

RELIANCE STEEL & ALUMINUM CO
Form DEF 14A
April 11, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

Reliance Steel & Aluminum Co.

(Name of Registrant as Specified In Its Charter)

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

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held May 15, 2013

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

To the Shareholders of
Reliance Steel & Aluminum Co.:

This Notice presents only an overview of the more complete proxy materials that are available to you on the Internet, if you have not received this by mail. We encourage you to access and review all of the important information contained in the proxy materials before voting. A Proxy Statement, an Annual Report to Shareholders, an Annual Report on Form 10-K and a proxy form for voting are available online at www.proxyvote.com by using the 12-digit control number provided to you. If you want to receive a paper or e-mail copy of these documents, you must request one. There is no charge for a copy. Please request a copy (1) by Internet at www.proxyvote.com; (2) by telephone at 1-800-579-1639; or (3) by email to sendmaterial@proxyvote.com, on or before May 1, 2013 to facilitate timely delivery.

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of Reliance Steel & Aluminum Co. ("Reliance" or "Company") will be held on Wednesday, May 15, 2013, at 10:00 a.m., California time, at The Omni Hotel, 251 South Olive Street, Los Angeles, California 90012, for the following purposes:

1. To elect nine directors to serve for one year and until their successors have been duly elected and qualified. The nominees for election to the Board are Sarah J. Anderson, John G. Figueroa, Thomas W. Gimbel, David H. Hannah, Douglas M. Hayes, Mark V. Kaminski, Gregg J. Mollins, Andrew G. Sharkey, III, and Leslie A. Waite. **The Board of Directors recommends that shareholders vote FOR the election of each nominee as a director.**
2. To approve the amendment to the Amended and Restated Stock Option and Restricted Stock Plan to extend the term of the Plan to December 31, 2018. **The Board of Directors recommends that shareholders vote FOR this proposal to approve the amendment to the Amended and Restated Stock Option and Restricted Stock Plan.**
3. To consider a non-binding, advisory vote to approve the compensation of the Company's named executive officers. **The Board of Directors recommends that shareholders vote FOR the approval of the compensation of the Company's named executive officers.**
4. To consider a shareholder proposal to separate the roles of CEO and Chairman. **The Board of Directors recommends that shareholders vote AGAINST this proposal to separate the roles of CEO and Chairman.**
5. To ratify KPMG LLP as our independent registered public accounting firm to perform the annual audit of our 2013 financial statements. **The Board of Directors recommends that shareholders vote FOR the ratification of KPMG LLP as our**

independent registered public accounting firm.

This is an invitation to attend the Annual Meeting and to vote on the matters to be considered. Only holders of shares of record on the books of Reliance at the close of business on March 28, 2013 are entitled

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to notice of, and to vote at, the Annual Meeting or any adjournments thereof. You may continue to trade in our common stock during the solicitation period.

All shareholders are invited to attend the Annual Meeting. To make it easier, you may vote on the Internet or by telephone. The instructions attached to this Notice describe how to use these convenient services. Even if you give your proxy, you have the right to vote in person if you attend the Annual Meeting.

By Order of the Board of Directors,

Los Angeles, California
April 11, 2013

Kay Rustand
Corporate Secretary

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350 South Grand Avenue, Suite 5100
Los Angeles, California 90071
(213) 687-7700

PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS

To Be Held May 15, 2013

We are furnishing this statement because the Board of Directors of Reliance Steel & Aluminum Co. is soliciting proxies for use at the Annual Meeting of Reliance shareholders to be held at The Omni Hotel, 251 South Olive Street, Los Angeles, California 90012, on Wednesday, May 15, 2013 at 10:00 a.m., California time, or at any adjournments thereof, for the purposes set forth in the accompanying Notice of Annual Meeting.

