



# CORNING



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## **Second-Quarter 2021 Investor Call**

Corning Reports Outstanding Second-Quarter 2021 Results,  
Expects Continued Growth in Third Quarter

Second-quarter core sales of \$3.5B grew 35% from Q2 2020 and  
17% from Q2 2019

Core EPS grew 112% year over year to \$0.53 on higher sales and  
expanded margins

Free cash flow of \$471M grew \$186M, or 65%, year over year

July 27, 2021

## Forward-Looking and Cautionary Statements

The statements in this presentation that are not historical facts or information and contain words such as “will,” “believe,” “anticipate,” “expect,” “intend,” “plan,” “seek,” “see,” “would,” and “target” and similar expressions are forward-looking statements. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and include estimates and assumptions related to economic, competitive and legislative developments. Such statements relate to future events that by their nature address matters that are, to different degrees, uncertain. These forward-looking statements relate to, among other things, the Company’s future operating performance, the Company’s share of new and existing markets, the Company’s revenue and earnings growth rates, the Company’s ability to innovate and commercialize new products, and the Company’s implementation of cost-reduction initiatives and measures to improve pricing, including the optimization of the Company’s manufacturing capacity. These statements are subject to change and uncertainty which are, in many instances, beyond our control. There can be no assurance that future developments will be in accordance with management’s expectations. Actual results could differ materially from those expected by us, depending on the outcome of various factors. We do not undertake to update forward-looking statements.

Although the Company believes that these forward-looking statements are based upon reasonable assumptions regarding, among other things, current estimates and forecasts, general economic conditions, its knowledge of its business, and key performance indicators that impact the Company, actual results could differ materially. The Company does not undertake to update forward-looking statements. Some of the risks, uncertainties and other factors that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements include, but are not limited to: the duration and severity of the COVID-19 pandemic, and its impact across our businesses on demand, operations and our global supply chains; the effects of acquisitions, dispositions and other similar transactions; global business, financial, economic and political conditions; tariffs and import duties; currency fluctuations between the U.S. dollar and other currencies, primarily the Japanese yen, new Taiwan dollar, euro, Chinese yuan and South Korean won; product demand and industry capacity; competitive products and pricing; availability and costs of critical components and materials; new product development and commercialization; order activity and demand from major customers; the amount and timing of our cash flows and earnings and other conditions, which may affect our ability to pay our quarterly dividend at the planned level or to repurchase shares at planned levels; possible disruption in commercial activities due to terrorist activity, cyber-attack, armed conflict, political or financial instability, natural disasters, or major health concerns; loss of intellectual property due to theft, cyber-attack, or disruption to our information technology infrastructure; unanticipated disruption to equipment, facilities, IT systems or operations; effect of regulatory and legal developments; ability to pace capital spending to anticipated levels of customer demand; rate of technology change; ability to enforce patents and protect intellectual property and trade secrets; adverse litigation; product and components performance issues; retention of key personnel; customer ability, to maintain profitable operations and obtain financing to fund ongoing operations and manufacturing expansions and pay receivables when due; loss of significant customers; changes in tax laws and regulations; the impacts of audits by taxing authorities; the potential impact of legislation, government regulations, and other government action and investigations; and other risks detailed in Corning’s SEC filings.

For a complete listing of risks and other factors, please reference the risk factors and forward-looking statements described in our annual reports on Form 10-K and quarterly reports on Form 10-Q.

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3

## Use of Non-GAAP Financial Information

Corning has included non-GAAP financial measures in this presentation to supplement Corning’s consolidated financial statements presented on a GAAP basis. In managing the Company and assessing our financial performance, we adjust certain measures provided by our consolidated financial statements to exclude specific items to arrive at 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 report core performance measures. These items include gains and losses on our translated earnings contracts, acquisition-related costs, certain discrete tax items and other tax-related adjustments, restructuring, impairment losses, and other charges and credits, certain litigation-related expenses, pension mark-to-market adjustments and other items which do not reflect on-going operating results of the Company or our equity affiliates. Corning utilizes constant-currency reporting for our Display Technologies, Environmental Technologies, Specialty Materials and Life Sciences segments for the Japanese yen, South Korean won, Chinese yuan, new Taiwan dollar and the euro. The Company believes that the use of constant-currency reporting allows investors to understand our results without the volatility of currency fluctuations and reflects the underlying economics of the translated earnings contracts used to mitigate the impact of changes in currency exchange rates on 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.

