

# To Our Shareholders:

No question, we're living through an era defined by social, geopolitical, environmental, and economic uncertainty – and none of us is untouched by the confluence of change and challenge taking place around the world. In light of these circumstances, I'm proud of all we've achieved together, and I'm inspired by the opportunities I see for us to make a difference going forward. Thank you – for believing, as I do, in this company, our people, and our capabilities and products that are vital to progress. We're glad to have you on this journey with us.

Looking back at 2022, a series of pandemic-driven effects continued to ripple across the global economy. Nevertheless, we executed well to grow sales and advance strategic initiatives – while addressing the impact the external environment had on our margins and cash generation.

In total, we had a solid year. We continued to outperform our consumer-facing end markets, captured growth in solar, and delivered record sales of \$5 billion in Optical Communications.

Today, we continue to focus on operating each of our businesses well by adjusting to the dynamic environment while simultaneously advancing growth initiatives and capabilities that will drive success as the global economy stabilizes. Our focused and cohesive portfolio provides strategic resilience that is evident in our results – even in the current environment. And we remain confident in our ability to deliver durable multiyear growth with improved margins and cash generation.



## Financial Highlights

Before I detail how we're driving long-term growth across our markets, I'll share some financial highlights from 2022.

For the full year, building on our strong growth in 2021, we grew core sales by 5% to \$14.8 billion and core EPS by 1% to \$2.09. Core gross margin was 36%. Adjusted free cash flow was \$1.24 billion.

**\$14.8B**  
core sales

**\$2.09**  
core EPS

**36%**  
core gross margin

**\$1.24B**  
free cash flow

I'm pleased with the sales growth we continued to deliver despite confronting what was essentially recession-level demand in markets that constitute about half of our sales. Cars, televisions, smartphones, laptops, and tablets were all well below what we estimate as the normal range. We've offset this weak consumer demand with the strength of our positions in the growing optical communications and solar markets – and ongoing outperformance by our businesses versus our end markets.

That said, profitability and free cash flow are not where we need them to be. Since 2020, the external environment has been characterized by the sweeping impact of the pandemic – including supply chain disruptions, depressed productivity, large swings in consumer spending, and inflation. For the duration of this period, our core priorities have been protecting our people and delivering for our customers. To those ends, throughout 2022, we operated with elevated staffing and higher-than-normal inventory levels. In addition, persistent inflation impacted the cost of raw materials we purchased, the cost to produce and ship our products, and the inventory we maintained. As a result, our growth in profitability and cash flow has lagged our sales growth.

While we took action to improve profitability and cash generation throughout 2022 – and made good progress during the first half of the year – it became clear that more was needed. So, we took multiple additional and significant actions in the fourth quarter, including raising prices, adjusting our productivity ratios, and normalizing inventory.

These actions were designed to improve margins and cash flow beginning in the first quarter of 2023, even in the face of suppressed sales stemming from disruptions in China, where consumer sentiment was low throughout 2022 and was exacerbated by a wave of COVID-19 outbreaks after restrictions were lifted in December. The resulting lower consumer spending and workforce shortages impacted demand for our products, particularly in Display Technologies, Environmental Technologies, and Specialty Materials.

We expect China to overcome these issues. But it is too early to call the specific timing of improvements in consumer sentiment and demand. In the interim, we continue to be well positioned globally to capture growth and drive innovation. And as our sales grow, we expect to benefit from operating leverage, and we expect our profitability to improve further.

### Strategy in Action: Well Positioned for Long-Term Growth

Now that I've discussed the primary factors informing our near-term perspective, I want to underscore how great we feel about our long-term prospects.

Across each of our markets, we are capturing a compelling set of long-term growth opportunities with more to come. So, let's take a moment to review our strategy.

Everything begins with our focused and cohesive portfolio; we seek to lead in capabilities that are vital to progress. We're the world leaders in glass science, ceramic science, and optical physics. We transform that expertise into products using our four proprietary manufacturing and engineering platforms, and our businesses benefit from each other as we reapply different combinations of our capabilities.

Capturing synergies among these capabilities allows us to create breakthrough products and processes for our customers, improve the return on our innovation investment, and reduce our capital intensity.

Importantly, as we partner closely with our customers to realize their visions and help solve their toughest technology challenges, we unlock new ways to integrate more of our content into their ecosystems. This "More Corning" approach provides a powerful value-creation lever. We're not just relying on people buying more stuff; we're driving more Corning content into the products they're already buying.





Additionally, we know from more than 170 years of experience that technologies reach limits. Therefore, we apply our leadership capabilities to anticipate and address new trends that will benefit from our distinctive expertise, and we evolve along with the industries we serve. That's why we've been leading in the automotive and life sciences markets for 100 years, display for 80 years, telecommunications for 50, and mobile consumer electronics since the inception of smart devices. It's why we're capturing exciting opportunities in new markets such as renewable energy. And it's why, across our markets, we're positive about our position to move the world forward.