INFORMATION CONCERNING PROXY

The Board of Directors selected Douglas M. Hayes and Franklin R. Johnson, both independent directors, to be named as proxyholders to vote the shares of common stock represented by the proxies at the Annual Meeting. Reliance will pay the cost to solicit the proxies. The Board of Directors will solicit proxies by mail, by telephone, and electronically via the Internet. In addition, certain of our officers and agents may solicit proxies by telephone and personal interview (the cost of which will be nominal). We expect that banks, brokerage houses and other custodians, nominees and fiduciaries will forward soliciting material to beneficial owners and obtain authorizations to execute proxies. We will reimburse the out-of-pocket expenses they incur to forward the proxy materials. **Your bank, broker or financial institution is not able to vote on your behalf for the election of directors or on any compensation issue, unless you provide specific instructions by completing and returning a proxy or voting instruction form or by following instructions provided to you to vote your shares via telephone or the Internet. Voting your shares is important to ensure that you have a say in the governance of our Company.**

We intend only the following matters to be presented at the Annual Meeting:

1. the election of nine directors to serve for the ensuing year and until their successors are duly elected and qualified;
2. the approval of an amendment to the Amended and Restated Stock Option and Restricted Stock Plan to extend the term of the Plan to December 31, 2018;
3. a non-binding, advisory vote to approve the Company's compensation of the named executive officers;
4. a shareholder proposal to separate the roles of CEO and Chairman; and
5. the ratification of KPMG LLP as our independent registered public accounting firm to perform the annual audit of our 2013 financial statements.

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Unless you instruct us otherwise on the proxy, each proxy will be voted **FOR** the election of all of the nominees named herein as directors, **FOR** the approval of the amendment to the Amended and Restated Stock Option and Restricted Stock Plan, **FOR** the approval of the compensation of the Company's named executive officers, **AGAINST** the shareholder proposal to separate the roles of CEO and Chairman, and **FOR** the ratification of KPMG LLP as our independent registered public accounting firm for 2013.

We intend to make this Proxy Statement and accompanying material available to each shareholder on the Internet beginning on or about April 11, 2013. An Annual Report, including a letter to the

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shareholders from the Chairman and Chief Executive Officer, the President and Chief Operating Officer and the Executive Vice President and Chief Financial Officer, and an Annual Report on Form 10-K also will be available electronically. Some shareholders will receive these materials by mail and other shareholders may request copies of these materials at no cost. The Annual Reports and letter are not incorporated in, and are not a part of, this Proxy Statement and do not constitute proxy-soliciting material.

If you execute a proxy or submit a proxy via the Internet or telephone, the proxy may be revoked at any time before it is voted (i) by filing with the Corporate Secretary of Reliance either an instrument revoking the proxy or a proxy bearing a later date, duly executed, or (ii) by giving written notice to the Corporate Secretary of Reliance of the death or incapacity of the shareholder who executed the proxy. Any such notice should be sent or delivered to the above address. In addition, the powers of a proxyholder are suspended if the person executing the proxy is present at the Annual Meeting and elects to vote in person.

INFORMATION CONCERNING RELIANCE'S SECURITIES

Our only voting securities are shares of common stock, no par value. As of March 28, 2013, we had a total of 76,647,562 shares issued and outstanding, all of which may be voted at the Annual Meeting. Only holders of shares of record on our books at the close of business on March 28, 2013 will be entitled to vote at the Annual Meeting.

In the election of directors, you as a shareholder are entitled to cumulate your votes for candidates whose names have been placed in nomination prior to the voting, if you give notice at the Annual Meeting before the voting of your intention to cumulate votes. Cumulative voting entitles every shareholder who is otherwise entitled to vote at an election of directors to cumulate their votes, that is, to give any one candidate a number of votes equal to the number of directors to be elected, multiplied by the number of votes to which the shareholder's shares are normally entitled, or to distribute those cumulated votes on the same principle among as many candidates as a shareholder determines appropriate. If any shareholder gives notice of the intention to cumulate votes, all shareholders may cumulate their votes for candidates. On all matters other than the election of directors, each share has one vote.

A plurality of the aggregate number of votes represented by the shares present at the Annual Meeting in person or by proxy must vote to elect directors. That means that the nine individuals receiving the largest number of votes cast will be elected as directors, whether or not they receive a majority of the votes cast. The affirmative vote of a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting is required to approve the amendment to the Amended and Restated Stock Option and Restricted Stock Plan. The affirmative vote of a majority of the votes cast is required to approve each of the other proposals and to ratify the engagement of KPMG LLP as our independent registered public accounting firm.

