earnings, margins or shareholder value;*
- *effects of judicial rulings; and*
- *other non-historical matters.*

Because they are based on beliefs, estimates and assumptions, forward-looking statements are inherently subject to risks and uncertainties that could cause actual results to differ materially from those projected. Any number of factors could affect actual results, including, without limitation, those that follow:

- *the effect of national, regional and worldwide economic conditions generally and within major product markets, including a prolonged or substantial economic downturn;*
- *the effect of conditions in national and worldwide financial markets;*
- *product demand and pricing;*
- *changes in product mix, product substitution and market acceptance of the Company s products;*
- *fluctuations in pricing, quality or availability of raw materials (particularly steel), supplies, transportation, utilities and other items required by operations;*
- *effects of facility closures and the consolidation of operations;*
- *the effect of financial difficulties, consolidation and other changes within the steel, automotive, construction and other industries in which the Company participates;*
- *failure to maintain appropriate levels of inventories;*
- *financial difficulties (including bankruptcy filings) of original equipment manufacturers, end-users and customers, suppliers, joint venture partners and others with whom the Company does business;*
- *the ability to realize targeted expense reductions from headcount reductions, facility closures and other cost reduction efforts;*
- *the ability to realize other cost savings and operational, sales and sourcing improvements and efficiencies, and other expected benefits from transformation initiatives, on a timely basis;*

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the overall success of, and the ability to integrate, newly-acquired businesses and achieve synergies from such acquisitions;
capacity levels and efficiencies, within facilities and within the industry as a whole;
the effect of disruption in the business of suppliers, customers, facilities and shipping operations due to adverse weather, casualty events, equipment breakdowns, labor issues, acts of war or terrorist activities or other causes;
changes in customer demand, inventories, spending patterns, product choices, and supplier choices;
risks associated with doing business internationally, including economic, political and social instability, and foreign currency exposure;
the ability to improve and maintain processes and business practices to keep pace with the economic, competitive and technological environment;
adverse claims experience with respect to workers compensation, product recalls or product liability, casualty events or other matters;
deviation of actual results from estimates and/or assumptions used by the Company in the application of its significant accounting policies;
level of imports and import prices in the Company s markets;
the impact of judicial rulings and governmental regulations, including those adopted by the SEC and other governmental agencies as contemplated by the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, both in the United States and abroad; and
other risks described from time to time in the filings of Worthington Industries, Inc. with the United States Securities and Exchange Commission, including those described in PART I Item 1A. Risk Factors of this Annual Report on Form 10-K.

We note these factors for investors as contemplated by the Act. It is impossible to predict or identify all potential risk factors. Consequently, you should not consider the foregoing list to be a complete set of all potential risks and uncertainties. Any forward-looking statements in this Annual Report on Form 10-K are based on current information as of the date of this Annual Report on Form 10-K, and we assume no obligation to correct or update any such statements in the future, except as required by applicable law.

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PART I

Item 1. Business

General Overview

Worthington Industries, Inc. is a corporation formed under the laws of the State of Ohio (individually, the Registrant or Worthington Industries or, collectively with the subsidiaries of Worthington Industries, Inc., we, our, Worthington, or the Company). Founded in 1955, Worthington primarily a diversified metals processing company, focused on value-added steel processing and manufactured metal products. Our manufactured metal products include: pressure cylinder products such as propane, refrigerant, oxygen, hand torch and camping cylinders, scuba tanks and helium balloon kits; light gauge steel framing for commercial and residential construction; framing systems and stairs for mid-rise buildings; current and past model automotive service stampings; and, through joint ventures, suspension grid systems for concealed and lay-in panel ceilings and laser welded blanks.

Worthington is headquartered at 200 Old Wilson Bridge Road, Columbus, Ohio 43085, telephone (614) 438-3210. The common shares of Worthington Industries are traded on the New York Stock Exchange under the symbol WOR.

Worthington Industries maintains an Internet web site at www.worthingtonindustries.com. This uniform resource locator, or URL, is an inactive textual reference only and is not intended to incorporate Worthington Industries web site into this Annual Report on Form 10-K. Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), as well as Worthington Industries definitive annual meeting proxy materials filed pursuant to Section 14 of the Exchange Act, are available free of charge, on or through the Worthington Industries web site, as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission (the SEC).

Segments

At the end of the fiscal year ended May 31, 2010 (fiscal 2010), the Company had 41 manufacturing facilities worldwide and held equity positions in eight joint ventures, which operated an additional 24 manufacturing facilities worldwide.

The Company has three principal reportable business segments: Steel Processing, Pressure Cylinders and Metal Framing. The Steel Processing reportable business segment consists of the Worthington Steel business unit (Worthington Steel). The Pressure Cylinders reportable business segment consists of the Worthington Cylinders business unit (Worthington Cylinders). The Metal Framing reportable business segment consists of the Dietrich Metal Framing business unit (Dietrich). The Steel processing, Pressure Cylinders and Metal Framing operating segments are the only operating segments within the Company that met the applicable criteria for separate disclosure as reportable business segments. All other operating segments are combined and disclosed in the Other category, which also includes income and expense items not allocated to the reportable business segments. The Other category includes the Automotive Body Panels, Steel Packaging, Mid-Rise Construction, Military Construction and Commercial Stairs operating segments.

During the Company s third quarter ended February 28, 2010, we made certain organizational changes that impacted the internal reporting and management structure of our previously reported Construction Services operating segment which had been reported in the Other category. This operating segment consisted of the Worthington Integrated Building Systems (WIBS) business unit, which included the Mid-Rise Construction, Military Construction and Commercial Stairs businesses. As a result of continued

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challenges facing those businesses, the interaction between those businesses and other operations within the Company and other industry factors, management responsibilities and internal reporting were re-aligned and separated for those entities within WIBS. The composition of the Company s reportable business segments is unchanged from this development (see description within Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note H Segment Data of this Annual Report on Form 10-K for fiscal 2010 of Worthington Industries for a full description of the reportable business segments), but the level of aggregation within the Other category for segment reporting purposes is impacted, as are the identified reporting units used for testing of potential goodwill impairment. Subsequent to this change, and as of February 28, 2010, the Other category, for purposes of reporting segment financial information, continues to include Mid-Rise Construction, Military Construction and Commercial Stairs. However, those operating units are no longer combined together as the Construction Services operating segment, but are each separate and distinct operating segments, as well as separate reporting units.

Worthington holds equity positions in eight joint ventures, which are further discussed below under the subheading Joint Ventures. Only one of the eight joint ventures is consolidated and its operating results are reported in the Steel Processing reportable business segment.

During fiscal 2010, the Steel Processing, Pressure Cylinders and Metal Framing operating segments served approximately 1,100, 2,400 and 3,100 customers, respectively, located primarily in the United States. Foreign operations accounted for approximately 6% of consolidated net sales for fiscal 2010 and were comprised primarily of sales to customers in Canada and Europe. No single customer accounted for over 10% of consolidated net sales during fiscal 2010. Further reportable business segment data is provided in Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note H Segment Data of this Annual Report on Form 10-K. That data is incorporated herein by reference.

Transformation Plan

In our fiscal year ended May 31, 2008 (fiscal 2008), we initiated a Transformation Plan (the Transformation Plan) with the overall goal to improve the Company s sustainable earnings potential, asset utilization and operational performance. The Transformation Plan focuses on cost reduction, margin expansion and organizational capability improvements and, in the process, seeks to drive excellence in three core competencies: sales; operations; and supply chain management. The Transformation Plan is comprehensive in scope and includes aggressive diagnostic and implementation phases in the Steel Processing and Metal Framing operating segments.

We retained a consulting firm to assist in the development and implementation of the Transformation Plan. The services provided by this firm included assistance through diagnostic tools, performance improvement technologies, project management techniques, benchmarking information and insights that directly related to the Transformation Plan. We also formed internal teams dedicated to the Transformation Plan efforts. These internal teams assumed full responsibility for executing the Transformation Plan starting in the fourth quarter of the fiscal year ended May 31, 2009 (fiscal 2009).

We continued to execute our Transformation Plan through fiscal 2010. In our Steel Processing operating segment, we have completed the diagnostic and implementation phases at each of our core facilities. Additionally, we have initiated the diagnostic process at our west coast stainless steel operation and our newly acquired facility in Cleveland, as well as in our Mexican joint venture, Serviacero. We anticipate that we will have substantially completed the Transformation Plan process at these facilities and one additional Steel Processing facility by December 31, 2010. In our Metal Framing operating segment, we have substantially completed the Transformation Plan process at eight facilities and anticipate completing the process at four additional facilities by December 31, 2010.

Transformation Plan initiatives executed to date include facility closings, headcount reductions, other cost reductions, an enhanced and more focused commercial sales effort, improved operating efficiencies, a

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consolidated sourcing and supply chain strategy and a continued emphasis on safety. We have seen positive results from these efforts; however, their impact has been dampened by the negative impact of the economic recession.

