

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

(Unaudited; in millions, except per share amounts)

	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Net sales	\$ 4,215	\$ 3,501	\$ 15,629	\$ 13,118
Cost of sales	2,720	2,304	10,008	8,842
Gross margin	1,495	1,197	5,621	4,276
Operating expenses:				
Selling, general and administrative expenses	512	499	2,122	1,931
Research, development and engineering expenses	284	275	1,110	1,089
Amortization of purchased intangibles	27	30	110	121
Operating income	672	393	2,279	1,135
Interest income	11	13	38	47
Interest expense	(93)	(79)	(336)	(329)
Translated earnings contract gain, net	87	174	150	83
Other income (expense), net	1	(64)	(79)	(123)
Income before income taxes	678	437	2,052	813
Provision for income taxes	(91)	(97)	(310)	(221)
Net income	587	340	1,742	592
Net income attributable to non-controlling interest	(47)	(30)	(146)	(86)
Net income attributable to Corning Incorporated	\$ 540	\$ 310	\$ 1,596	\$ 506
Earnings per common share available to common shareholders:				
Basic	\$ 0.63	\$ 0.36	\$ 1.87	\$ 0.59
Diluted	\$ 0.62	\$ 0.36	\$ 1.83	\$ 0.58

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

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

	December 31,	
	2025	2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,526	\$ 1,768
Trade accounts receivable, net of doubtful accounts	2,779	2,053
Inventories	3,077	2,724
Other current assets	1,554	1,447
Total current assets	8,936	7,992
Property, plant and equipment, net of accumulated depreciation	14,825	13,359
Goodwill	2,489	2,363
Other intangible assets, net	657	752
Deferred income taxes	1,515	1,130
Other assets	2,554	2,139
<b>Total Assets</b>	<b>\$ 30,976</b>	<b>\$ 27,735</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term debt and short-term borrowings	\$ 804	\$ 326
Accounts payable	1,934	1,472
Other accrued liabilities	2,890	3,121
Total current liabilities	5,628	4,919
Long-term debt	7,630	6,885
Postretirement benefits other than pensions	314	336
Other liabilities	5,097	4,525
Total liabilities	18,669	16,665
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	924	921
Additional paid-in capital – common stock	17,580	17,264
Retained earnings	16,551	15,926
Treasury stock, at cost; Shares held: 992 million and 987 million	(21,143)	(20,882)
Accumulated other comprehensive loss	(2,105)	(2,543)
Total Corning Incorporated shareholders' equity	11,807	10,686
Non-controlling interest	500	384
Total equity	12,307	11,070
<b>Total Liabilities and Equity</b>	<b>\$ 30,976</b>	<b>\$ 27,735</b>

**Consolidated Statements of Cash Flows**
**Corning Incorporated and Subsidiary Companies**

(Unaudited; in millions)

