

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net sales	\$ 2,561	\$ 2,940	\$ 4,952	\$ 5,752
Cost of sales	<u>1,805</u>	<u>1,875</u>	<u>3,635</u>	<u>3,588</u>
Gross margin	756	1,065	1,317	2,164
Operating expenses:				
Selling, general and administrative expenses	401	414	796	815
Research, development and engineering expenses	430	249	691	498
Amortization of purchased intangibles	<u>28</u>	<u>28</u>	<u>54</u>	<u>57</u>
Operating (loss) income	(103)	374	(224)	794
Equity in earnings of affiliated companies	79	33	93	58
Interest income	3	5	9	12
Interest expense	(67)	(54)	(131)	(106)
Translated earnings contract gain (loss), net	37	(107)	105	77
Other income (expense), net	<u>2</u>	<u>(35)</u>	<u>(9)</u>	<u>(44)</u>
(Loss) income before income taxes	(49)	216	(157)	791
Provision for income taxes	<u>(22)</u>	<u>(124)</u>	<u>(10)</u>	<u>(200)</u>
Net (loss) income attributable to Corning Incorporated	<u>\$ (71)</u>	<u>\$ 92</u>	<u>\$ (167)</u>	<u>\$ 591</u>
(Loss) earnings per common share attributable to Corning Incorporated:				
Basic	<u>\$ (0.13)</u>	<u>\$ 0.09</u>	<u>\$ (0.28)</u>	<u>\$ 0.69</u>
Diluted	<u>\$ (0.13)</u>	<u>\$ 0.09</u>	<u>\$ (0.28)</u>	<u>\$ 0.65</u>

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

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

	June 30, 2020	December 31, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,158	\$ 2,434
Trade accounts receivable, net of doubtful accounts and allowances	1,712	1,836
Inventories, net of inventory reserves	2,235	2,320
Other current assets	741	873
Total current assets	6,846	7,463
Investments	329	334
Property, plant and equipment, net of accumulated depreciation	14,691	15,337
Goodwill, net	1,925	1,935
Other intangible assets, net	1,072	1,185
Deferred income taxes	1,266	1,157
Other assets	1,417	1,487
	\$ 27,546	\$ 28,898
<b>Total Assets</b>		
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term debt and short-term borrowings	\$ 12	\$ 11
Accounts payable	1,109	1,587
Other accrued liabilities	1,899	1,923
Total current liabilities	3,020	3,521
Long-term debt	7,797	7,729
Postretirement benefits other than pensions	668	671
Other liabilities	3,928	3,980
Total liabilities	15,413	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: 1,720 million and 1,718 million	860	859
Additional paid-in capital – common stock	14,398	14,323
Retained earnings	15,847	16,408
Treasury stock, at cost; Shares held: 961 million and 956 million	(19,924)	(19,812)
Accumulated other comprehensive loss	(1,432)	(1,171)
Total Corning Incorporated shareholders' equity	12,049	12,907
Noncontrolling interests	84	90
Total equity	12,133	12,997
<b>Total Liabilities and Equity</b>	\$ 27,546	\$ 28,898