As of May 31, 2010, we had recorded a total of $65.4 million of restructuring charges associated with the Transformation Plan: $18.1 million was incurred during fiscal 2008; $43.0 million was incurred during fiscal 2009; and $4.2 million was incurred during fiscal 2010. We expect to incur additional restructuring charges relating to the Transformation Plan as we progress through the remaining Metal Framing and Steel Processing facilities, although these charges should decline over the coming quarters. The need for other restructuring charges will depend largely on recommendations developed from the Transformation Plan. See Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note M Restructuring of this Annual Report on Form 10-K for further information on restructuring charges. That information is incorporated herein by reference.

Recent Developments

On June 1, 2009, we purchased substantially all of the assets related to the business of Piper Metal Forming Corporation, U.S. Respiratory, Inc. and Pacific Cylinders, Inc. (collectively, Piper) for cash of $9,713,000. Piper is a manufacturer of aluminum high pressure cylinders and impact extruded steel and aluminum parts, serving the medical, automotive, defense, oil services and other commercial markets, with one manufacturing location in New Albany, Mississippi. Piper operates as part of our Pressure Cylinders operating segment. Piper s aluminum products increase our line of industrial gas product offerings and present an opportunity to increase our participation in the medical cylinder market.

On August 12, 2009, we joined with ClarkWestern Building Systems, Inc., to create DMFCWBS, LLC (the Clark JV). We contributed certain intangible assets and committed to pay a portion of certain costs and expenses in return for 50% of the equity units and voting power of the joint venture. The purpose of the Clark JV is to develop, test and obtain approvals for metal framing stud designs, as well as to develop, own and license intellectual property related to such designs. The Clark JV does not manufacture or sell any products, but will license its designs to its members and possibly to third parties. The Clark JV is accounted for using the equity method of accounting, as both parties have equal voting rights and control.

On September 3, 2009, we acquired the membership interests of Structural Composites Industries, LLC (SCI) for cash of $24,221,000. SCI is a manufacturer of lightweight, aluminum-lined, composite-wrapped high pressure cylinders used in commercial, military, marine and aerospace applications. Product lines include cylinders for alternative fuel vehicles using compressed natural gas or hydrogen, self-contained breathing apparatuses, aviation oxygen and escape slides, military applications, home oxygen therapy and advanced and cryogenic structures. SCI operates as part of our Pressure Cylinders operating segment. The acquisition of SCI allows us to continue to grow the Pressure Cylinders business and provides an entry into weight critical applications, further broadening the portfolio beyond the operating segment s original, core markets.

On November 2, 2009, our Metal Framing operating segment announced the formation of a strategic alliance with Bailey Metal Products Limited (Bailey) that included the sale of our Metal Framing operations in Canada to Bailey. The sale included two manufacturing facilities located in Burnaby, British Columbia, and Mississauga, Ontario, and two sales and distribution centers located in LaSalle, Quebec, and Edmonton, Alberta. The alliance provides for Bailey to be the exclusive distributor of Metal Framing s proprietary and vinyl products in Canada. Bailey has licensed its paper-faced metal corner bead product to Metal Framing to manufacture and sell in most of the United States.

On February 1, 2010, we acquired the steel processing assets of Gibraltar Industries, Inc. and its subsidiaries (collectively, Gibraltar) for cash of $29,164,000. Those assets are now operated within our Steel Processing operating segment. The acquisition expanded the capabilities of Worthington Steel s cold-rolled

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strip business and its ability to service the needs of new and existing customers. The assets acquired were Gibraltar s inventories, its Cleveland, Ohio, facility, the equipment of Gibraltar s Buffalo, New York, facility and a warehouse in Detroit, Michigan. Also acquired was the stock of Cleveland Pickling, Inc., whose only asset is a 31.25% interest in Samuel Steel Pickling Company, a joint venture which operates a steel pickling facility in Twinsburg, Ohio, and one in Cleveland, Ohio.

On June 21, 2010, our Pressure Cylinders operating segment acquired the assets of Hy-Mark Cylinders, Inc. (Hy-Mark) for cash of $12,125,000. Hy-Mark manufactures extruded aluminum cylinders for medical oxygen, scuba, beverage service, industrial specialty and professional racing applications and was based in Hampton, Virginia. The assets acquired included Hy-Mark s manufacturing equipment and inventories, which will be relocated to the Worthington Cylinders Mississippi manufacturing location, complementing the medical cylinder lines and adding a range of new products.

Steel Processing

The Steel Processing operating segment consists of the Worthington Steel business unit, and includes Precision Specialty Metals, a specialty stainless processor located in Los Angeles, California (PSM), and Spartan Steel Coating (Spartan), a consolidated joint venture which operates a cold-rolled hot dipped galvanizing line. For fiscal 2010, fiscal 2009 and fiscal 2008, the percentage of consolidated net sales generated by the Steel Processing operating segment was approximately 51%, 45% and 48%, respectively.

Worthington Steel is one of the largest independent intermediate processors of flat-rolled steel in the United States. It occupies a niche in the steel industry by focusing on products requiring exact specifications. These products cannot typically be supplied as efficiently by steel mills or end-users of these products.

The Steel Processing operating segment, including Spartan, owns and operates nine manufacturing facilities one each in California, Indiana, and Maryland, two facilities in Michigan, and four facilities in Ohio and leases one manufacturing facility in Alabama.

Worthington Steel serves approximately 1,100 customers from these facilities, principally in the automotive, construction, lawn and garden, hardware, furniture, office equipment, electrical control, tubing, leisure and recreation, appliance, agricultural, HVAC, container and aerospace markets. Automotive-related customers have historically represented approximately half of this operating segment s net sales. No single customer represented greater than 10% of net sales for the Steel Processing operating segment during fiscal 2010.

Worthington Steel buys coils of steel from integrated steel mills and mini-mills and processes them to the precise type, thickness, length, width, shape, temper and surface quality required by customer specifications. Computer-aided processing capabilities include, among others:

- pickling, a chemical process using an acidic solution to remove surface oxide which develops on hot-rolled steel;
- slitting, which cuts steel to specific widths;
- cold reducing, which achieves close tolerances of thickness and temper by rolling;
- hot-dipped galvanizing, which coats steel with zinc and zinc alloys through a hot-dipped process;
- hydrogen annealing, a thermal process that changes the hardness and certain metallurgical characteristics of steel;
- cutting-to-length, which cuts flattened steel to exact lengths;

tension leveling, a method of applying pressure to achieve precise flatness tolerances for steel;

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edging, which conditions the edges of the steel by imparting round, smooth or knurled edges;

non-metallic coating, including dry lubrication, acrylic and paint; and

configured blanking, which stamps steel into specific shapes.

Worthington Steel also toll processes steel for steel mills, large end-users, service centers and other processors. Toll processing is different from typical steel processing in that the mill, end-user or other party retains title to the steel and has the responsibility for selling the end product. Toll processing enhances Worthington Steel s participation in the market for wide sheet steel and large standard orders, which is a market generally served by steel mills rather than by intermediate steel processors.

The steel processing industry is fragmented and highly competitive. There are many competitors, including other independent intermediate processors. Competition is primarily on the basis of price, product quality and the ability to meet delivery requirements. Technical service and support for material testing and customer-specific applications enhance the quality of products (See Item 1. Business Technical Services). However, the extent to which technical service capability has improved Worthington Steel s competitive position has not been quantified. Worthington Steel s ability to meet tight delivery schedules is, in part, based on the proximity of our facilities to customers, suppliers and one another. The extent to which plant location has impacted Worthington Steel s competitive position has not been quantified. Processed steel products are priced competitively, primarily based on market factors, including, among other things, market pricing, the cost and availability of raw materials, transportation and shipping costs, and overall economic conditions in the United States and abroad.

As noted under Recent Developments , the recently acquired Gibraltar steel processing business is included in the Steel Processing operating segment.

Pressure Cylinders

The Pressure Cylinders operating segment consists of the Worthington Cylinders business unit. For fiscal 2010, fiscal 2009 and fiscal 2008, the percentage of consolidated net sales generated by Worthington Cylinders was approximately 24%, 20% and 19%, respectively.

Worthington Cylinders operates ten manufacturing facilities with three facilities in Ohio and one facility in each of California, Mississippi, Wisconsin, Austria, Canada, the Czech Republic and Portugal.

The Pressure Cylinders operating segment produces a diversified line of pressure cylinders, including low-pressure liquefied petroleum gas (LPG) and refrigerant gas cylinders; high-pressure and industrial/specialty gas cylinders; aluminum-lined, composite-wrapped high-pressure cylinders; airbrake tanks; and certain consumer products. LPG cylinders are sold to manufacturers, distributors and mass merchandisers and are used to hold fuel for gas barbecue grills, recreational vehicle equipment, residential and light commercial heating systems, industrial forklifts, propane-fueled camping equipment, hand held torches and commercial/residential cooking (the latter, generally outside North America). Refrigerant gas cylinders are sold primarily to major refrigerant gas producers and distributors and are used to hold refrigerant gases for commercial, residential and automotive air conditioning and refrigeration systems. High-pressure and industrial/specialty gas cylinders are sold primarily to gas producers and distributors as containers for gases used in cutting and welding metals, breathing (medical, diving and firefighting), semiconductor production, beverage delivery and compressed natural gas systems. Worthington Cylinders also produces recovery tanks for refrigerant gases, air reservoirs for truck and trailer original equipment manufacturers and Balloon Time® helium kits which include non-refillable cylinders. While a large percentage of cylinder sales are made to major accounts, Worthington Cylinders has approximately 2,400 customers. During fiscal 2010, no single customer represented more than 11% of net sales for the Pressure Cylinders operating segment.

