

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

	Three Months Ended	
	March 31,	
	2020	2019
Net sales	\$ 2,391	\$ 2,812
Cost of sales	<u>1,830</u>	<u>1,713</u>
Gross margin	561	1,099
Operating expenses:		
Selling, general and administrative expenses	395	401
Research, development and engineering expenses	261	249
Amortization of purchased intangibles	<u>26</u>	<u>29</u>
Operating (loss) income	(121)	420
Equity in earnings of affiliated companies	14	25
Interest income	6	7
Interest expense	(64)	(52)
Translated earnings contract gain, net	68	184
Other expense, net	<u>(11)</u>	<u>(9)</u>
(Loss) income before income taxes	(108)	575
Benefit (provision) for income taxes	<u>12</u>	<u>(76)</u>
Net (loss) income attributable to Corning Incorporated	<u>\$ (96)</u>	<u>\$ 499</u>
(Loss) earnings per common share attributable to Corning Incorporated:		
Basic	<u>\$ (0.16)</u>	<u>\$ 0.61</u>
Diluted	<u>\$ (0.16)</u>	<u>\$ 0.55</u>

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

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

	March 31, 2020	December 31, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,025	\$ 2,434
Trade accounts receivable, net of doubtful accounts and allowances	1,708	1,836
Inventories, net of inventory reserves	2,347	2,320
Other current assets	866	873
Total current assets	6,946	7,463
Investments	320	334
Property, plant and equipment, net of accumulated depreciation	14,932	15,337
Goodwill, net	1,918	1,935
Other intangible assets, net	1,149	1,185
Deferred income taxes	1,181	1,157
Other assets	1,413	1,487
Total Assets	\$ 27,859	\$ 28,898
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term debt and short-term borrowings	\$ 12	\$ 11
Accounts payable	1,250	1,587
Other accrued liabilities	1,929	1,923
Total current liabilities	3,191	3,521
Long-term debt	7,815	7,729
Postretirement benefits other than pensions	671	671
Other liabilities	3,895	3,980
Total liabilities	15,572	15,901
Commitments, contingencies and guarantees		
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: 1,719 million and 1,718 million	859	859
Additional paid-in capital – common stock	14,340	14,323
Retained earnings	16,114	16,408
Treasury stock, at cost; Shares held: 960 million and 956 million	(19,918)	(19,812)
Accumulated other comprehensive loss	(1,497)	(1,171)
Total Corning Incorporated shareholders' equity	12,198	12,907
Noncontrolling interests	89	90
Total equity	12,287	12,997
Total Liabilities and Equity	\$ 27,859	\$ 28,898

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited; in millions)

	Three Months Ended	
	March 31,	
	2020	2019
<b>Cash Flows from Operating Activities:</b>		
Net (loss) income	\$ (96)	\$ 499
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation	356	306
Amortization of purchased intangibles	26	29
Loss on disposal of assets	60	
Severance charges	77	
Equity in earnings of affiliated companies	(14)	(25)
Deferred tax benefit	(40)	(40)
Customer deposits and incentives	125	2
Translated earnings contract gain	(68)	(184)
Unrealized translation losses on transactions	33	8
Tax assessment refunds	101	
Severance payments	(75)	
Changes in certain working capital items:		
Trade accounts receivable	43	(36)
Inventories	(67)	(159)
Other current assets	(10)	(97)
Accounts payable and other current liabilities	(207)	(299)
Other, net	4	(33)
<b>Net cash provided by (used in) operating activities</b>	<u>248</u>	<u>(29)</u>
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	(545)	(524)
Realized gains on translated earnings contracts	11	20
Other, net	(5)	21
<b>Net cash used in investing activities</b>	<u>(539)</u>	<u>(483)</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from issuance of long-term debt, net	200	
Repurchases of common stock for treasury	(105)	(257)
Dividends paid	(192)	(181)
Other, net	3	45
<b>Net cash used in financing activities</b>	<u>(94)</u>	<u>(393)</u>
Effect of exchange rates on cash	(24)	6
Net decrease in cash and cash equivalents	(409)	(899)
Cash and cash equivalents at beginning of period	2,434	2,355
<b>Cash and cash equivalents at end of period</b>	<u>\$ 2,025</u>	<u>\$ 1,456</u>