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

(Unaudited; in millions)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
<b>Cash Flows from Operating Activities:</b>				
Net (loss) income	\$ (71)	\$ 92	\$ (167)	\$ 591
Adjustments to reconcile net (loss) income to net cash provided by operating activities:				
Depreciation	324	352	680	658
Amortization of purchased intangibles	28	28	54	57
Loss on disposal of assets	15	12	75	12
Severance charges	58	7	135	7
Severance payments	(22)		(97)	
Stock compensation charges	55	21	65	30
Equity in earnings of affiliated companies	(79)	(33)	(93)	(58)
Deferred tax (benefit) provision	(90)	6	(130)	(34)
Customer deposits and incentives			125	2
Translated earnings contract (gain) loss	(37)	107	(105)	(77)
Unrealized translation (gains) losses on transactions	(22)	26	11	34
Tax assessment refunds			101	
Asset impairment	195		195	
Changes in certain working capital items:				
Trade accounts receivable	(16)	(165)	27	(201)
Inventories	120	(98)	53	(257)
Other current assets	30	(67)	20	(164)
Accounts payable and other current liabilities	(28)	(66)	(235)	(365)
Other, net	90	(69)	84	(111)
<b>Net cash provided by operating activities</b>	<u>550</u>	<u>153</u>	<u>798</u>	<u>124</u>
<b>Cash Flows from Investing Activities:</b>				
Capital expenditures	(288)	(570)	(833)	(1,094)
Proceeds from sale or disposal of assets	16		27	
Realized gains on translated earnings contracts	1	18	12	38
Other, net	26	1	10	22
<b>Net cash used in investing activities</b>	<u>(245)</u>	<u>(551)</u>	<u>(784)</u>	<u>(1,034)</u>
<b>Cash Flows from Financing Activities:</b>				
Proceeds from issuance of long-term debt, net	9		209	
Proceeds from issuance of commercial paper		446		446
Proceeds from the exercise of stock options	6	13	13	36
Repurchases of common stock for treasury		(150)	(105)	(407)
Dividends paid	(191)	(181)	(383)	(362)
Other, net	(2)	3	(6)	25
<b>Net cash (used in) provided by financing activities</b>	<u>(178)</u>	<u>131</u>	<u>(272)</u>	<u>(262)</u>
Effect of exchange rates on cash	6	(11)	(18)	(5)
Net increase (decrease) in cash and cash equivalents	133	(278)	(276)	(1,177)
Cash and cash equivalents at beginning of period	2,025	1,456	2,434	2,355
<b>Cash and cash equivalents at end of period</b>	<u>\$ 2,158</u>	<u>\$ 1,178</u>	<u>\$ 2,158</u>	<u>\$ 1,178</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		Six months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net (loss) income attributable to Corning Incorporated	\$ (71)	\$ 92	\$ (167)	\$ 591
Less: Series A convertible preferred stock dividend	25	24	49	49
Net (loss) income available to common stockholders – basic	(96)	68	(216)	542
Add: Series A convertible preferred stock dividend				49
<b>Net (loss) income available to common stockholders – diluted</b>	<b>\$ (96)</b>	<b>\$ 68</b>	<b>\$ (216)</b>	<b>\$ 591</b>
Weighted-average common shares outstanding - basic	759	781	760	782
Effect of dilutive securities:				
Stock options and other dilutive securities		8		9
Series A convertible preferred stock				115
<b>Weighted-average common shares outstanding - diluted</b>	<b>759</b>	<b>789</b>	<b>760</b>	<b>906</b>
Basic (loss) earnings per common share	\$ (0.13)	\$ 0.09	\$ (0.28)	\$ 0.69
<b>Diluted (loss) earnings per common share</b>	<b>\$ (0.13)</b>	<b>\$ 0.09</b>	<b>\$ (0.28)</b>	<b>\$ 0.65</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,	
	2020	2019	2020	2019
Core net income attributable to Corning Incorporated	\$ 218	\$ 410	\$ 395	\$ 775
Less: Series A convertible preferred stock dividend	25	24	49	49
Core net income available to common stockholders - basic	193	386	346	726
Add: Series A convertible preferred stock dividend	25	24	49	49
Core net income available to common stockholders - diluted	\$ 218	\$ 410	\$ 395	\$ 775
Weighted-average common shares outstanding - basic	759	781	760	782
Effect of dilutive securities:				
Stock options and other dilutive securities	6	8	6	9
Series A convertible preferred stock	115	115	115	115
<b>Weighted-average common shares outstanding - diluted</b>	<b>880</b>	<b>904</b>	<b>881</b>	<b>906</b>
Core basic earnings per common share	\$ 0.25	\$ 0.49	\$ 0.46	\$ 0.93
Core diluted earnings per common share	\$ 0.25	\$ 0.45	\$ 0.45	\$ 0.86

