

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ To _____

Commission file number: 1-3247

CORNING INCORPORATED

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction of incorporation or organization)

16-0393470

(I.R.S. Employer Identification No.)

One Riverfront Plaza, Corning, New York

(Address of principal executive offices)

14831

(Zip Code)

607-974-9000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|-------------------|---|
| Common Stock, \$0.50 par value per share | GLW | New York Stock Exchange |
| 3.875% Notes due 2026 | GLW26 | New York Stock Exchange |
| 4.125% Notes due 2031 | GLW31 | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large Accelerated Filer | <input checked="" type="checkbox"/> | Accelerated Filer | <input type="checkbox"/> |
| Non-Accelerated Filer | <input type="checkbox"/> | Smaller Reporting Company | <input type="checkbox"/> |
| | | Emerging Growth Company | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act.

If securities are registered pursuant to Section 12(b) of the Exchange Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Class | Outstanding as of October 24, 2024 |
|--|------------------------------------|
| Corning's Common Stock, \$0.50 par value per share | 856,208,758 shares |

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[PART I – FINANCIAL INFORMATION](#)

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Consolidated Statements of (Loss) Income**Corning Incorporated and Subsidiary Companies**

(Unaudited; in millions, except per share amounts)

| | Three months ended September 30, | | Nine months ended September 30, | |
|--|-------------------------------------|----------|------------------------------------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Net sales | \$ 3,391 | \$ 3,173 | \$ 9,617 | \$ 9,594 |
| Cost of sales | 2,254 | 2,169 | 6,538 | 6,574 |
| Gross margin | 1,137 | 1,004 | 3,079 | 3,020 |
| Operating expenses: | | | | |
| Selling, general and administrative expenses | 510 | 468 | 1,432 | 1,329 |
| Research, development and engineering expenses | 294 | 270 | 814 | 787 |
| Amortization of purchased intangibles | 31 | 30 | 91 | 92 |
| Operating income | 302 | 236 | 742 | 812 |
| Interest income | 12 | 10 | 34 | 25 |
| Interest expense | (83) | (82) | (250) | (239) |
| Translated earnings contract (loss) gain, net (Note 12) | (157) | 20 | (91) | 128 |
| Other (loss) income, net | (166) | 33 | (59) | 128 |
| (Loss) income before income taxes | (92) | 217 | 376 | 854 |
| Provision for income taxes (Note 4) | (3) | (35) | (124) | (178) |
| Net (loss) income | (95) | 182 | 252 | 676 |
| Net income attributable to non-controlling interest | (22) | (18) | (56) | (55) |
| Net (loss) income attributable to Corning Incorporated | \$ (117) | \$ 164 | \$ 196 | \$ 621 |
| (Loss) earnings per common share available to common shareholders: | | | | |
| Basic (Note 5) | \$ (0.14) | \$ 0.19 | \$ 0.23 | \$ 0.73 |
| Diluted (Note 5) | \$ (0.14) | \$ 0.19 | \$ 0.23 | \$ 0.72 |

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income (Loss)**Corning Incorporated and Subsidiary Companies**

(Unaudited; in millions)

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|---------|------------------------------------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| Net (loss) income | \$ (95) | \$ 182 | \$ 252 | \$ 676 |
| Foreign currency translation adjustments and other | 625 | (191) | 73 | (593) |
| Unamortized (losses) gains and prior service costs for postretirement benefit plans | (7) | (1) | 32 | (9) |
| Realized and unrealized (losses) gains on derivatives | (34) | (11) | (65) | 30 |
| Other comprehensive income (loss), net of tax | 584 | (203) | 40 | (572) |
| Comprehensive income (loss) | 489 | (21) | 292 | 104 |
| Comprehensive income attributable to non-controlling interest | (22) | (18) | (56) | (55) |
| Comprehensive income (loss) attributable to Corning Incorporated | \$ 467 | \$ (39) | \$ 236 | \$ 49 |

The accompanying notes are an integral part of these consolidated financial statements.

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

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

| | September 30, 2024 | December 31, 2023 |
|--|-----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,613 | \$ 1,779 |
| Trade accounts receivable, net of doubtful accounts - \$33 and \$30 | 1,986 | 1,572 |
| Inventories (Note 6) | 2,793 | 2,666 |
| Other current assets | 1,284 | 1,195 |
| Total current assets | 7,676 | 7,212 |
| Property, plant and equipment, net of accumulated depreciation - \$15,140 and \$14,553 | 14,059 | 14,630 |
| Goodwill | 2,390 | 2,380 |
| Other intangible assets, net | 814 | 905 |
| Deferred income taxes (Note 4) | 1,211 | 1,153 |
| Other assets | 2,172 | 2,220 |
| Total Assets | \$ 28,322 | \$ 28,500 |
| Liabilities and Equity | | |
| Current liabilities: | | |
| Current portion of long-term debt and short-term borrowings (Note 8) | \$ 335 | \$ 320 |
| Accounts payable | 1,565 | 1,466 |
| Other accrued liabilities (Notes 7 and 11) | 2,737 | 2,533 |
| Total current liabilities | 4,637 | 4,319 |
| Long-term debt (Note 8) | 7,073 | 7,206 |
| Postretirement benefits other than pensions (Note 9) | 357 | 398 |
| Other liabilities (Notes 7 and 11) | 4,788 | 4,709 |
| Total liabilities | 16,855 | 16,632 |
| Commitments and contingencies (Note 11) | | |
| Shareholders' equity (Note 13): | | |
| Common stock – Par value \$0.50 per share; Shares authorized 3.8 billion; Shares issued: 1.8 billion and 1.8 billion | 920 | 916 |
| Additional paid-in capital – common stock | 17,177 | 16,929 |
| Retained earnings | 15,859 | 16,391 |
| Treasury stock, at cost; Shares held: 986 million and 980 million | (20,845) | (20,637) |
| Accumulated other comprehensive loss | (2,008) | (2,048) |
| Total Corning Incorporated shareholders' equity | 11,103 | 11,551 |
| Non-controlling interest | 364 | 317 |
| Total equity | 11,467 | 11,868 |
| Total Liabilities and Equity | \$ 28,322 | \$ 28,500 |

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows
Corning Incorporated and Subsidiary Companies

(Unaudited; in millions)

| | Nine months ended September 30, | |
|---|------------------------------------|-----------------|
| | 2024 | 2023 |
| Cash Flows from Operating Activities: | | |
| Net income | \$ 252 | \$ 676 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 924 | 932 |
| Amortization of purchased intangibles | 91 | 92 |
| Loss on disposal of assets, net | 135 | 72 |
| Share-based compensation expense | 202 | 168 |
| Translation gain on Japanese yen-denominated debt | (28) | (162) |
| Deferred tax (benefit) provision | (51) | 37 |
| Translated earnings contract loss (gain), net | 91 | (128) |
| Release of cumulative translation losses | 62 | |
| Tax deposit refund | | 99 |
| Changes in assets and liabilities: | | |
| Trade accounts receivable | (493) | (137) |
| Inventories | (134) | 131 |
| Other current assets | (138) | (58) |
| Accounts payable and other current liabilities | 266 | (264) |
| Customer deposits and government incentives | 48 | (17) |
| Deferred income | 23 | (11) |
| Other, net | 66 | (138) |
| Net cash provided by operating activities | 1,316 | 1,292 |
| Cash Flows from Investing Activities: | | |
| Capital expenditures | (711) | (1,111) |
| Proceeds from sale of equipment to related party | | 67 |
| Realized gains on translated earnings contracts and other | 239 | 270 |
| Other, net | (65) | 4 |
| Net cash used in investing activities | (537) | (770) |
| Cash Flows from Financing Activities: | | |
| Repayments of debt | (254) | (180) |
| Proceeds from issuance of debt | 153 | 80 |
| Proceeds from issuance of euro bonds | | 918 |
| Proceeds from other financing arrangements | | 54 |
| Repayment of other financing arrangements | | (54) |
| Proceeds from cross currency swap | 68 | |
| Payment for redemption of preferred stock | | (507) |
| Payments of employee withholding tax on stock awards | (76) | (103) |
| Proceeds from exercise of stock options | 57 | 39 |
| Purchases of common stock for treasury | (135) | |
| Dividends paid | (737) | (741) |
| Other, net | (20) | (26) |
| Net cash used in financing activities | (944) | (520) |
| Effect of exchange rates on cash | (1) | (34) |
| Net decrease in cash and cash equivalents | (166) | (32) |
| Cash and cash equivalents at beginning of period | 1,779 | 1,671 |
| Cash and cash equivalents at end of period | \$ 1,613 | \$ 1,639 |

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity
Corning Incorporated and Subsidiary Companies

(Unaudited; in millions, except per share amounts)

| | Common stock | Additional paid-in capital common | Retained earnings | Treasury stock | Accumulated other comprehensive loss | Total Corning Incorporated shareholders' equity | Non-controlling interest | Total |
|---|---------------|-----------------------------------|-------------------|--------------------|--------------------------------------|---|--------------------------|------------------|
| Balance as of December 31, 2023 | \$ 916 | \$ 16,929 | \$ 16,391 | \$ (20,637) | \$ (2,048) | \$ 11,551 | \$ 317 | \$ 11,868 |
| Net income | | | 209 | | | 209 | 16 | 225 |
| Other comprehensive loss | | | | | (327) | (327) | (1) | (328) |
| Shares issued to benefit plans and for option exercises | 1 | 69 | | | | 70 | | 70 |
| Common dividends (\$0.28 per share) | | | (242) | | | (242) | | (242) |
| Other, net (1) | | | | (35) | | (35) | 1 | (34) |
| Balance as of March 31, 2024 | \$ 917 | \$ 16,998 | \$ 16,358 | \$ (20,672) | \$ (2,375) | \$ 11,226 | \$ 333 | \$ 11,559 |
| Net income | | | 104 | | | 104 | 18 | 122 |
| Other comprehensive loss | | | | | (217) | (217) | | (217) |
| Purchase of common stock for treasury | | | | (103) | | (103) | | (103) |
| Shares issued to benefit plans and for option exercises | 2 | 83 | | | | 85 | | 85 |
| Common dividends (\$0.56 per share) | | | (486) | | | (486) | | (486) |
| Other, net (1) | | | | (24) | | (24) | (9) | (33) |
| Balance as of June 30, 2024 | \$ 919 | \$ 17,081 | \$ 15,976 | \$ (20,799) | \$ (2,592) | \$ 10,585 | \$ 342 | \$ 10,927 |
| Net (loss) income | | | (117) | | | (117) | 22 | (95) |
| Other comprehensive income | | | | | 584 | 584 | 1 | 585 |
| Purchase of common stock for treasury | | | | (30) | | (30) | | (30) |
| Shares issued to benefit plans and for option exercises | 1 | 96 | | | | 97 | | 97 |
| Other, net (1) | | | | (16) | | (16) | (1) | (17) |
| Balance as of September 30, 2024 | \$ 920 | \$ 17,177 | \$ 15,859 | \$ (20,845) | \$ (2,008) | \$ 11,103 | \$ 364 | \$ 11,467 |

| | Common stock | Additional paid-in capital common | Retained earnings | Treasury stock | Accumulated other comprehensive loss | Total Corning Incorporated shareholders' equity | Non-controlling interest | Total |
|---|---------------|-----------------------------------|-------------------|--------------------|--------------------------------------|---|--------------------------|------------------|
| Balance as of December 31, 2022 | \$ 910 | \$ 16,682 | \$ 16,778 | \$ (20,532) | \$ (1,830) | \$ 12,008 | \$ 267 | \$ 12,275 |
| Net income | | | 176 | | | 176 | 15 | 191 |
| Other comprehensive loss | | | | | (67) | (67) | | (67) |
| Shares issued to benefit plans and for option exercises | 1 | 64 | | | | 65 | | 65 |
| Common dividends (\$0.28 per share) | | | (241) | | | (241) | | (241) |
| Other, net (1) | | | | (16) | | (16) | | (16) |
| Balance as of March 31, 2023 | \$ 911 | \$ 16,746 | \$ 16,713 | \$ (20,548) | \$ (1,897) | \$ 11,925 | \$ 282 | \$ 12,207 |
| Net income | | | 281 | | | 281 | 22 | 303 |
| Other comprehensive loss | | | | | (302) | (302) | (1) | (303) |
| Shares issued to benefit plans and for option exercises | 4 | 71 | | | | 75 | | 75 |
| Common dividends (\$0.56 per share) | | | (485) | | | (485) | | (485) |
| Other, net (1) | | | | (82) | | (82) | (5) | (87) |
| Balance as of June 30, 2023 | \$ 915 | \$ 16,817 | \$ 16,509 | \$ (20,630) | \$ (2,199) | \$ 11,412 | \$ 298 | \$ 11,710 |
| Net income | | | 164 | | | 164 | 18 | 182 |
| Other comprehensive loss | | | | | (203) | (203) | (1) | (204) |
| Shares issued to benefit plans and for option exercises | | 60 | | | | 60 | | 60 |
| Other, net (1) | | | | (3) | | (3) | (1) | (4) |
| Balance as of September 30, 2023 | \$ 915 | \$ 16,877 | \$ 16,673 | \$ (20,633) | \$ (2,402) | \$ 11,430 | \$ 314 | \$ 11,744 |

(1) Treasury stock includes the deemed surrender to the Company of common stock to satisfy employee tax withholding obligations.

