

News Release

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Corning Reports Second-Quarter 2020 Results

Strong sequential growth in sales, EPS, and free cash flow

Execution of business strategy drives resilient performance, counteracting end-market challenges

Company implemented adjusted operating plan and took actions to protect financial strength

CORNING, N.Y. — Corning Incorporated (NYSE: GLW) today announced results for the second quarter ended June 30, 2020.

- GAAP and core sales were \$2.6 billion; versus the first quarter, GAAP sales increased 7% and core sales increased 2%
- GAAP EPS was \$(0.13); core EPS was \$0.25, up 25% sequentially
- GAAP net loss was \$71 million; core net income was \$218 million, up 23% sequentially
- The difference between GAAP and core results stemmed primarily from non-cash restructuring charges, including the reassessment and reprioritization of R&D programs
- Free cash flow of \$285 million improved sequentially and keeps Corning on track to be free cash flow positive for the full year

Wendell P. Weeks, chairman and chief executive officer, said, “During the second quarter, we made great strides in positioning Corning to emerge stronger from the global health crisis and resume growth. Sales, net income, EPS, and free cash flow all increased sequentially.

“Corning advanced multiple initiatives throughout the second quarter, including the launch of Corning® Gorilla® Glass Victus™ and continued innovation with 5G industry leaders,” Weeks continued. “On the COVID-19 front, we continue to seek ways to leverage our deep technology, manufacturing, and engineering capabilities to combat the pandemic directly. We were delighted that Corning Valor® Glass was selected by the U.S. Department of Health & Human Services and the Department of Defense to accelerate delivery of COVID-19 vaccines.

“Overall, our decisive action and operational execution resulted in positive free cash flow and continued leadership in the capabilities that make Corning distinctive. We’re delivering for our customers, outperforming our markets, and preserving our financial strength.”

Market-Access Platform Highlights

Corning holds a leadership position in each of the markets addressed by its five Market-Access Platforms. In the second quarter, the company progressed important growth initiatives and reported the following highlights:

- **Life Sciences** – Corning Pharmaceutical Technologies continued to advance its strategy of building a multibillion-dollar pharmaceutical glass business. The company entered into a long-term supply agreement to provide Valor Glass vials for a portion of currently marketed Pfizer drug products and was awarded \$204 million in funding from the Biomedical Advanced Research and Development Authority (BARDA). The BARDA funding will enable Corning to substantially expand domestic manufacturing capacity to help accelerate delivery of COVID-19 vaccines and drugs.
- **Mobile Consumer Electronics** – Specialty Materials delivered 13% year-over-year sales growth despite a year-over-year decline in the smartphone market. Growth resulted from strong demand for premium products. In July, the company announced the launch of Gorilla Glass Victus, the toughest Gorilla Glass yet. Samsung will be the first customer to adopt Gorilla Glass Victus in the near future.
- **Automotive** – Environmental Technologies outperformed a weak market and delivered more than 20% year-over-year growth in Gasoline Particulate Filters sales.
- **Optical Communications** – Segment sales grew 12% sequentially, driven by carrier network projects. Advancements relevant to the deployment of 5G continued. The company announced a strategic collaboration with EnerSys to simplify the delivery of fiber and electrical power to small-cell wireless sites. Corning is also working with Qualcomm Technologies to deliver indoor networks that are 5G-ready, easy-to-install, and affordable.
- **Display** – Display Technologies generated consistent sequential net income as large-screen TV sales continued to drive demand and support the continued ramp of the company's new Gen 10.5 facilities.

Strengthening Financial Position

Tony Tripeny, executive vice president and chief financial officer, said, “We came into this economic downturn with a balance sheet built for times like these and took actions during the quarter to ensure we have the financial resources needed for the duration. We generated \$285 million in free cash flow, exited the quarter with \$2.2 billion in cash, and are on track to generate positive free cash flow for the year.

“Our financial position is strong,” Tripeny continued. “We are becoming more efficient, and we have the capacity in place to meet expected growth with minimal investment. We expect improved profitability and return on invested capital as we grow sales.”

Across Corning's businesses, demand and visibility improved throughout the second quarter. As a result, the company expects sequential sales and profit growth in the third quarter. The level of growth will depend on end-market demand and economic activity in August and September.

Second-Quarter 2020 Results and Comparisons

(In millions, except per-share amounts)

	Q2 2020	Q1 2020	% change	Q2 2019	% change
GAAP Net Sales	\$ 2,561	\$ 2,391	7%	\$ 2,940	(13%)
GAAP Net (Loss) Income	\$ (71)	\$ (96)	**	\$ 92	**
GAAP EPS	\$ (0.13)	\$ (0.16)	**	\$ 0.09	**
Core Sales*	\$ 2,588	\$ 2,529	2%	\$ 2,986	(13%)
Core Net Income*	\$ 218	\$ 177	23%	\$ 410	(47%)
Core EPS*	\$ 0.25	\$ 0.20	25%	\$ 0.45	(44%)

*Core performance measures are non-GAAP financial measures. The reconciliation between GAAP and non-GAAP measures is provided in the tables following this news release, as well as on the company's website.

**Not Meaningful

Second-Quarter Segment Results

Display Technologies

	Q2 2020	Q1 2020	% change	Q2 2019	% change
Net Sales	\$ 753	\$ 751	0%	\$ 848	(11%)
Net Income Before Tax	\$ 193	\$ 192	1%	\$ 268	(28%)
Net Income	\$ 152	\$ 152	0%	\$ 213	(29%)

In Display Technologies, second-quarter sales were \$753 million, and net income was \$152 million, both consistent sequentially. Corning's volume grew by a low-single digit percentage sequentially. Sequential price declines were moderate, as expected.

