

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENTS OF INCOME (LOSS)**

(Unaudited; in millions, except per share amounts)

	Three months ended	
	March 31,	
	2021	2020
Net sales	\$ 3,290	\$ 2,391
Cost of sales	<u>2,134</u>	<u>1,830</u>
Gross margin	1,156	561
Operating expenses:		
Selling, general and administrative expenses	400	395
Research, development and engineering expenses	222	261
Amortization of purchased intangibles	<u>32</u>	<u>26</u>
Operating income (loss)	502	(121)
Equity in earnings of affiliated companies	8	14
Interest income	3	6
Interest expense	(77)	(64)
Translated earnings contract gain, net	272	68
Other income (expense), net	<u>117</u>	<u>(11)</u>
Income (loss) before income taxes	825	(108)
(Provision) benefit for income taxes	<u>(226)</u>	<u>12</u>
Net income (loss) attributable to Corning Incorporated	<u>\$ 599</u>	<u>\$ (96)</u>
Earnings (loss) per common share attributable to Corning Incorporated:		
Basic	<u>\$ 0.75</u>	<u>\$ (0.16)</u>
Diluted	<u>\$ 0.67</u>	<u>\$ (0.16)</u>

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED BALANCE SHEETS**

(Unaudited; in millions, except share and per share amounts)

	March 31, 2021	December 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,868	\$ 2,672
Trade accounts receivable, net of doubtful accounts	1,900	2,133
Inventories, net	2,361	2,438
Other current assets	974	761
Total current assets	8,103	8,004
Property, plant and equipment, net of accumulated depreciation	15,364	15,742
Goodwill, net	2,429	2,460
Other intangible assets, net	1,259	1,308
Deferred income taxes	992	1,121
Other assets	1,996	2,140
Total Assets	\$ 30,143	\$ 30,775
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term debt and short-term borrowings	\$ 154	\$ 156
Accounts payable	1,272	1,174
Other accrued liabilities	2,087	2,437
Total current liabilities	3,513	3,767
Long-term debt	7,650	7,816
Postretirement benefits other than pensions	733	727
Other liabilities	4,689	5,017
Total liabilities	16,585	17,327
Commitments and contingencies		
Shareholders' equity:		
Convertible preferred stock, Series A – Par value \$100 per share; Shares authorized 3,100; Shares issued: 2,300	2,300	2,300
Common stock – Par value \$0.50 per share; Shares authorized 3.8 billion; Shares issued: 1,729 million and 1,726 million	864	863
Additional paid-in capital – common stock	14,722	14,642
Retained earnings	16,509	16,120
Treasury stock, at cost; Shares held: 961 million and 961 million	(19,934)	(19,928)
Accumulated other comprehensive loss	(1,092)	(740)
Total Corning Incorporated shareholders' equity	13,369	13,257
Non-controlling interests	189	191
Total equity	13,558	13,448
Total Liabilities and Equity	\$ 30,143	\$ 30,775

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited; in millions)

	Three months ended	
	March 31,	
	2021	2020
<b>Cash Flows from Operating Activities:</b>		
Net income (loss)	\$ 599	\$ (96)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	330	356
Amortization of purchased intangibles	32	26
Loss on disposal of assets		60
Severance charges		77
Severance payments	(13)	(75)
Translation (gain) loss on Japanese yen-denominated debt	(118)	14
Deferred tax provision (benefit)	121	(40)
Customer deposits and incentives	12	125
Translated earnings contract gain	(272)	(68)
Unrealized translation losses on transactions	59	33
Tax assessment refunds		101
Changes in certain working capital items:		
Trade accounts receivable	109	43
Inventories	44	(67)
Other current assets	(26)	(10)
Accounts payable and other current liabilities	(27)	(207)
Other, net	(127)	(24)
<b>Net cash provided by operating activities</b>	<b>723</b>	<b>248</b>
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	(289)	(545)
Proceeds from sale of business	24	
Realized (losses) gains on translated earnings contracts	(3)	11
Other, net	(20)	(5)
<b>Net cash used in investing activities</b>	<b>(288)</b>	<b>(539)</b>
<b>Cash Flows from Financing Activities:</b>		
Repayments of short-term borrowings and current portion of long-term debt	(25)	
Proceeds from issuance of long-term debt, net		200
Proceeds from the exercise of stock options	51	7
Repurchases of common stock for treasury		(105)
Dividends paid	(208)	(192)
Other, net	(8)	(4)
<b>Net cash used in financing activities</b>	<b>(190)</b>	<b>(94)</b>
Effect of exchange rates on cash	(49)	(24)
Net increase (decrease) in cash and cash equivalents	196	(409)
Cash and cash equivalents at beginning of period	2,672	2,434
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2,868</b>	<b>\$ 2,025</b>