The accompanying notes are an integral part of these consolidated financial statements.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

In these notes, the terms “Corning,” “Company,” “we,” “us,” or “our” mean Corning Incorporated and its subsidiary companies.

The consolidated financial statements include the consolidated accounts of Corning Incorporated and its subsidiaries consolidated in conformity with accounting principles generally accepted in the United States of America (“GAAP”). In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments, which include normal recurring adjustments, necessary to state fairly the financial position, results of operations and cash flows for the periods presented. All intercompany accounts, transactions and profits have been eliminated. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”). These consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 (“2023 Form 10-K”). The results of operations for the interim periods are not necessarily indicative of results which may be expected for any other interim period or for the full year.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingent assets and liabilities in the consolidated financial statements and related notes. Significant estimates and assumptions in these consolidated financial statements require the exercise of judgment. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be different from these estimates.

The non-controlling interest as recorded in the consolidated financial statements represents amounts attributable to the minority shareholders of Hemlock Semiconductor Group (“HSG”) and other less-than-wholly-owned consolidated subsidiaries.

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no material impact on the results of operations, financial position or changes in shareholders’ equity.

2. Restructuring, Impairment and Other Charges and Credits

The following table presents details of the restructuring, impairment and other charges and credits incurred (in millions):

| | Three months ended | | Nine months ended | |
|---|--------------------|-------|-------------------|--------|
| | September 30, | | September 30, | |
| | 2024 | 2023 | 2024 | 2023 |
| Severance (1) | \$ 43 | \$ 13 | \$ 46 | \$ 91 |
| Capacity realignment (1) | 16 | 49 | 133 | 92 |
| Other charges and credits (2) | 75 | 10 | 84 | 92 |
| Total restructuring, impairment and other charges and credits (3) | \$ 134 | \$ 72 | \$ 263 | \$ 275 |

(1) For the three and nine months ended September 30, 2024, amounts primarily relate to severance charges and non-cash asset write-offs associated with the closure of a display technologies manufacturing plant. Should the entity be substantially liquidated, the Company expects to recognize approximately \$50 million of non-cash cumulative foreign currency translation losses in other (loss) income, net in the consolidated statements of (loss) income.

(2) For the three and nine months ended September 30, 2024, amounts primarily relate to the recognition of \$62 million of non-cash cumulative foreign currency translation losses related to the substantial liquidation of an optical communications manufacturing plant which was recorded in other (loss) income, net in the consolidated statements of (loss) income.

(3) Amounts recorded in cost of sales in the consolidated statements of (loss) income were \$47 million and \$168 million for the three and nine months ended September 30, 2024, respectively, and \$63 million and \$196 million for the three and nine months ended September 30, 2023, respectively.

3. Revenue

Disaggregated Revenue

The following table presents revenues by product category (in millions):

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|----------|------------------------------------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Telecommunication products | \$ 1,246 | \$ 918 | \$ 3,289 | \$ 3,109 |
| Display products | 707 | 727 | 2,043 | 2,061 |
| Specialty glass products | 543 | 560 | 1,490 | 1,384 |
| Environmental substrate and filter products | 362 | 420 | 1,193 | 1,260 |
| Life science products | 235 | 221 | 697 | 690 |
| Polycrystalline silicon products | 194 | 230 | 609 | 765 |
| All other products | 104 | 97 | 296 | 325 |
| Total revenue | \$ 3,391 | \$ 3,173 | \$ 9,617 | \$ 9,594 |

Customer Deposits

As of September 30, 2024 and December 31, 2023, Corning had customer deposits of approximately \$1.2 billion. Most of these customer deposits were non-refundable and allowed customers to secure rights to products produced by Corning under long-term supply agreements, generally over a period of up to ten years. As products are delivered to customers, Corning will recognize revenue and reduce the amount of the customer deposit liability.

For the three months ended September 30, 2024 and 2023, customer deposits recognized were \$36 million and \$6 million, respectively. For the nine months ended September 30, 2024 and 2023, customer deposits recognized were \$127 million and \$88 million, respectively.

Refer to Note 7 (Other Liabilities) for additional information.

Deferred Revenue

As of September 30, 2024 and December 31, 2023, Corning had deferred revenue of approximately \$883 million and \$860 million, respectively. Deferred revenue was primarily related to the performance obligations of non-refundable consideration previously received by HSG from its customers under long-term supply agreements.

Deferred revenue is tracked on a per-customer contract-unit basis. As customers take delivery of the committed volumes under the terms of the contract, a per-unit amount of deferred revenue is recognized when control of the promised goods is transferred to the customer based upon the units delivered compared to the remaining contractual units. For the three and nine months ended September 30, 2024 and 2023, the amount of deferred revenue recognized in the consolidated statements of (loss) income was not material.

Refer to Note 7 (Other Liabilities) for additional information.

4. Income Taxes

The following table presents the provision for income taxes and the related effective tax rate (in millions, except percentages):

| | Three months ended September 30, | | Nine months ended September 30, | |
|----------------------------|-------------------------------------|---------|------------------------------------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Provision for income taxes | \$ (3) | \$ (35) | \$ (124) | \$ (178) |
| Effective tax rate | (3.3%) | 16.1% | 33.0% | 20.8% |

For the three months ended September 30, 2024, the effective tax rate differed from the United States (“U.S.”) statutory rate of 21%, primarily due to certain pre-tax losses with no corresponding expected tax benefit, changes in estimates based on the final 2023 U.S. Federal Income Tax Return, and the impact of foreign exchange losses. For the nine months ended September 30, 2024, the effective tax rate differed from the U.S. statutory rate of 21%, primarily due to certain pre-tax losses with no corresponding expected tax benefit.

For the three months ended September 30, 2023, the effective tax rate differed from the U.S. statutory rate of 21%, primarily due to differences arising from foreign earnings partially offset by changes in estimates based on the final 2022 U.S. Federal Income Tax Return. For the nine months ended September 30, 2023, the effective tax rate differed from the U.S. statutory rate of 21%, primarily due to differences arising from foreign earnings, changes in estimates based on the final 2022 U.S. Federal Income Tax Return and adjustments related to share-based compensation, partially offset by changes in valuation allowance assessments.

Corning Precision Materials, a South Korean subsidiary, is currently appealing certain tax assessments and tax refund claims for tax years 2010 through 2019. The Company was required to deposit the disputed tax amounts with the South Korean government as a condition of its appeal of any tax assessment. During the second quarter of 2023, \$99 million was no longer under dispute and was refunded to the Company. The non-current receivable balance was \$265 million and \$261 million as of September 30, 2024 and December 31, 2023, respectively, for the amount on deposit with the South Korean government. Corning believes that it is more likely than not the Company will prevail in the appeals process relating to these matters.

5. (Loss) Earnings Per Common Share

The following table presents the reconciliation of the amounts used to compute basic and diluted (loss) earnings per common share (in millions, except per share amounts):

| | Three months ended September 30, | | Nine months ended September 30, | |
|--|-------------------------------------|---------|------------------------------------|---------|
| | 2024 | 2023 | 2024 | 2023 |
| Net (loss) income attributable to Corning Incorporated | \$ (117) | \$ 164 | \$ 196 | \$ 621 |
| Weighted-average common shares outstanding – basic | 854 | 850 | 853 | 848 |
| Effect of dilutive securities: | | | | |
| Stock options and other awards | | 9 | 15 | 10 |
| Weighted-average common shares outstanding – diluted | 854 | 859 | 868 | 858 |
| Basic (loss) earnings per common share | \$ (0.14) | \$ 0.19 | \$ 0.23 | \$ 0.73 |
| Diluted (loss) earnings per common share | \$ (0.14) | \$ 0.19 | \$ 0.23 | \$ 0.72 |
| Anti-dilutive potential shares excluded from diluted (loss) earnings per common share: | | | | |
| Stock options and other awards | 18 | 3 | | 3 |

6. Inventories

Inventories consisted of the following (in millions):

| | September 30, 2024 | December 31, 2023 |
|--------------------------------|-----------------------|----------------------|
| Finished goods | \$ 1,354 | \$ 1,242 |
| Work in process | 566 | 551 |
| Raw materials and accessories | 457 | 445 |
| Supplies and packing materials | 416 | 428 |
| Inventories | \$ 2,793 | \$ 2,666 |

7. Other Liabilities

Other liabilities consisted of the following (in millions):

| | September 30, 2024 | December 31, 2023 |
|--|-----------------------|----------------------|
| Current liabilities: | | |
| Wages and employee benefits | \$ 712 | \$ 609 |
| Income taxes | 80 | 69 |
| Derivative instruments (Note 12) | 102 | 66 |
| Deferred revenue (Note 3) | 205 | 181 |
| Customer deposits (Note 3) | 179 | 148 |
| Short-term operating leases | 93 | 112 |
| Other current liabilities | 1,366 | 1,348 |
| Other accrued liabilities | \$ 2,737 | \$ 2,533 |
| Non-current liabilities: | | |
| Defined benefit pension plan liabilities | \$ 719 | \$ 721 |
| Derivative instruments (Note 12) | 136 | 31 |
| Deferred revenue (Note 3) | 678 | 679 |
| Customer deposits (Note 3) | 1,009 | 1,083 |
| Deferred tax liabilities | 204 | 218 |
| Long-term operating leases | 840 | 846 |
| Other non-current liabilities | 1,202 | 1,131 |
| Other liabilities | \$ 4,788 | \$ 4,709 |

8. Debt

Based on borrowing rates currently available to us for loans with similar terms and maturities, the fair value of long-term debt was \$7.0 billion as of September 30, 2024 and December 31, 2023, compared to the carrying value of \$7.1 billion and \$7.2 billion as of September 30, 2024 and December 31, 2023, respectively. The Company measures the fair value of its long-term debt using Level 2 inputs based primarily on current market yields for its existing debt traded in the secondary market.

In the second quarter of 2024, the Company entered into a ¥23 billion, or \$215 million, fixed rate, three-year cross currency swap contract to economically lock in unrealized foreign exchange gains relating to a portion of the Company's Japanese yen-denominated debt due in 2027. Refer to Note 12 (Financial Instruments) for additional information.

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On May 15, 2023, the Company issued €300 million 3.875% Notes due 2026 (“2026 Notes”) and €550 million 4.125% Notes due 2031 (“2031 Notes”). The proceeds from the 2026 Notes and 2031 Notes were received in euros and converted to U.S. dollars on the date of issuance. The net proceeds received were approximately \$918 million and will be used for general corporate purposes. As of September 30, 2024, the U.S. dollar equivalent carrying value of the euro-denominated long-term debt was \$943 million. The full amounts of the 2026 Notes and 2031 Notes have been designated as net investment hedges against our investments in certain European subsidiaries with euro functional currencies. Refer to Note 12 (Financial Instruments) for additional information.

9. Employee Retirement Plans

The following table presents the components of net periodic pension and postretirement benefit (income) expense for employee retirement plans, which other than the service cost component is recorded in other (loss) income, net in the consolidated statements of (loss) income (in millions):

| | Pension benefits | | | | Postretirement benefits | | | |
|--|-------------------------------------|-------|------------------------------------|-------|-------------------------------------|--------|------------------------------------|------|
| | Three months ended September 30, | | Nine months ended September 30, | | Three months ended September 30, | | Nine months ended September 30, | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Service cost | \$ 25 | \$ 25 | \$ 73 | \$ 75 | \$ 1 | \$ 1 | \$ 2 | \$ 4 |
| Interest cost | 46 | 45 | 138 | 133 | 4 | 6 | 14 | 17 |
| Expected return on plan assets | (48) | (46) | (144) | (138) | | | | |
| Amortization of actuarial net gain | | | | | (6) | (6) | (18) | (17) |
| Amortization of prior service cost (credit) | 1 | 2 | 4 | 5 | (1) | (2) | (5) | (4) |
| Recognition of actuarial (gain) loss | (31) | 12 | (31) | (16) | | | | |
| Special termination benefit charge | 3 | | 6 | 5 | | | | |
| Total pension and postretirement benefit (income) expense | \$ (4) | \$ 38 | \$ 46 | \$ 64 | \$ (3) | \$ (1) | \$ (7) | \$ — |

10. Leases

On March 12, 2024, Corning entered into a synthetic lease (“Facility Lease”) for a solar manufacturing facility in Hemlock, Michigan (the “Facility”), for which the Company is the construction agent on behalf of the lessor, with an estimated construction cost of approximately \$835 million.

