

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

	Three months ended		Year ended	
	December 31,		December 31,	
	2021	2020	2021	2020
Net sales	\$ 3,676	\$ 3,350	\$ 14,082	\$ 11,303
Cost of sales	<u>2,405</u>	<u>2,137</u>	<u>9,019</u>	<u>7,772</u>
Gross margin	1,271	1,213	5,063	3,531
Operating expenses:				
Selling, general and administrative expenses	476	471	1,827	1,747
Research, development and engineering expenses	280	232	995	1,154
Amortization of purchased intangibles	<u>32</u>	<u>34</u>	<u>129</u>	<u>121</u>
Operating income	483	476	2,112	509
Equity in earnings (losses) of affiliated companies	4	(42)	35	(25)
Interest income	3	3	11	15
Interest expense	(73)	(75)	(300)	(276)
Translated earnings contract (loss) gain, net	92	(43)	354	(38)
Transaction-related gain, net				498
Other income (expense), net	<u>67</u>	<u>11</u>	<u>185</u>	<u>(60)</u>
Income before income taxes	576	330	2,397	623
Provision for income taxes	<u>(89)</u>	<u>(78)</u>	<u>(491)</u>	<u>(111)</u>
Net income attributable to Corning Incorporated	<u>\$ 487</u>	<u>\$ 252</u>	<u>\$ 1,906</u>	<u>\$ 512</u>
Earnings per common share attributable to Corning Incorporated:				
Basic	<u>\$ 0.57</u>	<u>\$ 0.30</u>	<u>\$ 1.30</u>	<u>\$ 0.54</u>
Diluted	<u>\$ 0.56</u>	<u>\$ 0.28</u>	<u>\$ 1.28</u>	<u>\$ 0.54</u>
Reconciliation of net income attributable to Corning Incorporated versus net income available to common shareholders:				
Net income attributable to Corning Incorporated	\$ 487	\$ 252	\$ 1,906	\$ 512
Series A convertible preferred stock dividend		(25)	(24)	(98)
Excess consideration paid for redemption of preferred shares			<u>(803)</u>	
Net income available to common shareholders	<u>\$ 487</u>	<u>\$ 227</u>	<u>\$ 1,079</u>	<u>\$ 414</u>

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

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

	December 31,	
	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,148	\$ 2,672
Trade accounts receivable, net of doubtful accounts	2,004	2,133
Inventories, net	2,481	2,438
Other current assets	1,026	761
Total current assets	7,659	8,004
Property, plant and equipment, net of accumulated depreciation	15,804	15,742
Goodwill, net	2,421	2,460
Other intangible assets, net	1,148	1,308
Deferred income taxes	1,066	1,121
Other assets	2,046	2,140
Total Assets	\$ 30,144	\$ 30,775
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term debt and short-term borrowings	\$ 55	\$ 156
Accounts payable	1,612	1,174
Other accrued liabilities	3,139	2,437
Total current liabilities	4,806	3,767
Long-term debt	6,989	7,816
Postretirement benefits other than pensions	622	727
Other liabilities	5,182	5,017
Total liabilities	17,599	17,327
Commitments and contingencies		
Shareholders' equity:		
Convertible preferred stock, Series A – Par value \$100 per share; Shares authorized 10 million; Shares issued: 0 and 2,300		2,300
Common stock – Par value \$0.50 per share; Shares authorized 3.8 billion; Shares issued: 1.8 billion and 1.7 billion	907	863
Additional paid-in capital – common stock	16,475	14,642
Retained earnings	16,389	16,120
Treasury stock, at cost; Shares held: 970 million and 961 million	(20,263)	(19,928)
Accumulated other comprehensive loss	(1,175)	(740)
Total Corning Incorporated shareholders' equity	12,333	13,257
Noncontrolling interests	212	191
Total equity	12,545	13,448
Total Liabilities and Equity	\$ 30,144	\$ 30,775

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

(Unaudited; in millions)

