

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net sales	\$ 2,934	\$ 3,008	\$ 8,686	\$ 8,255
Cost of sales	1,917	1,776	5,505	4,996
Gross margin	1,017	1,232	3,181	3,259
Operating expenses:				
Selling, general and administrative expenses	369	439	1,184	1,352
Research, development and engineering expenses	255	244	753	728
Amortization of purchased intangibles	28	27	85	68
Operating income	365	522	1,159	1,111
Equity in earnings of affiliated companies	23	32	81	102
Interest income	4	7	16	29
Interest expense	(55)	(45)	(161)	(140)
Translated earnings contract gain, net	86	230	163	66
Other (expense) income, net	(15)	12	(59)	(11)
Income before income taxes	408	758	1,199	1,157
Provision for income taxes	(71)	(133)	(271)	(383)
Net income attributable to Corning Incorporated	<u>\$ 337</u>	<u>\$ 625</u>	<u>\$ 928</u>	<u>\$ 774</u>
Earnings per common share attributable to Corning Incorporated:				
Basic	<u>\$ 0.40</u>	<u>\$ 0.75</u>	<u>\$ 1.10</u>	<u>\$ 0.85</u>
Diluted	<u>\$ 0.38</u>	<u>\$ 0.67</u>	<u>\$ 1.03</u>	<u>\$ 0.82</u>

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

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

	September 30, 2019	December 31, 2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 971	\$ 2,355
Trade accounts receivable, net of doubtful accounts and allowances	2,024	1,940
Inventories, net of inventory reserves	2,337	2,037
Other current assets	824	702
Total current assets	6,156	7,034
Investments	339	376
Property, plant and equipment, net of accumulated depreciation	15,083	14,895
Goodwill, net	1,924	1,936
Other intangible assets, net	1,206	1,292
Deferred income taxes	1,109	951
Other assets	1,512	1,021
<b>Total Assets</b>	<b>\$ 27,329</b>	<b>\$ 27,505</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term debt and short-term borrowings	\$ 305	\$ 4
Accounts payable	1,447	1,456
Other accrued liabilities	1,848	1,851
Total current liabilities	3,600	3,311
Long-term debt	6,225	5,994
Postretirement benefits other than pensions	646	662
Other liabilities	3,724	3,652
Total liabilities	14,195	13,619
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: 1,717 million and 1,713 million	859	857
Additional paid-in capital – common stock	14,295	14,212
Retained earnings	16,555	16,303
Treasury stock, at cost; Shares held: 949 million and 925 million	(19,588)	(18,870)
Accumulated other comprehensive loss	(1,387)	(1,010)
Total Corning Incorporated shareholders' equity	13,034	13,792
Noncontrolling interests	100	94
Total equity	13,134	13,886
<b>Total Liabilities and Equity</b>	<b>\$ 27,329</b>	<b>\$ 27,505</b>