Worthington Cylinders produces low-pressure steel cylinders with refrigerant capacities of 15 to 1,000 pounds and steel and aluminum cylinders with LPG capacities of 14.1 ounces to 420 pounds. Low-pressure cylinders are produced by precision stamping, drawing, welding and/or brazing component parts to customer specifications. They are then tested, painted and packaged, as required. High-pressure steel cylinders are manufactured by several processes, including deep drawing, tube spinning and billet piercing.

In the United States and Canada, high-pressure and low-pressure cylinders are primarily manufactured in accordance with United States Department of Transportation and Transport Canada specifications. Outside the United States and Canada, cylinders are manufactured according to European norm specifications, as well as various other international standards.

In the United States and Canada, Worthington Cylinders has one principal domestic competitor in the low-pressure non-refillable refrigerant market, one principal domestic competitor in the low-pressure LPG cylinder market and one principal domestic competitor in the high-pressure cylinder market. There are also several foreign competitors in these markets. Worthington Cylinders believes that it has the largest domestic market share in both low-pressure cylinder markets. In the European high-pressure cylinder market, there are several competitors. Worthington Cylinders believes that it is a leading producer in both the high-pressure cylinder and low-pressure non-refillable cylinder markets in Europe. As with Worthington s other operating segments, competition is based upon price, service and quality.

The Pressure Cylinders operating segment uses the trade name Worthington Cylinders to conduct business and the registered trademark Balloon Time® to market low-pressure helium balloon kits; the trademark FLAMESAVER® to market certain low-pressure gas cylinders; the trademark WORTHINGTON PRO GRADE® to market certain LPG cylinders, hand torches and camping fuel cylinders; and the trademark MAP-PRO® to market certain hand torch cylinders; and uses the registered trademark SCI® to market certain cylinders for transportation of compressed gases for inflation of flotation bags and escape slides, Self Contained Breathing Cylinders (SCBA) for fire fighting and cylinders to contain compressed natural gas. The Pressure Cylinders operating segment intends to continue to use these trademarks and renew its registered trademarks.

As noted under Recent Developments , the recently acquired Piper and SCI businesses are included in the Pressure Cylinders operating segment for fiscal 2010. The Hy-Mark business will be included in the Pressure Cylinders operating segment beginning in the fiscal year ending May 31, 2011.

Metal Framing

The Metal Framing operating segment, consisting of the Dietrich Metal Framing business unit, designs and produces metal framing components and systems and related accessories for the commercial and residential construction markets within the United States. For fiscal 2010, fiscal 2009 and fiscal 2008, the percentage of consolidated net sales generated by the Metal Framing operating segment was approximately 17%, 25% and 26%, respectively.

Metal Framing products include steel studs and track, floor and wall system components, roof trusses and other building product accessories, such as metal corner bead, lath, lath accessories, clips, fasteners and vinyl bead and trim.

The Metal Framing operating segment has 14 operating facilities located throughout the United States: one facility in each of Colorado, Florida, Georgia, Hawaii, Indiana, Kansas, Maryland and New Jersey, and two facilities in each of California, Ohio and Texas.

Dietrich is the largest metal framing manufacturer in the United States, supplying approximately one-third of the metal framing products sold in the United States. Dietrich serves approximately 3,100 customers, primarily consisting of wholesale distributors, commercial and residential building contractors and mass merchandisers. During fiscal 2010, Dietrich s three largest customers represented approximately 17%, 8% and 8%, respectively, of the net sales for the operating segment, while no other customer represented more than 3% of net sales for the Metal Framing operating segment.

The light gauge metal framing industry is very competitive. Dietrich competes with seven large regional or national competitors and numerous small, more localized competitors, primarily on the basis of price, service, breadth of product line and quality. As is the case in the Steel Processing operating segment, the proximity of facilities to customers and their project sites provides a service advantage and impacts freight and shipping costs. Dietrich s products are transported by both common and dedicated carriers. Our Metal Framing business has been an industry leader in driving code compliance for light gauge metal framing.

Dietrich uses numerous trademarks and patents in its business. Dietrich licenses from Hadley Industries the UltraSTEEL® registered trademark and the United States patents to manufacture UltraSTEEL® metal framing which is sold as an additional line to Dietrich s standard metal framing products. Dietrich licenses from the Clark JV the patent pending nonstructural framing product under the trademarks of ProSTUD and ProTRAK . FastClip is a trademarked line of structural connectors that are protected under various United States patents.

The Spazzer® registered trademark is used in connection with wall component products that are the subject of four United States patents, two foreign patents and several pending foreign patent applications. The registered trademark TradeReady® is used in connection with floor-system products that are the subject of five United States patents and several foreign patents. The Clinch-On® registered trademark is used east of the Rocky Mountains in the United States in connection with corner bead and metal trim products for gypsum wallboard. Dietrich licenses from Brady Construction Innovations, Inc. the PROX and the SLP-TRK® registered trademarks as well as the patents to manufacture Pro XR header system. Dietrich also has a number of other patents, trademarks and trade names relating to specialized products. The Metal Framing operating segment intends to continue to use these trademarks and renew its registered trademarks.

Other

The Other category consists of operating segments that do not meet the applicable aggregation criteria and materiality tests for purposes of separate disclosure as reportable business segments, and other corporate related entities. These operating segments are Automotive Body Panels, Steel Packaging, Mid-Rise Construction, Military Construction and Commercial Stairs.

The Automotive Body Panels operating segment consists of The Gerstenslager Company (Gerstenslager), which is ISO/TS 16949:2002 and ISO14001 certified. Gerstenslager provides stamping, blanking, assembly, painting, packaging, die management, warehousing, distribution management and other services to customers, primarily in the automotive industry. Gerstenslager operates two facilities in Ohio. Gerstenslager is a major supplier to the automotive past-model year market and manages more than 3,800 finished good part numbers and more than 13,400 stamping dies/fixture sets for past- and current-model year automotive and truck manufacturers, both domestic and transplant.

The Steel Packaging operating segment consists of Worthington Steelpac Systems (Steelpac), an ISO-9001: 2000 certified manufacturer of engineered, recyclable steel packaging solutions. Steelpac operates three facilities, with one facility in each of Indiana, Ohio and Pennsylvania. Steelpac designs and manufactures reusable custom platforms, racks and pallets made of steel for supporting, protecting and handling products throughout the shipping process for industries such as automotive, lawn and garden and recreational vehicles.

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The Mid-Rise Construction operating segment, consisting of Worthington Mid-Rise Construction located in Cleveland, Ohio, designs, supplies and builds mid-rise light gauge steel framed commercial structures and multi-family housing units.

The Military Construction operating segment, consisting of Worthington Military Construction located in Franklin, Tennessee, is involved in the supply and construction of metal framing products for, and in the framing of, single family housing, with a focus on military housing.

The Commercial Stairs operating segment, consisting of Worthington Stairs located in Akron, Ohio, is a manufacturer of pre-engineered steel egress stair solutions.

Segment Financial Data

Financial information for the reportable business segments is provided in Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note H Segment Data of this Annual Report on Form 10-K. That financial information is incorporated herein by reference.

Financial Information About Geographic Areas

In fiscal 2010, our foreign operations represented 6% of consolidated net sales, 7% of earnings attributable to controlling interest, pre-tax, and 28% of consolidated net assets. Summary information about Worthington s foreign operations is set forth in Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note A Summary of Significant Accounting Policies Risks and Uncertainties of this Annual Report on Form 10-K. That summary information is incorporated herein by reference. For fiscal 2010, fiscal 2009 and fiscal 2008, Worthington had operations in North America and Europe. Net sales and net fixed assets by geographic region are provided in Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note H Segment Data of this Annual Report on Form 10-K. That information is incorporated herein by reference.