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4

## Q2 2021 GAAP Details

**Q2 GAAP net income was \$449M however GAAP EPS was a loss of \$0.42 due to a GAAP accounting treatment**

- On April 5, 2021, Samsung Display Co.(SDC) converted 2,300 shares of Preferred Stock into 115 million shares of Corning Common Stock and Corning immediately repurchased 35 million shares of Common Stock from SDC
- The common shares were never traded on the open exchange therefore GAAP requires a special accounting treatment of the repurchase as an extinguishment of the original preferred shares and records the difference between the repurchase price and the original book value in Retained Earnings. This adjustment to Retained Earnings is also removed from net income available to common shareholders when calculating GAAP Earnings per Share

### FX Hedge Accounting

- Recorded unrealized, non-cash, after-tax loss of \$2M in Q2 2021 on mark-to-market adjustments associated with currency-hedging contracts and foreign debt

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5

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July 27, 2021

## Second-Quarter 2021 Core Performance

“Corning had an outstanding second quarter. We are growing faster than our underlying markets and achieved a revenue milestone of \$3.5 billion, establishing a strong sales run rate.

We are performing well as we continue to build a stronger, more agile company that’s consistently delivering meaningful and important contributions, Corning’s deep commitment to life-changing innovation and our people’s unwavering dedication continue to drive us forward.”

- Wendell Weeks, Chairman and CEO



**\$3.5B**

Q2 Core Sales  
35% Increase YoY



**\$0.53**

Q2 Core EPS  
112% Increase YoY



**\$471M**

Q2 Free Cash Flow  
65% increase YoY

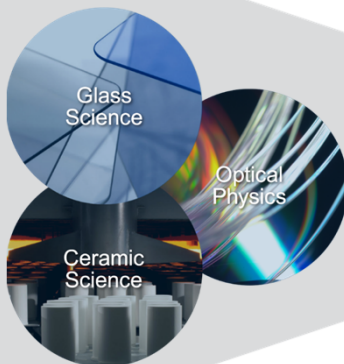
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7

## Focused and Cohesive Portfolio Foundation for Sustained Growth

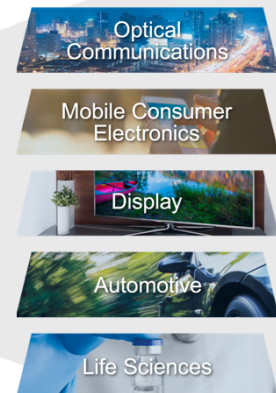
### 3 Core Technologies



### 4 Manufacturing & Engineering Platforms



### 5 Market-Access Platforms



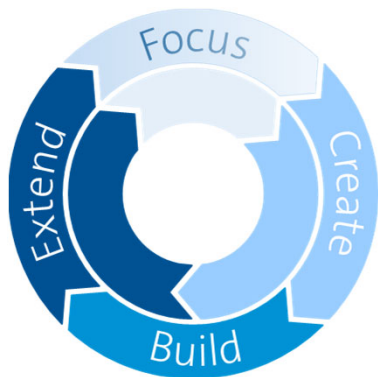
*Focus >80% of resources on opportunities that leverage capabilities from at least two of three columns*

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8

## Value Creation Model



- **Focus** 80% of our resources on significant opportunities
- **Create** new-to-the-world products
  - Ceramic Shield, Gorilla Glasses, auto-grade glass, Corning Valor® Glass packaging, Gen 10.5 display glass, innovative passive optical solutions
- **Build** state-of-the-art plants
  - Manufacture products at scale, locate these plants near our customers, de-risk these investments with customer commitments
- **Extend** our leadership and create new innovations
  - Reapply insights, repurpose assets, and improve capabilities

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9

## Q2 2021 Highlights

### Mobile Consumer Electronics

- Apple awarded Corning an additional \$45 million from its Advanced Manufacturing Fund – recognizing the two companies' strong history of partnering to “accomplish the impossible”
- Corning® Gorilla® DX and Corning® Gorilla® Glass DX+ composites enable high-quality image capture through a unique combination of advanced optical performance, superior scratch resistance, and durability
- Samsung is the first adopter

### Automotive

- Addressing a combined \$100-per-car content opportunity across emissions, precision-glass products, and auto-glass solutions, driven by the More Corning growth strategy
- Entered a new product category Corning® Curved Mirror Solutions, being deployed in Hyundai Mobis' head-up display system, featured in the Hyundai IONIQ 5, to deliver an enhanced driving experience