The Facility Lease will commence upon completion of construction of the Facility, which is expected to be in the later part of 2025, and has a lease term of five years with options to renew the lease or purchase the facility. The Facility Lease is expected to be classified as a finance lease and the amount of right-of-use asset and lease liability will be determined and recorded upon lease commencement. The estimated undiscounted lease payments, inclusive of a residual value guarantee, are approximately \$1.1 billion, of which \$24 million, \$92 million, \$88 million and \$85 million is to be paid in 2025, 2026, 2027 and 2028, respectively, and \$767 million is to be paid thereafter.

In conjunction with the Facility Lease, Corning entered into an equipment lease (“Equipment Lease”) on June 17, 2024, with an estimated purchase and installation cost of \$365 million, for the equipment to be installed and operated within the Facility. The Company is the procurement and installation agent on behalf of the lessor.

The Equipment Lease will commence upon completion of the equipment installation, which is expected to be in the later part of 2025, and has a lease term of five years with obligations to purchase the equipment at lease maturity. The Equipment Lease is expected to be classified as a finance lease and the amount of right-of-use asset and lease liability will be determined and recorded upon lease commencement. The estimated undiscounted lease payments are approximately \$434 million, of which \$24 million, \$95 million, \$90 million and \$85 million is to be paid in 2025, 2026, 2027 and 2028, respectively, and \$140 million is to be paid thereafter.

The transaction agreements for both the Facility Lease and Equipment Lease contain covenants that are consistent with our Revolving Credit Agreement as disclosed in the 2023 Form 10-K.

11. Commitments and Contingencies

Corning is a defendant in various lawsuits and is subject to various claims that arise in the normal course of business, the most significant of which are summarized below. In the opinion of management, the likelihood that the ultimate disposition of these matters will have a material adverse effect on Corning's consolidated financial position, liquidity or results of operations, is remote.

Dow Corning Chapter 11 Related Matters

Until June 1, 2016, Corning and The Dow Chemical Company ("Dow") each owned 50% of the common stock of Dow Corning Corporation ("Dow Corning"). On May 31, 2016, Corning and Dow realigned their ownership interest in Dow Corning. Following the realignment, Corning no longer owned any interest in Dow Corning. With the realignment, Corning agreed to indemnify Dow for 50% of Dow Corning's non-ordinary course, pre-closing liabilities to the extent such liabilities exceed the amounts reserved for them by Dow Corning as of May 31, 2016, subject to certain conditions and limits. In January 2024, we entered into an agreement to settle the Dow Corning Chapter 11 Related Matters and the settlement amount was not material.

Dow Corning Environmental Claims

Beginning in September 2019, Dow formally notified Corning of certain environmental matters for which Dow asserts that it has or will experience losses arising from remediation and response at a number of sites. Subject to certain conditions and limits, Corning may be required to indemnify Dow for up to 50% of such losses. As of September 30, 2024, Corning has determined a potential liability for these environmental matters is probable and the amount reserved was not material.

Environmental Litigation

Corning has been designated by federal or state governments under environmental laws, including Superfund, as a potentially responsible party that may be liable for cleanup costs associated with 19 hazardous waste sites. It is Corning's policy to accrue for its estimated liability related to such hazardous waste sites and other environmental liabilities related to property owned by Corning based on expert analysis and continual monitoring by both internal and external consultants. As of September 30, 2024 and December 31, 2023, Corning had accrued approximately \$81 million and \$88 million, respectively, for the estimated undiscounted liability for environmental cleanup and related litigation. Based upon the information developed to date, management believes that the accrued reserve is a reasonable estimate of the Company's liability.

12. Financial Instruments

The following table summarizes the notional amounts and respective fair values of Corning's derivative financial instruments on a gross basis (in millions):

| | September 30, 2024 | | | December 31, 2023 | | |
|---|--------------------|-------------------------|-----------------------------|-------------------|-------------------------|-----------------------------|
| | Notional amount | Fair value asset (1) | Fair value liability (1) | Notional amount | Fair value asset (1) | Fair value liability (1) |
| Derivatives designated as hedging instruments (2): | | | | | | |
| Foreign exchange and precious metals lease contracts (3) | \$ 864 | \$ 136 | \$ (46) | \$ 241 | \$ 287 | |
| Derivatives not designated as hedging instruments: | | | | | | |
| Foreign exchange contracts | 2,247 | 64 | (23) | 1,988 | 20 | (17) |
| Translated earnings contracts (4) | 8,660 | 506 | (105) | 5,042 | 324 | (80) |
| Cross currency swap contracts | 215 | | (64) | | | |
| Total derivatives | \$ 11,986 | \$ 706 | \$ (238) | \$ 7,271 | \$ 631 | \$ (97) |
| Current | \$ 446 | \$ (102) | | \$ 501 | \$ (66) | |
| Non-current | | 260 | (136) | | 130 | (31) |
| Total derivatives | \$ 706 | \$ (238) | | \$ 631 | \$ (97) | |

- (1) All of the Company's derivative contracts are measured at fair value and are classified as Level 2 within the fair value hierarchy. Derivative assets are presented in other current assets or other assets in the consolidated balance sheets. Derivative liabilities are presented in other current liabilities or other liabilities in the consolidated balance sheets.
- (2) The amounts above do not include €850 million of euro-denominated debt (\$943 million carrying value as of September 30, 2024), which is a non-derivative financial instrument designated as a net investment hedge.
- (3) As of September 30, 2024 and December 31, 2023, derivatives designated as hedging instruments include foreign exchange cash flow hedges with total notional amounts of \$864 million and \$241 million, respectively, and fair value hedges of leased precious metals with total notional amounts of 13,762 troy ounces and 20,160 troy ounces, respectively. Fair value assets include designated derivatives pertaining to precious metals lease contracts in the amounts of \$121 million and \$229 million as of September 30, 2024 and December 31, 2023, respectively.
- (4) The Company has deferred payments associated with its purchased option contracts that are classified as non-derivative liabilities and will be settled by the end of the option contract term. As of September 30, 2024, the Company has \$141 million and \$237 million recorded in other accrued liabilities and other liabilities, respectively, in the consolidated balance sheets.

The following table summarizes the total gross notional values for translated earnings contracts (in millions):

| | September 30, 2024 | December 31, 2023 |
|--|-----------------------|----------------------|
| Average rate forward contracts: | | |
| Chinese yuan-denominated | \$ 697 | \$ 684 |
| Japanese yen-denominated | 334 | 463 |
| South Korean won-denominated | 1,151 | 1,609 |
| New Taiwan dollar-denominated | 377 | 198 |
| Euro-denominated | 1,247 | |
| Mexican peso-denominated | 104 | |
| Option contracts: | | |
| Japanese yen-denominated | 4,565 | 2,088 |
| Euro-denominated | 185 | |
| Total notional amount for translated earnings contracts | \$ 8,660 | \$ 5,042 |

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The following tables summarize the effect in the consolidated statements of (loss) income relating to Corning's derivative financial instruments (in millions). The accumulated derivative gain (loss) included in accumulated other comprehensive loss on the consolidated balance sheets as of September 30, 2024 and December 31, 2023 is \$41 million and \$(54) million, respectively.

| | Three months ended September 30, | | | | |
|---|---|--------------|---|---|--------------|
| | (Loss) gain recognized in other comprehensive income (loss) (OCI) | | Location of gain (loss) reclassified from accumulated OCI into income effective (ineffective) | Gain (loss) reclassified from accumulated OCI into income | |
| | 2024 | 2023 | | 2024 | 2023 |
| Derivative hedging relationships for cash flow and fair value hedges: | | | | | |
| Foreign exchange contracts and other | \$ (68) | \$ 28 | Cost of sales | \$ 15 | \$ 14 |
| | | | Other (loss) income, net | | (1) |
| Total cash flow and fair value hedges | \$ (68) | \$ 28 | | \$ 15 | \$ 13 |

| | Nine months ended September 30, | | | | |
|---|---|---------------|---|---|--------------|
| | (Loss) gain recognized in other comprehensive income (loss) (OCI) | | Location of gain (loss) reclassified from accumulated OCI into income effective (ineffective) | Gain (loss) reclassified from accumulated OCI into income | |
| | 2024 | 2023 | | 2024 | 2023 |
| Derivative hedging relationships for cash flow and fair value hedges: | | | | | |
| Foreign exchange contracts and other | \$ (59) | \$ 102 | Cost of sales | \$ 36 | \$ 32 |
| | | | Other (loss) income, net | (1) | (3) |
| Total cash flow and fair value hedges | \$ (59) | \$ 102 | | \$ 35 | \$ 29 |

| | Gain (loss) recognized in income | | | | Location of gain (loss) recognized in income |
|-------------------------------|----------------------------------|--------------|---------------------------------|---------------|---|
| | Three months ended September 30, | | Nine months ended September 30, | | |
| | 2024 | 2023 | 2024 | 2023 | |
| Undesignated derivatives | | | | | |
| Foreign exchange contracts | \$ 42 | \$ (5) | \$ 7 | \$ 23 | Other (loss) income, net |
| Translated earnings contracts | (157) | 20 | (91) | 128 | Translated earnings contract (loss) gain, net |
| Cross currency swap contracts | 10 | | 3 | | Other (loss) income, net |
| Total undesignated | \$ (105) | \$ 15 | \$ (81) | \$ 151 | |

Cross Currency Swap Contracts

Since inception of the Company's Japanese yen-denominated debt, the Japanese yen has weakened and the US dollar value of these liabilities has decreased, generating unrealized foreign exchange gains that have been recognized over time in the consolidated statements of (loss) income. In the second quarter of 2024, to economically lock in unrealized foreign exchange gains, the Company entered into a ¥23 billion, or \$215 million, fixed rate, three-year cross currency swap contract relating to a portion of the Company's Japanese yen-denominated debt due in 2027. At inception of this instrument, Corning received a net \$68 million from the counterparty, representing an exchange of the notional amounts at a fixed foreign exchange rate of Japanese yen to US dollar and was initially recorded as a derivative liability. As of September 30, 2024, the fair value of this derivative liability is \$64 million.

Net Investment Hedges

In May 2023, the Company designated the full amount of its euro-denominated 2026 Notes and 2031 Notes with a total notional amount of €850 million, which are non-derivative financial instruments, as net investment hedges against our investments in certain European subsidiaries with euro functional currencies. As of September 30, 2024, the net investment hedges are deemed to be effective. During the three and nine months ended September 30, 2024, foreign currency losses of \$39 million and \$9 million, respectively, associated with these net investment hedges were recognized in other comprehensive income (loss). During the three and nine months ended September 30, 2023, foreign currency gains of \$29 million and \$36 million, respectively, associated with these net investment hedges were recognized in other comprehensive income (loss).

Leased Precious Metals Contracts

The carrying amount of the leased precious metals pool, which is included within property, plant and equipment, net of accumulated depreciation in the consolidated balance sheets, is \$65 million and \$90 million as of September 30, 2024 and December 31, 2023, respectively. The carrying amount of the leased precious metals pool includes cumulative fair value loss of \$129 million and \$239 million as of September 30, 2024 and December 31, 2023, respectively. These losses are offset by changes in the fair value of hedges.

13. Shareholders' Equity

Common Stock Dividends

On October 2, 2024, Corning's Board of Directors declared a quarterly dividend of \$0.28 per share of common stock. The dividend will be payable on December 13, 2024.

Fixed Rate Cumulative Convertible Preferred Stock, Series A

The Company had 2,300 outstanding shares of Fixed Rate Cumulative Convertible Preferred Stock, Series A (the "Preferred Stock") as of December 31, 2020. On January 16, 2021, the Preferred Stock became convertible into 115 million common shares. On April 5, 2021, Corning executed the Share Repurchase Agreement ("SRA") with Samsung Display Co., Ltd. ("SDC") and the Preferred Stock was fully converted as of April 8, 2021. Immediately following the conversion, Corning repurchased and retired 35 million of the common shares held by SDC for an aggregate purchase price of approximately \$1.5 billion, of which approximately \$507 million was paid in April in each of 2023, 2022 and 2021.

Pursuant to the SRA, with respect to the remaining 80 million common shares:

- 58 million of the common shares SDC holds are subject to a seven-year lock-up period expiring in 2027.
- 22 million of the common shares SDC holds can be offered to be sold to Corning in specified tranches from time to time in calendar years 2024 through 2027. Corning may, at its sole discretion, elect to repurchase such common shares. If Corning elects not to repurchase the common shares and SDC sells the common shares on the open market, Corning will be required to pay SDC a make-whole payment, subject to a 5% cap of the repurchase proceeds that otherwise would have been paid by Corning. As of September 30, 2024 and December 31, 2023, the fair value of the liability associated with this option, measured using Level 2 inputs, was not material.