Suppliers

The primary raw material purchased by Worthington is steel. We purchase steel from major primary producers of steel, both domestic and foreign. The amount purchased from any particular supplier varies from year to year depending on a number of factors including market conditions, then current relationships and prices and terms offered. In nearly all market conditions, steel is available from a number of suppliers and generally any supplier relationship or contract can and has been replaced with little or no significant interruption to our business. In fiscal 2010, Worthington purchased approximately 1.8 million tons of steel (65% hot-rolled, 21% galvanized and 14% cold-rolled) on a consolidated basis. Steel is purchased in large quantities at regular intervals from major primary producers, both domestic and foreign. In the Steel Processing operating segment, steel is primarily purchased and processed based on specific customer orders. The Pressure Cylinders and Metal Framing operating segments purchase steel to meet production schedules. For certain raw materials, there are more limited suppliers for example, hydrogen and zinc, which are generally purchased at market prices. Since there is a limited number of suppliers in the hydrogen and zinc markets, if delivery from a major supplier is disrupted due to a force majeure type occurrence, it may be difficult to obtain an alternative supply. Raw materials are generally purchased in the open market on a negotiated spot-market basis at prevailing market prices. Supply contracts are also entered into, some of which have fixed pricing. During fiscal 2010, the Company purchased steel from the following major suppliers, in alphabetical order: AK Steel Corporation; ArcelorMittal; California Steel Industries, Inc; Duferco Farrell Corp; Gallatin Steel Company; North Star BlueScope Steel LLC; Nucor Corporation; Severstal North America, Inc.; Steel Dynamics, Inc.; Stemcor Holdings Limited; United States Steel Corporation (U.S. Steel); and USS-POSCO Industries. Alcoa, Inc. was the primary aluminum supplier for the Pressure Cylinders operating segment in fiscal 2010. Major suppliers of zinc to the Steel Processing operating segment were, in

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alphabetical order: Considar Metal Marketing Inc. (a/k/a HudBay); Industrias Peñoles; Teck Cominco Limited; U.S. Zinc; and Xstrata Zinc Canada. Approximately 29 million pounds of zinc were purchased in fiscal 2010. Worthington believes its supplier relationships are good.

Technical Services

Worthington employs a staff of engineers and other technical personnel and maintains fully equipped laboratories to support operations. These facilities enable verification, analysis and documentation of the physical, chemical, metallurgical and mechanical properties of raw materials and products. Technical service personnel also work in conjunction with the sales force to determine the types of flat-rolled steel required for customer needs. Additionally, technical service personnel design and engineer metal framing structures and provide sealed shop drawings to the building construction markets. To provide these services, Worthington maintains a continuing program of developmental engineering with respect to product characteristics and performance under varying conditions. Laboratory facilities also perform metallurgical and chemical testing as dictated by the regulations of the United States Department of Transportation, Transport Canada, and other associated agencies, along with International Organization for Standardization (ISO) and customer requirements. All design work complies with applicable current local and national building code requirements. An IAS (International Accreditations Service, Incorporated) accredited product-testing laboratory supports these design efforts.

Seasonality and Backlog

Sales are generally weaker in the third quarter of the fiscal year, primarily due to reduced activity in the building and construction industry as a result of the weather, as well as customer plant shutdowns in the automotive industry due to holidays. Sales are generally strongest in the fourth quarter of the fiscal year when all of the segments are normally operating at seasonal peaks.

We do not believe backlog is a significant indicator of our business.

Employees

As of May 31, 2010, Worthington employed approximately 6,400 employees in its operations, including unconsolidated joint ventures. Approximately 13% of these employees were represented by collective bargaining units. Worthington believes it has good relationships with its employees in general, including those covered by collective bargaining units.

Joint Ventures

As part of a strategy to selectively develop new products, markets and technological capabilities and to expand an international presence, while mitigating the risks and costs associated with those activities, Worthington participates in one consolidated and seven unconsolidated joint ventures.

Consolidated

Spartan is a 52%-owned consolidated joint venture with a subsidiary of Severstal North America, Inc. (Severstal), located in Monroe, Michigan. It operates a cold-rolled, hot-dipped galvanizing line for toll processing steel coils into galvanized and galvannealed products intended primarily for the automotive industry. Spartan s financial results are fully consolidated into the Steel Processing reportable business segment. The equity owned by Severstal is shown as noncontrolling interest on the Company s consolidated balance sheets and Severstal s portion of net earnings is included as net earnings attributable to noncontrolling interest in the Company s consolidated statements of earnings.

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Unconsolidated

The Clark JV is a 50%-owned joint venture with ClarkWestern Building Systems, Inc. The purpose of the Clark JV is to develop, test and obtain approvals for metal framing stud designs and to develop, own and license intellectual property related to such designs. The Clark JV does not manufacture or sell any products, but will license its designs to its members and possibly to third parties.

LEFCO Worthington, LLC (LEFCO Worthington), a 49%-owned joint venture with LEFCO Industries, is a minority business enterprise which offers engineered wooden crates, specialty pallets and steel rack systems for a variety of industries. LEFCO Worthington operates one manufacturing facility in Cleveland, Ohio.

Samuel Steel Pickling Company (Samuel), a 31.25%-owned joint venture with Samuel Manu-Tech Pickling, operates a steel pickling facility in Twinsburg, Ohio, and one in Cleveland, Ohio. Samuel specializes in in-line slitting, side trimming, pickle dry, under winding and the application of dry lube coatings during the pickling process.

Serviacero Planos, S.A. de C.V. (Serviacero Worthington), a 50%-owned joint venture with Inverzer, S.A. de C.V., operates three facilities in Mexico, one each in Leon, Queretaro and Monterrey. Serviacero Worthington provides steel processing services such as slitting, multi-blanking and cutting-to-length to customers in a variety of industries including automotive, appliance, electronics and heavy equipment.

TWB Company, L.L.C. (TWB), a 45%-owned joint venture with ThyssenKrupp Steel North America, Inc., is a leading North American supplier of tailor welded blanks. TWB produces laser-welded blanks for use in the automotive industry for products such as inner-door panels, body sides, rails and pillars. TWB operates facilities in: Prattville, Alabama; Monroe, Michigan; and in Puebla, Ramos Arizpe (Saltillo) and Hermosillo, Mexico.

Worthington Armstrong Venture (WAVE), a 50%-owned joint venture with Armstrong Ventures, Inc., a subsidiary of Armstrong World Industries, Inc., is one of the three largest global manufacturers of suspension grid systems for concealed and lay-in panel ceilings used in residential ceiling markets. It competes with the two other global manufacturers and numerous smaller manufacturers. WAVE operates eight facilities in six countries: Aberdeen, Maryland; Benton Harbor, Michigan; and North Las Vegas, Nevada, within the United States; Shanghai, the Peoples Republic of China; Team Valley, United Kingdom; Prouvy, France; Marval, Pune, India; and Madrid, Spain.

Worthington Specialty Processing (WSP), a 51%-owned joint venture with U.S. Steel, operates three steel processing facilities located in Canton, Jackson and Taylor, Michigan, which are managed by Worthington Steel. WSP serves primarily as a toll processor for U.S. Steel and others. Its services include slitting, blanking, cutting-to-length, laser welding, tension leveling and warehousing. WSP is considered to be jointly controlled and not consolidated due to substantive participating rights of the minority partner.

See Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note J Investments in Unconsolidated Affiliates for further information about Worthington s participation in unconsolidated joint ventures.

Environmental Regulation

Worthington s manufacturing facilities, generally in common with those of similar industries making similar products, are subject to many federal, state and local requirements relating to the protection of the environment. Worthington continually examines ways to reduce emissions and waste and to decrease costs related to environmental compliance. The cost of compliance or capital expenditures for environmental control facilities required to meet environmental requirements are not anticipated to be material when compared with overall costs and capital expenditures and, accordingly, are not anticipated to have a material effect on the financial position, results of operations, cash flows, or the competitive position of the Company.

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Item 1A. Risk Factors

Future results and the market price for Worthington Industries common shares are subject to numerous risks, many of which are driven by factors that cannot be controlled or predicted. The following discussion, as well as other sections of this Annual Report on Form 10-K, including Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations, describe certain business risks. Consideration should be given to the risk factors described below as well as those in the Safe Harbor Statement at the beginning of this Annual Report on Form 10-K, in conjunction with reviewing the forward-looking statements and other information contained in this Annual Report on Form 10-K. These risks are not the only risks we face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial in our operations.

Economic or Industry Downturns

The current global recession has adversely affected and is likely to continue to adversely affect our business and our industries, as well as the industries of many of our customers and suppliers. The volatile domestic and global recessionary climate is having significant negative impacts on our business. The global recession has resulted in a significant decrease in customer demand throughout nearly all of our markets, including our two largest markets construction and automotive. The impacts of recent government approved and proposed measures, including various measures intended to provide stimulus to the economy in general or to certain industries, are currently unknown. Overall, operating levels across our businesses have fallen and may remain at depressed levels until economic conditions improve and demand increases.

Continued volatility in the United States and worldwide capital and credit markets has impacted and is likely to continue to significantly impact our end markets and result in continued negative impacts on demand, increased credit and collection risks and other adverse effects on our business. The domestic and worldwide capital and credit markets have experienced and are experiencing significant volatility, disruptions and dislocations with respect to price and credit availability. These have caused diminished availability of credit and other capital in our end markets, including automotive and construction, and for participants in, and the customers of, those markets. There is continued uncertainty as to when and if the capital and credit markets will improve and the impact this period of volatility will have on our end markets and business in general.

The construction and automotive industries account for a significant portion of our net sales, and reductions in demand from these industries have adversely impacted and are likely to continue to adversely affect our business. The overall downturn in the economy, the disruption in capital and credit markets, declining real estate values and reduced consumer spending have caused significant reductions in demand from our end markets in general and, in particular, the construction and automotive end markets.