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

At the 2011 Annual Meeting of Shareholders, on the recommendation of the Board of Directors, shareholders approved an amendment of the Company's Bylaws to eliminate the staggered or classified Board of Directors. The Board recommended the amendment of the Company's Bylaws in response to shareholder approval of a shareholder proposal presented at the 2010 Annual Meeting of Shareholders to require all directors to be elected annually. As a result of the amendment of the Bylaws, the term of office for each director elected at the 2013 Annual Meeting will be one year, until the next Annual Meeting of Shareholders and until their successors are duly elected and qualified.

The Nominating and Governance Committee and the Board of Directors have nominated the following persons, who have agreed to serve as directors, as nominees for election as directors at the 2013 Annual Meeting:

Sarah J. Anderson

Mark V. Kaminski

John G. Figueroa

Gregg J. Mollins

Thomas W. Gimbel

Andrew G. Sharkey, III

David H. Hannah

Leslie A. Waite

Douglas M. Hayes

Unless you otherwise instruct the proxyholders in the proxy, your proxy will be voted **FOR** the above-named nominees. **Your broker is not able to vote on your behalf for the election of directors unless you provide specific instructions by completing and returning a proxy or voting instruction form or you follow instructions provided to you to vote your shares via telephone or the Internet.** In voting the proxies for election of directors, the proxyholders have the right to cumulate the votes for directors covered by the proxies (unless otherwise instructed) and may do so if they think that is desirable and announce it in advance of the voting at the Annual Meeting.

Of the nominees for the position of director, John G. Figueroa, Thomas W. Gimbel, Douglas M. Hayes, and Leslie A. Waite were elected to their present term of office by vote of the shareholders at the Annual Meeting of Shareholders held in May 2011 and David H. Hannah, Mark V. Kaminski, Gregg J. Mollins, and Andrew G. Sharkey, III were elected to their present term of office by vote of the shareholders at the Annual Meeting of Shareholders held in May 2012. In anticipation of the mandatory retirement of Franklin R. Johnson on completion of his term of office, Sarah J. Anderson was elected by the Board of Directors effective July 24, 2012, and the size of the Board was increased from nine to ten directors. Ms. Anderson is to serve until the 2013 Annual Meeting of Shareholders and until her successor is duly elected and qualified. Although we do not expect that any nominee will decline or be unable to serve as a director, if any nominee declines or is unable to serve, the proxies will be voted, at the Annual Meeting or any adjournment thereof, for such other person as the Board of Directors may select or, if no other person is so selected, as the proxyholders may, in their discretion, select; provided that the proxyholders will not vote for more than nine nominees.

Certain information with respect to each nominee is set forth in "Management" below. Under the leadership of this Board of Directors, excluding dividends, the value of Reliance stock has increased over the five year period ended December 31, 2012 by 14.6% and over the ten year period ended December 31, 2012 by 496.0%. The Board of Directors recommends that shareholders vote FOR the election of each nominee as a director. Unless otherwise indicated on your proxy, the proxyholders will vote your proxy FOR the election of all named nominees.

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PROPOSAL NO. 2 AMENDMENT OF THE COMPANY'S AMENDED AND RESTATED STOCK OPTION AND RESTRICTED STOCK PLAN TO EXTEND THE TERM OF THE PLAN

The Board of Directors request that shareholders vote in favor of extending the term of the Company's Amended and Restated Stock Option and Restricted Stock Plan (the "Stock Plan") for five years to an expiration date of December 31, 2018. The Stock Plan, currently scheduled to expire on December 31, 2013, was first adopted by the Board of Directors and approved by shareholders in 2004 as the Incentive and Non-Qualified Stock Option Plan (as then in effect, the "2004 Plan"). The 2004 Plan was amended and restated effective May 17, 2006, as approved by the shareholders on that date, to allow the Board to extend the term of subsequently granted stock options to up to ten years, to increase the number of shares available for future grants of options or restricted stock from 6,000,000 shares to 10,000,000 shares, and to provide for the grant of restricted shares of the Company's common stock, in addition to or in lieu of stock options.

