

Consolidated Statements of Income**Corning Incorporated and Subsidiary Companies**

(Unaudited; in millions, except per share amounts)

	Three months ended	
	March 31,	
	2024	2023
Net sales	\$ 2,975	\$ 3,178
Cost of sales	1,982	2,175
Gross margin	993	1,003
Operating expenses:		
Selling, general and administrative expenses	451	421
Research, development and engineering expenses	258	254
Amortization of purchased intangibles	30	31
Operating income	254	297
Interest income	12	7
Interest expense	(83)	(76)
Translated earnings contract gain (loss), net	39	(8)
Other income, net	74	8
Income before income taxes	296	228
Provision for income taxes	(71)	(37)
Net income	\$ 225	\$ 191
Net income attributable to non-controlling interest	(16)	(15)
Net income attributable to Corning Incorporated	\$ 209	\$ 176
Earnings per common share available to common shareholders:		
Basic	\$ 0.25	\$ 0.21
Diluted	\$ 0.24	\$ 0.20

Consolidated Balance Sheets**Corning Incorporated and Subsidiary Companies**

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

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,365	\$ 1,779
Trade accounts receivable, net of doubtful accounts	1,621	1,572
Inventories	2,713	2,666
Other current assets	1,272	1,195
Total current assets	6,971	7,212
Property, plant and equipment, net of accumulated depreciation	14,199	14,630
Goodwill	2,370	2,380
Other intangible assets, net	871	905
Deferred income taxes	1,132	1,153
Other assets	2,075	2,220
Total Assets	\$ 27,618	\$ 28,500
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt and short-term borrowings	\$ 318	\$ 320
Accounts payable	1,476	1,466
Other accrued liabilities	2,381	2,533
Total current liabilities	4,175	4,319
Long-term debt	7,050	7,206
Postretirement benefits other than pensions	399	398
Other liabilities	4,435	4,709
Total liabilities	16,059	16,632
Commitments and contingencies		
Shareholders' equity:		
Common stock – Par value \$0.50 per share; Shares authorized 3.8 billion; Shares issued: 1.8 billion and 1.8 billion	917	916
Additional paid-in capital – common stock	16,998	16,929
Retained earnings	16,358	16,391
Treasury stock, at cost; Shares held: 981 million and 980 million	(20,672)	(20,637)
Accumulated other comprehensive loss	(2,375)	(2,048)
Total Corning Incorporated shareholders' equity	11,226	11,551
Non-controlling interest	333	317
Total equity	11,559	11,868
Total Liabilities and Equity	\$ 27,618	\$ 28,500

Consolidated Statements of Cash Flows
Corning Incorporated and Subsidiary Companies

(Unaudited; in millions)

	Three months ended March 31,	
	2024	2023
Cash Flows from Operating Activities:		
Net income	\$ 225	\$ 191
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	307	310
Amortization of purchased intangibles	30	31
Severance payments	(41)	(20)
Share-based compensation expense	60	52
Translation gain on Japanese yen-denominated debt	(81)	(18)
Deferred tax provision (benefit)	10	(38)
Translated earnings contract (gain) loss, net	(39)	8
Changes in assets and liabilities:		
Trade accounts receivable	(161)	(28)
Inventories	(86)	17
Other current assets	2	(62)
Accounts payable and other current liabilities	(73)	(369)
Customer deposits and government incentives	(25)	(17)
Deferred income	(34)	(6)
Other, net	2	(100)
Net cash provided by (used in) operating activities	96	(49)
Cash Flows from Investing Activities:		
Capital expenditures	(252)	(382)
Proceeds from sale of equipment to related party		67
Realized gains on translated earnings contracts and other	94	81
Other, net	(26)	6
Net cash used in investing activities	(184)	(228)
Cash Flows from Financing Activities:		
Repayments of debt	(37)	(69)
Proceeds from other financing arrangements		54
Payments of employee withholding tax on stock awards	(34)	(16)
Proceeds from exercise of stock options	13	16
Dividends paid	(243)	(239)
Other, net	(7)	6
Net cash used in financing activities	(308)	(248)
Effect of exchange rates on cash	(18)	
Net decrease in cash and cash equivalents	(414)	(525)
Cash and cash equivalents at beginning of period	1,779	1,671
Cash and cash equivalents at end of period	\$ 1,365	\$ 1,146

GAAP Earnings per Common Share

(Unaudited; in millions, except per share amounts)

The following table sets forth the computation of basic and diluted earnings per common share:

	Three months ended March 31,	
	2024	2023
Net income attributable to Corning Incorporated	\$ 209	\$ 176
Weighted-average common shares outstanding - basic	852	844
Effect of dilutive securities:		
Stock options and other awards	10	15
Weighted-average common shares outstanding - diluted	862	859
Basic earnings per common share	\$ 0.25	\$ 0.21
Diluted earnings per common share	\$ 0.24	\$ 0.20

Core Earnings per Share

(Unaudited; in millions, except per share amounts)

The following table sets forth the computation of core earnings per share:

	Three months ended March 31,	
	2024	2023
Core net income	\$ 330	\$ 350
Weighted-average common shares outstanding - basic	852	844
Effect of dilutive securities:		
Stock options and other awards	10	15
Weighted-average common shares outstanding - diluted	862	859
Core earnings per share	\$ 0.38	\$ 0.41

CORE PERFORMANCE MEASURES

In managing the Company and assessing our financial performance, we adjust certain measures included in our consolidated financial statements to exclude specific items to arrive at our core performance measures. These items include the impact of translating the Japanese yen-denominated debt, the impact of the translated earnings contracts, acquisition-related costs, certain discrete tax items and other tax-related adjustments, restructuring, impairment and other charges and credits, certain litigation, regulatory and other legal matters, pension mark-to-market adjustments and other items which do not reflect the ongoing operating results of the Company.

In addition, because a significant portion of our revenues and expenses are denominated in currencies other than the U.S. dollar, management believes it is important to understand the impact on sales and net income of translating these currencies into U.S. dollars. Therefore, management utilizes constant-currency reporting for the Display Technologies, Specialty Materials, Environmental Technologies and Life Sciences segments to exclude the impact from the Japanese yen, South Korean won, Chinese yuan, New Taiwan dollar and euro, as applicable to the segment. In addition, effective January 1, 2024, the Company began utilizing constant-currency reporting for the Optical Communications segment to exclude the impact from the Mexican peso on segment results. Prior periods were not recasted as the impact was not material. The most significant constant-currency adjustment relates to the Japanese yen exposure within the Display Technologies segment.

The constant-currency rates established for our core performance measures are internally derived long-term management estimates, which are closely aligned with our hedging instrument rates. These hedging instruments may include, but are not limited to, foreign exchange forward or option contracts and foreign-denominated debt. For details of the rates used, please see the footnotes to the “Reconciliation of Non-GAAP Measures” section. We believe that the use of constant-currency reporting allows management to understand our results without the volatility of currency fluctuations, analyze underlying trends in the businesses and establish operational goals and forecasts.

Core performance measures are not prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). We provide investors with these non-GAAP measures to evaluate our results as we believe they are indicative of our core operating performance and provide greater transparency to how management evaluates our results and trends and makes financial and operational decisions. These measures are not, and should not be viewed as a substitute for, GAAP reporting measures. With respect to the outlook for future periods, it is not possible to provide reconciliations for these non-GAAP measures because management 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 management’s control. As a result, management 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.”

Reconciliation of Non-GAAP Measures
Corning Incorporated and Subsidiary Companies

(Unaudited; in millions, except per share amounts)

	Three months ended March 31, 2024				
	Net sales	Income before income taxes	Net income attributable to Corning Incorporated	Effective tax rate (a)(b)	Per share
As reported – GAAP	\$ 2,975	\$ 296	\$ 209	24.0%	\$ 0.24
Constant-currency adjustment (1)	283	226	172		0.20
Translation gain on Japanese yen-denominated debt (2)		(81)	(62)		(0.07)
Translated earnings contract gain (3)		(39)	(30)		(0.03)
Acquisition-related costs (4)		32	24		0.03
Discrete tax items and other tax-related adjustments (5)			15		0.02
Restructuring, impairment and other charges and credits (6)		(9)	(7)		(0.01)
Litigation, regulatory and other legal matters (7)		(5)	(4)		(0.00)
Pension mark-to-market adjustment (8)		11	8		0.01
Loss on investments (9)		5	5		0.01
Core performance measures	\$ 3,258	\$ 436	\$ 330	20.2%	\$ 0.38

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

(b) The calculation of the effective tax rate (“ETR”) for GAAP and Core excludes net income attributable to non-controlling interest (“NCI”) of approximately \$16 million and \$17 million, respectively.

	Three months ended March 31, 2023				
	Net sales	Income before income taxes	Net income attributable to Corning Incorporated	Effective tax rate (a)(b)	Per share
As reported - GAAP	\$ 3,178	\$ 228	\$ 176	16.2%	\$ 0.20
Constant-currency adjustment (1)	189	149	114		0.13
Translation gain on Japanese yen-denominated debt (2)		(18)	(14)		(0.02)
Translated earnings contract loss (3)		8	6		0.01
Acquisition-related costs (4)		34	20		0.02
Discrete tax items and other tax-related adjustments (5)			(2)		(0.00)
Restructuring, impairment and other charges and credits (6)		66	53		0.06
Pension mark-to-market adjustment (8)		10	8		0.01
Loss on investments (9)		4	4		0.00
Gain on sale of assets (10)		(20)	(15)		(0.02)
Core performance measures	\$ 3,367	\$ 461	\$ 350	19.4%	\$ 0.41

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

(b) The calculation of the ETR for GAAP and Core excludes net income attributable to NCI of approximately \$15 million and \$21 million, respectively.

See “Items Adjusted from GAAP Measures” for the descriptions of the footnoted reconciling items.

