

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited; in millions, except per share amounts)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Net sales	\$ 3,243	\$ 3,615	\$ 6,421	\$ 7,295
Cost of sales	<u>2,230</u>	<u>2,369</u>	<u>4,405</u>	<u>4,766</u>
Gross margin	1,013	1,246	2,016	2,529
Operating expenses:				
Selling, general and administrative expenses	440	486	861	920
Research, development and engineering expenses	263	240	517	488
Amortization of purchased intangibles	<u>31</u>	<u>30</u>	<u>62</u>	<u>61</u>
Operating income	279	490	576	1,060
Interest income	8	3	15	6
Interest expense	(81)	(72)	(157)	(143)
Translated earnings contract gain, net	116	196	108	325
Other income, net	<u>87</u>	<u>133</u>	<u>95</u>	<u>285</u>
Income before income taxes	409	750	637	1,533
Provision for income taxes	<u>(106)</u>	<u>(166)</u>	<u>(143)</u>	<u>(346)</u>
Net income	303	584	494	1,187
Net income attributable to non-controlling interest	<u>(22)</u>	<u>(21)</u>	<u>(37)</u>	<u>(43)</u>
Net income attributable to Corning Incorporated	<u>\$ 281</u>	<u>\$ 563</u>	<u>\$ 457</u>	<u>\$ 1,144</u>
Earnings per common share available to common shareholders:				
Basic	<u>\$ 0.33</u>	<u>\$ 0.67</u>	<u>\$ 0.54</u>	<u>\$ 1.36</u>
Diluted	<u>\$ 0.33</u>	<u>\$ 0.66</u>	<u>\$ 0.53</u>	<u>\$ 1.33</u>

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

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

	June 30, 2023	December 31, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,538	\$ 1,671
Trade accounts receivable, net of doubtful accounts	1,674	1,721
Inventories	2,757	2,904
Other current assets	1,324	1,157
Total current assets	7,293	7,453
Property, plant and equipment, net of accumulated depreciation	14,681	15,371
Goodwill, net	2,382	2,394
Other intangible assets, net	972	1,029
Deferred income taxes	1,083	1,073
Other assets	2,234	2,179
<b>Total Assets</b>	<b>\$ 28,645</b>	<b>\$ 29,499</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term debt and short-term borrowings	\$ 187	\$ 224
Accounts payable	1,519	1,804
Other accrued liabilities	2,705	3,147
Total current liabilities	4,411	5,175
Long-term debt	7,437	6,687
Postretirement benefits other than pensions	407	407
Other liabilities	4,680	4,955
Total liabilities	16,935	17,224
Commitments and contingencies		
Shareholders' equity:		
Common stock – Par value \$0.50 per share; Shares authorized 3.8 billion; Shares issued: 1.8 billion and 1.8 billion	915	910
Additional paid-in capital – common stock	16,817	16,682
Retained earnings	16,509	16,778
Treasury stock, at cost; Shares held: 980 million and 977 million	(20,630)	(20,532)
Accumulated other comprehensive loss	(2,199)	(1,830)
Total Corning Incorporated shareholders' equity	11,412	12,008
Non-controlling interest	298	267
Total equity	11,710	12,275
<b>Total Liabilities and Equity</b>	<b>\$ 28,645</b>	<b>\$ 29,499</b>