The Stock Plan is intended to motivate the corporate officers and other key employees of the Company and its subsidiaries to create enhanced shareholder value over the long-term, to encourage those employees to remain with the Company on a long-term basis, and to reward individual performance and levels of responsibility. As described in further detail under "Executive Compensation Stock Plans" beginning on page 40, under the Stock Plan the Board of Directors is authorized to grant to corporate officers and key employees of the Company (i) stock options that may be either "Incentive Stock Options" within the meaning of Section 422A of the Code or "Non-Qualified Stock Options" which do not satisfy the provisions of Section 422A of the Code, or (ii) shares of restricted stock. The six named executive officers and approximately 400 other key employees of the Company and its subsidiaries, including the other corporate officers, are eligible to participate in the Stock Plan. The number of key employees who are eligible to participate in the Stock Plan may change from year to year, and is expected to increase as a result of the Company completing one or more acquisitions.

The Stock Plan will expire by its terms as of December 31, 2013. The Compensation Committee of the Board of Directors and the Board of Directors believe that it is in the best interest of the Company to extend the term of the Stock Plan for five years to a new expiration date of December 31, 2018. As discussed in detail in the Compensation Discussion and Analysis ("CD&A") beginning on page 16, the Stock Plan is a key component of the Company's pay-for-performance executive officer compensation program and the Compensation Committee and the Board of Directors believe the Stock Plan has operated effectively as designed to align executive compensation with the Company's earnings, to motivate the named executive officers and other key employees of the Company and its subsidiaries to enhance shareholder value over the long-term, to encourage those employees to remain with the Company on a long-term basis, and to reward individual performance and levels of responsibility. Our shareholders demonstrated strong support of the executive compensation program by approving the compensation of the Company's named executive officers at the 2012 Annual Meeting of Shareholders with 97.9% of the votes cast in favor. If the shareholders do not approve the proposed extension of the Stock Plan, then the Company will not be able to grant awards under the Stock Plan after December 31, 2013.

The benefits that will be awarded or paid under the Stock Plan are not currently determinable. Awards granted under the Stock Plan are within the discretion of the Board of Directors, and the Board has not determined future awards or who might receive them. The following table states the benefits or

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amounts which were received by or allocated to each of the following for the year ended December 31, 2012:

Amended and Restated Stock Option and Restricted Stock Plan

Name and Position	Dollar Value (\$) ⁽¹⁾	Number of Restricted Stock Units
David H. Hannah Chairman and Chief Executive Officer	\$ 2,296,800	40,000
Gregg J. Mollins President and Chief Operating Officer	1,148,400	20,000
Karla R. Lewis Executive Vice President, Chief Financial Officer and Assistant Secretary	918,720	16,000
James D. Hoffman Senior Vice President, Operations	574,200	10,000
Stephen P. Koch Senior Vice President, Operations	574,200	10,000
William K. Sales, Jr. Senior Vice President, Operations	574,200	10,000
Executive Group	\$ 6,086,520	106,000
Non-Executive Director Group ⁽²⁾		
Non-Executive Officer Employee Group	\$ 16,367,571	285,050

(1) Estimated value based on the closing market price of the Company's stock on the NYSE on March 16, 2012, or \$57.42. Additional information with respect to the calculation of these amounts is set forth in "Executive Compensation Grants of Plan Based Awards" below.

(2) No non-management directors will participate in the Stock Plan.

The Board of Directors considered and approved the amendment to the Amended and Restated Stock Option and Restricted Stock Plan attached to this proxy statement as Appendix A (the "Amendment"), subject to the approval of the shareholders at the Annual Meeting. The affirmative vote of a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting is required to approve the Amendment. **The Board of Directors recommends that shareholders vote FOR approval of the Amendment to extend the term of the Amended and Restated Stock Option and Restricted Stock Plan to an expiration date of December 31, 2018. Unless otherwise indicated on your proxy, the proxyholders will vote your proxy FOR the approval of the Amendment to the Amended and Restated Stock Option and Restricted Stock Plan.**

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**PROPOSAL NO. 3 ADVISORY VOTE ON THE APPROVAL OF THE
COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted in July 2010 (the "Dodd-Frank Act"), shareholders are entitled to vote at an annual meeting of shareholders, on a non-binding, advisory basis, at least once every three years to approve the compensation of the Company's named executive officers as disclosed in the proxy statement. Commonly known as a "say-on-pay" proposal, this proposal gives our shareholders the opportunity to endorse, or not, our executive officer compensation program and policies. Although the vote is non-binding, the Compensation Committee and the Board of Directors value the opinions of the Company's shareholders and will consider the outcome of the vote when making future compensation decisions. At the 2012 Annual Meeting of Shareholders, our shareholders approved, on a non-binding, advisory basis, the compensation of the Company's named executive officers, demonstrating strong support of our compensation policies with 97.9% of the votes cast to approve such compensation.