Demand in the commercial and residential construction markets has weakened as it has become more difficult for companies and consumers to obtain credit for construction projects and the economic slowdown has caused delays in or cancellations of construction projects.

The domestic auto industry is currently experiencing a very difficult operating environment, which has resulted in and will likely continue to result in lower levels of vehicle production and an associated decrease in demand for products sold to the automotive industry. Many automotive manufacturers and their suppliers have reduced production levels and eliminated manufacturing capacity, through the closure of facilities, extension of temporary shutdowns, reduction in operations and other cost reduction actions. The difficulties faced by these industries are likely to continue to adversely affect our business.

Financial difficulties and bankruptcy filings by customers could have an adverse impact on our business. Many of our customers are experiencing extremely challenging financial conditions. General Motors and Chrysler have gone through bankruptcy proceedings and both companies have implemented plans to significantly reduce production capacity and their dealership networks. Certain other customers have filed or are contemplating filing bankruptcy petitions. These and other customers may be in need of additional capital or credit to continue operations. The bankruptcies and financial difficulties of certain customers and/or failure in their efforts to obtain credit or otherwise improve their overall financial condition could result in numerous changes within the markets we serve, including additional plant closings, decreased production, reduced demand, changes in product mix, unfavorable changes in the prices, terms or conditions we are able to obtain and other changes that may result in decreased purchases from us and otherwise negatively impact our business. These conditions also increase the risk that our customers may default on their payment obligations to us, particularly customers in hard hit industries such as automotive and construction.

The overall weakness among automotive manufacturers and their suppliers has increased the risk that at least some of our customers, which are suppliers to the automotive industry, could have further financial difficulties. The same is true of our customers in other industries, including construction, which are also experiencing significant financial weakness. Should the economy or any applicable market not improve, the risk of bankruptcy filings by our customers will continue to increase. Such filings may result not only in a reduction in sales, but also in a loss associated with the potential inability to collect outstanding accounts receivable. While we take steps intended to mitigate the impact of financial difficulties and potential bankruptcy filings by our customers, these matters could have a negative impact on our business.

Raw Material Pricing and Availability

The costs of manufacturing our products and the ability to supply our customers could be negatively impacted if we experience interruptions in deliveries of needed raw materials or supplies. If, for any reason, our supply of flat-rolled steel or other key raw materials, such as aluminum and zinc, is curtailed or we are otherwise unable to obtain the quantities we need at competitive prices, our business could suffer and our financial results could be adversely affected. Such interruptions might result from a number of factors, including events such as a shortage of capacity in the supplier base or of the raw materials, energy or the inputs needed to make steel or other supplies, failure of suppliers to fulfill their supply obligations, financial difficulties of suppliers resulting in the closing or idling of supplier facilities, other significant events affecting supplier facilities, significant weather events, those factors listed in the immediately following paragraph or other factors beyond our control. Further, the number of suppliers has decreased in recent years due to industry consolidation and the financial difficulties of certain suppliers, and consolidation may continue. Accordingly, if delivery from a major supplier is disrupted, it may be more difficult to obtain an alternative supply than in the past.

Our future operating results may be affected by fluctuations in raw material prices. Our principal raw material is flat-rolled steel, which we purchase from multiple primary steel producers. The steel industry as a whole has been cyclical, and at times availability and pricing can be volatile due to a number of factors beyond our control. These factors include general economic conditions, domestic and worldwide demand, curtailed production from major suppliers due to factors such as the closing or idling of facilities, equipment breakdowns, repairs or catastrophic events, labor costs or problems, competition, import duties, tariffs, energy costs, availability and cost of steel inputs (e.g. ore, scrap, coke and energy), currency exchange rates and other factors described immediately in the preceding paragraph. This volatility can significantly affect our steel costs.

In an environment of increasing prices for steel and other raw materials, competitive conditions may impact how much of the price increases we can pass on to our customers. To the extent we are unable to pass on future price increases in our raw materials to our customers, our financial results could be adversely affected. Also, if steel prices decrease, in general, competitive conditions may impact how quickly we must reduce our prices to our customers and we could be forced to use higher-priced raw materials to complete orders for which the selling prices have decreased. Decreasing steel prices may also require us to write-down the value of our inventory to reflect current market pricing, as was the case during fiscal 2009. These write- downs are discussed further in Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.

Inventories

Our business could be harmed if we fail to maintain proper inventory levels. We are required to maintain sufficient inventories to accommodate the needs of our customers including, in many cases, short lead times and just-in-time delivery requirements. Although we typically have customer orders in hand prior to placement of our raw material orders for Steel Processing, we anticipate and forecast customer demand for all operating segments. We purchase raw materials on a regular basis in an effort to maintain our inventory at levels that we believe are sufficient to satisfy the anticipated needs of our customers based upon orders, customer volume expectations, historic buying practices and market conditions. Inventory levels in excess of customer demand may result in the use of higher-priced inventory to fill orders reflecting lower selling prices, if steel prices have significantly decreased. These events could adversely affect our financial results. Conversely, if we underestimate demand for our products or if our suppliers fail to supply quality products in a timely manner, we may experience inventory shortages. Inventory shortages might result in unfilled orders, negatively impacting our customer relationships, and resulting in lost revenues, any of which could harm our business and adversely affect our financial results.

Suppliers and Customers

The loss of significant volume from key customers could adversely affect us. In fiscal 2010, our largest customer accounted for approximately 6% of our consolidated net sales, and our ten largest customers accounted for approximately 27% of our consolidated net sales. A significant loss of, or decrease in, business from any of these customers could have an adverse effect on our sales and financial results if we cannot obtain replacement business. Also, due to consolidation in the industries we serve, including the construction, automotive and retail industries, our sales may be increasingly sensitive to deterioration in the financial condition of, or other adverse developments with respect to, one or more of our top customers.

Many of our key industries, such as construction and automotive, are cyclical in nature. These industries can be impacted by both market demand and raw material supply, particularly steel. The demand for our products is directly related to, and quickly impacted by, customer demand in our industries, which can change as the result of changes in the general United States or worldwide economy and other factors beyond our control. Adverse changes in demand or pricing can have a negative effect on our business.

Significant sales reductions for any of the Detroit 3 automakers could have a negative impact on our business. Approximately half of the net sales of our Steel Processing operating segment and substantially all of the net sales of the Automotive Body Panels operating segment are to automotive-related customers. Although we do sell to the domestic operations of foreign automakers, a significant portion of our automotive sales are to Ford, General Motors, and Chrysler (the Detroit 3) and their suppliers.

The closing or relocation of customer facilities could adversely affect us. Our ability to meet delivery requirements and the overall cost of our products as delivered to a customer facility are important competitive factors. If customers close or move production facilities further away from our manufacturing facilities which can supply them, it can have an adverse effect on our ability to meet competitive conditions which could result in the loss of sales. Likewise, if customers move production facilities overseas, it can result in the loss of potential sales for the Company.

Sales conflicts with our customers and/or suppliers can adversely impact us. In some instances, we may compete with one or more customers and/or suppliers in pursuing the same business. Such conflicts can strain our relationships with those parties, which can adversely affect our future business with them.

The closing or idling of steel manufacturing facilities could have a negative impact on us. As steel makers have reduced their production capacities by closing or idling production lines in light of the current recessionary conditions, the number of facilities from which we can purchase steel, in particular certain specialty steels, has decreased. Accordingly, if delivery from a supplier is disrupted, particularly with respect to certain types of specialty steel, it may be more difficult to obtain an alternate supply than in the past. Also, these closures can have an adverse effect on the supplier s on-time delivery performance which can have an adverse effect on our ability to meet our own delivery commitments and may have other adverse effects on our business.

The loss of key supplier relationships could adversely affect us. Over the years, our various manufacturing operations had developed relationships with certain steel and other suppliers which have been beneficial to us by providing more assured delivery and a more favorable all-in cost, which includes price and shipping costs. If those relationships are disrupted, it can have an adverse effect on delivery times and the overall cost of our raw materials, which can have a negative impact on our business.

Competition

Our business is highly competitive, and increased competition could negatively impact our financial results. Generally, the markets in which we conduct business are highly competitive. Competition for most of our products is primarily on the basis of price, product quality and our ability to meet delivery requirements. The current economic recession has also resulted in significant open capacity which could increase competitive presence. Competition may also increase if suppliers to or customers of our industries begin to more directly compete with our businesses through acquisition or otherwise. Increased competition could cause us to lose market share, increase expenditures, lower our margins or offer additional services at a higher cost to us, which could adversely impact our financial results.

Sales by competitors of light guage metal framing products which are not code compliant could adversely affect us. Our Metal Framing business has been an industry leader in driving code compliance for light gauge metal framing. If our competitors offer products which are not code compliant and thus are cheaper, and certain customers are willing to purchase such non-compliant products, it may be difficult for us to be cost competitive on these sales.

Material Substitution

In certain applications, steel competes with other materials, such as aluminum (particularly in the automobile industry), cement and wood (particularly in the construction industry), composites, glass and plastic. Prices of all of these materials fluctuate widely and differences between them and steel prices may adversely affect demand for our products and/or encourage substitution, which could adversely affect prices and demand for steel products. The high cost of steel relative to other materials can make material substitution more attractive for certain uses.