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
<b>Cash Flows from Operating Activities:</b>				
Net income	\$ 303	\$ 584	\$ 494	\$ 1,187
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	312	345	622	687
Amortization of purchased intangibles	31	30	62	61
Loss on disposal of assets, net	43	7	23	8
Severance charges	68		73	
Severance payments	(28)	(1)	(48)	(3)
Gain on sale of business				(53)
Share-based compensation expense	59	51	111	93
Translation gain on Japanese yen-denominated debt	(109)	(153)	(127)	(237)
Deferred tax provision (benefit)	28	48	(10)	72
Translated earnings contract gain, net	(116)	(196)	(108)	(325)
Unrealized translation loss on transactions	17	57	50	77
Tax deposit refund	99		99	
Changes in assets and liabilities:				
Trade accounts receivable	(36)	48	(64)	55
Inventories	41	(277)	58	(436)
Other current assets	13	4	(49)	(77)
Accounts payable and other current liabilities	(67)	132	(436)	209
Customer deposits and government incentives	27	13	(6)	4
Deferred income	(18)	1	(24)	(24)
Other, net	(48)	65	(150)	(6)
<b>Net cash provided by operating activities</b>	<u>619</u>	<u>758</u>	<u>570</u>	<u>1,292</u>
<b>Cash Flows from Investing Activities:</b>				
Capital expenditures	(388)	(353)	(770)	(736)
Proceeds from sale of equipment to related party			67	
Proceeds from sale of business				74
Realized gains on translated earnings contracts and other	96	92	177	132
Other, net	5	(28)	11	(37)
<b>Net cash used in investing activities</b>	<u>(287)</u>	<u>(289)</u>	<u>(515)</u>	<u>(567)</u>
<b>Cash Flows from Financing Activities:</b>				
Repayments of short-term borrowings	(4)		(73)	(11)
Proceeds from issuance of euro bonds	918		918	
Proceeds from issuance of other long-term debt	6	24	20	28
Proceeds from other financing arrangements			54	
Payment for redemption of preferred stock	(507)	(507)	(507)	(507)
Payments of employee withholding tax on stock awards	(83)	(37)	(99)	(42)
Proceeds from exercise of stock options	19	10	35	28
Purchases of common stock for treasury		(52)		(201)
Dividends paid	(256)	(234)	(495)	(462)
Other, net	(9)	(7)	(17)	(11)
<b>Net cash used in financing activities</b>	<u>84</u>	<u>(803)</u>	<u>(164)</u>	<u>(1,178)</u>
Effect of exchange rates on cash	(24)	(53)	(24)	(66)
Net increase (decrease) in cash and cash equivalents	392	(387)	(133)	(519)
Cash and cash equivalents at beginning of period	1,146	2,016	1,671	2,148
<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,538</u>	<u>\$ 1,629</u>	<u>\$ 1,538</u>	<u>\$ 1,629</u>

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

***GAAP Earnings per Common Share***

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Net income attributable to Corning Incorporated	\$ 281	\$ 563	\$ 457	\$ 1,144
Weighted-average common shares outstanding - basic	848	843	846	843
Effect of dilutive securities:				
Stock options and other awards	11	13	13	14
<b>Weighted-average common shares outstanding - diluted</b>	<b>859</b>	<b>856</b>	<b>859</b>	<b>857</b>
Basic earnings per common share	\$ 0.33	\$ 0.67	\$ 0.54	\$ 1.36
<b>Diluted earnings per common share</b>	<b>\$ 0.33</b>	<b>\$ 0.66</b>	<b>\$ 0.53</b>	<b>\$ 1.33</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		Six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Core net income	\$ 388	\$ 489	\$ 738	\$ 954
Weighted-average common shares outstanding - basic	848	843	846	843
Effect of dilutive securities:				
Stock options and other awards	11	13	13	14
<b>Weighted-average common shares outstanding - diluted</b>	<b>859</b>	<b>856</b>	<b>859</b>	<b>857</b>
Core basic earnings per common share	\$ 0.46	\$ 0.58	\$ 0.87	\$ 1.13
<b>Core diluted earnings per common share</b>	<b>\$ 0.45</b>	<b>\$ 0.57</b>	<b>\$ 0.86</b>	<b>\$ 1.11</b>

## CORE PERFORMANCE MEASURES

In managing the Company and assessing our financial performance, we adjust certain measures provided by our consolidated financial statements to exclude specific items to arrive at our core performance measures. These items include the impact of translating the Japanese yen-denominated debt, the impact of the translated earnings contracts, acquisition-related costs, certain discrete tax items and other tax-related adjustments, restructuring, impairment and other charges and credits, certain litigation, regulatory and other legal matters, pension mark-to-market adjustments and other items which do not reflect the ongoing operating results of the Company.