At the 2011 Annual Meeting, we also asked our shareholders to indicate, on a non-binding, advisory basis, if we should hold an advisory vote on the compensation of our named executive officers every one, two or three years, with our Board of Directors recommending an annual advisory vote. More than 85% of the votes cast were in favor of an advisory say-on-pay vote every year. In light of these results and because our Board of Directors views it as a good corporate governance practice, the Company's Board of Directors determined to hold an advisory say-on-pay vote every year. Accordingly, we are asking our shareholders to approve, on an advisory, non-binding basis, the compensation of our named executive officers as disclosed in this proxy statement.

In voting on this proposal, the Board of Directors urges you to consider the detailed discussion of compensation matters in the CD&A, beginning on page 16. As discussed in detail in the CD&A, the Company's executive officer compensation program is a pay-for-performance program designed to align executive officer compensation with the Company's earnings and return on shareholders' equity, to motivate and hold accountable executive officers to enhance long-term shareholder value with compensation plans that are tied to our Company's performance, and to pay our executive officers at a level to ensure our ability to attract and retain superior corporate officers. The Company's compensation structure puts much of the executive officers' compensation at risk, depending on the Company's performance as well as individual performance. It emphasizes annual cash incentive bonuses and equity compensation, which are performance based, and provides base salaries, retirement benefits and perquisites targeted at the median of comparable officers in the Company's peer group, thereby more closely tying executive compensation to Company performance, but also retaining long-term benefits. The executive compensation program targets total compensation at a level competitive with other companies in our industry or companies having size or complexity comparable to Reliance.

None of the Company's officers, including the named executive officers, has an employment contract, severance agreement, change in control agreement or other similar agreement and so compensation benefits are determined annually. The Company's compensation policy provides for NO egregious or overly generous compensation, severance or retirement packages, NO guaranteed minimum bonuses, NO excessive perquisites or tax gross ups on perquisites, NO repricing or replacement of stock options, and NO hedging in the Company's stock, and includes clawback provisions requiring corporate officers to re-pay bonuses received if the factors used in determining the bonus adversely change in any material way.

Based on its extensive analysis of the various factors discussed in the CD&A and benchmarking against the Company's peer group with the help of an independent, outside consultant, the Compensation Committee determined that, although the Company's position with respect to each element of compensation may vary, the total compensation of our named executive officers as disclosed in this proxy statement is competitive given the level of performance required for each of the levels of total compensation attainable. The Compensation Committee believes that the Company's pay-for-performance

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policy operates as it was designed to do. The Company achieved net income of \$403.5 million in 2012 from sales of \$8.44 billion. Earnings per diluted share were \$5.33, up 16.4% from 2011 earnings per diluted share of \$4.58. The Compensation Committee did not make any significant changes to this policy in the past year, except that, beginning with 2012, the Board changed the long-term equity rewards from stock options and restricted stock to restricted stock unit awards. One hundred percent (100%) of the Chief Executive Officer's restricted stock unit awards and eighty (80%) of the other named executive officers' restricted stock unit awards will vest if, after a three-year period, the Company has achieved specified returns on assets and operating income cumulative growth and the named executive officer continues to be an employee of the Company. Twenty percent (20%) of the restricted stock unit awards of the named executive officers other than the Chief Executive Officer are dependent only on their continued service for a three-year period.

We are asking shareholders to support the Company's executive compensation, as disclosed in this proxy statement. **Accordingly, the Board of Directors recommends that shareholders cast a non-binding vote FOR the following resolution at the 2013 Annual Meeting of Shareholders:**

"RESOLVED, that the shareholders of Reliance Steel & Aluminum Co. approve, on an advisory basis, the compensation paid to the Reliance Steel & Aluminum Co.'s named executive officers, as disclosed in the 2013 Proxy Statement pursuant to the Securities and Exchange Commission's compensation disclosure rules, including the CD&A, the Summary Compensation Tables and other compensation tables and the accompanying footnotes and narratives and any related material."