Freight and Energy

The availability and cost of freight and energy, such as electricity, natural gas and diesel fuel, is important in the manufacture and transport of our products. Our operating costs increase when energy costs rise. During periods of increasing freight and energy costs, we might not be able to fully recover our operating cost increases through price increases without reducing demand for our products. Our financial results could be adversely affected if we are unable to pass all of the increases on to our customers or if we are unable to obtain the necessary freight and energy. Also, increasing energy costs could put a strain on the transportation of materials and products if it forces certain transporters to close.

Information Systems

We are subject to information system security risks and systems integration issues that could disrupt our internal operations. We are dependent upon information technology for the distribution of information internally and also to our customers and suppliers. This information technology is subject to damage or interruption from a variety of sources, including but not limited to computer viruses, security breaches and defects in design. There also could be system or network disruptions if new or upgraded business management systems are defective or are not installed properly, or are not properly integrated into operations. We recently implemented a new software-based enterprise resource planning system. Various measures have been implemented to manage our risks related to information system and network disruptions, but a system failure could negatively impact our operations and financial results.

Business Disruptions

Disruptions to our business or the business of our customers or suppliers, could adversely impact our operations and financial results. Business disruptions, including increased costs for or interruptions in the supply of energy or raw materials, resulting from shortages of supply or transportation, from severe weather events (such as hurricanes, floods and blizzards), from casualty events (such as explosions, fires or material equipment breakdown), from acts of terrorism, from pandemic disease, from labor disruptions or from other events (such as required maintenance shutdowns) could cause interruptions to our businesses as well as the operations of our customers and suppliers. While we maintain insurance coverage that can offset some losses relating to certain types of these events, losses from business disruptions could have an adverse effect on our operations and financial results and we can be adversely impacted to the extent any such losses are not covered by insurance or cause some other adverse impact to the us.

Foreign

Economic, political and other risks associated with foreign operations could adversely affect our international financial results. Although the substantial majority of our business activity takes place in the United States, we derive a portion of our revenues and earnings from operations in foreign countries, and are subject to risks associated with doing business internationally. We have wholly-owned facilities in Austria, Canada, the Czech Republic and Portugal and joint venture facilities in China, France, India, Mexico, Spain and the United Kingdom. Our Mid-Rise Construction business is also becoming more active in pursuing foreign business. The risks of doing business in foreign countries include: the potential for adverse changes in the local political climate, in diplomatic relations between foreign countries and the United States or in government policies, laws or regulations; terrorist activity that may cause social disruption; logistical and communications challenges; costs of complying with a variety of laws and regulations; difficulty in staffing and managing geographically diverse operations; deterioration of foreign economic conditions; currency rate fluctuations; foreign exchange restrictions; differing local business practices and cultural considerations; restrictions on imports and exports or sources of supply; changes in duties or taxes; and potential issues related to matters covered by the Foreign Corrupt Practices Act or similar laws. We believe that our business activities outside of the United States involve a higher degree of risk than our domestic activities.

The global recession and the volatility of worldwide capital and credit markets have impacted and will likely continue to significantly impact our foreign customers and markets. This has decreased demand in our foreign operations and is having significant negative impacts on our business. See, in general, the discussion under *Economic or Industry Downturns* above.

Joint Ventures

A change in the relationship between the members of any of our joint ventures may have an adverse effect on that joint venture. Worthington has been successful in the development and operation of various joint ventures, and equity in net income from our joint ventures, particularly WAVE, has been important to our financial results. We believe an important element in the success of any joint venture is a solid relationship between the members of that joint venture. If there is a change in ownership, a change of control, a change in management or another event with respect to a member that adversely impacts the relationship between the members, it may adversely impact the joint venture.

Acquisitions

We may not be able to consummate, manage and integrate future acquisitions successfully. Some of our growth has been through acquisitions. We continue to seek additional businesses to acquire in the future. There are no assurances, however, that any acquisition opportunities will arise or, if they do, that they will be consummated, or that any needed additional financing will be available on satisfactory terms when required. In addition, acquisitions involve risks that the businesses acquired will not perform in accordance with expectations, that business judgments concerning the value, strengths and weaknesses of businesses acquired will prove incorrect, that the acquired businesses may not be integrated successfully and that the acquisitions may strain our management resources.

Accounting & Tax Estimates

We are required to make accounting and tax-related estimates and judgments in preparing our consolidated financial statements. In preparing our consolidated financial statements in accordance with accounting principles generally accepted in the United States, we make certain estimates and assumptions that affect the accounting for and recognition of assets, liabilities, revenues and expenses. These estimates and assumptions must be made because certain information that is used in the preparation of our consolidated financial statements is dependent on future events, or cannot be calculated with a high degree of precision from data available. In some cases, these estimates are particularly difficult to determine and we must exercise significant judgment. The estimates and the assumptions having the greatest amount of uncertainty, subjectivity and complexity are related to our accounting for bad debts, returns and allowances, inventory, self-insurance reserves, derivatives, stock-based compensation, deferred income taxes and asset impairments. Actual results could differ materially from the estimates and assumptions that we use, which could have a material adverse effect on our financial condition and results of operations.

Claims and Insurance

Adverse claims experience, to the extent not covered by insurance, may have an adverse effect on our financial results. We self-insure a significant portion of our potential liability for workers compensation, product liability, general liability, property, automobile liability and employee medical claims. In order to reduce risk, we purchase insurance from highly rated, licensed insurance carriers that covers most claims in excess of the deductible or retained amounts. We maintain reserves for the estimated cost to resolve open claims as well as an estimate of the cost of claims that have been incurred but not reported. The occurrence of significant claims, our failure to adequately reserve for such claims, a significant cost increase to maintain our insurance or the failure of our insurance provider to perform could have an adverse impact on our financial condition and results of operations.

Principal Shareholder

Our principal shareholder may have the ability to exert significant influence in matters requiring a shareholder vote and could delay, deter or prevent a change in control of Worthington Industries. Pursuant to our charter documents, certain matters such as those in which a person would attempt to acquire or take control of the Company, must be approved by the vote of the holders of common shares representing at least 75% of Worthington Industries outstanding voting power. Approximately 22% of our outstanding common shares are beneficially owned by John P. McConnell, our Chairman of the Board and Chief Executive Officer. As a result of his beneficial ownership, Mr. McConnell may have the ability to exert significant influence in these matters and other proposals upon which our shareholders vote.

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Credit Ratings

Rating agencies may downgrade our credit ratings, which could make it more difficult for us to raise capital and could increase our financing costs. Any downgrade in our credit ratings may make raising capital more difficult, may increase the cost and affect the terms of future borrowings, may affect the terms under which we purchase goods and services and may limit our ability to take advantage of potential business opportunities. The rate on some of our credit facilities is tied to our credit rating. Any downgrade would likely result in an increase in the current cost of our revolving credit facility.

Difficult Financial Markets

Should we be required to raise capital in the current financing environment, potential outcomes might include higher borrowing costs, less available capital, more stringent terms and tighter covenants, or in extreme conditions, an inability to raise capital. Although we currently have significant borrowing availability under our existing credit facilities, should those facilities become unavailable due to covenant or other defaults, or should we otherwise be required to raise capital outside existing facilities, given the current uncertainty in the financial markets, our ability to access capital and the terms under which we do so may change. Any adverse change in our access to capital or the terms of our borrowings, including increased costs, would have a negative impact on us.

Environmental, Health and Safety

We may incur additional costs related to environmental and health and safety matters. Our operations and facilities are subject to a variety of federal, state, local and foreign laws and regulations relating to the protection of the environment and human health and safety. Failure to maintain or achieve compliance with these laws and regulations or with the permits required for our operations could result in increased costs and capital expenditures and potentially fines and civil or criminal sanctions, third-party claims for property damage or personal injury, cleanup costs or temporary or permanent discontinuance of operations. Over time, we and other predecessor operators of our facilities have generated, used, handled and disposed of hazardous and other regulated wastes. Environmental liabilities could exist, including cleanup obligations at these facilities or at off-site locations where materials from our operations were disposed of or at facilities we have divested, which could result in future expenditures that cannot be currently quantified and which could reduce our profits and cash flow. We may be held strictly liable for the contamination of these sites, and the amount of that liability could be material. Due to our stringent commitment toward safety, it is probable that we may incur costs which exceed compliance in many areas. Under the joint and several liability principle of certain environmental laws, we may be held liable for all remediation costs at a particular site, even with respect to contamination for which we are not responsible. Changes in environmental laws, regulations or enforcement policies, including without limitation new or more stringent regulations affecting greenhouse gas emissions, could have a material adverse effect on our business, financial condition or results of operations.