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

(Unaudited; in millions)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
<b>Cash Flows from Operating Activities:</b>				
Net income	\$ 337	\$ 625	\$ 928	\$ 774
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	368	291	1,026	895
Amortization of purchased intangibles	28	27	85	68
Equity in earnings of affiliated companies	(23)	(32)	(81)	(102)
Dividends received from affiliated companies		101		106
Deferred tax (benefit) provision	(51)	7	(85)	53
Customer incentives and deposits		107	2	691
Translated earnings contract gain	(86)	(230)	(163)	(66)
Unrealized translation losses on transactions	53	14	87	52
Changes in certain working capital items:				
Trade accounts receivable	32	(156)	(169)	(197)
Inventories	(81)	(42)	(338)	(235)
Other current assets	(56)	(6)	(220)	(36)
Accounts payable and other current liabilities	294	240	(71)	94
Other, net	74	(3)	12	(119)
<b>Net cash provided by operating activities</b>	<u>889</u>	<u>943</u>	<u>1,013</u>	<u>1,978</u>
<b>Cash Flows from Investing Activities:</b>				
Capital expenditures	(508)	(452)	(1,602)	(1,629)
Purchase of equipment for related party	(9)	(63)	(9)	(63)
Sale of equipment to related party	62		62	
Acquisition of businesses, net of cash received		(10)		(804)
Proceeds from settlement of initial contingent consideration asset				196
Realized gains on translated earnings contracts	1	26	50	62
Other, net	(46)	(12)	(35)	(28)
<b>Net cash used in investing activities</b>	<u>(500)</u>	<u>(511)</u>	<u>(1,534)</u>	<u>(2,266)</u>
<b>Cash Flows from Financing Activities:</b>				
Net repayments of short-term borrowings and current portion of long-term debt				(375)
Repayments of commercial paper, net	(446)			
Proceeds from issuance of long-term debt, net	349		349	596
Proceeds from the exercise of stock options	7	31	43	74
Repurchases of common stock for treasury	(301)	(397)	(708)	(1,880)
Dividends paid	(192)	(169)	(554)	(517)
Other, net	12	(3)	37	(14)
<b>Net cash used in financing activities</b>	<u>(571)</u>	<u>(538)</u>	<u>(833)</u>	<u>(2,116)</u>
Effect of exchange rates on cash	(25)	(14)	(30)	(10)
Net decrease in cash and cash equivalents	(207)	(120)	(1,384)	(2,414)
Cash and cash equivalents at beginning of period	1,178	2,023	2,355	4,317
<b>Cash and cash equivalents at end of period</b>	<u>\$ 971</u>	<u>\$ 1,903</u>	<u>\$ 971</u>	<u>\$ 1,903</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 September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income attributable to Corning Incorporated	\$ 337	\$ 625	\$ 928	\$ 774
Less: Series A convertible preferred stock dividend	24	24	73	73
Net income available to common stockholders – basic	313	601	855	701
Add: Series A convertible preferred stock dividend	24	24	73	73
<b>Net income available to common stockholders – diluted</b>	<b>\$ 337</b>	<b>\$ 625</b>	<b>\$ 928</b>	<b>\$ 774</b>
Weighted-average common shares outstanding - basic	775	805	780	824
Effect of dilutive securities:				
Stock options and other dilutive securities	7	10	8	9
Series A convertible preferred stock	115	115	115	115
<b>Weighted-average common shares outstanding - diluted</b>	<b>897</b>	<b>930</b>	<b>903</b>	<b>948</b>
Basic earnings per common share	\$ 0.40	\$ 0.75	\$ 1.10	\$ 0.85
<b>Diluted earnings per common share</b>	<b>\$ 0.38</b>	<b>\$ 0.67</b>	<b>\$ 1.03</b>	<b>\$ 0.82</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 September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Core net income attributable to Corning Incorporated	\$ 397	\$ 476	\$ 1,172	\$ 1,134
Less: Series A convertible preferred stock dividend	24	24	73	73
Core net income available to common stockholders - basic	373	452	1,099	1,061
Add: Series A convertible preferred stock dividend	24	24	73	73
<b>Core net income available to common stockholders - diluted</b>	<b>\$ 397</b>	<b>\$ 476</b>	<b>\$ 1,172</b>	<b>\$ 1,134</b>
Weighted-average common shares outstanding - basic	775	805	780	824
Effect of dilutive securities:				
Stock options and other dilutive securities	7	10	8	9
Series A convertible preferred stock	115	115	115	115
<b>Weighted-average common shares outstanding - diluted</b>	<b>897</b>	<b>930</b>	<b>903</b>	<b>948</b>
Core basic earnings per common share	\$ 0.48	\$ 0.56	\$ 1.41	\$ 1.29
<b>Core diluted earnings per common share</b>	<b>\$ 0.44</b>	<b>\$ 0.51</b>	<b>\$ 1.30</b>	<b>\$ 1.20</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, restructuring and restructuring-related charges, 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 and Specialty Materials segments for the Japanese yen, South Korean won, Chinese yuan and New Taiwan dollar currencies. Effective January 1, 2019, Corning also began using constant currency reporting for our Environmental Technologies and Life Sciences segments for the euro, Japanese yen and Chinese yuan. 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 outlooks for future periods, it is not possible to provide reconciliations for these non-GAAP measures because the Company does not forecast foreign currency exchange rates 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” below.