Optical Communications

	Q2 2020	Q1 2020	% change	Q2 2019	% change
Net Sales	\$ 887	\$ 791	12%	\$ 1,090	(19%)
Net Income Before Tax	\$ 104	\$ 37	181%	\$ 201	(48%)
Net Income	\$ 81	\$ 29	179%	\$ 158	(49%)

In Optical Communications, second-quarter sales were \$887 million, up 12% sequentially. Major carriers increased spending versus the first quarter on cable deployments and access network projects. The year-over-year decline in sales was in line with the passive optical market decline.

Environmental Technologies

	Q2 2020	Q1 2020	% change	Q2 2019	% change
Net Sales	\$ 226	\$ 320	(29%)	\$ 366	(38%)
Net Income Before Tax	\$ —	\$ 44	*	\$ 82	*
Net Income	\$ —	\$ 35	*	\$ 65	*

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In Environmental Technologies, the suspension of vehicle manufacturing production in key markets that began in the first quarter continued for much of the second quarter. As a result, sales were down 38% year over year. Profitability was impacted by the lower sales and production volumes.

Specialty Materials

	Q2 2020	Q1 2020	% change	Q2 2019	% change
Net Sales	\$ 417	\$ 352	18%	\$ 369	13%
Net Income Before Tax	\$ 114	\$ 65	75%	\$ 85	34%
Net Income	\$ 90	\$ 51	76%	\$ 67	34%

In Specialty Materials, sales grew 13% year over year, driven by strong demand for premium glasses in support of second-half customer launches, growth in IT products due to work- and study-from-home trends, as well as demand for products in the semiconductor equipment space. Net income was up 34% year over year on higher sales volume.

Life Sciences

	Q2 2020	Q1 2020	% change	Q2 2019	% change
Net Sales	\$ 243	\$ 258	(6%)	\$ 260	(7%)
Net Income Before Tax	\$ 39	\$ 48	(19%)	\$ 51	(24%)
Net Income	\$ 31	\$ 38	(18%)	\$ 40	(23%)

Life Sciences second-quarter sales were down 7% year over year as continued research lab closures in EMEA and North America related to the COVID-19 pandemic more than offset strong demand for test kit consumables and other products to address the pandemic. The reduction in net income was driven by lower sales.

Upcoming Investor Events

On Sept. 2, Corning will attend the Jeffries Semiconductor, IT Hardware & Communication Infrastructure Summit. On Sept. 9, Corning will attend Citi's 2020 Global Technology Conference. Both will be virtual conferences.

Second-Quarter Conference Call Information

The company will host a second-quarter conference call on Tuesday, July 28, at 8:30 a.m. EST. To participate, please call toll free (877) 710-0209 or for international access, call (315) 625-3068 approximately 10 to 15 minutes prior to the start of the call. The Access Code is 999 1654. To listen to a live audio webcast of the call, go to Corning's website at http://www.corning.com/investor_relations, click "Events," and follow the instructions.

Presentation of Information in this News Release

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. These reconciliations also accompany this news release.

Caution Concerning Forward-Looking Statements

The statements contained in this release 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.

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: the duration and severity of the COVID-19 (coronavirus) pandemic, and its ultimate impact across our businesses on demand, operations and global supply chains; the effects of acquisitions, dispositions and other similar transactions; global business, financial,

economic and political conditions; tariffs and import duties; currency fluctuations between the U.S. dollar and other currencies, primarily the Japanese yen, euro, Chinese yuan and South Korean won; product demand and industry capacity; competitive products and pricing; availability and costs of critical components and materials; 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; possible disruption in commercial activities due to terrorist activity, cyber-attack, armed conflict, political or financial instability, natural disasters, or major health concerns; unanticipated disruption to equipment, facilities, IT systems or operations; effect of regulatory and legal developments; ability to pace capital spending to anticipated levels of customer demand; rate of technology change; ability to enforce patents and protect intellectual property and trade secrets; adverse litigation; product and components performance issues; retention of key personnel; customer ability, most notably in the Display Technologies segment, to maintain profitable operations and obtain financing to fund their ongoing operations and manufacturing expansions and pay their receivables when due; loss of significant customers; changes in tax laws and regulations including the Tax Cuts and Jobs Act of 2017; the impacts of audits by taxing authorities; and the potential impact of legislation, government regulations, and other government action and investigations.

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.

Web Disclosure

In accordance with guidance provided by the SEC regarding the use of company websites and social media channels to disclose material information, Corning Incorporated (“Corning”) wishes to notify investors, media, and other interested parties that it uses its website (<http://www.corning.com/worldwide/en/about-us/news-events.html>) to publish important information about the company, including information that may be deemed material to investors, or supplemental to information contained in this or other press releases. The list of websites and social media channels that the company uses may be updated on Corning’s media and website from time to time. Corning encourages investors, media, and other interested parties to review the information Corning may publish through its website and social media channels as described above, in addition to the company’s SEC filings, press releases, conference calls, and webcasts.

About Corning Incorporated

Corning (www.corning.com) is one of the world's leading innovators in materials science, with a 169-year track record of life-changing inventions. Corning applies its unparalleled expertise in glass science, ceramic science, and optical physics along with its deep manufacturing and engineering capabilities to develop category-defining products that transform industries and enhance people's lives. Corning succeeds through sustained investment in RD&E, a unique combination of material and process innovation, and deep, trust-based relationships with customers who are global leaders in their industries. Corning's capabilities are versatile and

synergistic, which allows the company to evolve to meet changing market needs, while also helping our customers capture new opportunities in dynamic industries. Today, Corning's markets include mobile consumer electronics, optical communications, automotive technologies, life sciences technologies, and display technologies.

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