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
<b>Cash Flows from Operating Activities:</b>				
Net income	\$ 487	\$ 252	\$ 1,906	\$ 512
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	347	358	1,352	1,399
Amortization of purchased intangibles	32	34	129	121
Loss on disposal of assets	67	31	75	138
Severance charges	(13)	7	(13)	148
Severance payments	(2)	(21)	(26)	(147)
Share-based compensation expense	73	80	190	207
Equity in losses (earnings) of affiliated companies	(4)	42	(35)	25
Translation (gain) loss on Japanese yen-denominated debt	(53)	36	(180)	86
Dividends received from affiliated companies	4		8	1
Deferred tax provision (benefit)	(33)	76	35	(20)
Customer incentives and deposits, net	24	37	192	221
Pension plan contributions	(24)	(141)	(24)	(221)
Translated earnings contract loss (gain)	(92)	43	(354)	38
Unrealized translation (gain) loss on transactions	12	(79)	77	(133)
Asbestos claim payments		(95)		(130)
Tax assessment refunds				101
Asset impairment				217
Transaction-related gain				(498)
Gain on investment		(107)		(107)
Changes in certain working capital items:				
Trade accounts receivable	92	7	(54)	(274)
Inventories	(31)	183	(103)	423
Other current assets	(14)	(12)	(224)	(25)
Accounts payable and other current liabilities	279	196	704	57
Other, net	(128)	(153)	(243)	41
<b>Net cash provided by operating activities</b>	<b>1,023</b>	<b>774</b>	<b>3,412</b>	<b>2,180</b>
<b>Cash Flows from Investing Activities:</b>				
Capital expenditures	(623)	(391)	(1,637)	(1,377)
Proceeds from sale or disposal of assets		10	17	37
Proceeds from sale of business	1		103	
Proceeds from and investment in unconsolidated entities, net	(3)	(21)	84	(28)
Realized gains on translated earnings contracts	37	2	67	12
Other, net	(28)	22	(53)	46
<b>Net cash used in investing activities</b>	<b>(616)</b>	<b>(378)</b>	<b>(1,419)</b>	<b>(1,310)</b>
<b>Cash Flows from Financing Activities:</b>				
Repayments of short-term borrowings		(100)	(144)	(100)
Repayments of long-term debt		(121)	(716)	(121)
Proceeds from issuance of long-term debt	3	31	22	243
Payment for redemption of preferred stock			(507)	
Payments of employee withholding tax on stock award	(4)	(1)	(61)	(11)
Proceeds from exercise of stock options	6	75	97	124
Repurchases of common stock for treasury	(252)		(274)	(105)
Dividends paid	(212)	(200)	(871)	(787)
Other, net	(3)	2	2	28
<b>Net cash used in financing activities</b>	<b>(462)</b>	<b>(314)</b>	<b>(2,452)</b>	<b>(729)</b>
Effect of exchange rates on cash	(9)	76	(65)	97
Net (decrease) increase in cash and cash equivalents	(64)	158	(524)	238
Cash and cash equivalents at beginning of year	2,212	2,514	2,672	2,434
<b>Cash and cash equivalents at end of year</b>	<b>\$ 2,148</b>	<b>\$ 2,672</b>	<b>\$ 2,148</b>	<b>\$ 2,672</b>

**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 December 31,		Year ended December 31,	
	2021	2020	2021	2020
Net income attributable to Corning Incorporated	\$ 487	\$ 252	\$ 1,906	\$ 512
Less: Series A convertible preferred stock dividend		25	24	98
Less: Excess consideration paid for redemption of preferred shares			803	
Net income available to common shareholders – basic	487	227	1,079	414
Plus: Series A convertible preferred stock dividend		25		
<b>Net income available to common shareholders - diluted</b>	<b>\$ 487</b>	<b>\$ 252</b>	<b>\$ 1,079</b>	<b>\$ 414</b>
Weighted-average common shares outstanding - basic	849	763	828	761
Effect of dilutive securities:				
Stock options and other dilutive securities	15	16	16	11
Series A convertible preferred stock		115		
<b>Weighted-average common shares outstanding - diluted</b>	<b>864</b>	<b>894</b>	<b>844</b>	<b>772</b>
Basic earnings per common share	\$ 0.57	\$ 0.30	\$ 1.30	\$ 0.54
Diluted earnings per common share	\$ 0.56	\$ 0.28	\$ 1.28	\$ 0.54

**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 December 31,		Year ended December 31,	
	2021	2020	2021	2020
Core net income attributable to Corning Incorporated	\$ 465	\$ 462	\$ 1,811	\$ 1,237
Less: Series A convertible preferred stock dividend		25	24	98
Core net income available to common shareholders - basic	465	437	1,787	1,139
Plus: Series A convertible preferred stock dividend		25	24	98
<b>Core net income available to common shareholders - diluted</b>	<b>\$ 465</b>	<b>\$ 462</b>	<b>\$ 1,811</b>	<b>\$ 1,237</b>
Weighted-average common shares outstanding - basic	849	763	828	761
Effect of dilutive securities:				
Stock options and other dilutive securities	15	16	16	11
Series A convertible preferred stock		115	31	115
<b>Weighted-average common shares outstanding - diluted</b>	<b>864</b>	<b>894</b>	<b>875</b>	<b>887</b>
Core basic earnings per common share	\$ 0.55	\$ 0.57	\$ 2.16	\$ 1.50
Core diluted earnings per common share	\$ 0.54	\$ 0.52	\$ 2.07	\$ 1.39