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

	Three Months Ended September 30, 2019					
	Net sales	Equity earnings	Income before taxes	Net income	Effective tax rate (a)	Per share
<b>As reported - GAAP</b>	\$ 2,934	\$ 23	\$ 408	\$ 337	17.4%	\$ 0.38
Constant-currency adjustment (1)	35		20	63		0.07
Translation gain on Japanese yen-denominated debt (2)			(11)	(8)		(0.01)
Translated earnings contract gain (3)			(84)	(65)		(0.07)
Acquisition-related costs (4)			31	22		0.02
Discrete tax items and other tax-related adjustments (5)(b)				(51)		(0.06)
Litigation, regulatory and other legal matters (6)			(24)	(19)		(0.02)
Restructuring, impairment and other charges and credits (7)			148	118		0.13
<b>Core performance measures</b>	\$ 2,969	\$ 23	\$ 488	\$ 397	18.6%	\$ 0.44

	Nine Months Ended September 30, 2019					
	Net sales	Equity earnings	Income before taxes	Net income	Effective tax rate (a)	Per share
<b>As reported - GAAP</b>	\$ 8,686	\$ 81	\$ 1,199	\$ 928	22.6%	\$ 1.03
Constant-currency adjustment (1)	119	1	93	137		0.15
Translation loss on Japanese yen-denominated debt (2)			10	9		0.01
Translated earnings contract gain (3)			(161)	(125)		(0.14)
Acquisition-related costs (4)			102	76		0.08
Discrete tax items and other tax-related adjustments (5)				(20)		(0.02)
Litigation, regulatory and other legal matters (6)			(24)	(19)		(0.02)
Restructuring, impairment and other charges and credits (7)		6	222	176		0.19
Equity in earnings of affiliated companies (8)		(11)	(11)	(9)		(0.01)
Adjustments related to acquisitions						
Pension mark-to-market adjustment (9)			24	19		0.02
<b>Core performance measures</b>	\$ 8,805	\$ 77	\$ 1,454	\$ 1,172	19.4%	\$ 1.30

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

(b) The amount includes \$20 million that was reflected in GAAP earnings in earlier periods to conform to the Company's current presentation.

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 Nine Months Ended September 30, 2018**  
(Unaudited; amounts in millions, except per share amounts)

Three Months Ended September 30, 2018

	Net sales	Equity earnings	Income before taxes	Net income	Effective tax rate (a)	Per share
<b>As reported - GAAP</b>	<b>\$ 3,008</b>	<b>\$ 32</b>	<b>\$ 758</b>	<b>\$ 625</b>	<b>17.5%</b>	<b>\$ 0.67</b>
Constant-currency adjustment (1)	37		42	46		0.05
Translation gain on Japanese yen-denominated debt (2)			(30)	(23)		(0.02)
Translated earnings contract gain (3)			(232)	(171)		(0.18)
Acquisition-related costs (4)			37	29		0.03
Discrete tax items and other tax-related adjustments (5)				(40)		(0.04)
Litigation, regulatory and other legal matters (6)			11	8		0.01
Restructuring, impairment and other charges and credits (7)			9	2		
<b>Core performance measures</b>	<b>\$ 3,045</b>	<b>\$ 32</b>	<b>\$ 595</b>	<b>\$ 476</b>	<b>20.0%</b>	<b>\$ 0.51</b>