Reconciliation of Non-GAAP Measures
Corning Incorporated and Subsidiary Companies

(Unaudited; in millions)

	Three months ended March 31, 2024					
	Gross margin	Gross margin %	Selling, general and administrative expenses	Research, development and engineering expenses	Operating income	Operating margin %
As reported - GAAP	\$ 993	33.4%	\$ 451	\$ 258	\$ 254	8.5%
Constant-currency adjustment (1)	227		4		223	
Acquisition-related costs (4)					30	
Restructuring, impairment and other charges and credits (6)	(20)		(11)		(9)	
Litigation, regulatory and other legal matters (7)			5		(5)	
Pension mark-to-market adjustment (8)			(8)	(3)	11	
Core performance measures	\$ 1,200	36.8%	\$ 441	\$ 255	\$ 504	15.5%

	Three months ended March 31, 2023					
	Gross margin	Gross margin %	Selling, general and administrative expenses	Research, development and engineering expenses	Operating income	Operating margin %
As reported - GAAP	\$ 1,003	31.6%	\$ 421	\$ 254	\$ 297	9.3%
Constant-currency adjustment (1)	149		2		147	
Acquisition-related costs (4)			1		30	
Restructuring, impairment and other charges and credits (6)	54		(5)		59	
Pension mark-to-market adjustment (8)			(8)	(2)	10	
Gain on sale of assets (10)	(20)				(20)	
Core performance measures	\$ 1,186	35.2%	\$ 411	\$ 252	\$ 523	15.5%

See "Items Adjusted from GAAP Measures" for the descriptions of the footnoted reconciling items.

Reconciliation of Non-GAAP Measures**Corning Incorporated and Subsidiary Companies**

(Unaudited; in millions)

	Three months ended	
	March 31,	
	2024	2023
Cash flows from operating activities	\$ 96	\$ (49)
Realized gains on translated earnings contracts and other	94	81
Translation losses on cash balances		(33)
Adjusted cash flows from operating activities	\$ 190	\$ (1)
Less: Capital expenditures	\$ 252	\$ 382
Adjusted free cash flow	\$ (62)	\$ (383)

Items Adjusted from GAAP Measures

Items adjusted from GAAP measures to arrive at core performance measures are as follows:

- (1) Constant-currency adjustment: As a significant portion of revenues and expenses are denominated in currencies other than the U.S. dollar, management believes it is important to understand the impact on sales and net income of translating these currencies into U.S. dollars. The Company utilizes constant-currency reporting for Display Technologies, Specialty Materials, Environmental Technologies and Life Sciences segments for the Japanese yen, Korean won, Chinese yuan, New Taiwan dollar and euro, as applicable to the segment. In addition, effective January 1, 2024, the Company began utilizing constant-currency reporting for the Optical Communications segment to exclude the impact from the Mexican peso on segment results. Prior periods were not recasted as the impact was not material.

The constant-currency rates established for our core performance measures are internally derived long-term management estimates, which are closely aligned with our hedging instrument rates. These hedging instruments may include, but are not limited to, foreign exchange forward or option contracts and foreign-denominated debt. For the three months ended March 31, 2024, the adjustment primarily relates to our Japanese yen exposure due to the difference in the average spot rate compared to our core rate.

We believe that the use of constant-currency reporting allows management to understand our results without the volatility of currency fluctuation, analyze underlying trends in the businesses and establish operational goals and forecasts.

Constant-currency rates used are as follows and are applied to all periods presented and to all foreign exchange exposures during the period, even though we may be less than 100% hedged:

Currency	Japanese yen	Korean won	Chinese yuan	New Taiwan dollar	Euro	Mexican peso
Rate	¥107	₩1,175	¥6.7	NT\$31	€ .81	MX\$20

- (2) Translation of Japanese yen-denominated debt: Amount reflects the gain or loss on the translation of our yen-denominated debt to U.S. dollars.
- (3) Translated earnings contract: Amount reflects the impact of the realized and unrealized gains and losses from 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 our British pound-denominated foreign currency hedges related to translated earnings.
- (4) Acquisition-related costs: Amount reflects intangible amortization, inventory valuation adjustments and external acquisition-related deal costs, as well as other transaction related costs.
- (5) Discrete tax items and other tax-related adjustments: Amount reflects certain discrete period tax items such as changes in tax law, the impact of tax audits, changes in tax reserves and changes in deferred tax asset valuation allowances, as well as other tax-related adjustments.
- (6) Restructuring, impairment and other charges and credits: Amount reflects certain restructuring, impairment losses and other charges and credits, as well as other expenses, including severance, accelerated depreciation, asset write-offs and facility repairs resulting from power outages, which are not related to ongoing operations.
- (7) Litigation, regulatory and other legal matters: Amount reflects developments in commercial litigation, intellectual property disputes, adjustments to our estimated liability for environmental-related items and other legal matters.
- (8) Pension mark-to-market adjustment: Amount primarily reflects 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.
- (9) Loss on investments: Amount reflects the gain or loss recognized on investments due to mark-to-market adjustments for the change in fair value or the disposition of an investment.
- (10) Gain on sale of assets: Amount represents the gain recognized for the sale of assets.