## Use of Non-GAAP Financial Measures

### **CORE PERFORMANCE MEASURES**

In managing the Company and assessing our financial performance, certain measures provided by our consolidated financial statements are adjusted to exclude specific items to arrive at core performance measures. These items include gains and losses on 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 earnings and cash flows. Corning also believes that reporting core performance measures provides investors greater transparency to the information used by the 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 results as they are more indicative of our core operating performance and how management evaluates 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 December 31, 2021 and 2020**  
(Unaudited; amounts in millions, except per share amounts)

	Three months ended December 31, 2021					
	Net sales	Equity earnings	Income before taxes	Net income	Effective tax rate (a)	Per share
<b>As reported</b>	\$ 3,676	\$ 4	\$ 576	\$ 487	15.5%	\$ 0.56
Constant-currency adjustment (1)	38	1	40	47		0.05
Translation gain on Japanese yen-denominated debt (2)			(53)	(40)		(0.05)
Translated earnings contract gain, net (3)			(92)	(71)		(0.08)
Acquisition-related costs (4)			36	28		0.03
Discrete tax items and other tax-related adjustments (5)				(29)		(0.03)
Pension mark-to-market adjustment (6)			9	7		0.01
Restructuring, impairment and other charges and credits (7)			68	45		0.05
Litigation, regulatory and other legal matters (8)			5	4		0.00
Gain on investment (11)			(16)	(13)		(0.02)
<b>Core performance measures</b>	\$ 3,714	\$ 5	\$ 573	\$ 465	18.8%	\$ 0.54

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

	Three months ended December 31, 2020					
	Net sales	Equity (losses) earnings	Income before taxes	Net income	Effective tax rate (a)	Per share
<b>As reported</b>	\$ 3,350	\$ (42)	\$ 330	\$ 252	23.6%	\$ 0.28
Constant-currency adjustment (1)	(22)		(3)	50		0.06
Translation loss on Japanese yen-denominated debt (2)			36	28		0.03
Translated earnings contract loss, net (3)			40	31		0.03
Acquisition-related costs (4)			52	35		0.04
Discrete tax items and other tax-related adjustments (5)				(43)		(0.05)
Pension mark-to-market adjustment (6)			33	25		0.03
Restructuring, impairment and other charges and credits (7)			94	72		0.08
Litigation, regulatory and other legal matters (8)			36	28		0.03
Bond redemption loss (10)			22	17		0.02
Gain on investment (11)			(107)	(83)		(0.09)
Equity in losses of affiliated company (13)		50	50	50		0.06
<b>Core performance measures</b>	\$ 3,328	\$ 8	\$ 583	\$ 462	20.8%	\$ 0.52

(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**  
**Year Ended December 31, 2021**  
(Unaudited; amounts in millions, except per share amounts)

	Year ended December 31, 2021					
	Net Sales	Equity earnings	Income before taxes	Net income	Effective tax rate (a)	Earnings per share
<b>As reported</b>	<b>\$ 14,082</b>	<b>\$ 35</b>	<b>\$ 2,397</b>	<b>\$ 1,906</b>	<b>20.5%</b>	<b>\$ 1.28</b>
Preferred stock redemption (b)						<b>0.90</b>
<b>Subtotal</b>	<b>14,082</b>	<b>35</b>	<b>2,397</b>	<b>1,906</b>	<b>20.5%</b>	<b>2.18</b>
Constant-currency adjustment (1)	38	3	87	76		0.09
Translation gain on Japanese yen-denominated debt (2)			(180)	(138)		(0.16)
Translated earnings contract gain, net (3)			(354)	(273)		(0.32)
Acquisition-related costs (4)			159	123		0.15
Discrete tax items and other tax-related adjustments (5)				(24)		(0.03)
Pension mark-to-market adjustment (6)			32	25		0.03
Restructuring, impairment and other charges and credits (7)			110	78		0.09
Litigation, regulatory and other legal matters (8)			16	27		0.03
Preferred stock conversion (9)			17	17		0.02
Bond redemption loss (10)			31	23		0.03
Loss on investment (11)			23	17		0.02
Gain on sale of business (12)			(54)	(46)		(0.05)
<b>Core performance measures</b>	<b>\$ 14,120</b>	<b>\$ 38</b>	<b>\$ 2,284</b>	<b>\$ 1,811</b>	<b>20.7%</b>	<b>\$ 2.07</b>