**In Optical Communications**, we're helping build a more connected world while playing a key role in bridging the digital divide. We're building on a record \$5-billion-dollar 2022 for the segment, and we believe we are in the early phases of a multiyear build cycle driven by broadband, 5G densification, and cloud computing. Cable and fiber demand remains especially robust. And we've added capacity to meet committed demand.

**In Solar**, we're capturing significant upside tied to growth in the renewable energy industry. And we see excellent growth potential as we contribute to a sustainable U.S.-based solar supply chain and benefit from the Inflation Reduction Act.

**In Display**, we're enabling a world of meaningful connections with large, lifelike, and ubiquitous displays. We're executing well on our goal of stabilizing returns, and we remain the industry leader with a global manufacturing

footprint, cost advantages, distinctive capabilities, and leadership in Gen 10.5, positioning us to capture long-term growth in large-screen televisions.

**In Mobile Consumer Electronics**, we're enabling a world where the most powerful applications can be accessed from the devices you carry with you every day. We anticipate ongoing strong adoption of our innovations. And we expect to continue outperforming the markets we serve through our product leadership, our "More Corning" approach, and our ongoing collaboration with industry leaders.

**In Automotive**, we're helping build a world where software and displays are enabling new in-vehicle experiences and where vehicles are increasingly green. We've been outperforming the market throughout a period of industry constraint. We remain focused on building on our \$100-per-car content opportunity, and we're pleased by our progress, as evidenced by our strong growth in Automotive Glass Solutions in 2022. We'll be ready to capture even more growth as adoption of our technologies continues and automobile sales return.

**In Life Sciences**, we're focused on delivering differentiated tools to support the discovery and delivery of cell-based medicines and modern drugs – which are growing faster than the overall industry. Our operations are improving as the industry completes its correction from the unprecedented demand shifts caused by the pandemic.

## Our Track Record Adds to My Confidence

As you can see, we're pursuing a rich set of long-term growth opportunities. And I believe our progress so far is a testament to what we can achieve going forward.

Let's take a look back at the 2020-to-2023 Strategy & Growth Framework that we introduced in 2019, shortly before the onset of the pandemic. Our goals included core sales growth at a compound annual growth rate of 6% to 8%. From 2019 through 2022, we grew at a greater than 8% CAGR – even in the face of the ongoing – and universally experienced – external challenges.

Over the past four years, we've advanced significant strategic initiatives:

- We delivered key fiber-to-the-home and data center solutions to meet surging demand and facilitate a period of strong growth in optical communications.
- We delivered on our gasoline particulate filter content opportunity in Automotive, and we helped introduce Apple's Ceramic Shield – both of which have driven strong outperformance versus depressed end markets.
- We ramped our Gen 10.5 plants to extend our leadership in glass for large televisions.
- And we made major progress on our emerging innovations. We gained significant traction in our Automotive Glass Solutions business. And our pharmaceutical packaging portfolio leaped forward to play a central role in the global health fight over the past three years; our vials and tubing have supported the delivery of more than 8 billion doses of COVID-19 vaccines – in more than 50 countries.

In sum, we've delivered multiyear sales growth in a challenging environment; we've extended our leadership positions across our markets; and we've paved the way for future growth. I think these are outstanding achievements and great illustrations of our strategy in action.

## Supporting All Our Stakeholders

Intrinsic to that strategy is our longstanding commitment to our stakeholders. We know that to continuously deliver innovations that help move the world forward, we require mutual support among our people, partners, communities, investors, society, and future stakeholders.

During 2022, we increased our dividend for the 12th consecutive year. Additionally, the actions we took late in the year to improve our cash flow are expected to increase our capacity to invest and reward shareholders.

I'm also proud of the work we have done to build a more diverse, equitable, and inclusive work environment for our people. Notably, in 2022, we reached our highest levels of leadership diversity. A quarter of our corporate officers are women and half of our top 230 executives have diverse backgrounds.

Externally, our Office of Racial Equality and Social Unity is fostering a cycle of shared success among our stakeholders. For example, in North Carolina, the home of our thriving fiber optic business, we're partnering with North Carolina Agricultural and Technical State University – the nation's largest historically Black university – to create pathways for students to join Corning. Our approach represents a win-win-win for our communities, our employees, and the company overall; by helping enrich the educational opportunities in the places where we do business, we ensure that our employees can send their children to good schools – and we're developing local students who are ready to make up our next generation of talent.

We're also taking steps to protect our planet for generations to come as we make progress on Scope 1, 2, and 3 emissions goals we announced at the end of 2021.

## In Closing

It's easy to see why Corning is such a special company. The inventiveness, ingenuity, and unwavering commitment of our talented and dedicated employees have allowed us to execute well amid a global pandemic and complex operating environment – all while supporting each other to keep Corning strong.