The affirmative vote of a majority of votes cast is required to approve, on a non-binding advisory basis, the compensation of the named executive officers. **Unless otherwise indicated on your proxy, the proxyholders will vote your proxy FOR the above resolution approving the compensation of our named executive officers.**

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PROPOSAL NO. 4 SHAREHOLDER PROPOSAL

The following proposal was submitted by John Chevedden, 2215 Nelson Avenue, Number 205, Redondo Beach, California 90278, who has represented to us that he has held for at least one year and currently holds not less than 200 shares of Reliance common stock. We are not responsible for the content of this proposal, which is set forth below exactly as it was provided to us. We understand that he intends to raise this shareholder proposal for a shareholder vote at the 2013 Annual Meeting of Shareholders. The Board of Directors recommends a vote **AGAINST** this proposal.

Proposal 4 Independent Board Chairman

RESOLVED: Shareholders request that our board of directors adopt a policy that, whenever possible, the chairman of our board of directors shall be an independent director. An independent director is a director who has not previously served as an executive officer of our Company. This policy should be implemented so as not to violate any contractual obligations in effect when this resolution is adopted. The policy should also specify how to select a new independent chairman if a current chairman ceases to be independent between annual shareholder meetings. To foster flexibility, this proposal gives the option of being phased in and implemented when our next CEO is chosen.

When our CEO is our board chairman, this arrangement can hinder our board's ability to monitor our CEO's performance. Many companies already have an independent Chairman. An independent Chairman is the prevailing practice in the United Kingdom and many international markets. This proposal topic won 50%-plus support at three major U.S. companies in 2012 including 55%-support at Sempra Energy in San Diego.

This proposal topic was on our ballot for the first time in 2012 and received our 42%-support. This was after our directors' failed attempt to prevent us from even voting on this topic by submitting a no action request to the Securities and Exchange Commission and costing us more than \$5,000. This support would have been higher had our company refrained from making it easier to vote against a shareholder proposal than to vote for it with our biased Internet voting system. It takes a lot more clicks to vote for a shareholder proposal than to vote against it. Plus the 2012 proposal did not point out the weakness in our lead director with his 15-years long-tenure. GMI said that that 10 or more years long-tenure could seriously erode an independent perspective so valued in a director.

This proposal should also be evaluated in the context of our Company's overall corporate governance as reported in 2012:

GMI/The Corporate Library, an independent investment research firm expressed concern for our directors qualifications and our Executive Pay \$8 million for our CEO David Hannah. Only 33% of CEO pay was incentive based.

Franklin Johnson, Thomas Gimbel, Gregg Mollins, Douglas Hayes, David Hannah and Leslie Waite each had 10 to 35 years long-tenure. GMI said long-tenured directors could form relationships that may compromise their independence and therefore hinder their ability to provide effective oversight. Plus these directors controlled 7 seats on our 3 board committees including the chairmanship of our audit committee.

Our company still had plurality voting for directors. Replacing plurality voting often gets overwhelming support from shareholders at a company like ours and many companies have replaced plurality voting during the past 5-years.

An independent Chairman policy can strengthen the integrity of our Board. Please encourage our board to respond positively to this proposal to protect shareholder value:

Independent Board Chairman Proposal 4

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Board of Directors' Response To The Proposal

The Board of Directors opposes Proposal No. 4 and recommends that you vote AGAINST it for the following reasons.

After thoughtful consideration of the shareholder proposal, the Board of Directors, following the recommendation of the Nominating and Governance Committee, has determined that Proposal No. 4 is not in the best interests of Reliance or its shareholders and would not enhance shareholder value. Accordingly, the Board recommends that you vote against the proposal.

Principally, the Board of Directors recommends rejecting the shareholder proposal because:

The Board has determined that David H. Hannah is the best qualified person to serve as both Chief Executive Officer ("CEO") and Chairman and is the best spokesperson for the Company at the present time.

In July 2012, the Board strengthened the role of the Lead Director so that his responsibilities include those duties identified as best practices when the roles of Chairman and CEO are held by the same person.

Implementing the policy proposed above would deprive the Board of its flexibility in determining the optimal manner in which to fulfill its fiduciary obligations to shareholders.