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## Q2 2021 Highlights (continued)

### Life Sciences

- Strength across underlying lab research, bioprocessing, and diagnostics markets
- Cell- and gene-based therapies and advances in research are creating opportunities for Corning to capture more value with its innovations; Successfully building Valor® Glass franchise
- Collaborated with Thermo Fisher Scientific and OPTIMA Pharma to demonstrate how Valor Glass contributes to a 67% increase in vaccine packaging filling speed

### Display

- Experienced the most favorable pricing environments in more than a decade, and during the quarter announced its second moderate increase to display glass substrate prices this year
- Hosted an official grand opening of its Gen 10.5 facility in Wuhan, co-located with a BOE Technology Group Co., Ltd. plant
- The Wuhan plant further positions the company to capture demand for large-size TVs

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11



## Q2 2021 Highlights (continued)

### Optical

- Returned to growth as 5G, fiber-to-the-home, and cloud computing drive greater demand for Corning's content
- Outperforming the market and addressing customer challenges
- Introduced Corning SMF-28® Contour fiber, which offers an industry-first combination of superior bendability, compatibility with other fibers, and low signal loss
- Launched EDGE™ Rapid Connect solutions that increase fiber density and reduce customer installation time by up to 70%

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12

## CEO Summary

- Value creation model is driving growth
- Key trends are converging around our capabilities
- Building on more than a century of honest, respectful, and fair behavior
  - Issued annual report on Diversity, Equity, and Inclusion
  - Published 2020 Sustainability Report
- Operating exceptionally well on all dimensions

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13

## CFO Perspective



### Second Quarter Results

- Added ~\$1 billion in sales year over year and more than \$500 million in sales over pre-pandemic levels
  - Improved margins YoY and sequentially
  - Strong EPS
  - Generated significant operating and free cash flow
- We are confident that this momentum will continue

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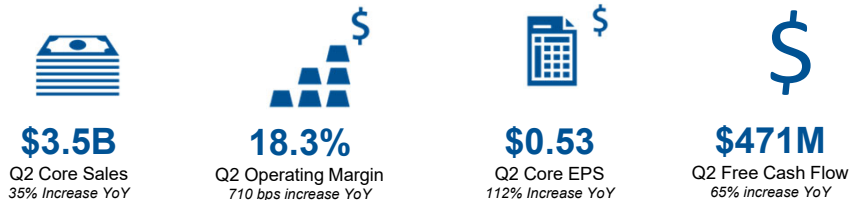
14



## Second-Quarter 2021 Core Performance

*"Corning is on track to deliver an outstanding year. In the second quarter we added almost \$1 billion in sales year over year and a half billion in sales over pre-pandemic levels; we improved margins year over year and sequentially, contributing to strong EPS; and we generated significant operating and free cash flow. We are confident this momentum will continue. Our value creation model is working. We pursue opportunities that utilize capabilities from our focused and cohesive portfolio to drive growth. By repurposing and reapplying capabilities, we're increasing our probability of success, lowering our cost of innovation, and becoming more capital efficient."*

- Tony Tripeny, EVP and CFO



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15

## Display Technologies Favorable Pricing Environment Continues

### Q2 Results

- Q2 sequential glass prices increased moderately, as we implemented a price increase during the quarter
- Experienced a favorable glass pricing environment

### Observations

- Moderately increasing glass prices again in Q3
- Expect glass supply to remain short-to-tight in the upcoming quarters
- Long-term trends for TV retail intact



**\$939M**

Q2 Net Sales  
Up 25% YoY



**\$248M**

Q2 Net Income  
Up 63% YoY

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16



## Optical Communications Sales Surpass \$1 billion



**\$1.1B**  
Q2 Net Sales  
Up 21% YoY



**\$148M**  
Q2 Net Income  
Up 83% YoY

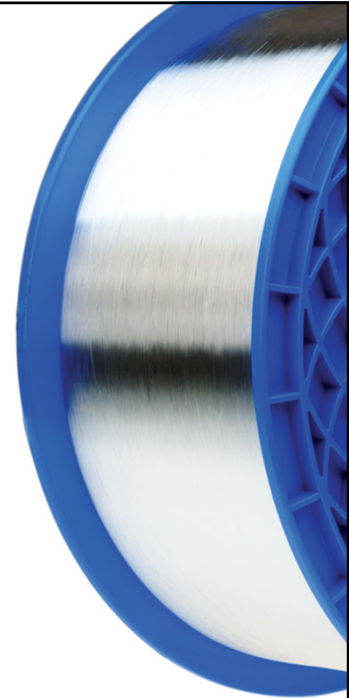
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### Q2 Results