	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
<b>Cash Flows from Operating Activities:</b>				
Net income	\$ 587	\$ 340	\$ 1,742	\$ 592
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	324	305	1,237	1,229
Amortization of purchased intangibles	27	30	110	121
Loss on disposal of assets, net	7	8	27	143
Share-based compensation expense	70	71	286	273
Translation (gain) loss on foreign denominated debt, net	(14)	(76)	52	(104)
Deferred tax (benefit) provision	(206)	18	(355)	(33)
Translated earnings contract gain, net	(87)	(174)	(150)	(83)
Pension contributions	(68)	(4)	(68)	(9)
Release of cumulative translation losses		83		145
Changes in assets and liabilities:				
Trade accounts receivable	(320)	(224)	(749)	(717)
Inventories	23	(37)	(243)	(171)
Other current assets	8	31	(248)	(107)
Accounts payable and other current liabilities	180	204	571	470
Customer deposits and government incentives	317	(54)	268	(6)
Deferred income	50	(50)	(58)	(27)
Other, net	154	152	273	223
<b>Net cash provided by operating activities</b>	<b>1,052</b>	<b>623</b>	<b>2,695</b>	<b>1,939</b>
<b>Cash Flows from Investing Activities:</b>				
Capital expenditures	(432)	(254)	(1,282)	(965)
Investments in unconsolidated entities	(121)		(134)	(7)
Proceeds from sale of assets	1	25	11	80
Realized gains on translated earnings contracts and other	112	40	304	279
Premiums paid on hedging contracts	(39)	(5)	(122)	(98)
Other, net	1	(13)	(20)	(33)
<b>Net cash used in investing activities</b>	<b>(478)</b>	<b>(207)</b>	<b>(1,243)</b>	<b>(744)</b>
<b>Cash Flows from Financing Activities:</b>				
Repayments of debt	(16)	(13)	(298)	(267)
Proceeds from issuance of debt	9		294	153
Repayment of acquisition related debt	(42)		(75)	
Proceeds from cross currency swap		66	24	134
Principal payments on finance leases	(322)	(7)	(346)	(30)
Payments of employee withholding tax on stock awards	(11)	(5)	(98)	(81)
Proceeds from exercise of stock options	10	19	41	76
Purchases of common stock for treasury	(5)	(30)	(163)	(165)
Dividends paid	(255)	(249)	(999)	(986)
Other, net	(20)	(1)	(52)	2
<b>Net cash used in financing activities</b>	<b>(652)</b>	<b>(220)</b>	<b>(1,672)</b>	<b>(1,164)</b>
Effect of exchange rates on cash	(4)	(41)	18	(42)
Net (decrease) increase in cash and cash equivalents and restricted cash	(82)	155	(202)	(11)
Cash and cash equivalents and restricted cash at beginning of period	1,648	1,613	1,768	1,779
<b>Cash and cash equivalents and restricted cash at end of period</b>	<b>\$ 1,566</b>	<b>\$ 1,768</b>	<b>\$ 1,566</b>	<b>\$ 1,768</b>
Restricted cash included in other current assets	40		40	
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,526</b>	<b>\$ 1,768</b>	<b>\$ 1,526</b>	<b>\$ 1,768</b>

**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 December 31,		Year ended December 31,	
	2025	2024	2025	2024
Net income attributable to Corning Incorporated	\$ 540	\$ 310	\$ 1,596	\$ 506
Weighted-average common shares outstanding - basic	856	855	855	853
Effect of dilutive securities:				
Stock options and other awards	12	11	16	16
<b>Weighted-average common shares outstanding - diluted</b>	<b>868</b>	<b>866</b>	<b>871</b>	<b>869</b>
Basic earnings per common share	\$ 0.63	\$ 0.36	\$ 1.87	\$ 0.59
<b>Diluted earnings per common share</b>	<b>\$ 0.62</b>	<b>\$ 0.36</b>	<b>\$ 1.83</b>	<b>\$ 0.58</b>

**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 December 31,		Year ended December 31,	
	2025	2024	2025	2024
Core net income	\$ 624	\$ 497	\$ 2,199	\$ 1,699
Weighted-average common shares outstanding - basic	856	855	855	853
Effect of dilutive securities:				
Stock options and other awards	12	11	16	16
<b>Weighted-average common shares outstanding - diluted</b>	<b>868</b>	<b>866</b>	<b>871</b>	<b>869</b>
<b>Core earnings per share</b>	<b>\$ 0.72</b>	<b>\$ 0.57</b>	<b>\$ 2.52</b>	<b>\$ 1.96</b>

## 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 measures that are not calculated in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and exclude specific items that are non-recurring, related to foreign exchange volatility, or unrelated to continuing operations. These measures are our core performance measures.

Management uses core performance measures, along with GAAP financial measures, to make financial and operational decisions and certain of these measures also form the basis of our compensation program metrics. Management believes that our core performance measures are indicative of our core operating performance and provide investors with greater visibility into how management evaluates our results and trends and makes business decisions. These measures are not, and should not be viewed as a substitute for, GAAP reporting measures.

Items that are excluded from certain core performance calculations include: the impact of translating foreign 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 Optical Communications, Display, Specialty Materials, Automotive and Life Sciences segments to exclude the impact from the Japanese yen, South Korean won, Chinese yuan, New Taiwan dollar, Mexican peso and euro, as applicable to the segment. The most significant constant-currency adjustment relates to the Japanese yen exposure within the Display segment. The constant-currency rates established for our core performance measures are long-term management-determined rates, 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, refer to 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.