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

(b) Corning and Samsung Display Co., Ltd. executed a Share Repurchase Agreement ("SRA"). Pursuant to the SRA, the Series A convertible preferred stock ("Preferred Stock") was converted into 115 million shares of common stock ("Common Shares"). Corning immediately repurchased 35 million of the converted Common Shares and excluded them from the weighted-average common shares outstanding for the calculation of the Company's basic and diluted earnings per share. The redemption of these Common Shares resulted in an \$803 million reduction of retained earnings which reduced the net income available to common shareholders.

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**  
**Year Ended December 31, 2020**  
(Unaudited; amounts in millions, except per share amounts)

	Year ended December 31, 2020					
	Net sales	Equity (losses) earnings	Income before income taxes	Net income	Effective tax rate (a)	Earnings per share
<b>As reported</b>	\$ 11,303	\$ (25)	\$ 623	\$ 512	17.8%	\$ 0.54
Constant-currency adjustment (1)	44		22	17		0.02
Translation loss on Japanese yen-denominated debt (2)			86	67		0.09
Translated earnings contract loss, net (3)			46	36		0.05
Acquisition-related costs (4)			156	114		0.15
Discrete tax items and other tax-related adjustments (5)				(24)		(0.03)
Pension mark-to-market adjustment (6)			31	24		0.03
Restructuring, impairment and other charges and credits (7)			827	621		0.80
Litigation, regulatory and other legal matters (8)			144	120		0.16
Bond redemption loss (10)			22	17		0.02
Gain on investment (11)			(107)	(83)		(0.11)
Equity in losses of affiliated companies (13)		111	111	98		0.13
Transaction-related gain, net (14)			(498)	(387)		(0.50)
Cumulative adjustment related to customer contract (15)	105		105	105		0.14
<b>Core performance measures</b>	\$ 11,452	\$ 86	\$ 1,568	\$ 1,237	21.1%	\$ 1.39

(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 December 31, 2021 and 2020**  
(Unaudited; amounts in millions)

	Three months ended December 31, 2021					
	Gross margin	Gross margin %	Selling, general and administrative expenses	Research, development and engineering expenses	Operating margin	Operating margin %
<b>As reported</b>	<b>\$ 1,271</b>	<b>34.6%</b>	<b>\$ 476</b>	<b>\$ 280</b>	<b>\$ 483</b>	<b>13.1%</b>
Constant-currency adjustment (1)	39				39	
Acquisition-related costs (4)			1		31	
Pension mark-to-market adjustment (6)			(7)	(2)	9	
Restructuring, impairment and other charges and credits (7)	45		7	2	36	
Litigation, regulatory and other legal matters (8)			(5)		5	
<b>Core performance measures</b>	<b>\$ 1,355</b>	<b>36.5%</b>	<b>\$ 472</b>	<b>\$ 280</b>	<b>\$ 603</b>	<b>16.2%</b>

	Three months ended December 31, 2020					
	Gross margin	Gross margin %	Selling, general and administrative expenses	Research, development and engineering expenses	Operating margin	Operating margin %
<b>As reported</b>	<b>\$ 1,213</b>	<b>36.2%</b>	<b>\$ 471</b>	<b>\$ 232</b>	<b>\$ 476</b>	<b>14.2%</b>
Constant-currency adjustment (1)	(3)		(1)		(2)	
Translated earnings contract gain, net (3)	(3)				(3)	
Acquisition-related costs (4)	16		1	(2)	51	
Pension mark-to-market adjustment (6)			1		(1)	
Restructuring, impairment and other charges and credits (7)	60		(25)	(4)	89	
Litigation, regulatory and other legal matters (8)			(36)		36	
<b>Core performance measures</b>	<b>\$ 1,283</b>	<b>38.6%</b>	<b>\$ 411</b>	<b>\$ 226</b>	<b>\$ 646</b>	<b>19.4%</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**  
**Year Ended December 31, 2021 and 2020**  
(Unaudited; amounts in millions)