- Continued growth as sales surpassed \$1B driven by growth in both enterprise and carrier networks; 5G, fiber-to-the-home, and cloud computing continue to drive growth
- Profitability improvement driven by higher volume and better operational performance

### Observations

- Pace of data center builds is accelerating, and capital spending by our customers is increasing
- Governments around the world are announcing and initiating plans to extend the reach of broadband
- Market leader and only large-scale end-to-end manufacturer of optical solutions
- Our broad customer base and unquestioned technology leadership put us squarely at the center of customer investments for fiber-to-the-home, rural broadband, 5G, and hyperscale data centers



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17

## Environmental Technologies Another Quarter of YoY Growth



**\$407M**  
Q2 Net Sales  
Up 80% YoY



**\$81M**  
Q2 Net Income

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### Q2 Results

- Q2 sales were \$407M, up 80% year over year as vehicle production improved from pre-pandemic lows and GPF adoption continued in Europe and China
- Auto markets continue to be constrained by chip shortages, impacting our automotive sales sequentially in Q2
- Diesel sales grew 101% year-over-year, driven by continued customer adoption of advanced aftertreatment in China and continued strength in the North American heavy-duty truck market

### Observations

- Ahead of our original timeframe to build a \$500M GPF business
- We are monitoring end market demand and supply chain as we move through the second half of the year



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**\$483M**

Q2 Net Sales  
Up 16% YoY



**\$81M**

Q2 Net Income  
Down 10% YoY

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## Specialty Materials Launching New Innovations

### Q2 Results

- Sales growth was driven by strong demand for premium cover materials, strength in the IT market, and greater optical content in semiconductor manufacturing
- During the quarter, our premium glasses and surfaces supported new phone and IT launches – including 16 smartphones and 6 laptops and tablets featuring Gorilla Glass
- Net income declined sequentially and year over year, newer innovations can face high costs as we develop and scale our manufacturing process

### Observations

- We are well-positioned for growth in the smartphone, IT and semiconductor markets
- Demand remains strong for our premium cover materials, IT products, and Advanced Optics content



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19



**\$312M**

Q2 Net Sales  
Up 28% YoY



**\$52M**

Q2 Net Income  
Up 68% YoY

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## Life Sciences Continued Strong Demand for Bioproduction Products

### Q2 Results

- Q2 sales were \$312M, up 28% year over year
- Sales growth was driven by ongoing recovery in academic and pharmaceutical research labs and continued strong demand for bioproduction vessels and diagnostic-related consumables
- Net income improvements driven by higher sales and solid operating performance



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20

## Commitment to Strong Financial Stewardship and Prudent Capital Allocation

### ☒ Invest in our growth and extend our leadership

- RD&E investments
- Capital spending
- Strategic M&A

### ☒ Return excess cash to shareholders

- Dividends
- Share repurchases

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21

## CFO Summary & Outlook



### Summary

- Excellent quarter relative to both 2020 and to 2019
- Our value creation model is working

### Q3 2021 Outlook

- Expect Q3 core sales of \$3.5 - \$3.7B
- Expect Q3 EPS of \$0.54 - \$0.59

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22

## Q&A Session

### Corning's 2021 Investor Outreach Plans

- Virtual Conference Plans:
  - Sep. 1: Jefferies Virtual Semis, IT Hardware & Communications Infrastructure Summit
  - Sep. 14: Citi 2021 Global Technology Virtual Conference
- Management visits to investor offices in select cities
- Scheduled virtual visits to Corning locations for hosted tours

# Appendix

## 2021 Corporate Metrics (as of July 27, 2021)<sup>(1)(2)</sup>

### Q3 2021

- Sales: \$3.5 - \$3.7B
- EPS: \$0.54 - \$0.59

### Full-Year 2021

- Other income/expense: (~\$230M) net expense
- Non-controlling interest: (~\$30M)
- Gross equity earnings: ~\$20M
- Tax rate: ~20-21%
- Significantly increased free cash flow generation

(1) Corning does not forecast the movement of foreign currencies against the U.S. dollar, or other items that do not reflect ongoing operations. As a result, the company is unable to provide guidance on a GAAP basis.