Implementing the proposal would prohibit a retired Reliance CEO from becoming the Chairman of the Company even if he met the independence requirements established by the New York Stock Exchange and the SEC.

The Board is committed to providing strong independent oversight of management. To that end, the independent directors annually elect an independent Lead Director and ensure that all standing committees of the Board have only independent directors as members as set forth in the Company's Principles of Corporate Governance and the Committee Charters posted on the Company's website. The independent directors meet regularly before each quarterly Board meeting and at such other times as the Lead Director may call a meeting. As set forth in the Principles of Corporate Governance with his other duties, the Lead Director presides at all meetings of the independent directors, approves all meeting schedules and agendas for both the Board of Directors as a whole and the independent directors, approves information sent to the Board, and, if requested by a major shareholder, will be available for consultation and direct communication. The independent directors are actively engaged in all aspects of corporate governance, including recruiting new directors, succession planning, corporate strategy, and setting the compensation and evaluating the performance of all corporate officers, including the CEO. The independent directors have full and direct access to other members of management and to advisors outside of the Company. In fact, the independent members of the Board of Directors regularly meet with other members of management and receive reports regarding the Company's activities.

It is the responsibility of the Board of Directors to determine who should be the Chairman of the Board. The Board has determined that, at the present time, David H. Hannah is the best qualified person to hold both the position of CEO and the position of Chairman of the Board.

The Company's bylaws provide that the Chairman of the Board shall preside at all meetings of the Board of Directors, provide strategic planning for the operation and growth of the Company and exercise and perform such policy-making and other duties and powers as may be prescribed from time to time by the Board of Directors. David H. Hannah has long been actively involved in designing and implementing the Company's acquisition strategy, strategic vision, goals and other plans for the growth and operation of the Company. As required by the Company's Principles of Corporate Governance, Mr. Hannah works together with the Lead Director to develop an appropriate schedule and agendas for Board meetings and to address issues of concern to the independent directors, and the Lead Director serves as a conduit between management and the Board.

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As set forth in our Company's Principles of Corporate Governance, the CEO is responsible for the Company's interaction with key outside parties, such as governing and regulatory bodies, industry groups, media, rating agencies, security analysts and substantial shareholders. The Chairman is to act as a conduit to outside shareholders taken as a whole. Mr. Hannah is well respected within our industry, by the financial community and credit rating agencies and by our larger shareholders. His in-depth knowledge of the Company and the industry in which it operates is invaluable in his communications with each of these groups. His is the primary "voice" of the Company in all matters and provides focus and a clear direction for the Company.

The Board does not believe that separation of the roles of CEO and chairman is necessary for effective leadership or that it enhances shareholder value. Furthermore, the Board believes that its selection of Mr. Hannah as CEO and Chairman has been validated. While Mr. Hannah has been serving as CEO and Chairman, the Company has remained profitable and continued to grow even in challenging economic environments. Under Mr. Hannah's leadership, Reliance has been named to the "Fortune 500" list, the Fortune list of "The World's Most Admired Companies" for 2010, 2011 and 2012, the 2008 and 2009 Forbes list of "America's Best Managed Companies" and the Forbes 2009 "Platinum 400 List of America's Best Big Companies".

To balance the combined roles of Chairman and CEO and to respond to the significant number of shareholder votes in favor of this same proposal last year, the Board strengthened the independent Lead Director's role. Shortly after the 2012 Annual Meeting of Shareholders, in July 2012, the Board of Directors approved the following changes to the duties of the Lead Director as set forth in the Principles of Corporate Governance and formalized many other practices that had long been followed by the Board:

The independent Lead Director approves all meeting schedules and agendas for both the Board of Directors as a whole and the independent directors.

The independent Lead Director has authority to call meetings of the independent directors.

The independent Lead Director approves information sent to the Board.

If requested by a major shareholder, the independent Lead Director will be available for consultation and direct communication with such shareholder.