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
(Unaudited)

***GAAP Earnings (Loss) per Common Share***

The following table sets forth the computation of basic and diluted earnings (loss) per common share (in millions, except per share amounts):

	Three months ended	
	March 31,	
	2021	2020
Net income (loss) attributable to Corning Incorporated	\$ 599	\$ (96)
Less: Series A convertible preferred stock dividend	24	24
Net income (loss) available to common stockholders – basic	575	(120)
Add: Series A convertible preferred stock dividend	24	
<b>Net income (loss) available to common stockholders – diluted</b>	<b>\$ 599</b>	<b>\$ (120)</b>
Weighted-average common shares outstanding - basic	766	760
Effect of dilutive securities:		
Stock options and other dilutive securities	17	
Series A convertible preferred stock	115	
<b>Weighted-average common shares outstanding - diluted</b>	<b>898</b>	<b>760</b>
Basic earnings (loss) per common share	\$ 0.75	\$ (0.16)
<b>Diluted earnings (loss) per common share</b>	<b>\$ 0.67</b>	<b>\$ (0.16)</b>

***Core Earnings per Common Share***

The following table sets forth the computation of core basic and core diluted earnings per common share (in millions, except per share amounts):

	Three months ended	
	March 31,	
	2021	2020
Core net income attributable to Corning Incorporated	\$ 402	\$ 177
Less: Series A convertible preferred stock dividend	24	24
Core net income available to common stockholders - basic	378	153
Add: Series A convertible preferred stock dividend	24	24
Core net income available to common stockholders - diluted	\$ 402	\$ 177
Weighted-average common shares outstanding - basic	766	760
Effect of dilutive securities:		
Stock options and other dilutive securities	17	6
Series A convertible preferred stock	115	115
<b>Weighted-average common shares outstanding - diluted</b>	<b>898</b>	<b>881</b>
Core basic earnings per common share	\$ 0.49	\$ 0.20
Core diluted earnings per common share	\$ 0.45	\$ 0.20

## **CORE PERFORMANCE MEASURES**

In managing the Company and assessing financial performance, certain measures provided by the consolidated financial statements are adjusted to exclude specific items to report core performance measures. These items include gains and losses on translated earnings contracts, acquisition-related costs, certain discrete tax items and other tax-related adjustments, restructuring, impairment losses, and other charges and credits, certain litigation-related expenses, pension mark-to-market adjustments and other items which do not reflect on-going operating results of the Company or its equity affiliates. Corning utilizes constant-currency reporting for the Display Technologies, Environmental Technologies, Specialty Materials and Life Sciences segments for the Japanese yen, South Korean won, Chinese yuan, new Taiwan dollar and the euro. The Company believes that the use of constant-currency reporting allows investors to understand the results without the volatility of currency fluctuations and reflects the underlying economics of the translated earnings contracts used to mitigate the impact of changes in currency exchange rates on earnings and cash flows. Corning also believes that reporting core performance measures provides investors greater transparency to the information used by the management team to make financial and operational decisions.

Core performance measures are not prepared in accordance with Generally Accepted Accounting Principles in the United States (“GAAP”). We believe investors should consider these non-GAAP measures in evaluating results as they are more indicative of core operating performance and how management evaluates operational results and trends. These measures are not, and should not, be viewed as a substitute for GAAP reporting measures. With respect to the Company’s outlook for future periods, it is not possible to provide reconciliations for these non-GAAP measures because the Company does not forecast the movement of foreign currencies against the U.S. dollar, or other items that do not reflect ongoing operations, nor does it forecast items that have not yet occurred or are out of the Company’s control. As a result, the Company is unable to provide outlook information on a GAAP basis.