(2) Core performance measures are non-GAAP measures. Definitions and reconciliations are provided on our website.

## Q2 2021 Core Performance

<i>\$ in millions, except EPS</i>	Q2 2021	Q1 2021	Q2 2020
Core Net Sales	\$3,504	\$3,263	\$2,588
Core Gross Margin	\$1,326	\$1,167	\$863
<i>Gross Margin %</i>	38%	36%	33%
Core SG&A	\$449	\$388	\$356
<i>% of Sales</i>	13%	12%	14%
Core RD&E	\$236	\$220	\$218
<i>% of Sales</i>	7%	7%	8%
Core Operating Margin	\$641	\$559	\$289
<i>Operating Margin %</i>	18%	17%	11%
Core Gross Equity Earnings	\$8	\$8	\$55
Core Net Profit Before Taxes	\$583	\$510	\$284
Core Net Income	\$459	\$402	\$218
Core EPS	\$0.53	\$0.45	\$0.25
Weighted-Average Shares Outstanding	869	898	880

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27

## Q2 2021 Operating Performance by Segment

Segment Net Sales <i>\$ in millions</i>	Q2 2021	Q1 2021	% change	Q2 2020	% change
Display Technologies	\$939	\$863	9%	\$753	25%
Optical Communications	\$1,075	\$937	15%	\$887	21%
Carrier Network	\$773	\$665	16%	\$677	14%
Enterprise Network	\$302	\$272	11%	\$210	44%
Specialty Materials	\$483	\$451	7%	\$417	16%
Environmental Technologies	\$407	\$441	(8%)	\$226	80%
Automotive	\$240	\$265	(9%)	\$143	68%
Diesel	\$167	\$176	(5%)	\$83	101%
Life Sciences	\$312	\$300	4%	\$243	28%
All Other	\$288	\$271	6%	\$62	365%
<b>Total Segment Net Sales</b>	<b>\$3,504</b>	<b>\$3,263</b>	<b>7%</b>	<b>\$2,588</b>	<b>35%</b>

Segment Net Income <i>\$ in millions</i>	Q2 2021	Q1 2021	% change	Q2 2020	% change
Display Technologies	\$248	\$213	16%	\$152	63%
Optical Communications	\$148	\$111	33%	\$81	83%
Specialty Materials	\$81	\$91	(11%)	\$90	(10%)
Environmental Technologies	\$81	\$74	9%	\$0	*
Life Sciences	\$52	\$48	8%	\$31	68%
All Other	(\$15)	(\$24)	38%	(\$66)	77%
<b>Total Segment Net Income</b>	<b>\$595</b>	<b>\$513</b>	<b>16%</b>	<b>\$288</b>	<b>107%</b>

\* Not Meaningful

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28

## Year-to-Date 2021 Core Performance

<i>\$ in millions, except EPS</i>	YTD Q2 2021	YTD Q2 2020
Core Net Sales	\$6,767	\$5,117
Core Gross Margin	\$2,493	\$1,707
<i>Gross Margin %</i>	37%	33%
Core SG&A	\$837	\$703
<i>% of Sales</i>	12%	14%
Core RD&E	\$456	\$466
<i>% of Sales</i>	7%	9%
Core Operating Margin	\$1,200	\$538
<i>Operating Margin %</i>	18%	11%
Core Gross Equity Earnings	\$16	\$69
Core Net Profit Before Taxes	\$1,093	\$509
Core Net Income	\$861	\$395
Core EPS	\$0.97	\$0.45
Weighted-Average Shares Outstanding	884	881

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29

## Year-to-Date Operating Performance by Segment

<i>Segment Net Sales \$ in millions</i>	YTD Q2 2021	YTD Q2 2020	% change
Display Technologies	\$1,802	\$1,504	20%
Optical Communications	\$2,012	\$1,678	20%
Carrier Network	\$1,438	\$1,245	16%
Enterprise Network	\$574	\$433	33%
Specialty Materials	\$934	\$769	21%
Environmental Technologies	\$848	\$546	55%
Automotive	\$505	\$341	48%
Diesel	\$343	\$205	67%
Life Sciences	\$612	\$501	22%
All Other	\$559	\$119	370%
<b>Total Segment Net Sales</b>	<b>\$6,767</b>	<b>\$5,117</b>	<b>32%</b>