I'm grateful to our shareholders for being with us on this journey. We're working hard every day to keep your trust and reward your confidence in us. And I'd like to close by reminding you of the kind of company you are investing in when you put your faith in Corning.

We are a company that was built to last. We are a company that makes our Values evident in all that we do. But most importantly, we are a company that applies our unique capabilities to solve tough challenges and make the world just a little bit better.

I'm confident that our greatest contributions lie ahead.



**Wendell P. Weeks**

Chairman and Chief Executive Officer

# Financial Highlights:

In millions, except per share amounts

	Net Sales	Earnings per Share	Adjusted Free Cash Flow*
2022 GAAP Results	\$14,189 million	\$1.54 (diluted)	\$1,011 million**
2022 Core Results	\$14,805 million Core Net Sales	\$2.09 (diluted) Core EPS	\$1,243 million Core Free Cash Flow

\* Adjusted free cash flow is a Non-GAAP measure. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found on the company's website by going to the Investor Relations page and clicking "Quarterly Results" under the "Financials and Filings" tab.

\*\* Cash flows from operating activities less capital expenditures.

### Presentation of Information in this Document

This document includes non-GAAP financial measures. Non-GAAP financial measures are not in accordance with, or an alternative to, GAAP. Corning's non-GAAP financial measures exclude the impact of items that are driven by general economic conditions and events that do not reflect the underlying fundamentals and trends in the company's operations. The company believes presenting non-GAAP financial measures assists in analyzing financial performance without the impact of items that may obscure trends in the company's underlying performance. Definitions of these non-GAAP financial measures and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found on the company's website by going to the Investor Relations page and clicking "Quarterly Results" under the "Financials and Filings" tab.

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.

### Caution Concerning Forward-Looking Statements

The statements contained in this document and related comments by management that are not historical facts or information and contain words such as "will," "believe," "anticipate," "expect," "intend," "plan," "seek," "see," "would," and "target" and similar expressions are forward-looking statements. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and include estimates and assumptions related to economic, competitive and legislative developments. Such statements relate to future events that by their nature address matters that are, to different degrees, uncertain. These estimates are subject to change and uncertainty which are, in many instances, beyond our control. There can be no assurance that future developments will be in accordance with management's expectations. Actual results could differ materially from those expected by us, depending on the outcome of various factors. We do not undertake to update forward-looking statements.

Although the Company believes that these forward-looking statements are based upon reasonable assumptions regarding, among other things, current estimates and forecasts, general economic conditions, its knowledge of its business, and key performance indicators that impact the Company, actual results could differ materially. Some of the risks, uncertainties and other factors that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements include, but are not limited to: global economic trends, competition and geopolitical risks, or an escalation of sanctions, tariffs or other trade tensions between the U.S. and China or other countries, and related impacts on our businesses' global supply chains and strategies; changes in macroeconomic and market conditions, and market volatility, including developments and volatility arising from the COVID-19 pandemic, inflation, interest rates, the value of securities and other financial assets, precious metals, oil, natural gas and other commodity prices and exchange rates (particularly between the U.S. dollar and the Japanese yen, new Taiwan dollar, euro, Chinese yuan and South Korean won), the availability of government incentives, decreases or sudden increases of consumer demand, and the impact of such changes and volatility on our financial position and businesses; the duration and severity of the COVID-19 pandemic and its impact across our businesses on demand, operations, our global supply chains and stock price; possible disruption in commercial activities or our supply chain due to terrorist activity, cyber-attack, armed conflict, political or financial instability, natural disasters, international trade disputes or major health concerns; loss of intellectual property due to theft, cyber-attack, or disruption to our information technology infrastructure; ability to enforce patents and protect intellectual property and trade secrets; unanticipated disruption to Corning's, our suppliers' and manufacturers' supply chain, equipment, facilities, IT systems or operations; product demand and industry capacity; competitive products and pricing; availability and costs of critical components, materials, equipment, natural resources and utilities; new product development and commercialization; order activity and demand from major customers; the amount and timing of our cash flows and earnings and other conditions, which may affect our ability to pay our quarterly dividend at the planned level or to repurchase shares at planned levels; the amount and timing of any future dividends; the effects of acquisitions, dispositions and other similar transactions; the effect of regulatory and legal developments; ability to pace capital spending to anticipated levels of customer demand; our ability to increase margins through implementation of operational changes, pricing actions and cost reduction measures; rate of technology change; adverse litigation; product and component performance issues; retention of key personnel; customer ability to maintain profitable operations and obtain financing to fund ongoing operations and manufacturing expansions and pay receivables when due; loss of significant customers; changes in tax laws, regulations and international tax standards; the impacts of audits by taxing authorities; the potential impact of legislation, government regulations, and other government action and investigations; and other risks detailed in Corning's SEC filings.

For a complete listing of risks and other factors, please reference the risk factors and forward-looking statements described in our annual reports on Form 10-K and quarterly reports on Form 10-Q.