Share Repurchase Program

In 2019, the Board authorized the repurchase of up to \$5.0 billion of common stock ("2019 Authorization"). As of September 30, 2024, approximately \$3.2 billion remains available under the Company's 2019 Authorization.

During the three and nine months ended September 30, 2024, the Company repurchased 0.8 million shares and 3.8 million shares, respectively, for approximately \$30 million and \$135.4 million, respectively. No shares were repurchased under our 2019 Authorization during the three and nine months ended September 30, 2023.

Accumulated Other Comprehensive Loss

For the three and nine months ended September 30, 2024 and 2023, the change in accumulated other comprehensive loss was primarily related to the foreign currency translation adjustments.

The following table presents the changes in the foreign currency translation adjustment component of accumulated other comprehensive loss, including the proportionate share of equity method affiliates' accumulated other comprehensive loss (in millions):

| | Three months ended September 30, | | Nine months ended September 30, | |
|--|-------------------------------------|------------|------------------------------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Beginning balance | \$ (2,494) | \$ (2,114) | \$ (1,942) | \$ (1,712) |
| Gain (loss) on foreign currency translation (1) | 551 | (195) | 8 | (588) |
| Release of cumulative translation losses (2) | 62 | | 62 | |
| Equity method affiliates (1) | 12 | 4 | 3 | (5) |
| Net current-period other comprehensive income (loss), net of tax | 625 | (191) | 73 | (593) |
| Ending balance | \$ (1,869) | \$ (2,305) | \$ (1,869) | \$ (2,305) |

(1) Amounts are after tax. Tax effects are not significant.

(2) Refer to Note 2 (Restructuring, Impairment and Other Charges and Credits) for additional information.

14. Share-Based Compensation

Total share-based compensation expense was \$76 million and \$202 million for the three and nine months ended September 30, 2024, respectively, and \$57 million and \$168 million for the three and nine months ended September 30, 2023, respectively.

Incentive Stock Plans

Time-Based Restricted Stock and Restricted Stock Units

The following table summarizes the changes in non-vested time-based restricted stock and restricted stock units for the nine months ended September 30, 2024:

| | Number of shares (in thousands) | Weighted average grant-date fair value |
|--|---------------------------------------|---|
| Non-vested shares and share units as of December 31, 2023 | 13,321 | \$ 33.89 |
| Granted | 1,368 | 32.87 |
| Vested | (5,363) | 35.88 |
| Forfeited | (442) | 34.54 |
| Non-vested shares and share units as of September 30, 2024 | 8,884 | \$ 32.50 |

Performance-Based Restricted Stock Units

The following table summarizes the changes in non-vested performance-based restricted stock units for the nine months ended September 30, 2024:

| | Number of shares (in thousands) | Weighted average grant-date fair value |
|---|---------------------------------------|---|
| Non-vested share units as of December 31, 2023 | 2,026 | \$ 38.89 |
| Granted | 1,647 | 32.70 |
| Vested | (1,134) | 41.63 |
| Performance adjustments | 1,331 | 32.81 |
| Forfeited | (81) | 32.98 |
| Non-vested share units as of September 30, 2024 | 3,789 | \$ 33.31 |

Stock Options

The following table summarizes information concerning stock options as of September 30, 2024 and the related activity for the nine months ended September 30, 2024:

| | Number of shares (in thousands) | Weighted- average exercise price | Weighted- average remaining contractual term (in years) | Aggregate intrinsic value (in thousands) |
|---|---------------------------------------|---|--|---|
| Options outstanding as of December 31, 2023 | 7,499 | \$ 23.82 | | |
| Exercised | (2,519) | 22.64 | | |
| Expired | (6) | 20.16 | | |
| Options outstanding as of September 30, 2024 | 4,974 | 24.43 | 4.42 | \$ 103,085 |
| Options vested and exercisable as of September 30, 2024 | 4,974 | 24.43 | 4.42 | 103,085 |

15. Reportable Segments

The Company has determined that it has five reportable segments for financial reporting purposes, as follows:

- Optical Communications – manufactures carrier network and enterprise network components for the telecommunications industry; the carrier network group consists primarily of products and solutions for optical-based communications infrastructure for services such as video, data and voice communications, and the enterprise network group consists primarily of optical-based communication networks sold to businesses, governments and individuals for their own use.
- Display Technologies – manufactures high quality glass substrates for flat panel displays, including liquid crystal displays and organic light-emitting diodes that are used primarily in televisions, notebook computers, desktop monitors, tablets and handheld devices.
- Specialty Materials – manufactures products that provide material formulations for glass, glass ceramics and fluoride crystals to meet demand for unique customer needs across a wide variety of commercial and industrial markets, including materials optimized for mobile consumer electronics, semiconductor equipment optics and consumables, aerospace and defense optics, radiation shielding products, sunglasses and telecommunications components.
- Environmental Technologies – manufactures ceramic substrates and filter products for emissions control systems in mobile applications.
- Life Sciences – develops, manufactures, and supplies laboratory products, including labware, equipment, media, serum and reagents, enabling workflow solutions for drug discovery and bioproduction.

All other businesses that do not meet the quantitative threshold for separate reporting have been grouped as Hemlock and Emerging Growth Businesses. Net sales for this group are mainly attributable to HSG, an operating segment that produces solar and semiconductor products. The emerging growth businesses primarily consist of Pharmaceutical Technologies, Auto Glass Solutions and the Emerging Innovations Group.

Financial results for the reportable segments and Hemlock and Emerging Growth Businesses are prepared on a basis consistent with the internal disaggregation of financial information to assist the chief operating decision maker (“CODM”) in making internal operating decisions. As 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 segment net sales and segment net income of translating these currencies into U.S. dollars. Therefore, the Company utilizes constant-currency reporting for the Display Technologies, Specialty Materials, Environmental Technologies and Life Sciences segments to exclude the impact on segment sales and segment net income 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 recast as the impact was not material. The most significant constant-currency adjustment relates to the Japanese yen exposure within the Display Technologies segment.

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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. The Company believes that the use of constant-currency reporting allows management to understand segment 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 | €0.81 | MX\$20 |

In addition, certain income and expenses are excluded from segment net income (loss) and included in the unallocated amounts in the reconciliation of reportable segment net income (loss) to net (loss) income attributable to Corning Incorporated. These items are not used by the CODM in allocating resources or evaluating the results of the segments and include the following: 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 non-recurring non-operational items. Although these amounts are excluded from segment results, they are included in reported consolidated results.

Corning's administrative and staff functions are performed on a centralized basis and such costs and expenses are allocated among the segments differently than they would be for stand-alone financial reporting purposes. These include certain costs and expenses of shared services, such as information technology, human resources, legal, finance and supply chain management. Expenses that are not allocated to the segments are included in the reconciliation of reportable segment net income (loss) to net (loss) income attributable to Corning Incorporated. Segment net income (loss) may not be consistent with measures used by other companies.

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The following provides selected segment information as described above:

Segment information (in millions):

| | Optical Communications | Display Technologies | Specialty Materials | Environmental Technologies | Life Sciences | Hemlock and Emerging Growth Businesses | Total |
|--|---------------------------|-------------------------|------------------------|-------------------------------|------------------|--|----------|
| Three months ended September 30, 2024 | | | | | | | |
| Segment net sales | \$ 1,246 | \$ 1,015 | \$ 548 | \$ 382 | \$ 244 | \$ 298 | \$ 3,733 |
| Depreciation (1) | \$ 69 | \$ 110 | \$ 39 | \$ 32 | \$ 17 | \$ 41 | \$ 308 |
| Research, development and engineering expenses (2) | \$ 71 | \$ 29 | \$ 69 | \$ 26 | \$ 5 | \$ 48 | \$ 248 |
| Income tax provision (3) | \$ (49) | \$ (75) | \$ (20) | \$ (19) | \$ (4) | \$ | \$ (167) |
| Segment net income (loss) | \$ 175 | \$ 285 | \$ 72 | \$ 75 | \$ 15 | \$ (12) | \$ 610 |

| | Optical Communications | Display Technologies | Specialty Materials | Environmental Technologies | Life Sciences | Hemlock and Emerging Growth Businesses | Total |
|--|---------------------------|-------------------------|------------------------|-------------------------------|------------------|--|----------|
| Three months ended September 30, 2023 | | | | | | | |
| Segment net sales | \$ 918 | \$ 972 | \$ 563 | \$ 449 | \$ 230 | \$ 327 | \$ 3,459 |
| Depreciation (1) | \$ 65 | \$ 119 | \$ 37 | \$ 32 | \$ 18 | \$ 37 | \$ 308 |
| Research, development and engineering expenses (2) | \$ 60 | \$ 26 | \$ 62 | \$ 26 | \$ 7 | \$ 41 | \$ 222 |
| Income tax provision (3) | \$ (24) | \$ (64) | \$ (19) | \$ (27) | \$ (4) | \$ (2) | \$ (140) |
| Segment net income (loss) | \$ 91 | \$ 242 | \$ 72 | \$ 99 | \$ 13 | \$ (8) | \$ 509 |

| | Optical Communications | Display Technologies | Specialty Materials | Environmental Technologies | Life Sciences | Hemlock and Emerging Growth Businesses | Total |
|--|---------------------------|-------------------------|------------------------|-------------------------------|------------------|--|-----------|
| Nine months ended September 30, 2024 | | | | | | | |
| Segment net sales | \$ 3,289 | \$ 2,901 | \$ 1,503 | \$ 1,268 | \$ 729 | \$ 905 | \$ 10,595 |
| Depreciation (1) | \$ 201 | \$ 336 | \$ 115 | \$ 96 | \$ 51 | \$ 119 | \$ 918 |
| Research, development and engineering expenses (2) | \$ 202 | \$ 83 | \$ 186 | \$ 75 | \$ 17 | \$ 123 | \$ 686 |
| Income tax (provision) benefit (3) | \$ (118) | \$ (196) | \$ (48) | \$ (73) | \$ (12) | \$ 3 | \$ (444) |
| Segment net income (loss) | \$ 418 | \$ 744 | \$ 179 | \$ 277 | \$ 45 | \$ (45) | \$ 1,618 |

| | Optical Communications | Display Technologies | Specialty Materials | Environmental Technologies | Life Sciences | Hemlock and Emerging Growth Businesses | Total |
|--|---------------------------|-------------------------|------------------------|-------------------------------|------------------|--|-----------|
| Nine months ended September 30, 2023 | | | | | | | |
| Segment net sales | \$ 3,109 | \$ 2,663 | \$ 1,392 | \$ 1,337 | \$ 717 | \$ 1,090 | \$ 10,308 |
| Depreciation (1) | \$ 195 | \$ 362 | \$ 111 | \$ 97 | \$ 52 | \$ 105 | \$ 922 |
| Research, development and engineering expenses (2) | \$ 176 | \$ 73 | \$ 172 | \$ 73 | \$ 25 | \$ 121 | \$ 640 |
| Income tax provision (3) | \$ (105) | \$ (161) | \$ (38) | \$ (77) | \$ (9) | \$ (22) | \$ (412) |
| Segment net income | \$ 390 | \$ 610 | \$ 144 | \$ 288 | \$ 33 | \$ 34 | \$ 1,499 |

(1) Depreciation expense for Corning's reportable segments and Hemlock and Emerging Growth Businesses includes an allocation of depreciation of corporate property not specifically identifiable to a segment.

(2) Research, development and engineering expenses include direct project spending that is identifiable to a segment.

(3) Income tax (provision) benefit reflects a tax rate of 21%.

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The following table presents a reconciliation of net sales of reportable segments to consolidated net sales (in millions):

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|----------|------------------------------------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Net sales of reportable segments | \$ 3,435 | \$ 3,132 | \$ 9,690 | \$ 9,218 |
| Net sales of Hemlock and Emerging Growth Businesses | 298 | 327 | 905 | 1,090 |
| Impact of constant-currency reporting (1) | (342) | (286) | (978) | (714) |
| Consolidated net sales | \$ 3,391 | \$ 3,173 | \$ 9,617 | \$ 9,594 |

(1) This amount primarily represents the impact of foreign currency adjustments in the Display Technologies segment.

The following table presents a reconciliation of net income of reportable segments to net (loss) income attributable to Corning Incorporated (in millions):

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|--------|------------------------------------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Net income of reportable segments | \$ 622 | \$ 517 | \$ 1,663 | \$ 1,465 |
| Net (loss) income of Hemlock and Emerging Growth Businesses | (12) | (8) | (45) | 34 |
| Unallocated amounts: | | | | |
| Impact of constant-currency reporting | (258) | (212) | (751) | (535) |
| Translated earnings contract (loss) gain, net | (157) | 20 | (91) | 128 |
| Translation (loss) gain on Japanese yen-denominated debt | (107) | 35 | 28 | 162 |
| Litigation, regulatory and other legal matters | (16) | (32) | (11) | (44) |
| Research, development, and engineering expenses (1) | (39) | (40) | (121) | (127) |
| Amortization of intangibles | (31) | (30) | (91) | (92) |
| Interest expense, net | (63) | (62) | (189) | (179) |
| Income tax benefit | 164 | 105 | 320 | 234 |
| Severance charges | (43) | (13) | (46) | (91) |
| Capacity optimization and other charges and credits (2) | (91) | (59) | (217) | (184) |
| Other corporate items | (86) | (57) | (253) | (150) |
| Net (loss) income attributable to Corning Incorporated | \$ (117) | \$ 164 | \$ 196 | \$ 621 |

(1) Amount does not include research, development and engineering expense related to severance charges.