<i>Segment Net Income \$ in millions</i>	YTD Q2 2021	YTD Q2 2020	% change
Display Technologies	\$461	\$304	52%
Optical Communications	\$259	\$110	135%
Specialty Materials	\$172	\$141	22%
Environmental Technologies	\$155	\$35	343%
Life Sciences	\$100	\$69	45%
All Other	(\$39)	(\$135)	71%
<b>Total Segment Net Income</b>	<b>\$1,108</b>	<b>\$524</b>	<b>111%</b>

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30



## Adjusted Operating Cash Flow Reconciliation

\$ in millions	Q2 2021	Q2 2020	YTD Q2 2021	YTD Q2 2020
Cash flows from operating activities	\$771	\$550	\$1,494	\$798
Realized gains on translated earnings contracts	\$16	\$1	\$13	\$12
Translation gains (losses) on cash balances	\$8	\$22	(\$51)	(\$11)
<b>Adjusted cash flows from operating activities</b>	<b>\$795</b>	<b>\$573</b>	<b>\$1,456</b>	<b>\$799</b>
Less: Capital expenditures	\$324	\$288	\$613	\$833
<b>Free cash flow</b>	<b>\$471</b>	<b>\$285</b>	<b>\$843</b>	<b>(\$34)</b>

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## Reconciliation of Non-GAAP to GAAP Financial Measures

Q2 2021	Sales	Gross Margin	Gross Margin %	SG&A	RD&E	Operating Margin	Operating Margin %	Equity Earnings	Income Before Taxes	Net Income	Tax Rate	Per Share
<b>As Reported - GAAP</b>	<b>\$3,501</b>	<b>\$1,315</b>	<b>37.6%</b>	<b>\$465</b>	<b>\$242</b>	<b>\$575</b>	<b>16.4%</b>	<b>\$7</b>	<b>\$516</b>	<b>\$449</b>	<b>13.0%</b>	<b>(\$0.42)</b>
Preferred stock redemption (a)												\$0.94
<b>Subtotal</b>	<b>\$3,501</b>	<b>\$1,315</b>	<b>37.6%</b>	<b>\$465</b>	<b>\$242</b>	<b>\$575</b>	<b>16.4%</b>	<b>\$7</b>	<b>\$516</b>	<b>\$449</b>	<b>13.0%</b>	<b>\$0.52</b>
Constant-currency adjustment	3	17		(1)		18		20	1			0.00
Translation gain on Japanese yen-denominated debt								(5)	(4)			(0.00)
Translated earnings contract gain					(1)	36		(3)	(3)			(0.00)
Acquisition-related costs								38	30			0.04
Discrete tax items and other tax-related adjustments					(9)	(1)	10		(31)			(0.04)
Pension mark-to-market adjustment								19	15			0.02
Restructuring, impairment, and other charges and credits			(6)		(4)	(4)	2		2	2		0.00
Preferred stock conversion								21	21			0.02
Loss on investments								4	3			0.00
Gain on Sale of Business								(40)	(32)			(0.04)
Bond Redemption Loss								11	8			0.01
<b>Core performance measures</b>	<b>\$3,504</b>	<b>\$1,326</b>	<b>37.8%</b>	<b>\$449</b>	<b>\$236</b>	<b>\$641</b>	<b>18.3%</b>	<b>\$8</b>	<b>\$583</b>	<b>\$459</b>	<b>21.3%</b>	<b>\$0.53</b>
Q2 2021 YTD	Sales	Gross Margin	Gross Margin %	SG&A	RD&E	Operating Margin	Operating Margin %	Equity Earnings	Income Before Taxes	Net Income	Tax Rate	Per Share
<b>As Reported - GAAP</b>	<b>\$6,791</b>	<b>\$2,471</b>	<b>36.4%</b>	<b>\$865</b>	<b>\$464</b>	<b>\$1,077</b>	<b>15.9%</b>	<b>\$15</b>	<b>\$1,341</b>	<b>\$1,048</b>	<b>21.8%</b>	<b>\$0.27</b>
Preferred stock redemption (a)												\$0.92
<b>Subtotal</b>	<b>\$6,791</b>	<b>\$2,471</b>	<b>36.4%</b>	<b>\$865</b>	<b>\$464</b>	<b>\$1,077</b>	<b>15.9%</b>	<b>\$15</b>	<b>\$1,341</b>	<b>\$1,048</b>	<b>21.8%</b>	<b>\$1.19</b>
Constant-currency adjustment	(24)	10		(2)		12		14	6			0.01
Translation gain on Japanese yen-denominated debt								(123)	(94)			(0.11)
Translated earnings contract gain					(1)	86		(275)	(212)			(0.26)
Acquisition-related costs		18		(2)				65	65			0.06
Discrete tax items and other tax-related adjustments					(12)	(3)	15		24	19		0.02
Pension mark-to-market adjustment												
Restructuring, impairment, and other charges and credits			(8)		(4)	(4)	2		2	2		0.00
Preferred stock conversion								21	21			0.03
Loss on investments								39	30			0.04
Gain on Sale of Business								(54)	(46)			(0.06)
Bond Redemption Loss								11	8			0.01
Litigation, regulatory and other legal matters					(8)		8		8			0.01
<b>Core performance measures</b>	<b>\$6,767</b>	<b>\$2,483</b>	<b>36.8%</b>	<b>\$837</b>	<b>\$456</b>	<b>\$1,200</b>	<b>17.7%</b>	<b>\$16</b>	<b>\$1,053</b>	<b>\$861</b>	<b>21.2%</b>	<b>\$0.97</b>