In addition, because a significant portion of our revenues and expenses are denominated in currencies other than the U.S. dollar, management believes it is important to understand the impact on sales and net income of translating these currencies into U.S. dollars. Therefore, management utilizes constant-currency reporting for the Display Technologies, Specialty Materials, Environmental Technologies and Life Sciences segments to exclude the impact from the Japanese yen, South Korean won, Chinese yuan, new Taiwan dollar and euro, as applicable to the segment. The most significant constant-currency adjustment relates to the Japanese yen exposure within the Display Technologies segment. We establish constant-currency rates based on internally derived management estimates, which are closely aligned with the currencies we have hedged. For details of the rates used, please see the footnotes to the “Reconciliation of Non-GAAP Measures” section.

We believe that the use of constant-currency reporting allows management to understand our results without the volatility of currency fluctuation, analyze underlying trends in the businesses and establish operational goals and forecasts. Further, we believe it reflects the underlying economics of the translated earnings contracts used to mitigate the impact of changes in currency exchange rates on our earnings and cash flows.

Core performance measures are not prepared in accordance with GAAP, but management believes that reporting core performance measures provides investors with greater transparency to the information used by our management team to make financial and operational decisions. We believe investors should consider these non-GAAP measures in evaluating results as they are more indicative of our 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 outlook for future periods, it is not possible to provide reconciliations for these non-GAAP measures because management 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 management’s control. As a result, management 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 MEASURES**  
**Three Months Ended June 30, 2023 and 2022**  
(Unaudited; in millions, except per share amounts)

	Three months ended June 30, 2023				
	Net sales	Income before income taxes	Net income attributable to Corning Incorporated	Effective tax rate (a)(b)	Per share
<b>As reported – GAAP</b>	<b>\$ 3,243</b>	<b>\$ 409</b>	<b>\$ 281</b>	<b>25.9%</b>	<b>\$ 0.33</b>
Constant-currency adjustment (1)	239	174	125		0.15
Translation gain on Japanese yen-denominated debt (2)		(109)	(88)		(0.10)
Translated earnings contract gain (3)		(116)	(93)		(0.11)
Acquisition-related costs (4)		32	25		0.03
Discrete tax items and other tax-related adjustments (5)			31		0.04
Restructuring, impairment and other charges and credits (6)		132	105		0.12
Litigation, regulatory and other legal matters (7)		12	10		0.01
Pension mark-to-market adjustment (8)		(16)	(13)		(0.02)
Loss on investments (9)		5	5		0.01
<b>Core performance measures</b>	<b>\$ 3,482</b>	<b>\$ 523</b>	<b>\$ 388</b>	<b>21.5%</b>	<b>\$ 0.45</b>

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

(b) The calculation of the effective tax rate (“ETR”) excludes net income attributable to non-controlling interests (“NCI”).

	Three months ended June 30, 2022				
	Net sales	Income before income taxes	Net income attributable to Corning Incorporated	Effective tax rate (a)(b)	Per share
<b>As reported - GAAP</b>	<b>\$ 3,615</b>	<b>\$ 750</b>	<b>\$ 563</b>	<b>22.1%</b>	<b>\$ 0.66</b>
Constant-currency adjustment (1)	147	120	93		0.11
Translation gain on Japanese yen-denominated debt (2)		(153)	(118)		(0.14)
Translated earnings contract gain (3)		(196)	(150)		(0.18)
Acquisition-related costs (4)		35	27		0.03
Discrete tax items and other tax-related adjustments (5)			5		0.01
Restructuring, impairment and other charges and credits (6)		46	36		0.04
Litigation, regulatory and other legal matters (7)		42	32		0.04
Loss on investments (9)		8	6		0.01
Contingent consideration (10)		(6)	(5)		(0.01)
<b>Core performance measures</b>	<b>\$ 3,762</b>	<b>\$ 646</b>	<b>\$ 489</b>	<b>21.1%</b>	<b>\$ 0.57</b>

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

(b) The calculation of the ETR excludes net income attributable to NCI.