Legislation and Regulation

Certain proposed legislation and regulations can have an adverse impact on the economy in general and in our markets specifically, which may adversely affect our business. For example, legislation and regulations proposing increases in taxation on or heightened regulation of carbon emissions may result in higher prices for steel, higher prices for utilities required to run our facilities, higher fuel costs for us and our shippers and other adverse impacts. To the extent this or other new legislation or regulation increases our costs, we may not be able to fully pass these costs on to our customers without a resulting decline in sales and adverse impact to our profits. Likewise, to the extent new legislation or regulation would have an adverse effect on the economy, our markets or the ability of domestic businesses to compete against foreign operations, it could also have an adverse impact on us.

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Impairment Charges

Continued or enhanced weakness in the economy, our markets or our results of operations could result in future asset impairments, which would reduce our reported earnings and net worth. We review the carrying value of our long-lived assets, including intangible assets with finite useful lives, whenever events or changes in circumstances indicate that the carrying value of an asset or a group of assets may not be recoverable. When a potential impairment is indicated, accounting standards require a charge to be recognized in the consolidated financial statements if the carrying amount of an asset or group of assets exceeds the fair value of that asset or group of assets. The loss recognized would be the difference between the fair value and the carrying amount of the asset or group of assets.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties.

General

The principal corporate offices of Worthington Industries, as well as the corporate offices for Worthington Steel, Worthington Cylinders and Dietrich, are located in a leased office building in Columbus, Ohio, containing approximately 117,700 square feet. Worthington also owns three facilities used for administrative and medical purposes in Columbus, Ohio, containing an aggregate of approximately 166,000 square feet. As of May 31, 2010, Worthington owned or leased a total of approximately 9,700,000 square feet of space for operations, of which approximately 8,200,000 square feet (9,200,000 square feet with warehouses) was devoted to manufacturing, product distribution and sales offices. Major leases contain renewal options for periods of up to ten years. For information concerning rental obligations, see the discussion of contractual obligations under Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations *Contractual Cash Obligations and Other Commercial Commitments* as well as Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note L Operating Leases of this Annual Report on Form 10-K. Worthington believes the distribution and office facilities provide adequate space for operations and are well maintained and suitable.

Excluding joint ventures, Worthington operates 41 manufacturing facilities and ten warehouses. The manufacturing facilities are well maintained and in good operating condition, and are believed to be sufficient to meet current needs.

Steel Processing

The Steel Processing operating segment, which includes the consolidated joint venture Spartan, operates ten manufacturing facilities, nine of which are wholly-owned, containing a total of approximately 2,860,000 square feet, and one of which is leased, containing approximately 150,000 square feet. These facilities are located in Alabama, California, Indiana, Maryland, Michigan (2), and Ohio (4). This operating segment also owns one warehouse in Ohio, containing approximately 110,000 square feet, one warehouse in Michigan, containing approximately 100,000 square feet, and one warehouse in California, containing approximately 60,000 square feet. As noted above, this operating segment s corporate offices are located in Columbus, Ohio.

Pressure Cylinders

The Pressure Cylinders operating segment operates nine owned manufacturing facilities and one leased manufacturing facility, which are located in California, Mississippi, Ohio (3), Wisconsin, Austria, Canada, the Czech Republic and Portugal, containing a total of approximately 1,800,000 square feet. The Pressure

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Cylinders operating segment also operates two owned warehouses, one in Austria and one in Czech Republic, containing a total of approximately 97,000 square feet and two leased warehouses, one in Ohio and one in Canada, containing a total of approximately 95,000 square feet.

Metal Framing

The Metal Framing operating segment operates 14 manufacturing facilities. These facilities are located in California (2), Colorado, Florida, Georgia, Hawaii, Indiana, Kansas, Maryland, New Jersey, Ohio (2), and Texas (2). Of these manufacturing facilities, seven are leased, containing a total of approximately 490,000 square feet, and seven are owned, containing a total of approximately 1,300,000 square feet. This operating segment operates one warehouse in Ohio which is owned and contains approximately 314,000 square feet. This operating segment also owns and operates an administrative facility containing approximately 37,000 square feet in Indiana; and leases administrative space in three locations, containing an aggregate of approximately 30,000 square feet, in California, Indiana and Pennsylvania. During fiscal 2009, the Metal Framing corporate and administrative offices were closed and moved from Pennsylvania to Columbus, Ohio. As part of the Transformation Plan announced by the Company in September 2007, this operating segment has ceased manufacturing operations at eleven facilities: two owned and nine leased facilities. The two owned facilities are currently up for sale. Of the leased facilities, one lease expired concurrently with the closing of the facility and the other eight leases, which expire between 2010 and 2015, are being offered for subletting.

Other

Steelpac operates three facilities, one each in Indiana, Ohio and Pennsylvania. The manufacturing facilities in Indiana and Pennsylvania are leased and contain a total of approximately 290,000 square feet; and the facility located in Ohio is owned and contains approximately 21,000 square feet. Gerstenslager owns and operates two manufacturing facilities, both located in Ohio, containing a total of approximately 1,100,000 square feet; leases approximately 150,000 square feet in one warehouse in Ohio; and owns approximately 135,000 square feet in one warehouse in Ohio. Military Construction operates a manufacturing facility in Tennessee which contains approximately 4,500 square feet and leases approximately 1,800 square feet for administrative offices in Hawaii. Mid-Rise Construction leases and operates a manufacturing facility in Washington which contains approximately 19,000 square feet and leases administrative space containing approximately 16,500 square feet in Ohio. Commercial Stairs leases one manufacturing facility in Ohio, which contains approximately 200,000 square feet.

Joint Ventures

The Spartan consolidated joint venture owns and operates one manufacturing facility in Michigan, which is included in the number disclosed above for the Steel Processing operating segment. The unconsolidated joint ventures operate a total of 23 manufacturing facilities, located in Alabama, Maryland, Michigan (6), Nevada and Ohio (4), domestically, and in China, France, India, Mexico (6), Spain and the United Kingdom, internationally.

Item 3. Legal Proceedings

Various legal proceedings, which generally have arisen in the ordinary course of business, are pending against Worthington. None of this pending litigation, individually or collectively, is expected to have a material adverse effect on the financial position, results of operation or cash flows of the Company.

Notwithstanding the statement above, see Item 8 Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note G Contingent Liabilities and Commitments within this Annual Report on Form 10-K for additional information regarding certain litigation during fiscal 2010.

Item 4. [Reserved]

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Supplemental Item Executive Officers of the Registrant

The following table lists the names, positions held and ages of the Registrant s executive officers as of July 30, 2010:

Name	Age	Position(s) with the Registrant	Present Office Held Since
John P. McConnell	56	Chairman of the Board and Chief Executive Officer; a Director	1996
George P. Stoe	64	President and Chief Operating Officer	2008
B. Andrew Rose	40	Vice President and Chief Financial Officer	2008
Dale T. Brinkman	57	Vice President-Administration, General Counsel and Secretary	2000
Harry A. Goussetis	56	President, Worthington Cylinder Corporation	2005
Matthew A. Lockard	41	Vice President-Corporate Development and Treasurer	2009
John E. Roberts	55	President, Dietrich Industries, Inc.	2007
Ralph V. Roberts	63	Senior Vice President-Marketing	2006
Mark A. Russell	47	President, The Worthington Steel Company	2007
Eric M. Smolenski	40	Vice President-Human Resources	2005
Richard G. Welch	52	Controller	2000
Virgil L. Winland	62	Senior Vice President-Manufacturing	2001

John P. McConnell has served as Worthington Industries Chief Executive Officer since June 1993, as a director of Worthington Industries continuously since 1990, and as Chairman of the Board of Worthington Industries since September 1996. Mr. McConnell serves as the Chair of the Executive Committee of Worthington Industries Board of Directors. He has served in various positions with Worthington Industries since 1975.

George P. Stoe has served as President and Chief Operating Officer of Worthington Industries since October 2008. He served as Executive Vice President and Chief Operating Officer of Worthington Industries from December 2005 to October 2008. He previously served as President of Worthington Cylinder Corporation from January 2003 to December 2005.

B. Andrew Andy Rose has served as Vice President and Chief Financial Officer of Worthington Industries since December 2008. From 2007 to 2008, he served as a senior investment professional with MCG Capital Corporation; and from 2002 to 2007, he was a founding partner at Peachtree Equity Partners, L.P., a private equity firm backed by Goldman Sachs. Prior to 2002, Mr. Rose was vice president of private equity at Wachovia Capital Associates, a private equity firm.

Dale T. Brinkman has served as Worthington Industries Vice President-Administration since December 1998 and General Counsel since September 1982. He has been Secretary of Worthington Industries since September 2000 and served as Assistant Secretary of Worthington Industries from September 1982 to September 2000.

Harry A. Goussetis has served as President of Worthington Cylinder Corporation since December 2005. From January 2001 to December 2005, Mr. Goussetis served as Vice President-Human Resources for Worthington Industries, and he held various other positions with Worthington Industries from November 1983 to January 2001.

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Matthew A. Lockard has served as Treasurer of Worthington Industries since February 2009, and as Vice President-Corporate Development of Worthington Industries since July 2005. From April 2001 to July 2005, Mr. Lockard served as Vice President-Global Business Development for Worthington Cylinder Corporation. Mr. Lockard served in various other positions with Worthington Industries from January 1994 to April 2001.