(a) 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 and retired 35 million Common Shares which were excluded from the weighted-average common shares outstanding for the calculation of the Company's basic and diluted earnings per share. The repurchased shares were accounted for as a redemption of Preferred Stock. The excess of the consideration paid over the carrying value of the Preferred Stock resulted in an \$803 million reduction of retained earnings which reduced the net income available to common shareholders and resulted in negative earnings per share in the second quarter of 2021.

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32

## Return on Invested Capital

At Corning Return on Invested Capital (ROIC) is calculated based on the Core performance. We define ROIC as follows:

$$\text{ROIC} = \frac{\text{Operating Income Tax Adjusted (Return)}}{\text{Equity+Debt (Invested Capital)}}$$

**Numerator = Return (Operating Income Tax Adjusted)**

Operating Income  
+ Equity in earnings of affiliated companies  
– Tax (21%)

**= Operating Income Tax Adjusted**

**Denominator = Invested Capital**

Equity  
+ Long and Short term Debt

**= Invested Capital**

## ROIC Calculation Q2 2021 ROIC

	GAAP	GAAP to Core Adjustments	Core
Operating income	575	66	641
Equity in earnings of affiliated companies	7	1	8
<b>Operating Income before interest and taxes</b>	<b>582</b>	<b>67</b>	<b>649</b>
Tax Rate*			21%
-Tax			(136)
<b>Operating Income - Tax Adjusted</b>			<b>513</b>
Equity			12,142
+ Debt			7,378
<b>Invested Capital (IC)</b>			<b>19,520</b>
<b>Return (Q2 Operating Income - Tax Adjusted x4)</b>			<b>2,052</b>
<b>Invested Capital</b>			<b>19,520</b>
<b>ROIC</b>			<b>10.5%</b>

\* Estimating Yearend tax rate to be 21%

## ROIC Calculation Q2 Income Statement (8-K)

### CORNING INCORPORATED AND SUBSIDIARY COMPANIES CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(Unaudited; in millions, except per share amounts)

	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net sales	\$ 3,501	\$ 2,561	\$ 6,791	\$ 4,952
Cost of sales	2,186	1,805	4,320	3,635
Gross margin	1,315	756	2,471	1,317
Operating expenses:				
Selling, general and administrative expenses	465	401	865	796
Research, development and engineering expenses	242	430	464	691
Amortization of purchased intangibles	31	28	65	54
Operating income (loss)	575	(103)	1,077	(224)
Equity in earnings of affiliated companies	7	79	15	93
Interest income	2	3	5	9
Interest expense	(78)	(67)	(155)	(131)
Translated earnings contract gain, net	3	37	275	105
Other income (expense), net	7	2	124	(69)
Income (loss) before income taxes	516	(49)	1,341	(157)
Provision for income taxes	(67)	(22)	(203)	(100)
Net income (loss)	449	(71)	1,048	(167)
Net loss attributable to non-controlling interests	-	-	-	-
Net income (loss) attributable to Corning Incorporated	\$ 449	\$ (71)	\$ 1,048	\$ (167)
(Loss) earnings per common share available to common stockholders:				
Basic	\$ (0.42)	\$ (0.13)	\$ 0.27	\$ (0.28)
Diluted	\$ (0.42)	\$ (0.13)	\$ 0.27	\$ (0.28)
Reconciliation of net income (loss) attributable to Corning Incorporated versus net (loss) income available to common stockholders:				
Net income (loss) attributable to Corning Incorporated	\$ 449	\$ (71)	\$ 1,048	\$ (167)
Series A convertible preferred stock dividend		(25)	(24)	(49)
Excess consideration paid for redemption of preferred shares	(803)		(803)	
Net (loss) income available to common stockholders	\$ (354)	\$ (96)	\$ 221	\$ (216)