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

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

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

	Three Months Ended March 31,	
	2020	2019
Net (loss) income attributable to Corning Incorporated	\$ (96)	\$ 499
Less: Series A convertible preferred stock dividend	24	24
Net (loss) income available to common stockholders – basic	(120)	475
Add: Series A convertible preferred stock dividend		24
<b>Net (loss) income available to common stockholders – diluted</b>	<b>\$ (120)</b>	<b>\$ 499</b>
Weighted-average common shares outstanding - basic	760	784
Effect of dilutive securities:		
Stock options and other dilutive securities		9
Series A convertible preferred stock		115
<b>Weighted-average common shares outstanding - diluted</b>	<b>760</b>	<b>908</b>
Basic (loss) earnings per common share	\$ (0.16)	\$ 0.61
<b>Diluted (loss) earnings per common share</b>	<b>\$ (0.16)</b>	<b>\$ 0.55</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,	
	2020	2019
Core net income attributable to Corning Incorporated	\$ 177	\$ 365
Less: Series A convertible preferred stock dividend	24	24
Core net income available to common stockholders - basic	153	341
Add: Series A convertible preferred stock dividend	24	24
<b>Core net income available to common stockholders - diluted</b>	<b>\$ 177</b>	<b>\$ 365</b>
Weighted-average common shares outstanding - basic	760	784
Effect of dilutive securities:		
Stock options and other dilutive securities	6	9
Series A convertible preferred stock	115	115
<b>Weighted-average common shares outstanding - diluted</b>	<b>881</b>	<b>908</b>
Core basic earnings per common share	\$ 0.20	\$ 0.43
<b>Core diluted earnings per common share</b>	<b>\$ 0.20</b>	<b>\$ 0.40</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 report core performance measures. These items include gains and losses on our translated earnings contracts, acquisition-related costs, certain discrete tax items and other tax-related adjustments, restructuring, impairment, and other charges or 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 our equity affiliates. Corning utilizes constant-currency reporting for our 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 our 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 our earnings and cash flows. Corning also believes that reporting core performance measures provides investors greater transparency to the information used by our 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 our results as they are more indicative of our core operating performance and how management evaluates our 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, 2020**  
(Unaudited; amounts in millions, except per share amounts)

	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>	<b>\$ 2,391</b>	<b>\$ 14</b>	<b>\$ (108)</b>	<b>\$ (96)</b>	<b>11.1%</b>	<b>\$ (0.16)</b>	
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 (6)			225	166		0.22	
Cumulative adjustment related to customer contract (7)	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, 2019**  
(Unaudited; amounts in millions, except per share amounts)

	Three Months Ended March 31, 2019						
	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate (a)	Per share	
<b>As reported - GAAP</b>	<b>\$ 2,812</b>	<b>\$ 25</b>	<b>\$ 575</b>	<b>\$ 499</b>	<b>13.2%</b>	<b>\$ 0.55</b>	
Constant-currency adjustment (1)	38	1	37	31		0.03	
Translation gain on Japanese yen-denominated debt (2)			(15)	(11)		(0.01)	
Translated earnings contract gain (3)			(184)	(144)		(0.16)	
Acquisition-related costs (4)			37	28		0.03	
Discrete tax items and other tax-related adjustments (5)				(43)		(0.05)	
Restructuring, impairment and other charges and credits (6)			7	5		0.01	
<b>Core performance measures</b>	<b>\$ 2,850</b>	<b>\$ 26</b>	<b>\$ 457</b>	<b>\$ 365</b>	<b>20.1%</b>	<b>\$ 0.40</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, 2020 and 2019**  
(Unaudited; amounts in millions)

	Three Months Ended March 31, 2020				Three Months Ended March 31, 2019			
	Gross Margin	Gross margin %	Selling, general and admin. expenses	Research, development and engineering expenses	Gross Margin	Gross margin %	Selling, general and admin. expenses	Research, development and engineering expenses
As reported	\$ 561	23%	\$ 395	\$ 261	\$ 1,099	39%	\$ 401	\$ 249
Constant-currency adjustment (1)	21		1		36		1	
Translated earnings contract gain (3)	(4)							
Acquisition-related costs (4)			(1)		4		(4)	(1)
Restructuring, impairment and other charges and credits (6)	161		(48)	(13)				
Cumulative adjustment related to customer contract (7)	105							
<b>Core performance measures</b>	<b>\$ 844</b>	<b>33%</b>	<b>\$ 347</b>	<b>\$ 248</b>	<b>\$ 1,139</b>	<b>40%</b>	<b>\$ 398</b>	<b>\$ 248</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, 2020 and 2019**  
(Unaudited; amounts in millions)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cash flows from operating activities	\$ 248	\$ (29)
Realized gains on translated earnings contracts	11	20
Translation losses on cash balances	(33)	(8)
Severance payments	75	
Adjusted cash flows from operating activities	\$ 301	\$ (17)

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. Our 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 our 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 loss (gain) on Japanese yen-denominated debt: We have excluded the gain or loss on the translation of our 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 our 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: 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 in tax law, the impact of tax audits, changes in judgement about the realizability of certain deferred tax assets and other tax-related adjustments.
- (6) Restructuring, impairment and other charges or credits: This amount includes restructuring, impairment and other charges or 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.
- (7) Cumulative adjustment related to customer contract: The negative impact of a cumulative adjustment 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 is exiting the LCD panel manufacturing business.