For a reconciliation of non-GAAP performance measures to their most directly comparable GAAP financial measure, refer to “Reconciliation of Non-GAAP 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.

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

(Unaudited; in millions, except per share amounts)

	Three months ended December 31, 2025				
	Net sales	Income before income taxes	Net income attributable to Corning Incorporated	Effective tax rate (a)(b)	Per Share
<b>As reported – GAAP</b>	<b>\$ 4,215</b>	<b>\$ 678</b>	<b>\$ 540</b>	<b>13.4%</b>	<b>\$ 0.62</b>
Constant-currency adjustment <sup>(1)</sup>	197	169	122		0.14
Translation gain on foreign denominated debt, net <sup>(2)</sup>		(14)	(10)		(0.01)
Translated earnings contract gain, net <sup>(3)</sup>		(87)	(66)		(0.08)
Acquisition-related costs <sup>(4)</sup>		15	10		0.01
Discrete tax items and other tax-related adjustments <sup>(5)</sup>			(22)		(0.03)
Restructuring, impairment and other charges and credits <sup>(6)</sup>		39	34		0.04
Litigation, regulatory and other legal matters <sup>(7)</sup>		6	4		0.00
Pension mark-to-market adjustment <sup>(8)</sup>		6	5		0.01
Loss on investments <sup>(9)</sup>		7	7		0.01
<b>Core performance measures</b>	<b>\$ 4,412</b>	<b>\$ 819</b>	<b>\$ 624</b>	<b>18.1%</b>	<b>\$ 0.72</b>

(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 \$47 million and \$48 million, respectively.

	Three months ended December 31, 2024				
	Net sales	Income before income taxes	Net income attributable to Corning Incorporated	Effective tax rate (a)(b)	Per Share
<b>As reported - GAAP</b>	<b>\$ 3,501</b>	<b>\$ 437</b>	<b>\$ 310</b>	<b>22.2%</b>	<b>\$ 0.36</b>
Constant-currency adjustment <sup>(1)</sup>	331	238	169		0.20
Translation gain on foreign denominated debt, net <sup>(2)</sup>		(76)	(59)		(0.07)
Translated earnings contract gain, net <sup>(3)</sup>		(174)	(134)		(0.15)
Acquisition-related costs <sup>(4)</sup>		32	23		0.03
Discrete tax items and other tax-related adjustments <sup>(5)</sup>			16		0.02
Restructuring, impairment and other charges and credits <sup>(6)</sup>	42	144	126		0.15
Litigation, regulatory and other legal matters <sup>(7)</sup>		1	1		0.00
Pension mark-to-market adjustment <sup>(8)</sup>		9	6		0.01
Loss on investments <sup>(9)</sup>		4	4		0.00
Loss on sale of assets <sup>(10)</sup>		14	11		0.01
Loss on sale of business <sup>(11)</sup>		31	24		0.03
<b>Core performance measures</b>	<b>\$ 3,874</b>	<b>\$ 660</b>	<b>\$ 497</b>	<b>20.1%</b>	<b>\$ 0.57</b>

(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 \$30 million and \$31 million, respectively.

Refer to “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, except per share amounts)

	Year ended December 31, 2025				
	Net sales	Income before income taxes	Net income attributable to Corning Incorporated	Effective tax rate (a)(b)	Per Share
<b>As reported – GAAP</b>	<b>\$ 15,629</b>	<b>\$ 2,052</b>	<b>\$ 1,596</b>	<b>15.1%</b>	<b>\$ 1.83</b>
Constant-currency adjustment <sup>(1)</sup>	779	665	526		0.60
Translation loss on foreign denominated debt, net <sup>(2)</sup>		52	40		0.05
Translated earnings contract gain, net <sup>(3)</sup>		(150)	(114)		(0.13)
Acquisition-related costs <sup>(4)</sup>		104	75		0.09
Discrete tax items and other tax-related adjustments <sup>(5)</sup>			(78)		(0.09)
Restructuring, impairment and other charges and credits <sup>(6)</sup>		49	42		0.05
Litigation, regulatory and other legal matters <sup>(7)</sup>		63	59		0.07
Pension mark-to-market adjustment <sup>(8)</sup>		33	26		0.03
Loss on investments <sup>(9)</sup>		7	7		0.01
Loss on sale of assets <sup>(10)</sup>		5	4		0.00
Loss on sale of business <sup>(11)</sup>		11	7		0.01
Equity in losses of affiliated companies <sup>(12)</sup>		12	9		0.01
<b>Core performance measures</b>	<b>\$ 16,408</b>	<b>\$ 2,903</b>	<b>\$ 2,199</b>	<b>19.1%</b>	<b>\$ 2.52</b>