While the Board has determined that it is appropriate at the present time for the same person to serve as both CEO and Chairman and has strengthened the role of its independent Lead Director to balance the CEO and Chairman, neither the Company's bylaws nor its Principles of Corporate Governance require it to do so. The Board has the authority to appoint an independent director to the position of Chairman at any time that it believes it is appropriate to do so. In the future, the Board could determine that it would be best for the Company and its shareholders to appoint a former Reliance CEO as Chairman, which would also be prohibited by the proposed policy even if that person met the New York Stock Exchange and SEC requirements as an independent director. Implementing the shareholder proposal requiring a specific leadership structure would deprive the Board of its flexibility to fulfill its fiduciary obligations and to conduct its business in what it believes to be the most efficient and effective manner. Directors remain accountable to the shareholders. It should be the Board's responsibility to determine whether a management director or an independent director is the best candidate as Chairman of the Board.

The Board of Directors disagrees with the proponent's assertions in his supporting statement. The proponent states that "only 33% of CEO pay was incentive based". The proponent misunderstands the Company's compensation policy and program. As set forth in the Compensation Discussion and Analysis later in this proxy statement, a substantial portion of the CEO's compensation is performance based and over the last five years, the percentage of the CEO's total compensation that was incentive based varied because the Company's performance varied. Contrary to the proponent's assertion, the Board of Directors believes that the variations in the CEO's incentive cash bonus as a percentage of his total compensation and the long-term equity incentive compensation align his total compensation with the Company's

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performance and are evidence of the effectiveness of the Company's compensation program and policies. To demonstrate:

In 2008, which was the Company's highest year of revenues, our CEO's incentive cash bonus represented approximately 41% of his total compensation and his long-term incentive compensation represented approximately 44% of his total compensation (excluding any change in pension value);

In 2009, when the Company's revenues were adversely impacted by the economic recession, our CEO's incentive cash bonus represented approximately 4% of his total compensation and his long-term incentive compensation represented approximately 66% of his total compensation (excluding any change in pension value); and

In 2011, with the economy beginning to recover, our CEO's incentive cash bonus was about 19% of his total compensation and his long-term incentive compensation represented approximately 68% of his total compensation (excluding any change in pension value).

In 2012, our CEO's incentive cash bonus was about 32% of his total compensation and his long-term incentive compensation represented approximately 49% of his total compensation (excluding any change in pension value).

The portion of his long-term incentive compensation that consisted of stock options would not result in any direct value to Mr. Hannah unless the market price of the Company's stock increases over the exercise price. Moreover, the value of his time-based restricted stock would increase and his performance-based restricted stock would vest only if the Company performs well and meets its established objectives. **Beginning in 2012, 100% of Mr. Hannah's incentive cash bonus and long-term incentive compensation is performance based.**

Investor confidence is based on the Company's results. The Company has continued to outperform its peers with Mr. Hannah serving as both CEO and Chairman. The Board continues to believe that Mr. Hannah is the best person to serve in those positions and that it should be the Board's decision as to the selection of its Chairman. The Board and management have a history of working together that has achieved an 18% compound annual growth rate in the Company's stock price from its initial public offering in September 1994 through December 31, 2012. **Accordingly, the Board of Directors strongly recommends that the shareholders vote AGAINST this proposal.**

Table of Contents**MANAGEMENT****Directors and Executive Officers**

The following table sets forth certain information regarding our directors and executive officers:

Name	Age	Position with Reliance
David H. Hannah ⁽¹⁾	61	Chairman and Chief Executive Officer; Director
Gregg J. Mollins ⁽¹⁾	58	President; Chief Operating Officer; Director
Karla R. Lewis	47	Executive Vice President; Chief Financial Officer
James D. Hoffman	54	Senior Vice President, Operations
Stephen P. Koch	46	Senior Vice President, Operations
William K. Sales, Jr.	55	Senior Vice President, Operations
Sarah J. Anderson ⁽¹⁾⁽²⁾⁽⁴⁾	62	Director
John G. Figueroa ⁽¹⁾⁽³⁾⁽⁴⁾	50	Director
Thomas W. Gimbel ⁽¹⁾⁽⁴⁾	61	Director
Douglas M. Hayes ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾	69	Director
Mark V. Kaminski ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	57	Director
Andrew G. Sharkey, III ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	66	Director
Leslie A. Waite ⁽¹⁾⁽²⁾⁽³⁾	67	Director

(1) Term of office as a director expiring in 2013.

(2) Member of the Audit Committee.

(3) Member of the Compensation Committee.

(4) Member of the Nominating and Governance Committee.

(5) Independent Lead Director for non-management and independent director meetings.