	Year ended December 31, 2021					
	Gross margin	Gross margin %	Selling, general and administrative expenses	Research, development and engineering expenses	Operating margin	Operating margin %
<b>As reported</b>	<b>\$ 5,063</b>	<b>36.0%</b>	<b>\$ 1,827</b>	<b>\$ 995</b>	<b>\$ 2,112</b>	<b>15.0%</b>
Constant-currency adjustment (1)	81		(3)		84	
Acquisition-related costs (4)	18		(1)	(1)	149	
Pension mark-to-market adjustment (6)			(18)	(5)	23	
Restructuring, impairment and other charges and credits (7)	80		3	(1)	78	
Litigation, regulatory and other legal matters (8)			(16)		16	
<b>Core performance measures</b>	<b>\$ 5,242</b>	<b>37.1%</b>	<b>\$ 1,792</b>	<b>\$ 988</b>	<b>\$ 2,462</b>	<b>17.4%</b>

	Year ended December 31, 2020					
	Gross margin	Gross margin %	Selling, general and administrative expenses	Research, development and engineering expenses	Operating margin	Operating margin %
<b>As reported</b>	<b>\$ 3,531</b>	<b>31.2%</b>	<b>\$ 1,747</b>	<b>\$ 1,154</b>	<b>\$ 509</b>	<b>4.5%</b>
Constant-currency adjustment (1)	25		2		23	
Translated earnings contract gain, net (3)	(7)				(7)	
Acquisition-related costs (4)	23		(7)	(3)	154	
Pension mark-to-market adjustment (6)			1		(1)	
Restructuring, impairment and other charges and credits (7)	443		(116)	(247)	806	
Litigation, regulatory and other legal matters (8)			(144)		144	
Cumulative adjustment related to customer contract (15)	105				105	
<b>Core performance measures</b>	<b>\$ 4,120</b>	<b>36.0%</b>	<b>\$ 1,483</b>	<b>\$ 904</b>	<b>\$ 1,733</b>	<b>15.1%</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 Twelve Months Ended December 31, 2021 and 2020**  
(Unaudited; amounts in millions)

	Three months ended		Year ended	
	December 31,		December 31,	
	2021	2020	2021	2020
Cash flows from operating activities	\$ 1,023	\$ 774	\$ 3,412	\$ 2,180
Realized gains on translated earnings contracts	37	2	67	12
Translation (losses) gains on cash balances	(12)	79	(77)	133
Adjusted cash flows from operating activities	\$ 1,048	\$ 855	\$ 3,402	\$ 2,325
Less: Capital expenditures	\$ 623	\$ 391	\$ 1,637	\$ 1,377
Free cash flow	\$ 425	\$ 464	\$ 1,765	\$ 948

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. 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 primarily impacted by the euro and Chinese yuan. Presenting results on a constant-currency basis mitigates the translation impact and allows management to evaluate performance period over period, analyze underlying trends in the 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 the 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 the 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 the British pound-denominated foreign currency hedges related to translated earnings.
- (4) Acquisition-related costs: These expenses include intangible amortization, inventory valuation adjustments, external acquisition-related deal costs, and other transaction related costs.
- (5) Discrete tax items and other tax-related adjustments: These include discrete period tax items such as changes of tax reserves and changes in our permanently reinvested foreign income position.
- (6) 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.
- (7) Restructuring, impairment and other charges and credits: This amount includes restructuring, impairment losses and other charges and credits, primarily accelerated depreciation and asset write-offs, which are not related to continuing operations and are not classified as restructuring expense. During the third quarter of 2021, we recorded asset write-offs and charges related to facility repairs resulting from the impact of power outages. The Company is pursuing recoveries under its applicable property insurance policies.
- (8) Litigation, regulatory and other legal matters: Includes amounts that reflect developments in commercial litigation, intellectual property disputes, adjustments to the estimated liability for environmental-related items and other legal matters.
- (9) Preferred stock conversion: This amount includes the put option from the Share Repurchase Agreement with Samsung Display Co., Ltd.
- (10) Bond redemption loss: Amount represents premiums on redemption of debentures.
- (11) Gain on investments: Amount represents the gain recognized on investment due to mark-to-mark adjustments for the change in fair value and the ultimate disposition of the asset.
- (12) Gain on sale of business: Amount represents the gain recognized for the sale of certain businesses.
- (13) Equity in losses 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, including Corning's share of HSG's settlement of its pre-existing relationship of its long-term supply contract related to the HSG's acquisition of TCS.
- (14) Transaction-related gain, net: Amount represents the pre-tax gain recorded on a previously held equity investment in HSG.
- (15) Cumulative adjustment related to customer contract: The negative impact of a cumulative adjustment recorded during the first quarter of 2020 to reduce revenue by \$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 substantially exited its production of LCD panels.