### **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 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 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 and Six Months Ended June 30, 2020**

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

	Three months ended June 30, 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>\$ 2,561</b>	<b>\$ 79</b>	<b>\$ (49)</b>	<b>\$ (71)</b>	<b>(44.9%)</b>	<b>\$ (0.13)</b>
Constant-currency adjustment (1)	27		6	3		0.00
Translation gain on Japanese yen-denominated debt (2)			(3)	(3)		(0.00)
Translated earnings contract gain (3)			(35)	(27)		(0.04)
Acquisition-related costs (4)			29	21		0.03
Discrete tax items and other tax-related adjustments (5)				40		0.05
Litigation, regulatory and other legal matters (6)			25	20		0.03
Restructuring, impairment and other charges and credits (7)			337	254		0.33
Equity in earnings of affiliated companies (9)		(24)	(24)	(18)		(0.02)
Pension mark-to-market adjustment (10)			(2)	(1)		(0.00)
<b>Core performance measures</b>	<b>\$ 2,588</b>	<b>\$ 55</b>	<b>\$ 284</b>	<b>\$ 218</b>	<b>23.2%</b>	<b>\$ 0.25</b>

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

	Six months ended June 30, 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>\$ 4,952</b>	<b>\$ 93</b>	<b>\$ (157)</b>	<b>\$ (167)</b>	<b>(6.4%)</b>	<b>\$ (0.28)</b>
Constant-currency adjustment (1)	60		25	(19)		(0.03)
Translation loss on Japanese yen-denominated debt (2)			11	8		0.01
Translated earnings contract gain (3)			(93)	(72)		(0.09)
Acquisition-related costs (4)			57	42		0.06
Discrete tax items and other tax-related adjustments (5)				77		0.10
Litigation, regulatory and other legal matters (6)			25	20		0.03
Restructuring, impairment and other charges and credits (7)			562	420		0.55
Cumulative adjustment related to customer contract (8)	105		105	105		0.14
Equity in earnings of affiliated companies (9)		(24)	(24)	(18)		(0.02)
Pension mark-to-market adjustment (10)			(2)	(1)		(0.00)
<b>Core performance measures</b>	<b>\$ 5,117</b>	<b>\$ 69</b>	<b>\$ 509</b>	<b>\$ 395</b>	<b>22.4%</b>	<b>\$ 0.45</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.

© 2020 Corning Incorporated. All Rights Reserved.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE**  
**Three and Six Months Ended June 30, 2019**  
(Unaudited; amounts in millions, except per share amounts)

	Three months ended June 30, 2019					
	Net sales	Equity earnings	Income before taxes	Net income	Effective tax rate (a)	Per share
<b>As reported - GAAP</b>	<b>\$ 2,940</b>	<b>\$ 33</b>	<b>\$ 216</b>	<b>\$ 92</b>	<b>57.4%</b>	<b>\$ 0.09</b>
Constant-currency adjustment (1)	46		36	43		0.05
Translation loss on Japanese yen-denominated debt (2)			36	28		0.04
Translated earnings contract loss (3)			107	84		0.11
Acquisition-related costs (4)			34	26		0.03
Discrete tax items and other tax-related adjustments (5)				74		0.09
Restructuring, impairment and other charges and credits (7)		6	67	53		0.07
Equity in earnings of affiliated companies (9)		(11)	(11)	(9)		(0.01)
Pension mark-to-market adjustment (10)			24	19		0.02
<b>Core performance measures</b>	<b>\$ 2,986</b>	<b>\$ 28</b>	<b>\$ 509</b>	<b>\$ 410</b>	<b>19.4%</b>	<b>\$ 0.45</b>