For a reconciliation of non-GAAP performance measures to their most directly comparable GAAP financial measure, please see “Reconciliation of Non-GAAP Measures”.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE**  
**Three Months Ended March 31, 2021 and 2020**  
(Unaudited; amounts in millions, except per share amounts)

	Three months ended March 31, 2021					
	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate (a)	Per share
<b>As reported - GAAP</b>	\$ 3,290	\$ 8	\$ 825	\$ 599	27.4%	\$ 0.67
Constant-currency adjustment (1)	(27)		(6)	5		0.01
Translation gain on Japanese yen-denominated debt (2)			(118)	(90)		(0.10)
Translated earnings contract gain (3)			(272)	(209)		(0.23)
Acquisition-related costs (4)			47	35		0.04
Discrete tax items and other tax-related adjustments (5)				37		0.04
Litigation, regulatory and other legal matters (6)			8	8		0.01
Pension mark-to-market adjustment (7)			5	4		0.00
Loss on investments (8)			35	27		0.03
Gain on sale of business (9)			(14)	(14)		(0.02)
<b>Core performance measures</b>	<b>\$ 3,263</b>	<b>\$ 8</b>	<b>\$ 510</b>	<b>\$ 402</b>	<b>21.2%</b>	<b>\$ 0.45</b>

(a) Based upon statutory tax rates in the specific jurisdiction for each event.

	Three months ended March 31, 2020					
	Net sales	Equity earnings	(Loss) income before income taxes	Net (loss) income	Effective tax rate (a)	Per share
<b>As reported - GAAP</b>	\$ 2,391	\$ 14	\$ (108)	\$ (96)	11.1%	\$ (0.16)
Constant-currency adjustment (1)	33		19	(22)		(0.03)
Translation loss on Japanese yen-denominated debt (2)			14	11		0.01
Translated earnings contract gain (3)			(58)	(45)		(0.06)
Acquisition-related costs (4)			28	21		0.03
Discrete tax items and other tax-related adjustments (5)				37		0.05
Restructuring, impairment and other charges and credits (10)			225	166		0.22
Cumulative adjustment related to customer contract (11)	105		105	105		0.14
<b>Core performance measures</b>	<b>\$ 2,529</b>	<b>\$ 14</b>	<b>\$ 225</b>	<b>\$ 177</b>	<b>21.3%</b>	<b>\$ 0.20</b>

(a) Based upon statutory tax rates in the specific jurisdiction for each event.

See Reconciliation of Non-GAAP Financial Measures, "Items which we exclude from GAAP measures to arrive at Core Performance measures" for the descriptions of the footnoted reconciling items.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE**  
**Three Months Ended March 31, 2021 and 2020**  
(Unaudited; amounts in millions, except per share amounts)

	Three months ended March 31, 2021					
	Gross margin	Gross margin %	Selling, general and admin. expenses	Research, development and engineering expenses	Operating margin	Operating margin %
<b>As reported - GAAP</b>	<b>\$ 1,156</b>	<b>35.1%</b>	<b>\$ 400</b>	<b>\$ 222</b>	<b>\$ 534</b>	<b>16.2%</b>
Constant-currency adjustment (1)	(7)		(1)		(6)	
Acquisition-related costs (4)	18				18	
Litigation, regulatory and other legal matters (6)			(8)		8	
Pension mark-to-market adjustment (7)			(3)	(2)	5	
<b>Core performance measures</b>	<b>\$ 1,167</b>	<b>35.8%</b>	<b>\$ 388</b>	<b>\$ 220</b>	<b>\$ 559</b>	<b>17.1%</b>