(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 \$146 million and \$150 million, respectively.

	Year ended December 31, 2024				
	Net sales	Income before income taxes	Net income attributable to Corning Incorporated	Effective tax rate (a)(b)	Per Share
<b>As reported - GAAP</b>	<b>\$ 13,118</b>	<b>\$ 813</b>	<b>\$ 506</b>	<b>27.2%</b>	<b>\$ 0.58</b>
Constant-currency adjustment <sup>(1)</sup>	1,309	989	773		0.89
Translation gain on foreign denominated debt, net <sup>(2)</sup>		(104)	(80)		(0.09)
Translated earnings contract gain, net <sup>(3)</sup>		(83)	(64)		(0.07)
Acquisition-related costs <sup>(4)</sup>		128	92		0.11
Discrete tax items and other tax-related adjustments <sup>(5)</sup>			21		0.02
Restructuring, impairment and other charges and credits <sup>(6)</sup>	42	407	374		0.43
Litigation, regulatory and other legal matters <sup>(7)</sup>		12	9		0.01
Pension mark-to-market adjustment <sup>(8)</sup>		3	2		0.00
Loss on investments <sup>(9)</sup>		23	22		0.03
Loss on sale of assets <sup>(10)</sup>		27	20		0.02
Loss on sale of business <sup>(11)</sup>		31	24		0.03
<b>Core performance measures</b>	<b>\$ 14,469</b>	<b>\$ 2,246</b>	<b>\$ 1,699</b>	<b>20.3%</b>	<b>\$ 1.96</b>

(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 \$86 million and \$92 million, respectively.

Refer to “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 December 31, 2025					
	Gross margin	Gross margin %	Selling, general and administrative expenses	Research, development and engineering expenses	Operating income	Operating margin %
<b>As reported - GAAP</b>	<b>\$ 1,495</b>	<b>35.5%</b>	<b>\$ 512</b>	<b>\$ 284</b>	<b>\$ 672</b>	<b>15.9%</b>
Constant-currency adjustment <sup>(1)</sup>	168		3		165	
Acquisition-related costs <sup>(4)</sup>			14		13	
Restructuring, impairment and other charges and credits <sup>(6)</sup>	18		(12)		30	
Litigation, regulatory and other legal matters <sup>(7)</sup>			(6)		6	
Pension mark-to-market adjustment <sup>(8)</sup>	1		(4)		5	
<b>Core performance measures</b>	<b>\$ 1,682</b>	<b>38.1%</b>	<b>\$ 507</b>	<b>\$ 284</b>	<b>\$ 891</b>	<b>20.2%</b>

	Three months ended December 31, 2024					
	Gross margin	Gross margin %	Selling, general and administrative expenses	Research, development and engineering expenses	Operating income	Operating margin %
<b>As reported - GAAP</b>	<b>\$ 1,197</b>	<b>34.2%</b>	<b>\$ 499</b>	<b>\$ 275</b>	<b>\$ 393</b>	<b>11.2%</b>
Constant-currency adjustment <sup>(1)</sup>	240		4		236	
Acquisition-related costs <sup>(4)</sup>					30	
Restructuring, impairment and other charges and credits <sup>(6)</sup>	43		(2)		45	
Litigation, regulatory and other legal matters <sup>(7)</sup>			(1)		1	
Pension mark-to-market adjustment <sup>(8)</sup>			1	1	(2)	
Loss on sale of assets <sup>(10)</sup>	14				14	
<b>Core performance measures</b>	<b>\$ 1,494</b>	<b>38.6%</b>	<b>\$ 501</b>	<b>\$ 276</b>	<b>\$ 717</b>	<b>18.5%</b>