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

	Six months ended June 30, 2019					
	Net sales	Equity earnings	Income before taxes	Net income	Effective tax rate (a)	Per share
<b>As reported - GAAP</b>	<b>\$ 5,752</b>	<b>\$ 58</b>	<b>\$ 791</b>	<b>\$ 591</b>	<b>25.3%</b>	<b>\$ 0.65</b>
Constant-currency adjustment (1)	84	1	73	74		0.08
Translation loss on Japanese yen-denominated debt (2)			21	17		0.02
Translated earnings contract gain (3)			(77)	(60)		(0.07)
Acquisition-related costs (4)			71	54		0.06
Discrete tax items and other tax-related adjustments (5)				31		0.03
Restructuring, impairment and other charges and credits (7)		6	74	58		0.06
Equity in earnings of affiliated companies (9)		(11)	(11)	(9)		(0.01)
Pension mark-to-market adjustment (10)			24	19		0.02
<b>Core performance measures</b>	<b>\$ 5,836</b>	<b>\$ 54</b>	<b>\$ 966</b>	<b>\$ 775</b>	<b>19.8%</b>	<b>\$ 0.86</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 and Six Months Ended June 30, 2020 and 2019**  
(Unaudited; amounts in millions)

	Three months ended June 30, 2020				Three months ended June 30, 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	\$ 756	30%	\$ 401	\$ 430	\$ 1,065	36%	\$ 414	\$ 249
Constant-currency adjustment (1)	7		2		37		2	
Translated earnings contract loss (3)	2							
Acquisition-related costs (4)					1		(5)	
Litigation, regulatory and other legal matters (6)			(25)				2	
Restructuring, impairment and other charges and credits (7)	98		(22)	(212)	95		(6)	
<b>Core performance measures</b>	<b>\$ 863</b>	<b>33%</b>	<b>\$ 356</b>	<b>\$ 218</b>	<b>\$ 1,198</b>	<b>40%</b>	<b>\$ 407</b>	<b>\$ 249</b>

	Six months ended June 30, 2020				Six months ended June 30, 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	\$ 1,317	27%	\$ 796	\$ 691	\$ 2,164	38%	\$ 815	\$ 498
Constant-currency adjustment (1)	28		3		73		3	
Translated earnings contract gain (3)	(2)							
Acquisition-related costs (4)			(1)		5		(9)	(1)
Litigation, regulatory and other legal matters (6)			(25)				2	
Restructuring, impairment and other charges and credits (7)	259		(70)	(225)	95		(6)	
Cumulative adjustment related to customer contract (8)	105							
<b>Core performance measures</b>	<b>\$ 1,707</b>	<b>33%</b>	<b>\$ 703</b>	<b>\$ 466</b>	<b>\$ 2,337</b>	<b>40%</b>	<b>\$ 805</b>	<b>\$ 497</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 and Six Months Ended June 30, 2020 and 2019**  
(Unaudited; amounts in millions)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Cash flows from operating activities	\$ 550	\$ 153	\$ 798	\$ 124
Realized gains on translated earnings contracts	1	18	12	38
Premiums received from options contracts		11		11
Translation gains (losses) on cash balances	22	(26)	(11)	(34)
Adjusted cash flows from operating activities	\$ 573	\$ 156	\$ 799	\$ 139
Less: Capital expenditures	\$ 288	\$ 570	\$ 833	\$ 1,094
Free cash flow	\$ 285	\$ (414)	\$ (34)	\$ (955)

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 (gain) loss 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) loss: 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) Litigation, regulatory and other legal matters: Includes amounts that reflect developments in commercial litigation, intellectual property disputes, adjustments to our estimated liability for environmental-related items and other legal matters.
- (7) 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.
- (8) 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 is exiting its production of LCD panels.
- (9) Equity in earnings of affiliated companies: These adjustments relate to costs not related to continuing operations of our affiliated companies, such as restructuring, impairment losses, inventory adjustments, other charges and credits and settlements under “take-or-pay” contracts.
- (10) 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.