(2) Amount includes charges associated with impairment losses, asset write-offs, accelerated depreciation, disposal costs and inventory write-downs. Refer to Note 2 (Restructuring, Impairment and Other Charges and Credits) for additional information.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Corning Incorporated and its consolidated subsidiaries are hereinafter sometimes referred to as the “Company,” the “Registrant,” “Corning,” “we,” “our,” or “us.”

This report contains forward-looking statements that involve a number of risks and uncertainties. These statements relate to plans, objectives, expectations and estimates and may contain words such as “will,” “believe,” “anticipate,” “expect,” “intend,” “plan,” “seek,” “see,” “would,” “target,” “estimate,” “forecast,” or similar expressions. Actual results could differ materially from what is expressed or forecasted in forward-looking statements. Some of the factors that could contribute to these differences include those discussed under “Forward-Looking Statements,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and elsewhere in this report.

ORGANIZATION OF INFORMATION

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) was prepared to provide a historical and prospective narrative on our financial condition and results of operations through the eyes of management and should be read in conjunction with our MD&A of our Annual Report on Form 10-K for the year ended December 31, 2023 (“2023 Form 10-K”).

Our MD&A is organized as follows:

- Overview
- Results of Operations
- Segment Analysis
- Core Performance Measures
- Liquidity and Capital Resources
- Environment
- Critical Accounting Estimates
- Forward-Looking Statements

OVERVIEW

Corning is vital to progress. We are the world leaders in glass science, ceramic science and optical physics – along with four proprietary manufacturing and engineering platforms – and we apply our capabilities to invent and make category-defining, highly engineered products; drive profitable and durable growth; and create long-term value. Today, our markets include optical communications, mobile consumer electronics, display, automotive, solar, semiconductor and life sciences.

Progress on our three-year Springboard plan

Springboard is our plan to add more than \$3 billion in annualized core sales and to achieve a core operating margin of 20% by the end of 2026. We expect a number of upward cyclical factors and secular trends to drive growth across our Market-Access Platforms. As we capture this growth, we expect to deliver powerful incremental profit and cash flow; we already have the required production capacity and technical capabilities in place, and the cost and capital are already reflected in our financials. With the success of the plan, we also expect to be able to accelerate the return of cash to shareholders.

In the third quarter of 2024, we continued making strong progress on Springboard - most notably in Display Technologies and Optical Communications.

- In Display Technologies, our Springboard plan is centered on maintaining stable U.S. dollar net income. To achieve this, we are raising glass prices. We expect that our price actions, in combination with the hedges we have in place through 2026, will deliver consistent profitability in the segment. In the segment, we expect to deliver segment net income of \$900 to \$950 million next year – and to deliver segment net income margin of 25%, consistent with the last five years. We expect our price increases to offset the weaker yen in our hedges, and enable us to maintain the same profitability. Most importantly, we will continue to be the low-cost technology and market leader in Display.
- In Optical Communications, our Springboard plan is about revenue growth. When we introduced new Generative AI products in June of 2024, we said we expected to grow our Enterprise business at a 25% CAGR over the next four years, and strong demand for these products drove record Enterprise sales in the second and third quarter of 2024.

2024 Corporate Outlook

We expect core net sales of approximately \$3.75 billion for the fourth quarter of 2024.

RESULTS OF OPERATIONS

The following table presents selected highlights from our operations (in millions):

| | Three months ended | | % change 24 vs. 23 | Nine months ended | | % change 24 vs. 23 |
|--|--------------------|----------|--------------------------|-------------------|----------|--------------------------|
| | September 30, | | | September 30, | | |
| | 2024 | 2023 | | 2024 | 2023 | |
| Net sales | \$ 3,391 | \$ 3,173 | 7% | \$ 9,617 | \$ 9,594 | 0% |
| Cost of sales | \$ 2,254 | \$ 2,169 | 4% | \$ 6,538 | \$ 6,574 | (1%) |
| Gross margin | \$ 1,137 | \$ 1,004 | 13% | \$ 3,079 | \$ 3,020 | 2% |
| Gross margin % | 34% | 32% | | 32% | 31% | |
| Selling, general and administrative expenses | \$ 510 | \$ 468 | 9% | \$ 1,432 | \$ 1,329 | 8% |
| as a % of net sales | 15% | 15% | | 15% | 14% | |
| Research, development and engineering expenses | \$ 294 | \$ 270 | 9% | \$ 814 | \$ 787 | 3% |
| as a % of net sales | 9% | 9% | | 8% | 8% | |
| Translated earnings contract (loss) gain, net | \$ (157) | \$ 20 | * | \$ (91) | \$ 128 | * |
| (Loss) income before income taxes | \$ (92) | \$ 217 | * | \$ 376 | \$ 854 | (56%) |
| Provision for income taxes | \$ (3) | \$ (35) | * | \$ (124) | \$ (178) | * |
| Effective tax rate | (3%) | 16% | | 33% | 21% | |
| Net (loss) income attributable to Corning Incorporated | \$ (117) | \$ 164 | * | \$ 196 | \$ 621 | (68%) |
| Comprehensive income (loss) attributable to Corning Incorporated | \$ 467 | \$ (39) | * | \$ 236 | \$ 49 | 382% |

* Not meaningful

Net sales

For the three months ended September 30, 2024, net sales increased \$218 million, or 7% when compared to the same period in 2023. This was primarily driven by an increase in telecommunication product sales of \$328 million, partially offset by decreases in environmental substrate and filter products of \$58 million and polycrystalline silicon product sales of \$36 million.

For the nine months ended September 30, 2024, net sales increased \$23 million when compared to the same period in 2023. This was primarily driven by increases in telecommunication product sales of \$180 million and specialty glass product sales of \$106 million, offset by decreases in polycrystalline silicon product sales of \$156 million and environmental substrate and filter products of \$67 million.

Cost of sales / Gross margin

The types of expenses included in cost of sales are: raw materials consumption, including direct and indirect materials; salaries, wages and benefits; depreciation and amortization; production utilities; production-related purchasing; warehousing (including receiving and inspection); repairs and maintenance; inter-location inventory transfer costs; production and warehousing facility property insurance; rent for production facilities; freight and logistics costs; and other production overhead.

For the three months ended September 30, 2024, gross margin increased \$133 million, or 13%, and increased as a percentage of sales by 2 percentage points when compared to the same period in 2023. This is primarily driven by the increase in net sales, as discussed above.

For the nine months ended September 30, 2024, gross margin increased \$59 million, or 2%, and slightly increased as a percentage of sales when compared to the same period in 2023.

Selling, general and administrative expenses

The types of expenses included in the selling, general and administrative expenses line item are salaries, wages and benefits; share-based compensation expense; travel; sales commissions; professional fees; and depreciation and amortization, utilities and rent for administrative facilities.

For the three months ended September 30, 2024, selling, general and administrative expenses increased \$42 million, or 9%, and remained consistent as a percentage of sales when compared to the same period in 2023. For the nine months ended September 30, 2024, selling, general and administrative expense increased \$103 million, or 8%, and slightly increased as a percentage of sales in the current period as compared to the same period in 2023.

Research, development and engineering expenses

For the three and nine months ended September 30, 2024, research, development and engineering expenses increased 9% and 3%, respectively, and remained consistent as a percentage of sales when compared to the same periods in 2023.

Translated earnings contract (loss) gain, net

Included in translated earnings contract (loss) gain, net, is the impact of foreign currency contracts which economically hedge the translation exposure arising from movements in the Japanese yen, South Korean won, new Taiwan dollar, euro, Chinese yuan and Mexican peso and its impact on net (loss) income.

The following table provides detailed information on the impact of translated earnings contract (loss) gain, net (in millions):

| | Three months ended September 30, 2024 | | Three months ended September 30, 2023 | | Change 2024 vs. 2023 | |
|--|--|-----------------|--|---------------|-------------------------|-----------------|
| | (Loss) income before tax | Net loss | Income before tax | Net income | Income before tax | Net income |
| Hedges related to translated earnings: | | | | | | |
| Realized gain, net (1) | \$ 47 | \$ 36 | \$ 73 | \$ 59 | \$ (26) | \$ (23) |
| Unrealized loss, net (2) | (204) | (157) | (53) | (43) | (151) | (114) |
| Total translated earnings contract (loss) gain, net | \$ (157) | \$ (121) | \$ 20 | \$ 16 | \$ (177) | \$ (137) |

| | Nine months ended September 30, 2024 | | Nine months ended September 30, 2023 | | Change 2024 vs. 2023 | |
|--|---|----------------|---|---------------|-------------------------|-----------------|
| | Income before tax | Net income | Income before tax | Net income | Income before tax | Net income |
| Hedges related to translated earnings: | | | | | | |
| Realized gain, net (1)(3) | \$ 158 | \$ 121 | \$ 211 | \$ 168 | \$ (53) | \$ (47) |
| Unrealized loss, net (4) | (249) | (191) | (83) | (65) | (166) | (126) |
| Total translated earnings contract (loss) gain, net | \$ (91) | \$ (70) | \$ 128 | \$ 103 | \$ (219) | \$ (173) |

- (1) Amount includes non-cash pre-tax realized losses of \$24 million and \$81 million for the three and nine months ended September 30, 2024, respectively, and non-cash pre-tax realized losses of \$20 million and \$48 million for the three and nine months ended September 30, 2023, respectively, related to the premiums of expired option contracts.
- (2) The impact for the three months ended September 30, 2024 was primarily driven by unrealized losses from our Japanese yen and euro-denominated hedges, partially offset by unrealized gains from our South Korean won, new Taiwan dollar and Chinese yuan-denominated hedges. The impact to income for the three months ended September 30, 2023 was primarily driven by unrealized losses from our South Korean won and Japanese yen-denominated hedges.
- (3) For the nine months ended September 30, 2023, amount excludes \$11 million related to a forward contract designated as a net investment hedge, which was reflected within investing activities in the consolidated statements of cash flows.
- (4) The impact for the nine months ended September 30, 2024 was primarily driven by unrealized losses from our Japanese yen and euro-denominated hedges, partially offset by unrealized gains from our Chinese yuan-denominated hedges. The impact to income for the nine months ended September 30, 2023 was primarily driven by unrealized losses from our South Korean won and Chinese yuan-denominated hedges partially offset by unrealized gains from our Japanese yen-denominated hedges.

(Loss) income before income taxes

For the three and nine months ended September 30, 2024, income before income taxes decreased \$309 million and \$478 million, respectively, when compared to the same periods in 2023, primarily driven by losses on our translated earnings contracts, as discussed above, and the recognition of \$62 million in non-cash foreign currency translation losses in the third quarter of 2024 related to the substantial liquidation of an optical communications manufacturing plant as discussed in Note 2 (Restructuring, Impairment and Other Charges and Credits) in the accompanying notes to the consolidated financial statements.

Provision for Income Taxes

For the three months ended September 30, 2024, the effective tax rate differed from the United States (“U.S.”) statutory rate of 21%, primarily due to certain pre-tax losses with no corresponding expected tax benefit, changes in estimates based on the final 2023 U.S. Federal Income Tax Return, and the impact of foreign exchange losses. For the nine months ended September 30, 2024, the effective tax rate differed from the U.S. statutory rate of 21%, primarily due to certain pre-tax losses with no corresponding expected tax benefit.

For the three months ended September 30, 2023, the effective tax rate differed from the U.S. statutory rate of 21%, primarily due to differences arising from foreign earnings partially offset by changes in estimates based on the final 2022 U.S. Federal Income Tax Return. For the nine months ended September 30, 2023, the effective tax rate differed from the U.S. statutory rate of 21%, primarily due to differences arising from foreign earnings, changes in estimates based on the final 2022 U.S. Federal Income Tax Return and adjustments related to share-based compensation, partially offset by changes in valuation allowance assessments.

For the three and nine months ended September 30, 2024, the effective tax rate differed when compared to the same period in 2023 primarily due to changes in certain pre-tax losses with no corresponding expected tax benefit and the impact of foreign exchange losses.