Refer to “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)

	Year ended December 31, 2025					
	Gross margin	Gross margin %	Selling, general and administrative expenses	Research, development and engineering expenses	Operating income	Operating margin %
<b>As reported - GAAP</b>	<b>\$ 5,621</b>	<b>36.0%</b>	<b>\$ 2,122</b>	<b>\$ 1,110</b>	<b>\$ 2,279</b>	<b>14.6%</b>
Constant-currency adjustment <sup>(1)</sup>	663		7	1	655	
Acquisition-related costs <sup>(4)</sup>			15		95	
Restructuring, impairment and other charges and credits <sup>(6)</sup>	3		(29)		32	
Litigation, regulatory and other legal matters <sup>(7)</sup>			(63)		63	
Pension mark-to-market adjustment <sup>(8)</sup>	1		(24)	(6)	31	
Loss on sale of assets <sup>(10)</sup>	5				5	
<b>Core performance measures</b>	<b>\$ 6,293</b>	<b>38.4%</b>	<b>\$ 2,028</b>	<b>\$ 1,105</b>	<b>\$ 3,160</b>	<b>19.3%</b>

	Year ended December 31, 2024					
	Gross margin	Gross margin %	Selling, general and administrative expenses	Research, development and engineering expenses	Operating income	Operating margin %
<b>As reported - GAAP</b>	<b>\$ 4,276</b>	<b>32.6%</b>	<b>\$ 1,931</b>	<b>\$ 1,089</b>	<b>\$ 1,135</b>	<b>8.7%</b>
Constant-currency adjustment <sup>(1)</sup>	989		14	1	974	
Acquisition-related costs <sup>(4)</sup>			1	(1)	121	
Restructuring, impairment and other charges and credits <sup>(6)</sup>	211		(20)	(7)	238	
Litigation, regulatory and other legal matters <sup>(7)</sup>	20		8		12	
Pension mark-to-market adjustment <sup>(8)</sup>			(19)	(4)	23	
Loss on sale of assets <sup>(10)</sup>	27				27	
<b>Core performance measures</b>	<b>\$ 5,523</b>	<b>38.2%</b>	<b>\$ 1,915</b>	<b>\$ 1,078</b>	<b>\$ 2,530</b>	<b>17.5%</b>

Refer to “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 December 31,		Year ended December 31,	
	2025	2024	2025	2024
Cash flows from operating activities	\$ 1,052	\$ 623	\$ 2,695	\$ 1,939
Realized gains on translated earnings contracts and other	112	40	304	279
Adjusted cash flows from operating activities	\$ 1,164	\$ 663	\$ 2,999	\$ 2,218
Less: Capital expenditures	\$ 432	\$ 254	\$ 1,282	\$ 965
Adjusted free cash flow	\$ 732	\$ 409	\$ 1,717	\$ 1,253

Core return on invested capital (“core ROIC”) is a non-GAAP measure used by management and can be used by investors to review our investment and capital allocation decisions. We define core ROIC as the after-tax core operating income, inclusive of core equity earnings from affiliated companies, as a percentage of invested capital, calculated as total equity plus total long-term debt. Core ROIC for the three months ended December 31, 2025 and 2024 is calculated by annualizing the after-tax return for the respective period.

	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Core operating income <sup>(1)</sup>	\$ 891	\$ 717	\$ 3,160	\$ 2,530
Core equity earnings in affiliated companies <sup>(2)</sup>	\$ 8	\$ 11	\$ 16	\$ 40
Core operating income before interest and taxes	\$ 899	\$ 728	\$ 3,176	\$ 2,570
Less: Income tax <sup>(3)</sup>	\$ 163	\$ 146	\$ 607	\$ 522
Core operating income tax adjusted	\$ 736	\$ 582	\$ 2,569	\$ 2,048
Equity	\$ 12,307	\$ 11,070	\$ 12,307	\$ 11,070
Debt	\$ 8,434	\$ 7,211	\$ 8,434	\$ 7,211
Invested capital	\$ 20,741	\$ 18,281	\$ 20,741	\$ 18,281
Core ROIC	14.2 %	12.7 %	12.4 %	11.2 %

(1) Refer to the reconciliation of operating income as reported in our GAAP results to core operating income within the “Reconciliation of non-GAAP measures.”