John E. Roberts has served as President of Dietrich Industries, Inc. since October 2007, and prior thereto, served as its Vice President of Sales and Marketing from June 2007 to October 2007. He was Regional General Manager, Director of Sales and Marketing for Owens Corning, a producer of residential and commercial building materials, from June 1996 through June 2007.

Ralph V. Roberts has served as Senior Vice President-Marketing of Worthington Industries since January 2001, and served as President of Worthington Integrated Building Systems, LLC from November 2006 to January 2010. From June 1998 through January 2001, he served as President of The Worthington Steel Company, and he held various other positions with Worthington Industries from December 1973 to June 1998, including Vice President-Corporate Development and Chief Executive Officer of the WAVE joint venture.

Mark A. Russell has served as President of The Worthington Steel Company since February 2007. From August 2004 through February 2007, Mr. Russell was a partner in Russell & Associates, an acquisition group formed to acquire aluminum products companies. Mr. Russell served as Chief Executive Officer of Indalex Inc., a producer of extruded aluminum products, from January 2002 to March 2004.

Eric M. Smolenski has served as Vice President-Human Resources of Worthington Industries since January 2004. From January 2001 to January 2004, Mr. Smolenski served as the Director of Corporate Human Resources Services of Worthington Industries, and he served in various other positions with Worthington Industries from January 1994 to January 2001.

Richard G. Welch has served as the Corporate Controller of Worthington Industries since March 2000 and prior thereto, he served as Assistant Controller of Worthington Industries from August 1999 to March 2000. He served as Principal Financial Officer of Worthington Industries on an interim basis from September 2008 to December 2008.

Virgil L. Winland has served as Senior Vice President-Manufacturing of Worthington Industries since January 2001. He served in various other positions with Worthington Industries from 1971 to January 2001, including President of Worthington Cylinder Corporation from June 1998 through January 2001.

Executive officers serve at the pleasure of the directors of the Registrant. There are no family relationships among any of the Registrant s executive officers or directors. No arrangements or understandings exist pursuant to which any individual has been, or is to be, selected as an executive officer of the Registrant.

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PART II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Common Shares Information

The common shares of Worthington Industries, Inc. trade on the New York Stock Exchange (NYSE) under the symbol WOR and are listed in most newspapers as WorthgtnInd. As of July 23, 2010, Worthington Industries had 7,141 registered shareholders. The following table sets forth (i) the low and high closing prices and the closing price per share for Worthington Industries common shares for each quarter of fiscal 2010 and fiscal 2009, and (ii) the cash dividends per share declared on Worthington Industries common shares for each quarter of fiscal 2010 and fiscal 2009.

	Market Price			Cash Dividends Declared
	Low	High	Closing	
Fiscal 2010				
Quarter Ended				
August 31, 2009	$ 11.19	$ 15.49	$ 13.17	$ 0.10
November 30, 2009	$ 11.05	$ 15.95	$ 11.71	$ 0.10
February 28, 2010	$ 11.47	$ 17.35	$ 15.84	$ 0.10
May 31, 2010	$ 13.95	$ 17.67	$ 14.72	$ 0.10
Fiscal 2009				
Quarter Ended				
August 31, 2008	$ 16.65	$ 24.11	$ 17.60	$ 0.17
November 30, 2008	$ 8.83	$ 18.99	$ 13.28	$ 0.17
February 28, 2009	$ 8.20	$ 13.89	$ 8.20	$ 0.17
May 31, 2009	$ 7.15	$ 15.88	$ 13.99	$ 0.10

Dividends are declared at the discretion of Worthington Industries Board of Directors. Worthington Industries Board of Directors declared quarterly dividends of $0.17 per common share in fiscal 2009, until reducing the dividend declared in the fourth quarter of fiscal 2009 to $0.10 per common share. A $0.10 per common share dividend was declared for each quarter of fiscal 2010. The Board of Directors reviews the dividend on a quarterly basis and establishes the dividend rate based upon Worthington Industries financial condition, results of operations, capital requirements, current and projected cash flows, business prospects and other factors which the directors may deem relevant. While Worthington Industries has paid a dividend every quarter since becoming a public company in 1968, there is no guarantee this will continue in the future.

Shareholder Return Performance

The following information in this Item 5 of this Annual Report on Form 10-K is not deemed to be soliciting material or to be filed with the Securities and Exchange Commission or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934, as amended (the Exchange Act), or to the liabilities of Section 18 of the Exchange Act, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent we specifically incorporate such information into such a filing.

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The following graph compares the five-year cumulative return on Worthington Industries common shares, the S&P Midcap 400 Index and the S&P 1500 Steel Composite Index. The graph assumes that $100 was invested at May 31, 2005, in Worthington Industries common shares and each index.

* $100 invested on 5/31/05 in common shares or index. Assumes reinvestment of dividends when received. Fiscal year ending May 31.

	5/05	5/06	5/07	5/08	5/09	5/10
Worthington Industries, Inc.	$ 100.00	$ 105.34	$ 135.33	$ 132.32	$ 98.00	$ 106.08
S&P Midcap 400 Index	$ 100.00	$ 115.57	$ 140.05	$ 136.55	$ 90.81	$ 122.16
S&P 1500 Steel Composite Index	$ 100.00	$ 192.33	$ 297.80	$ 368.45	$ 147.06	$ 184.82

Worthington Industries is a component of the S&P Midcap 400 Index. The S&P 1500 Steel Composite Index, of which Worthington Industries is a component, is the most specific index relative to the largest line of business of Worthington Industries and its subsidiaries. At May 31, 2010, the S&P 1500 Steel Composite Index included 12 steel related companies from the S&P 500, S&P Midcap 400 and S&P 600 indices: AK Steel Holding Corporation; Allegheny Technologies Incorporated; A.M. Castle & Co.; Carpenter Technology Corporation; Cliffs Natural Resources Inc.; Commercial Metals Company; Nucor Corporation; Olympic Steel, Inc.; Reliance Steel & Aluminum Co.; Steel Dynamics, Inc.; United States Steel Corporation; and Worthington Industries.

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Issuer Purchases of Equity Securities

The following table provides information about purchases made by, or on behalf of, Worthington Industries, Inc. or any affiliated purchaser (as defined in Rule 10b 18(a) (3) under the Securities Exchange Act of 1934, as amended) of common shares of Worthington Industries, Inc. during each month of the fiscal quarter ended May 31, 2010:

Period	Total Number of Common Shares Purchased	Average Price Paid per Common Share	Total Number of Common Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Common Shares that May Yet Be Purchased Under the Plans or Programs (1)
March 1-31, 2010	12,137(2)	$ 17.41	-	8,449,500
April 1-30, 2010	-	-	-	8,449,500
May 1-31, 2010	66,982(2)	$ 15.96	-	8,449,500
Total	79,119	$ 16.18	-	8,449,500

(1) The number shown represents, as of the end of each period, the maximum number of common shares that could be purchased under the publicly announced repurchase authorization then in effect. On September 26, 2007, Worthington Industries announced that the Board of Directors had authorized the repurchase of up to 10,000,000 of Worthington Industries outstanding common shares. A total of 8,449,500 common shares were available under this repurchase authorization as of May 31, 2010. The common shares available for repurchase under this authorization may be purchased from time to time, with consideration given to the market price of the common shares, the nature of other investment opportunities, cash flows from operations, general economic conditions and other appropriate factors. Repurchases may be made on the open market or through privately negotiated transactions.

(2) Reflects common shares tendered by employees to cover the cost of exercising options. These common shares were not part of the 10,000,000 share repurchase authorization noted above.

The Company has begun to repurchase common shares under this authorization during the first quarter of the fiscal year ending May 31, 2011. See Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note U Subsequent Events within this Annual Report on Form 10-K for additional information regarding common share repurchase activity subsequent to May 31, 2010.

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Item 6. Selected Financial Data

	Fiscal Year Ended May 31,				
(in thousands, except per share)	**2010**	**2009**	**2008**	**2007**	**2006**
FINANCIAL RESULTS					
Net sales	$ 1,943,034	$ 2,631,267	$ 3,067,161	$ 2,971,808	$ 2,897,179
Cost of goods sold	1,663,104	2,456,533	2,711,414	2,610,176	2,525,545
Gross margin	279,930	174,734	355,747	361,632	371,634
Selling, general and administrative expense	218,315	210,046	231,602	232,487	214,030
Impairment of long-lived assets	35,409	96,943	-	-	-
Restructuring and other expense	4,243	43,041	18,111	-	-
Operating income (loss)	21,963	(175,296)	106,034	129,145	157,604
Miscellaneous income (expense)	1,127	(2,329)	620	963	4,564
Gain on sale of investments in unconsolidated affiliates	-	8,331	-	-	26,609
Interest expense	(9,534)	(20,734)	(21,452)	(21,895)	(26,279)
Equity in net income of unconsolidated affiliates	64,601	48,589	67,459	63,213	56,339
Earnings (loss) before income taxes	78,157	(141,439			