Net (loss) income attributable to Corning Incorporated

As a result of the items discussed above, net (loss) income attributable to Corning Incorporated and per share data were as follows (in millions, except per share amounts):

| | Three months ended | | Nine months ended | |
|--|--------------------|---------|-------------------|---------|
| | September 30, | | September 30, | |
| | 2024 | 2023 | 2024 | 2023 |
| Net (loss) income attributable to Corning Incorporated | \$ (117) | \$ 164 | \$ 196 | \$ 621 |
| Basic (loss) earnings per common share | \$ (0.14) | \$ 0.19 | \$ 0.23 | \$ 0.73 |
| Diluted (loss) earnings per common share | \$ (0.14) | \$ 0.19 | \$ 0.23 | \$ 0.72 |
| Weighted-average common shares outstanding - basic | 854 | 850 | 853 | 848 |
| Weighted-average common shares outstanding - diluted | 854 | 859 | 868 | 858 |

Comprehensive income (loss) attributable to Corning Incorporated

Comprehensive income attributable to Corning Incorporated for the three months ended September 30, 2024 was \$467 million compared to comprehensive loss attributable to Corning Incorporated of \$39 million for the three months ended September 30, 2023. This movement is driven by the increase in net gains on foreign currency translation adjustments of \$816 million, primarily driven by gains in the Japanese yen, Korean won, Chinese yuan and euro, partially offset by a \$277 million decrease in net income.

Comprehensive income attributable to Corning Incorporated for the nine months ended September 30, 2024 was \$236 million compared to \$49 million for the nine months ended September 30, 2023. This movement is driven by the increase in net gains on foreign currency translation adjustments of \$666 million, primarily driven by gains in the Japanese yen, Korean won Chinese yuan and euro, partially offset by a \$424 million decrease in net income.

SEGMENT ANALYSIS

Financial results for the reportable segments and Hemlock and Emerging Growth Businesses are prepared on a basis consistent with the internal disaggregation of financial information to assist the chief operating decision maker (“CODM”) in making internal operating decisions, which is more fully discussed within Note 15 (Reportable Segments) in the accompanying notes to the consolidated financial statements and includes a reconciliation of our segment information to the corresponding amounts in our consolidated statements of (loss) income.

Segment net income may not be consistent with measures used by other companies.

The following table presents segment net sales by reportable segment and Hemlock and Emerging Growth Businesses (in millions):

| | Three months ended | | \$ change | % change | Nine months ended | | \$ change | % change |
|---|--------------------|----------|--------------|-------------|-------------------|-----------|--------------|-------------|
| | September 30, | | | | September 30, | | | |
| | 2024 | 2023 | 24 vs. 23 | 24 vs. 23 | 2024 | 2023 | 24 vs. 23 | 24 vs. 23 |
| Optical Communications | \$ 1,246 | \$ 918 | \$ 328 | 36% | \$ 3,289 | \$ 3,109 | \$ 180 | 6% |
| Display Technologies | 1,015 | 972 | 43 | 4% | 2,901 | 2,663 | 238 | 9% |
| Specialty Materials | 548 | 563 | (15) | (3)% | 1,503 | 1,392 | 111 | 8% |
| Environmental Technologies | 382 | 449 | (67) | (15)% | 1,268 | 1,337 | (69) | (5)% |
| Life Sciences | 244 | 230 | 14 | 6% | 729 | 717 | 12 | 2% |
| Net sales of reportable segments | 3,435 | 3,132 | 303 | 10% | 9,690 | 9,218 | 472 | 5% |
| Hemlock and Emerging Growth Businesses | 298 | 327 | (29) | (9)% | 905 | 1,090 | (185) | (17)% |
| Net sales of reportable segments and Hemlock and Emerging Growth Businesses (1) | \$ 3,733 | \$ 3,459 | \$ 274 | 8% | \$ 10,595 | \$ 10,308 | \$ 287 | 3% |

(1) Refer to Note 15 (Reportable Segments) in the accompanying notes to the consolidated financial statements for the reconciliation to consolidated net sales.

Optical Communications

The increase in segment net sales for the three- and nine-month periods was primarily driven by continued strong adoption of AI-related connectivity solutions in our Enterprise business. Our Carrier business had an increase in volume in the third quarter of 2024 compared to the same period in prior year as demand begins to recover.

Display Technologies

The increase in segment net sales for both the three- and nine-month periods was due to higher sales volume, attributable to increased panel maker utilization, as well as pricing actions taken in the second half of 2023 and currency-based price adjustments implemented in the third quarter of 2024.

Specialty Materials

Segment net sales for the three-month period slightly decreased as compared to the same period in 2023. The increase in segment net sales for the nine-month period was due to continued strong demand for premium glass for mobile devices as well as semiconductor-related products.

Environmental Technologies

The decrease in segment net sales for both the three- and nine-month periods was primarily due to a decline in heavy-duty diesel, reflecting the continued impact of the Class 8 truck downcycle in North America.

Life Sciences

The increase in segment net sales for both the three- and nine-month periods was primarily due to increased demand as customers are completing their inventory drawdowns.

Hemlock and Emerging Growth Businesses

The decrease in segment net sales for the three-month period was primarily due to a decrease in our HSG business driven by lower pricing for solar-grade polysilicon, partially offset by an increase in our Automotive Glass Solutions business. The decrease in segment net sales for the nine-month period was primarily due to a decrease in our HSG business driven by lower pricing for solar-grade polysilicon and lower sales in our Pharmaceutical Technologies business due to the completion of volume commitments for COVID-related products.

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The following table presents segment net income by reportable segment and Hemlock and Emerging Growth Businesses (in millions):

| | Three months ended | | \$ | % | Nine months ended | | \$ | % |
|--|--------------------|--------|-----------|-----------|-------------------|----------|--------|------|
| | September 30, | | | | change | change | | |
| | 2024 | 2023 | 24 vs. 23 | 24 vs. 23 | | | 2024 | 2023 |
| Optical Communications | \$ 175 | \$ 91 | \$ 84 | 92% | \$ 418 | \$ 390 | \$ 28 | 7% |
| Display Technologies | 285 | 242 | 43 | 18% | 744 | 610 | 134 | 22% |
| Specialty Materials | 72 | 72 | - | 0% | 179 | 144 | 35 | 24% |
| Environmental Technologies | 75 | 99 | (24) | (24)% | 277 | 288 | (11) | (4)% |
| Life Sciences | 15 | 13 | 2 | 15% | 45 | 33 | 12 | 36% |
| Net income of reportable segments | 622 | 517 | 105 | 20% | 1,663 | 1,465 | 198 | 14% |
| Hemlock and Emerging Growth Businesses | (12) | (8) | (4) | (50)% | (45) | 34 | (79) | * |
| Net income of reportable segments and Hemlock and Emerging Growth Businesses (1) | \$ 610 | \$ 509 | \$ 101 | 20% | \$ 1,618 | \$ 1,499 | \$ 119 | 8% |

* Not meaningful

(1) Refer to Note 15 (Reportable Segments) in the accompanying notes to the consolidated financial statements for the reconciliation to net (loss) income attributable to Corning Incorporated.

Optical Communications

The increase in segment net income for both the three- and nine-month periods was primarily driven by strong incremental profit on higher sales volume, as outlined above.

Display Technologies

The increase in segment net income for both the three- and nine-month periods was primarily driven by the increase in sales, as outlined above.

Specialty Materials

Segment net income for the three-month period was flat with the prior year. The increase in segment net income for the nine-month period was primarily driven by the increase in sales, as outlined above, and manufacturing improvements.

Environmental Technologies

The decrease in segment net income for both the three- and nine-month periods was primarily driven by the decrease in sales, as outlined above.

Life Sciences

The increase in segment net income for both the three- and nine-month periods was primarily driven by profitability improvements from productivity actions taken.

Hemlock and Emerging Growth Businesses

The decrease in segment net income for both the three- and nine-month periods was primarily driven by our HSG and Pharmaceutical Technologies businesses due to lower sales, as outlined above.

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 recast 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 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.”

Results of Operations – Core Performance Measures

The following table presents selected highlights from our operations, excluding certain items (in millions, except per share amounts):

| | Three months ended | | % change | Nine months ended | | % change |
|-------------------------|--------------------|----------|-------------|-------------------|-----------|-------------|
| | September 30, | | | September 30, | | |
| | 2024 | 2023 | 24 vs. 23 | 2024 | 2023 | 24 vs. 23 |
| Core net sales | \$ 3,733 | \$ 3,459 | 8% | \$ 10,595 | \$ 10,308 | 3% |
| Core net income | \$ 465 | \$ 386 | 20% | \$ 1,202 | \$ 1,124 | 7% |
| Core earnings per share | \$ 0.54 | \$ 0.45 | 20% | \$ 1.38 | \$ 1.31 | 5% |

Core Net Sales

For the three months ended September 30, 2024, we generated core net sales of \$3.7 billion compared to \$3.5 billion for the same period in 2023. The increase in core net sales of \$274 million was primarily driven by increased segment sales of \$328 million in Optical Communications and \$43 million in Display Technologies, partially offset by decreased segment sales of \$67 million in Environmental Technologies and \$29 million in Hemlock and Emerging Growth Businesses. Net sales by reportable segment and Hemlock and Emerging Growth Businesses are discussed in detail in the “Segment Analysis” section of our MD&A.

For the nine months ended September 30, 2024, we generated core net sales of \$10.6 billion compared to \$10.3 billion for the same period in 2023. The increase in core net sales of \$287 million was primarily driven by increased segment sales of \$238 million in Display Technologies, \$180 million in Optical Communications and \$111 million in Specialty Materials, partially offset by decreased segment sales of \$185 million in Hemlock and Emerging Growth Businesses and \$69 million in Environmental Technologies. Net sales by reportable segment and Hemlock and Emerging Growth Businesses are discussed in detail in the “Segment Analysis” section of our MD&A.

Core Net Income

For the three months ended September 30, 2024, we generated core net income of \$465 million compared to \$386 million for the same period in 2023. The increase of \$79 million was primarily due to higher segment net income of \$84 million in Optical Communications and \$43 million in Display Technologies, partially offset by lower segment net income of \$24 million in Environmental Technologies. Net income by reportable segment and Hemlock and Emerging Growth Businesses are discussed in detail in the “Segment Analysis” section of our MD&A.

For the nine months ended September 30, 2024, we generated core net income of \$1.2 billion compared to \$1.1 billion for the same period in 2023. The increase of \$78 million was primarily due to higher segment net income of \$134 million in Display Technologies, \$35 million in Specialty Materials and \$28 million in Optical Communications, offset by lower segment net income of \$79 million in Hemlock and Emerging Growth Businesses. Net income by reportable segment and Hemlock and Emerging Growth Businesses are discussed in detail in the “Segment Analysis” section of our MD&A.

Core Earnings per Share

Core earnings per share increased for the three months ended September 30, 2024 to \$0.54 per share, primarily as a result of the changes in core net income, outlined above.

Core earnings per share increased for the nine months ended September 30, 2024 to \$1.38 per share, primarily as a result of the changes in core net income, outlined above.

The following table sets forth the computation of core earnings per share (in millions, except per share amounts):

| | Three months ended | | Nine months ended | |
|--|--------------------|---------|-------------------|----------|
| | September 30, | | September 30, | |
| | 2024 | 2023 | 2024 | 2023 |
| Core net income | \$ 465 | \$ 386 | \$ 1,202 | \$ 1,124 |
| Weighted-average common shares outstanding - basic | 854 | 850 | 853 | 848 |
| Effect of dilutive securities: | | | | |
| Stock options and other awards | 11 | 9 | 15 | 10 |
| Weighted-average common shares outstanding - diluted | 865 | 859 | 868 | 858 |
| Core earnings per share | \$ 0.54 | \$ 0.45 | \$ 1.38 | \$ 1.31 |

Reconciliation of Non-GAAP Measures

We utilize certain financial measures and key performance indicators that are not calculated in accordance with GAAP to assess our financial and operating performance. A non-GAAP financial measure is defined as a numerical measure of a company's financial performance that (i) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the comparable measure calculated and presented in accordance with GAAP in the consolidated statements of (loss) income or statements of cash flows, or (ii) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the comparable measure as calculated and presented in accordance with GAAP in the consolidated statements of (loss) income or statements of cash flows.

Core net sales, core net income and core earnings per share are non-GAAP financial measures utilized by our management to analyze financial performance without the impact of items that are driven by general economic conditions and events that do not reflect the underlying fundamentals and trends in our operations.