See “Items Excluded from GAAP Measures” for the descriptions of the footnoted reconciling items.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP MEASURES**  
**Six Months Ended June 30, 2023 and 2022**  
(Unaudited; in millions, except per share amounts)

	Six months ended June 30, 2023				
	Net sales	Income before income taxes	Net income attributable to Corning Incorporated	Effective tax rate (a)(b)	Per share
<b>As reported – GAAP</b>	\$ 6,421	\$ 637	\$ 457	22.4%	\$ 0.53
Constant-currency adjustment (1)	428	323	239		0.28
Translation gain on Japanese yen-denominated debt (2)		(127)	(102)		(0.12)
Translated earnings contract gain (3)		(108)	(87)		(0.10)
Acquisition-related costs (4)		66	45		0.05
Discrete tax items and other tax-related adjustments (5)			29		0.03
Restructuring, impairment and other charges and credits (6)		198	158		0.18
Litigation, regulatory and other legal matters (7)		12	10		0.01
Pension mark-to-market adjustment (8)		(6)	(5)		(0.01)
Loss on investments (9)		9	9		0.01
Gain on sale of assets (11)		(20)	(15)		(0.02)
<b>Core performance measures</b>	\$ 6,849	\$ 984	\$ 738	20.5%	\$ 0.86

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

(b) The calculation of the effective tax rate (“ETR”) excludes net income attributable to non-controlling interests (“NCI”).

	Six months ended June 30, 2022				
	Net sales	Income before income taxes	Net income attributable to Corning Incorporated	Effective tax rate (a)(b)	Per share
<b>As reported - GAAP</b>	\$ 7,295	\$ 1,533	\$ 1,144	22.6%	\$ 1.33
Constant-currency adjustment (1)	211	183	142		0.17
Translation gain on Japanese yen-denominated debt (2)		(237)	(182)		(0.21)
Translated earnings contract gain (3)		(325)	(249)		(0.29)
Acquisition-related costs (4)		74	59		0.07
Discrete tax items and other tax-related adjustments (5)			16		0.02
Restructuring, impairment and other charges and credits (6)		79	60		0.07
Litigation, regulatory and other legal matters (7)		42	32		0.04
Pension mark-to-market adjustment (8)		(10)	(8)		(0.01)
Loss on investments (9)		8	6		0.01
Contingent consideration (10)		(32)	(25)		(0.03)
Gain on sale of business (12)		(53)	(41)		(0.05)
<b>Core performance measures</b>	\$ 7,506	\$ 1,262	\$ 954	21.0%	\$ 1.11

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

(b) The calculation of the ETR excludes net income attributable to NCI.

See “Items Excluded from GAAP Measures” for the descriptions of the footnoted reconciling items.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP MEASURES**  
**Three Months Ended June 30, 2023 and 2022**  
(Unaudited; in millions)

	Three months ended June 30, 2023					
	Gross margin	Gross margin %	Selling, general and administrative expenses	Research, development and engineering expenses	Operating margin	Operating margin %
<b>As reported - GAAP</b>	\$ 1,013	31.2%	\$ 440	\$ 263	\$ 279	8.6%
Constant-currency adjustment (1)	176		3		173	
Acquisition-related costs (4)			1		30	
Restructuring, impairment and other charges and credits (6)	79		(17)	(12)	108	
Litigation, regulatory and other legal matters (7)	(6)		(18)		12	
Pension mark-to-market adjustment (8)			(6)	(1)	7	
<b>Core performance measures</b>	\$ 1,262	36.2%	\$ 403	\$ 250	\$ 609	17.5%

	Three months ended June 30, 2022					
	Gross margin	Gross margin %	Selling, general and administrative expenses	Research, development and engineering expenses	Operating margin	Operating margin %
<b>As reported - GAAP</b>	\$ 1,246	34.5%	\$ 486	\$ 240	\$ 490	13.6%
Constant-currency adjustment (1)	121		1		120	
Acquisition-related costs (4)					30	
Restructuring, impairment and other charges and credits (6)	43		(3)		46	
Litigation, regulatory and other legal matters (7)			(42)		42	
Pension mark-to-market adjustment (8)			18	4	(22)	
<b>Core performance measures</b>	\$ 1,410	37.5%	\$ 460	\$ 244	\$ 706	18.8%

See "Items Excluded from GAAP Measures" for the descriptions of the footnoted reconciling items.



