COMMERCIAL METALS COMPANY
NON-GAAP FINANCIAL MEASURES (UNAUDITED)

In addition to traditional financial measures including profitability, liquidity and coverage using numbers derived directly from statements prepared in accordance with generally accepted accounting principles, management internally uses other measurements which it believes are of interest to investors and other users of its financial statements. Under Regulation G of the Securities and Exchange Commission, these are considered non-GAAP financial measures requiring reconciliation.

Core EBITDA from Continuing Operations is a non-GAAP financial measure. Core EBITDA from continuing operations is the sum of earnings (loss) from continuing operations before interest expense and income taxes (benefit). It also excludes recurring non-cash charges for depreciation and amortization, asset impairments and equity compensation. Core EBITDA from continuing operations also excludes certain material acquisition and integration related costs and other legal fees, amortization of acquired unfavorable contract backlog, facility closure costs and purchase accounting adjustments to inventory. Core EBITDA from continuing operations should not be considered an alternative to earnings (loss) from continuing operations or net earnings (loss), or as a better measure of liquidity than net cash flows from operating activities, as determined by GAAP. However, we believe that Core EBITDA from continuing operations provides relevant and useful information, which is often used by analysts, creditors and other interested parties in our industry as it allows: (i) comparison of our earnings to those of our competitors; (ii) a supplemental measure of our ongoing core performance; and (iii) the assessment of period-to-period performance trends. Additionally, Core EBITDA from continuing operations is the target benchmark for our annual and long-term cash incentive performance plans for management. Core EBITDA from continuing operations may be inconsistent with similar measures presented by other companies.

A reconciliation of earnings from continuing operations to Core EBITDA from continuing operations is provided below:

	Three Months Ended					Six Months Ended	
(in thousands)	**2/29/2020**	**11/30/2019**	**8/31/2019**	**5/31/2019**	**2/28/2019**	**2/29/2020**	**2/28/2019**
Earnings from continuing operations	$ 63,596	$ 82,755	$ 85,880	$ 78,551	$ 14,928	146,351	34,348
Interest expense	15,888	16,578	17,702	18,513	18,495	32,466	35,158
Income taxes	22,845	27,332	16,826	29,105	18,141	50,177	23,750
Depreciation and amortization	41,389	40,941	41,051	41,181	41,245	82,330	76,421
Asset impairments	—	530	369	15	—	530	—
Non-cash equity compensation	7,536	8,269	7,758	7,342	5,791	15,805	10,006
Facility closure	—	6,339	—	—	—	6,339	—
Acquisition and integration related costs and other	—	—	6,177	2,336	5,475	—	33,445
Amortization of acquired unfavorable contract backlog	(5,997)	(8,331)	(16,582)	(23,394)	(23,476)	(14,328)	(34,808)
Purchase accounting effect on inventory	—	—	—	—	10,315	—	10,315
Core EBITDA from continuing operations	$ 145,257	$174,413	$159,181	$153,649	$ 90,914	$319,670	$188,635

*Net of interest, taxes, depreciation and amortization, impairments, and non-cash equity compensation.

Adjusted earnings from continuing operations is a non-GAAP financial measure that is equal to earnings (loss) from continuing operations before certain acquisition and integration related and costs and other legal expenses, facility closure costs, and purchase accounting adjustments to inventory, including the estimated income tax effects thereof. Additionally, we adjust adjusted earnings from continuing operations for the effects of the Tax Cuts and Jobs Act ("TCJA"). Adjusted earnings from continuing operations should not be considered as an alternative to earnings from continuing operations or any other performance measure derived in accordance with GAAP. However, we believe that adjusted earnings from continuing operations provides relevant and useful information to investors as it allows: (i) a supplemental measure of our ongoing core performance and (ii) the assessment of period-to-period performance trends. Management uses adjusted earnings from continuing operations to evaluate our financial performance. Adjusted earnings from continuing operations may be inconsistent with similar measures presented by other companies. Adjusted earnings from continuing operations per diluted share is defined as adjusted earnings from continuing operations on a diluted per share basis.

A reconciliation of earnings from continuing operations to adjusted earnings from continuing operations is provided below:

	Three Months Ended					Six Months Ended	
(in thousands)	**2/29/2020**	**11/30/2019**	**8/31/2019**	**5/31/2019**	**2/28/2019**	**2/29/2020**	**2/28/2019**
Earnings from continuing operations	$ 63,596	$ 82,755	$ 85,880	$ 78,551	$ 14,928	$146,351	$ 34,348
Facility closure	—	6,339	—	—	—	6,339	—
Acquisition and integration related costs and other	—	—	6,177	2,336	5,475	—	33,445
Purchase accounting effect on inventory	—	—	—	—	10,315	—	10,315
Total adjustments (pre-tax)	$ —	$ 6,339	$ 6,177	$ 2,336	$ 15,790	$ 6,339	$ 43,760
Tax impact							
TCJA impact	$ —	$ —	$ —	$ —	$ 7,550	$ —	$ 7,550
Related tax effects on adjustments	—	(1,331)	(1,297)	(490)	(3,316)	(1,331)	(9,190)
Total tax impact	—	(1,331)	(1,297)	(490)	4,234	(1,331)	(1,640)
Adjusted earnings from continuing operations	$ 63,596	$ 87,763	$ 90,760	$ 80,397	$ 34,952	$151,359	$ 76,468
Adjusted earnings from continuing operations per diluted share	$ 0.53	$ 0.73	$ 0.76	$ 0.67	$ 0.29	$ 1.26	$ 0.64