The following tables reconcile our non-GAAP financial measures to their most directly comparable GAAP financial measure (amounts in millions, except percentages and per share amounts):

| | Three months ended September 30, 2024 | | | | |
|---|---------------------------------------|-----------------------------------|--|---------------------------|------------------|
| | Net sales | (Loss) income before income taxes | Net (loss) income attributable to Corning Incorporated | Effective tax rate (a)(b) | Per share |
| As reported – GAAP | \$ 3,391 | \$ (92) | \$ (117) | (3.3%) | \$ (0.14) |
| Constant-currency adjustment (1) | 342 | 258 | 239 | | 0.28 |
| Translation loss on Japanese yen-denominated debt, net (2) | | 107 | 82 | | 0.10 |
| Translated earnings contract loss (3) | | 157 | 121 | | 0.14 |
| Acquisition-related costs (4) | | 32 | 23 | | 0.03 |
| Discrete tax items and other tax-related adjustments (5) | | | (14) | | (0.02) |
| Restructuring, impairment and other charges and credits (6) | | 134 | 125 | | 0.15 |
| Pension mark-to-market adjustment (7) | | (20) | (15) | | (0.02) |
| Loss on investments (8) | | 7 | 7 | | 0.01 |
| Loss on sale of assets (9) | | 3 | 2 | | 0.00 |
| Litigation, regulatory and other legal matters (10) | | 16 | 12 | | 0.01 |
| Core performance measures | \$ 3,733 | \$ 602 | \$ 465 | 19.1% | \$ 0.54 |

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

(b) The calculation of the effective tax rate for GAAP and Core excludes net income attributable to non-controlling interest of approximately \$22 million and \$23 million, respectively.

| | Three months ended September 30, 2023 | | | | |
|---|---------------------------------------|----------------------------|---|---------------------------|----------------|
| | Net sales | Income before income taxes | Net income attributable to Corning Incorporated | Effective tax rate (a)(b) | Per share |
| As reported - GAAP | \$ 3,173 | \$ 217 | \$ 164 | 16.1% | \$ 0.19 |
| Constant-currency adjustment (1) | 286 | 212 | 164 | | 0.19 |
| Translation gain on Japanese yen-denominated debt, net (2) | | (35) | (29) | | (0.03) |
| Translated earnings contract gain (3) | | (20) | (16) | | (0.02) |
| Acquisition-related costs (4) | | 33 | 25 | | 0.03 |
| Discrete tax items and other tax-related adjustments (5) | | | (3) | | (0.00) |
| Restructuring, impairment and other charges and credits (6) | | 72 | 58 | | 0.07 |
| Pension mark-to-market adjustment (7) | | 7 | 6 | | 0.01 |
| Gain on investments (8) | | (8) | (8) | | (0.01) |
| Litigation, regulatory and other legal matters (10) | | 32 | 25 | | 0.03 |
| Core performance measures | \$ 3,459 | \$ 510 | \$ 386 | 20.5% | \$ 0.45 |

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

(b) The calculation of the effective tax rate for GAAP and Core excludes net income attributable to non-controlling interest of approximately \$18 million and \$19 million, respectively.

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

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| | Nine months ended September 30, 2024 | | | | |
|---|--------------------------------------|----------------------------|---|---------------------------|----------------|
| | Net sales | Income before income taxes | Net income attributable to Corning Incorporated | Effective tax rate (a)(b) | Per share |
| As reported – GAAP | \$ 9,617 | \$ 376 | \$ 196 | 33.0% | \$ 0.23 |
| Constant-currency adjustment (1) | 978 | 751 | 604 | | 0.70 |
| Translation gain on Japanese yen-denominated debt, net (2) | | (28) | (21) | | (0.02) |
| Translated earnings contract loss (3) | | 91 | 70 | | 0.08 |
| Acquisition-related costs (4) | | 96 | 69 | | 0.08 |
| Discrete tax items and other tax-related adjustments (5) | | | 5 | | 0.01 |
| Restructuring, impairment and other charges and credits (6) | | 263 | 248 | | 0.29 |
| Pension mark-to-market adjustment (7) | | (6) | (4) | | (0.00) |
| Loss on investments (8) | | 19 | 18 | | 0.02 |
| Loss on sale of assets (9) | | 13 | 9 | | 0.01 |
| Litigation, regulatory and other legal matters (10) | | 11 | 8 | | 0.01 |
| Core performance measures | \$ 10,595 | \$ 1,586 | \$ 1,202 | 20.4% | \$ 1.38 |

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

(b) The calculation of the effective tax rate for GAAP and Core excludes net income attributable to non-controlling interest of approximately \$56 million and \$61 million, respectively.

| | Nine months ended September 30, 2023 | | | | |
|---|--------------------------------------|----------------------------|---|---------------------------|----------------|
| | Net sales | Income before income taxes | Net income attributable to Corning Incorporated | Effective tax rate (a)(b) | Per share |
| As reported - GAAP | \$ 9,594 | \$ 854 | \$ 621 | 20.8% | \$ 0.72 |
| Constant-currency adjustment (1) | 714 | 535 | 403 | | 0.47 |
| Translation gain on Japanese yen-denominated debt, net (2) | | (162) | (131) | | (0.15) |
| Translated earnings contract gain (3) | | (128) | (103) | | (0.12) |
| Acquisition-related costs (4) | | 99 | 70 | | 0.08 |
| Discrete tax items and other tax-related adjustments (5) | | | 26 | | 0.03 |
| Restructuring, impairment and other charges and credits (6) | | 275 | 220 | | 0.26 |
| Pension mark-to-market adjustment (7) | | (4) | (3) | | (0.00) |
| Loss on investments (8) | | 1 | 1 | | 0.00 |
| Gain on sale of assets (9) | | (20) | (15) | | (0.02) |
| Litigation, regulatory and other legal matters (10) | | 44 | 35 | | 0.04 |
| Core performance measures | \$ 10,308 | \$ 1,494 | \$ 1,124 | 20.5% | \$ 1.31 |

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

(b) The calculation of the effective tax rate for GAAP and Core excludes net income attributable to non-controlling interest of approximately \$55 million and \$63 million, respectively.

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

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 recast 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 and nine months ended September 30, 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 | €0.81 | MX\$20 |

- (2) **Translation of Japanese yen-denominated debt, net:** Amount reflects the gain or loss on the translation of our yen-denominated debt to U.S. dollars, net of a \$10 million and \$3 million gain, respectively, for the three and nine months ended September 30, 2024, related to the change in the fair value of our cross currency swap contracts.
- (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 and Mexican peso-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, and the recognition of cumulative foreign currency translation adjustments upon the substantial liquidation of a foreign entity, which are not related to ongoing operations.
- (7) **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.
- (8) **Loss (gain) on investments:** Amount reflects the loss or gain recognized on investments due to mark-to-market adjustments for the change in fair value or the disposition of an investment.
- (9) **Loss (gain) on sale of assets:** Amount represents the loss or gain recognized for the sale of assets.
- (10) **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.

LIQUIDITY AND CAPITAL RESOURCES

Our financial condition and liquidity are strong. We are not aware of any known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in a material decrease in our liquidity. In addition, other than items discussed, there are no known material trends, favorable or unfavorable, in our capital resources and no expected material changes in the mix of such resources.

Our major sources of funding for 2024 and beyond will be our operating cash flow, our existing balances of cash and cash equivalents and proceeds from any issuances of debt. We believe we have sufficient liquidity to fund operations and meet our obligations for the foreseeable future. Such obligations may include requirements for acquisitions, capital expenditures, debt repayments, dividend payments and share repurchases. We will continue to generate cash from operations and maintain access to our revolving credit facilities and commercial paper programs as discussed in more detail below.

Key Balance Sheet Data

We fund our working capital with cash from operations and, periodically, short-term and long-term borrowings. In addition, from time to time, we receive upfront cash from customers relating to long-term supply agreements, as well as cash incentives from government entities generally for capital expansion and related expenses.

The following table presents balance sheet and working capital measures (in millions):

| | September 30, 2024 | December 31, 2023 |
|---|-----------------------|----------------------|
| Working capital | \$ 3,039 | \$ 2,893 |
| Current ratio | 1.7:1 | 1.7:1 |
| Trade accounts receivable, net of doubtful accounts | \$ 1,986 | \$ 1,572 |
| Days sales outstanding | 53 | 47 |
| Inventories | \$ 2,793 | \$ 2,666 |
| Inventory turns | 3.2 | 3.2 |
| Days payable outstanding (1) | 59 | 52 |
| Long-term debt | \$ 7,073 | \$ 7,206 |
| Total debt | \$ 7,408 | \$ 7,526 |
| Total debt to total capital | 39% | 39% |

(1) Includes trade payables only.

We perform comprehensive reviews of our significant customers and their creditworthiness by analyzing their financial strength at least annually or more frequently for customers where we have identified a measure of increased risk. We closely monitor payments and developments to identify potential customer credit issues. We are not aware of any customer credit issues that could have a material impact on our liquidity.

We participate in accounts receivable management programs, including factoring arrangements to sell certain accounts receivable to third-party financial institutions or accelerate collections through our customer's supply chain financing arrangements. Sales of accounts receivable are reflected as a reduction of accounts receivable in the consolidated balance sheets and the proceeds are included in cash flows from operating activities in the consolidated statements of cash flows. By utilizing these types of programs, we have accelerated the collection of \$380 million, \$389 million and \$267 million of accounts receivable during the three months ended March 31, 2024, June 30, 2024 and September 30, 2024, respectively. We believe these accounts receivable would have been collected during the normal course of business in the following quarter.

Cash Flows

The following table presents a summary of cash flow data (in millions):

| | Nine months ended September 30, | |
|---|------------------------------------|----------|
| | 2024 | 2023 |
| Net cash provided by operating activities | \$ 1,316 | \$ 1,292 |
| Net cash used in investing activities | \$ (537) | \$ (770) |
| Net cash used in financing activities | \$ (944) | \$ (520) |

Net cash provided by operating activities for the nine months ended September 30, 2024 slightly improved by \$24 million when compared to the same period in the prior year.

Net cash used in investing activities for the nine months ended September 30, 2024 improved by \$233 million when compared to the same period last year, primarily driven by lower capital expenditures of \$400 million, partially offset by \$67 million in proceeds from the sale of equipment in the prior period and \$31 million less realized gains on our translated earnings contracts.

Net cash used in financing activities for the nine months ended September 30, 2024 increased by \$424 million when compared to the same period last year, primarily driven by the \$918 million in proceeds from the issuance of euro-denominated notes in 2023, partially offset by \$507 million in payments for the redemption of preferred stock in 2023 and \$135 million in purchases of common stock in 2024 compared to no repurchases in 2023.

Sources of Liquidity

As of September 30, 2024, our cash and cash equivalents and available credit capacity included (in millions):

| | September 30, 2024 |
|---------------------------------------|-----------------------|
| Cash and cash equivalents | \$ 1,613 |
| Available credit capacity: | |
| U.S. dollar revolving credit facility | \$ 1,500 |
| Chinese yuan facilities | \$ 33 |

Cash and Cash Equivalents

As of September 30, 2024, we had \$1.6 billion of cash and cash equivalents. Our cash and cash equivalents are held in various locations throughout the world and are generally unrestricted. We utilize a variety of strategies to ensure that our worldwide cash is available in the locations in which it is needed. As of September 30, 2024, approximately 51% of the consolidated cash and cash equivalents were held outside the U.S.

As of December 31, 2023, Corning had approximately \$1.4 billion of indefinitely reinvested foreign earnings. If we distribute our foreign cash balances to the U.S. or to other foreign subsidiaries, we could be required to accrue and pay withholding taxes. We do not foresee a need to repatriate any earnings for which we asserted permanent reinvestment. However, to help fund cash needs of the U.S. or other international subsidiaries as they arise, we repatriate available cash from certain foreign subsidiaries whose earnings are not permanently reinvested.

Debt Facilities and Other Sources of Liquidity

We have a commercial paper program pursuant to which we may issue short-term, unsecured commercial paper notes up to a maximum aggregate principal amount outstanding at any one time of \$1.5 billion. Under this program, we may issue commercial paper from time to time and will use the proceeds for general corporate purposes. As of September 30, 2024, we did not have outstanding commercial paper.

Our \$1.5 billion Revolving Credit Agreement is available to support obligations under the commercial paper program and for general corporate purposes, if needed. As of September 30, 2024, there were no amounts outstanding under this facility.

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Our Revolving Credit Agreement includes affirmative and negative covenants with which we must comply, including a leverage (debt to capital ratio) financial covenant. The required leverage ratio is a maximum of 60%. As of September 30, 2024, our leverage using this measure was approximately 39%. As of September 30, 2024, we were in compliance.

Our debt instruments contain customary event of default provisions, which allow the lenders the option of accelerating all obligations upon the occurrence of certain events. In addition, some of our debt instruments contain a cross default provision, whereby an uncured default exceeding a specified amount on one debt obligation, also would be considered a default under the terms of another debt instrument. As of September 30, 2024, we were in compliance with all such provisions.

We have access to certain Chinese yuan-denominated unsecured variable rate loan facilities, whose proceeds are used for capital investment and general corporate purposes. As of September 30, 2024, borrowings totaled \$340 million and these facilities had variable interest rates ranging from 2.8% to 3.9% and maturities ranging from 2025 to 2032. As of September 30, 2024, Corning had 229 million Chinese yuan of unused capacity, equivalent to approximately \$33 million.