Nine Months Ended September 30, 2018

	Net sales	Equity earnings	Income before taxes	Net income	Effective tax rate (a)	Per share
<b>As reported - GAAP</b>	<b>\$ 8,255</b>	<b>\$ 102</b>	<b>\$ 1,157</b>	<b>\$ 774</b>	<b>33.1%</b>	<b>\$ 0.82</b>
Constant-currency adjustment (1)	62	1	110	114		0.12
Translation gain on Japanese yen-denominated debt (2)			(28)	(21)		(0.02)
Translated earnings contract gain (3)			(85)	(50)		(0.05)
Acquisition-related costs (4)			95	74		0.08
Discrete tax items and other tax-related adjustments (5)				103		0.11
Litigation, regulatory and other legal matters (6)			143	111		0.12
Restructuring, impairment and other charges and credits (7)			58	40		0.04
Equity in earnings of affiliated companies (8)		(14)	(14)	(12)		(0.01)
Pension mark-to-market adjustment (9)			1	1		
<b>Core performance measures</b>	<b>\$ 8,317</b>	<b>\$ 89</b>	<b>\$ 1,437</b>	<b>\$ 1,134</b>	<b>21.1%</b>	<b>\$ 1.20</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 and Nine Months Ended September 30, 2019 and 2018**  
(Unaudited; amounts in millions)

	Three Months Ended September 30, 2019				Three Months Ended September 30, 2018			
	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	\$ 1,017	35%	\$ 369	\$ 255	\$ 1,232	41%	\$ 439	\$ 244
Constant-currency adjustment (1)	21		(1)		40			
Translated earnings contract gain (3)					(1)			
Acquisition-related costs (4)	1				4		(6)	(1)
Litigation, regulatory and other legal matters (6)			24				(12)	
Restructuring, impairment and other charges and credits (7)	117		(11)	(16)	5		(1)	
<b>Core performance measures</b>	<b>\$ 1,156</b>	<b>39%</b>	<b>\$ 381</b>	<b>\$ 239</b>	<b>\$ 1,280</b>	<b>42%</b>	<b>\$ 420</b>	<b>\$ 243</b>

	Nine Months Ended September 30, 2019				Nine Months Ended September 30, 2018			
	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	\$ 3,181	37%	\$ 1,184	\$ 753	\$ 3,259	39%	\$ 1,352	\$ 728
Constant-currency adjustment (1)	94		2		104		(1)	
Translated earnings contract gain (3)					(3)			
Acquisition-related costs (4)	6		(9)	(1)	5		(21)	(2)
Litigation, regulatory and other legal matters (6)			26				(144)	
Restructuring, impairment and other charges and credits (7)	212		(17)	(16)	48		(9)	
<b>Core performance measures</b>	<b>\$ 3,493</b>	<b>40%</b>	<b>\$ 1,186</b>	<b>\$ 736</b>	<b>\$ 3,413</b>	<b>41%</b>	<b>\$ 1,177</b>	<b>\$ 726</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 Nine Months Ended September 30, 2019 and 2018**  
(Unaudited; amounts in millions)

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Cash flows from operating activities	\$ 889	\$ 943	\$ 1,013	\$ 1,978
Realized gains on translated earnings contracts	1	26	50	62
Translation losses on cash balances	(53)	(13)	(87)	(51)
Receipt of contingent consideration				196
Other adjustments	27		27	
<b>Adjusted cash flows from operating activities</b>	<b>\$ 864</b>	<b>\$ 956</b>	<b>\$ 1,003</b>	<b>\$ 2,185</b>

Items which we exclude from GAAP measures to report 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 US 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 Korean won, Chinese yuan, and new Taiwan dollar. Beginning January 1, 2019, as our Environmental Technologies and Life Science segments sales and net income are impacted by the euro, Chinese yuan and Japanese yen, these segments will also be presented on a constant-currency basis. We have not recast the prior periods for these two segments as the impact of fluctuations in these currencies are not material for prior periods. 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, euro, South Korean won, new Taiwan dollar and Chinese yuan-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 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) Equity in earnings of affiliated companies: These adjustments relate to costs not related to continuing operations of our affiliated companies, such as restructuring, impairment, other charges and credits and settlements under “take-or-pay” contracts.
- (9) 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.