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35

## ROIC Calculation GAAP to Core Reconciliation

Q2 2021	Sales	Gross Margin	Gross Margin %	SG&A	RD&E	Operating Margin	Operating Margin %	Equity Earnings	Income Before Taxes	Net Income	Tax Rate	Per Share
As Reported - GAAP	\$3,501	\$1,315	37.6%	\$465	\$242	\$575	16.4%	\$7	\$516	\$449	13.0%	(\$0.42)
Preferred stock redemption (a)												\$0.94
Subtotal	\$3,501	\$1,315	37.6%	\$465	\$242	\$575	16.4%	\$7	\$516	\$449	13.0%	\$0.52
Constant-currency adjustment	3	17		(1)		18		1	20	1		0.00
Translation gain on Japanese yen-denominated debt									(5)	(4)		(0.00)
Translated earnings contract gain									(3)	(3)		(0.00)
Acquisition-related costs				(2)	(1)	36			38	30		0.04
Discrete tax items and other tax-related adjustments				(9)	(1)	10			19	15		(0.04)
Pension mark-to-market adjustment												0.02
Restructuring, impairment, and other charges and credits		(6)		(4)	(4)	2			2	2		0.00
Preferred stock conversion									21	21		0.02
Loss on Investments									4	3		0.00
Gain on Sale of Business									(40)	(32)		(0.04)
Bond Redemption Loss									11	8		0.01
Core performance measures	\$3,504	\$1,326	37.8%	\$449	\$236	\$641	18.3%	\$8	\$583	\$459	21.3%	\$0.53

(a) 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 and retired 35 million Common Shares which were excluded from the weighted-average common shares outstanding for the calculation of the Company's basic and diluted earnings per share. The repurchased shares were accounted for as a redemption of Preferred Stock. The excess of the consideration paid over the carrying value of the Preferred Stock resulted in an \$803 million reduction of retained earnings which reduced the net income available to common shareholders and resulted in negative earnings per share in the second quarter of 2021.

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36

## ROIC Calculation Balance Sheet (8-K)

CORNING INCORPORATED AND SUBSIDIARY COMPANIES CONSOLIDATED BALANCE SHEETS		June 30, 2021	December 31, 2020
(Unaudited; in millions, except share and per share amounts)			
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$	2,320	\$ 2,672
Trade accounts receivable, net of doubtful accounts		2,057	2,133
Inventories, net		2,287	2,438
Other current assets		884	761
Total current assets		7,648	8,004
Property, plant and equipment, net of accumulated depreciation		15,455	15,742
Goodwill, net		2,433	2,460
Other intangible assets, net		1,228	1,308
Deferred income taxes		1,051	1,121
Other assets		1,091	2,140
<b>Total Assets</b>	<b>\$</b>	<b>29,806</b>	<b>\$ 30,775</b>
<b>Liabilities and Equity</b>			
Current liabilities:			
Current portion of long-term debt and short-term borrowings	\$	353	\$ 156
Accounts payable		1,099	1,174
Other accrued liabilities		2,959	2,437
Total current liabilities		4,411	3,767
Long-term debt		7,025	7,816
Postretirement benefits other than pensions		723	727
Other liabilities		5,292	5,017
Total liabilities		17,451	17,327
Commitments and contingencies			
Shareholders' equity:			
Convertible preferred stock, Series A - Par value \$100 per share; Shares authorized 0 and 3,100; 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		16,352	14,642
Retained earnings		15,739	16,130
Treasury stock, at cost; Shares held: 962 million and 961 million		(19,986)	(19,929)
Accumulated other comprehensive loss		(1,052)	(740)
Total Corning Incorporated shareholders' equity		11,960	13,267
Non-controlling interests		1,395	191
Total equity		13,355	13,458
<b>Total Liabilities and Equity</b>	<b>\$</b>	<b>29,806</b>	<b>\$ 30,775</b>

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37

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