**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP MEASURES**  
**Six Months Ended June 30, 2023 and 2022**  
(Unaudited; in millions)

	Six months ended June 30, 2023					
	Gross margin	Gross margin %	Selling, general and administrative expenses	Research, development and engineering expenses	Operating margin	Operating margin %
<b>As reported - GAAP</b>	\$ 2,016	31.4%	\$ 861	\$ 517	\$ 576	9.0%
Constant-currency adjustment (1)	325		5		320	
Acquisition-related costs (4)			2		60	
Restructuring, impairment and other charges and credits (6)	133		(22)	(12)	167	
Litigation, regulatory and other legal matters (7)	(6)		(18)		12	
Pension mark-to-market adjustment (8)			(14)	(3)	17	
Gain on sale of assets (11)	(20)				(20)	
<b>Core performance measures</b>	\$ 2,448	35.7%	\$ 814	\$ 502	\$ 1,132	16.5%

  

	Six months ended June 30, 2022					
	Gross margin	Gross margin %	Selling, general and administrative expenses	Research, development and engineering expenses	Operating margin	Operating margin %
<b>As reported - GAAP</b>	\$ 2,529	34.7%	\$ 920	\$ 488	\$ 1,060	14.5%
Constant-currency adjustment (1)	183		1		182	
Acquisition-related costs (4)			1		60	
Restructuring, impairment and other charges and credits (6)	68		(11)		79	
Litigation, regulatory and other legal matters (7)			(42)		42	
Pension mark-to-market adjustment (8)			26	6	(32)	
Contingent consideration (10)			26		(26)	
<b>Core performance measures</b>	\$ 2,780	37.0%	\$ 921	\$ 494	\$ 1,365	18.2%

See "Items Excluded from GAAP Measures" for the descriptions of the footnoted reconciling items.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP MEASURES**  
**Three and Six Months Ended June 30, 2023 and 2022**  
(Unaudited; in millions)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Cash flows from operating activities	\$ 619	\$ 758	\$ 570	\$ 1,292
Realized gains on translated earnings contracts and other	96	92	177	132
Translation losses on cash balances	(17)	(57)	(50)	(77)
Adjusted cash flows from operating activities	\$ 698	\$ 793	\$ 697	\$ 1,347
Less: Capital expenditures	\$ 388	\$ 353	\$ 770	\$ 736
Free cash flow	\$ 310	\$ 440	\$ (73)	\$ 611

## Items Excluded from GAAP Measures

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

- (1) Constant-currency adjustment: As a significant portion of revenues and expenses are denominated in currencies other than the U.S. dollar, management believes it is important to understand the impact on sales and net income of translating these currencies into U.S. dollars. The Company utilizes constant-currency reporting for the Display Technologies, Specialty Materials, Environmental Technologies and Life Sciences segments for the Japanese yen, South Korean won, Chinese yuan, New Taiwan dollar and euro, as applicable to the segment.

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

- (2) Translation of Japanese yen-denominated debt: Amount reflects the gain or loss on the translation of our yen-denominated debt to U.S. dollars.
- (3) Translated earnings contract: Amount reflects the impact of the realized and unrealized gains and losses from 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 our British pound-denominated foreign currency hedges related to translated earnings.
- (4) Acquisition-related costs: Amount reflects intangible amortization, inventory valuation adjustments and external acquisition-related deal costs, as well as other transaction related costs.
- (5) Discrete tax items and other tax-related adjustments: Amount reflects certain discrete period tax items such as changes in tax law, the impact of tax audits, changes in tax reserves and changes in deferred tax asset valuation allowances, as well as other tax-related adjustments.
- (6) Restructuring, impairment and other charges and credits: Amount reflects certain restructuring, impairment losses and other charges and credits, as well as other expenses, including accelerated depreciation, asset write-offs and facility repairs resulting from power outages, which are not related to ongoing operations.
- (7) Litigation, regulatory and other legal matters: Amount reflects developments in commercial litigation, intellectual property disputes, adjustments to our estimated liability for environmental-related items and other legal matters.
- (8) Pension mark-to-market adjustment: Amount primarily reflects 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.
- (9) Loss on investments: Amount primarily reflects the gain or loss recognized on investment due to mark-to-mark adjustments for the change in fair value or the disposition of the investment.
- (10) Contingent consideration: Amount reflects the fair value mark-to-market cost adjustment of contingent consideration resulting from the Hemlock Semiconductor Group transaction on September 9, 2020.
- (11) Gain on sale of assets: Amount represents the gain recognized for the sale assets.
- (12) Gain on sale of business: Amount represents the gain recognized for the sale of a business.