	Three months ended March 31, 2020					
	Gross margin	Gross margin %	Selling, general and admin. expenses	Research, development and engineering expenses	Operating margin	Operating margin %
<b>As reported - GAAP</b>	<b>\$ 561</b>	<b>23.5%</b>	<b>\$ 395</b>	<b>\$ 261</b>	<b>\$ (95)</b>	<b>(4.0%)</b>
Constant-currency adjustment (1)	21		1		20	
Translated earnings contract gain (3)	(4)				(4)	
Acquisition-related costs (4)			(1)		1	
Restructuring, impairment and other charges and credits (10)	161		(48)	(13)	222	
Cumulative adjustment related to customer contract (11)	105				105	
<b>Core performance measures</b>	<b>\$ 844</b>	<b>33.4%</b>	<b>\$ 347</b>	<b>\$ 248</b>	<b>\$ 249</b>	<b>9.8%</b>

See Reconciliation of Non-GAAP Financial Measures, "Items which we exclude from GAAP measures to arrive at Core Performance measures" for the descriptions of the footnoted reconciling items.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE**  
**Three Months Ended March 31, 2021 and 2020**  
(Unaudited; amounts in millions)

	Three months ended	
	March 31,	
	2021	2020
Cash flows from operating activities	\$ 723	\$ 248
Realized (losses) gains on translated earnings contracts	(3)	11
Translation losses on cash balances	(59)	(33)
Adjusted cash flows from operating activities	\$ 661	\$ 226
Less: Capital expenditures	\$ 289	\$ 545
Free cash flow	\$ 372	\$ (319)



Items which we exclude from GAAP measures to arrive at core performance measures are as follows:

- (1) Constant-currency adjustment: Because a significant portion of segment revenues and expenses are denominated in currencies other than the U.S. dollar, management believes it is important to understand the impact on core net income of translating these currencies into U.S. dollars. Display Technologies' segment sales and net income are primarily denominated in Japanese yen, but also impacted by the South Korean won, Chinese yuan, and new Taiwan dollar. Environmental Technologies and Life Science segments sales and net income are impacted by the euro, Chinese yuan and Japanese yen. Presenting results on a constant-currency basis mitigates the translation impact and allows management to evaluate performance period over period, analyze underlying trends in the businesses, and establish operational goals and forecasts. We establish constant-currency rates based on internally derived management estimates which are closely aligned with the currencies we have hedged.

Constant-currency rates are as follows:

Currency	Japanese yen	Korean won	Chinese yuan	New Taiwan dollar	Euro
Rate	¥107	₩1,175	¥6.7	NT\$31	€.81

- (2) Translation (gain) loss on Japanese yen-denominated debt: We have excluded the gain or loss on the translation of the yen-denominated debt to U.S. dollars.
- (3) Translated earnings contract gain: We have excluded the impact of the realized and unrealized gains and losses of the Japanese yen, South Korean won, Chinese yuan, euro and new Taiwan dollar-denominated foreign currency hedges related to translated earnings, as well as the unrealized gains and losses of the British pound-denominated foreign currency hedges related to translated earnings.
- (4) Acquisition-related costs: These expenses include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.
- (5) Discrete tax items and other tax-related adjustments: These include discrete period tax items such as changes of tax reserves and changes in our permanently reinvested foreign income position.
- (6) Litigation, regulatory and other legal matters: Includes amounts that reflect developments in commercial litigation, intellectual property disputes, adjustments to the estimated liability for environmental-related items and other legal matters.
- (7) Pension mark-to-market adjustment: Defined benefit pension mark-to-market gains and losses, which arise from changes in actuarial assumptions and the difference between actual and expected returns on plan assets and discount rates.
- (8) Loss on investments: Amount represents the loss recognized due to mark-to-mark adjustments capturing the change in fair value based on the closing stock market price.
- (9) Gain on sale of business: Amount represents the gain recognized for the sale of a business.
- (10) Restructuring, impairment and other charges and credits: This amount includes restructuring, impairment losses and other charges and credits, as well as other expenses, primarily accelerated depreciation and asset write-offs, which are not related to continuing operations and are not classified as restructuring expense.
- (11) Cumulative adjustment related to customer contract: The negative impact of a cumulative adjustment recorded during the first quarter of 2020 to reduce revenue in the amount of \$105 million. The adjustment was associated with a previously recorded commercial benefit asset, reflected as a prepayment, to a customer with a long-term supply agreement that substantially exited its production of LCD panels.