As a well-known seasoned issuer, we filed an automatic shelf registration with the SEC on December 1, 2023. Under this shelf registration we may offer, from time to time, debt securities, common stock, preferred stock, depositary shares and warrants.

On May 15, 2023, the Company issued €300 million 3.875% Notes due 2026 (“2026 Notes”) and €550 million 4.125% Notes due 2031 (“2031 Notes”). The proceeds from the 2026 Notes and 2031 Notes were received in euros and converted to U.S. dollars on the date of issuance. The net proceeds received were approximately \$918 million and will be used for general corporate purposes. As of September 30, 2024, the U.S. dollar equivalent carrying value of the euro-denominated long-term debt was \$943 million.

Uses of Cash

Share Repurchase Agreement

Pursuant to the Share Repurchase Agreement (“SRA”) with Samsung Display Co., Ltd. (“SDC”), 22 million of the common shares SDC holds can be offered to be sold to Corning in specified tranches from time to time in calendar years 2024 through 2027. Corning may, at its sole discretion, elect to repurchase such common shares. If Corning elects not to repurchase the common shares and SDC sells the common shares on the open market, Corning will be required to pay SDC a make-whole payment, subject to a 5% cap of the repurchase proceeds that otherwise would have been paid by Corning. As of September 30, 2024 and December 31, 2023, the fair value of the liability associated with this option, measured using Level 2 inputs, was not material.

Refer to Note 14 (Shareholders’ Equity) in the notes to the consolidated financial statements within the 2023 Form 10-K for additional information.

Share Repurchases

In 2019, the Board authorized the repurchase of up to \$5.0 billion of common stock (“2019 Authorization”). As of September 30, 2024, approximately \$3.2 billion remains available under our 2019 Authorization, which does not have an expiration date and may be amended or terminated by the Board of Directors at any time without prior notice.

During the three and nine months ended September 30, 2024, the Company repurchased 0.8 million shares and 3.8 million shares, respectively, for approximately \$30 million and \$135.4 million, respectively. No shares were repurchased under our 2019 Authorization during the three and nine months ended September 30, 2023.

Common Stock Dividends

On October 2, 2024, Corning’s Board of Directors declared a quarterly dividend of \$0.28 per share of common stock. The dividend will be payable on December 13, 2024. The Board’s decision to declare and pay future dividends will depend on our income and liquidity position, among other factors. We expect to declare quarterly dividends and fund payments with cash from operations.

Capital Expenditures

Capital expenditures were \$0.7 billion for the nine months ended September 30, 2024. We expect our 2024 full year capital expenditures to be lower than 2023.

Current Maturities of Short and Long-Term Debt

As of September 30, 2024, we had \$335 million of long-term debt that is due in less than one year.

Refer to Note 10 (Debt) in the notes to the consolidated financial statements within the 2023 Form 10-K for additional information, including a summary of our debt maturities by year.

Defined Benefit Pension Plans

Our global pension plans, including our unfunded and non-qualified plans, were 81% funded as of December 31, 2023. Our largest single pension plan is our U.S. qualified plan, which accounted for 77% of our consolidated defined benefit pension plans' projected benefit obligation, was 92% funded as of December 31, 2023. The funded status of our pension plans is dependent upon multiple factors including actuarial assumptions, interest rates at year-end, prior investment returns and contributions made to the plans.

During 2024, the Company anticipates making cash contributions of \$11 million to its international pension plans.

Commitments, Contingencies and Guarantees

On March 12, 2024, Corning entered into a synthetic lease ("Facility Lease") for a solar manufacturing facility in Hemlock, Michigan (the "Facility"), for which the Company is the construction agent on behalf of the lessor, with an estimated construction cost of approximately \$835 million.

The Facility Lease will commence upon completion of construction of the Facility, which is expected to be in the later part of 2025, and has a lease term of five years with options to renew the lease or purchase the facility. The Facility Lease is expected to be classified as a finance lease and the amount of right-of-use asset and lease liability will be determined and recorded upon lease commencement. The estimated undiscounted lease payments, inclusive of a residual value guarantee, are approximately \$1.1 billion, of which \$24 million, \$92 million, \$88 million and \$85 million is to be paid in 2025, 2026, 2027 and 2028, respectively, and \$767 million is to be paid thereafter.

In conjunction with the Facility Lease, Corning entered into an equipment lease ("Equipment Lease") on June 17, 2024, with an estimated purchase and installation cost of \$365 million, for the equipment to be installed and operated within the Facility. The Company is the procurement and installation agent on behalf of the lessor.

The Equipment Lease will commence upon completion of the equipment installation, which is expected to be in the later part of 2025, and has a lease term of five years with obligations to purchase the equipment at lease maturity. The Equipment Lease is expected to be classified as a finance lease and the amount of right-of-use asset and lease liability will be determined and recorded upon lease commencement. The estimated undiscounted lease payments are approximately \$434 million, of which \$24 million, \$95 million, \$90 million and \$85 million is to be paid in 2025, 2026, 2027 and 2028, respectively, and \$140 million is to be paid thereafter.

The transaction agreements for both the Facility Lease and Equipment Lease contain covenants that are consistent with our Revolving Credit Agreement as disclosed in the 2023 Form 10-K.

Other than the above matters, there were no material changes outside the ordinary course of business in the obligations disclosed in the 2023 Form 10-K under the caption "Commitments, Contingencies and Guarantees."

Off Balance Sheet Arrangements

There were no material changes outside the ordinary course of business in off balance sheet arrangements as disclosed in the 2023 Form 10-K under the caption "Off Balance Sheet Arrangements."

ENVIRONMENT

Refer to Item 1. Legal Proceedings or Note 11 (Commitments and Contingencies) in the accompanying notes to the consolidated financial statements for information.

CRITICAL ACCOUNTING ESTIMATES

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. This requires us to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. The estimates that are considered by management to be the most critical to the understanding of the consolidated financial statements as they require significant judgments that could materially impact our results of operations, financial position and cash flows are described in Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Since the date of the Company's most recent Annual Report, there were no material changes in the Company's critical accounting estimates or assumptions.

FORWARD-LOOKING STATEMENTS

The statements in this Quarterly Report on Form 10-Q, in reports subsequently filed by Corning with the Securities and Exchange Commission (“SEC”) on Forms 10-Q and 8-K and related comments by management that are not historical facts or information and contain words such as “will,” “believe,” “anticipate,” “expect,” “intend,” “plan,” “seek,” “see,” “would,” “target,” “estimate,” “forecast” or similar expressions are forward-looking statements. 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, the Company’s expected capital expenditure and the Company’s implementation of cost-reduction initiatives and measures to improve pricing, including the optimization of the Company’s manufacturing capacity.

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, there can be no assurance that these forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change except as required by applicable securities laws.

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:

- global economic trends, competition and geopolitical risks, or an escalation of sanctions, tariffs or other trade tensions between the U.S. and China or other countries, and related impacts on our businesses’ global supply chains and strategies;
- changes in macroeconomic and market conditions and market volatility, including developments and volatility arising from health crisis events, inflation, interest rates, the value of securities and other financial assets, precious metals, oil, natural gas, raw materials and other commodity prices and exchange rates (particularly between the U.S. dollar and the Japanese yen, New Taiwan dollar, euro, Chinese yuan and South Korean won), the availability of government incentives, decreases or sudden increases of consumer demand, and the impact of such changes and volatility on our financial position and businesses;
- the duration and severity of health crisis events, such as an epidemic or pandemic, and its impact across our businesses on demand, personnel, operations, our global supply chains and stock price;
- possible disruption in commercial activities or our supply chain due to terrorist activity, cyber-attack, armed conflict, political or financial instability, natural disasters, international trade disputes or major health concerns;
- loss of intellectual property due to theft, cyber-attack, or disruption to our information technology infrastructure;
- ability to enforce patents and protect intellectual property and trade secrets;
- disruption to Corning’s, our suppliers’ and manufacturers’ supply chain, equipment, facilities, IT systems or operations;
- product demand and industry capacity;
- competitive products and pricing;
- availability and costs of critical components, materials, equipment, natural resources and utilities;
- 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;
- the amount and timing of any future dividends;
- the effects of acquisitions, dispositions and other similar transactions;
- the effect of regulatory and legal developments;
- ability to pace capital spending to anticipated levels of customer demand;
- our ability to increase margins through implementation of operational changes, pricing actions and cost reduction measures;
- rate of technology change;
- adverse litigation;
- product and component 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, regulations and international tax standards;
- the impacts of audits by taxing authorities; and
- the potential impact of legislation, government regulations, and other government action and investigations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As noted in the 2023 Form 10-K, we operate and conduct business in many foreign countries and as a result are exposed to movements in foreign currency exchange rates. Our exposure to exchange rates has the following effects:

- Exchange rate movements on financial instruments and transactions denominated in foreign currencies that impact earnings; and
- Exchange rate movements upon conversion of net assets and net income of foreign subsidiaries for which the functional currency is not the U.S. dollar.

For a discussion of the Company's exposure to market risk and how we mitigate that risk, refer to Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risks, contained in the 2023 Form 10-K.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Under the supervision of and with the participation of Corning's management, including the chief executive officer and chief financial officer, we evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), as of September 30, 2024, the end of the period covered by this report. Based on that evaluation, we have concluded that the Company's disclosure controls and procedures were effective as of that date. Corning's disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by Corning in the reports that it files or submits under the Exchange Act is accumulated and communicated to Corning's management, including Corning's principal executive and principal financial officers, or other persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

An evaluation of internal controls over financial reporting was performed to determine whether any changes have occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting. The chief executive officer and chief financial officer concluded that there was no change in Corning's internal control over financial reporting that materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

PART II**Item 1. Legal Proceedings**

Corning is a defendant in various lawsuits and is subject to various claims that arise in the normal course of business, the most significant of which are summarized in Note 11 (Commitments and Contingencies) in the accompanying notes to the consolidated financial statements. In the opinion of management, the likelihood that the ultimate disposition of these matters will have a material adverse effect on the Company's consolidated financial position, liquidity or results of operations, is remote.

Item 1A. Risk Factors

In addition to other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in Corning's 2023 Form 10-K, which could materially impact the Company's business, financial condition or future results. Risks disclosed in the 2023 Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may materially adversely impact Corning's business, financial condition or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

This table provides information about purchases of common stock during the third quarter of 2024:

Issuer Purchases of Equity Securities

| Period | Total number of shares purchased (1) | Average price paid per share (2) | Number of shares purchased as part of publicly announced programs | Approximate dollar value of shares that may be purchased under the publicly announced programs |
|----------------------|--------------------------------------|----------------------------------|---|--|
| July 1-31, 2024 | 697,427 | \$ 40.04 | 627,164 | |
| August 1-31, 2024 | 490,032 | 38.73 | 128,747 | |
| September 1-30, 2024 | 9,654 | 43.15 | | |
| Total | 1,197,113 | \$ 39.53 | 755,911 | \$ 3,165,661,179 |

(1) This column reflects: (i) 388,906 shares of common stock related to the vesting of employee restricted stock units; (iii) 45,702 shares of common stock related to the vesting of employee restricted stock; (ii) 6,387 shares of common stock related to the vesting of employee performance stock units; (iv) 207 shares of common stock related to the exercise of employee stock options and payment of the exercise price; and (v) the purchase of 755,911 shares of common stock under the 2019 Repurchase Program.

(2) Represents the stock price at the time of surrender.

Item 5. Other Information

During the three months ended September 30, 2024, none of our Section 16 reporting persons adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any non-Rule 10b5-1 trading arrangement.

Item 6. Exhibits

(a) Exhibits

| <u>Exhibit Number</u> | <u>Exhibit Name</u> |
|-----------------------|--|
| 31.1 | Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Exchange Act |
| 31.2 | Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Exchange Act |
| 32 | Certification Pursuant to 18 U.S.C. Section 1350 |
| 101.INS | Inline XBRL Instance Document |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Calculation Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Presentation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Definition Document |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

Signatures

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Corning Incorporated
(Registrant)

November 1, 2024

Date

/s/ Stefan Becker

Stefan Becker
Senior Vice President and Corporate Controller

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Wendell P. Weeks, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Corning Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 1, 2024

/s/ Wendell P. Weeks

Wendell P. Weeks
Chairman and Chief Executive Officer
(Principal Executive Officer)

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Edward A. Schlesinger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Corning Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 1, 2024

/s/ Edward A. Schlesinger

Edward A. Schlesinger
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Corning Incorporated (the Company) on Form 10-Q for the period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the Report), we, Wendell P. Weeks, Chairman and Chief Executive Officer and Edward A. Schlesinger, Executive Vice President and Chief Financial Officer, of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 1, 2024

/s/ Wendell P. Weeks

Wendell P. Weeks
Chairman and Chief Executive Officer

/s/ Edward A. Schlesinger

Edward A. Schlesinger
Executive Vice President and Chief Financial Officer