(2) Equity earnings in affiliated companies as reflected within other income (expense), net in the consolidated statements of income was \$4 million and \$8 million for the three months ended December 31, 2025 and 2024 and a loss of \$7 million and income of \$26 million for the years ended December 31, 2025 and 2024, respectively. The difference between equity earnings in affiliated companies as reported in our GAAP results and as reflected as a non-GAAP core performance measure is an adjustment for constant currency reporting, as described within “Core Performance Measures.” For the year ended December 31, 2025, the difference also included an adjustment of \$12 million for restructuring charges associated with an affiliated company as described within the “Reconciliation of non-GAAP measures.”

(3) Income tax amounts are calculated based on the core effective tax rate of 18.1% and 20.1% for the three months ended December 31, 2025 and 2024, respectively, and 19.1% and 20.3% for the years ended December 31, 2025 and 2024, respectively.

## 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 Optical Communications, Display, Specialty Materials, Automotive and Life Sciences segments for the Japanese yen, South Korean won, Chinese yuan, New Taiwan dollar, Mexican peso and euro, as applicable to the segment. 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. For the three and twelve months ended December 31, 2025 and 2024, the constant-currency adjustment primarily relates to our Japanese yen exposure due to the difference in the average spot rate compared to our core rate.

The constant-currency rates established for our core performance measures are long-term management-determined rates, 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. Effective January 1, 2025, management updated the constant-currency rates and the updated rates were applied prospectively beginning with reporting periods in 2025. Comparative results were not recast and are reported based on the 2024 rates.

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	South Korean won	Chinese yuan	New Taiwan dollar	Mexican peso	Euro
2024 Rate	¥107	₩1,175	¥6.7	NT\$31	MX\$20	€0.81
2025 Rate	¥120	₩1,250	¥6.9	NT\$31	MX\$21	€0.88

- (2) Translation of foreign denominated debt, net: Amount reflects the gain or loss on the translation of our yen-denominated and euro-denominated debt to U.S. dollars, net of gains or losses on related hedging instruments.
- (3) Translated earnings contract, net: Amount reflects the impact of the realized and unrealized gains and losses from the Japanese yen, South Korean won, Chinese yuan, New Taiwan dollar, Mexican peso and euro-denominated foreign currency hedges related to translated earnings.
- (4) Acquisition-related costs: Amount reflects intangible amortization, inventory valuation adjustments, contingent consideration 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, and the recognition of cumulative foreign currency translation adjustments upon the substantial liquidation or disposition of a foreign entity, which are not related to ongoing operations. For the year ended December 31, 2024, amount includes \$131 million of non-cash cumulative foreign currency translation losses required to be recognized upon the substantial liquidation or disposition of foreign entities, which was recorded in other income (expense), net on the consolidated statements of income. Amount also includes \$49 million of non-cash charges in one of our Emerging Growth Businesses relating to a customer that recently entered into a multi-jurisdictional restructuring effort including insolvency filings in certain countries. These charges primarily relate to the full write-down of upfront payments made to the customer, which were determined to be nonrecoverable, and recorded as a charge to net sales on the consolidated statements of income. Other charges recorded during 2024 related to asset write-offs associated with the exit of certain facilities and product lines.
- (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 loss recognized on investments due to mark-to-market adjustments for the change in fair value or the disposition of an investment.
- (10) Loss on sale of assets: Amount represents the loss recognized for the sale of assets, recorded in cost of sales, on the consolidated statement of income.
- (11) Loss on sale of business: Amount reflects the loss recognized for the sale of a business, recorded in other income (expense), net in the consolidated statements of income, and includes \$14 million for the year ended December 31, 2024 of non-cash cumulative foreign currency translation losses related to the disposition of a foreign entity.
- (12) Equity in losses of affiliated companies: Amount reflects costs not related to continuing operations of affiliated companies, such as restructuring, impairment losses, inventory adjustments, other charges and credits.