

CORNING

Update on Corning's Ownership of Hemlock Semiconductor Group

September 9, 2020

Forward-Looking and Cautionary Statements

The statements contained in this presentation that are not historical facts or information and contain words such as “will,” “believe,” “anticipate,” “expect,” “intend,” “plan,” “seek,” “see,” “would,” and “target” and similar expressions are forward-looking statements. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and include estimates and assumptions related to economic, competitive and legislative developments. Such statements relate to future events that by their nature address matters that are, to different degrees, uncertain. These estimates are subject to change and uncertainty which are, in many instances, beyond our control. There can be no assurance that future developments will be in accordance with management’s expectations. Actual results could differ materially from those expected by us, depending on the outcome of various factors. We do not undertake to update forward-looking statements.

Some of the risks, uncertainties and other factors that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements include, but are not limited to: the duration and severity of the COVID-19 (coronavirus) pandemic, and its ultimate impact across our businesses on demand, operations and global supply chains; the effects of acquisitions, dispositions and other similar transactions; global business, financial, economic and political conditions; tariffs and import duties; currency fluctuations between the U.S. dollar and other currencies, primarily the Japanese yen, euro, Chinese yuan and South Korean won; product demand and industry capacity; competitive products and pricing; availability and costs of critical components and materials; new product development and commercialization; order activity and demand from major customers; the amount and timing of our cash flows and earnings and other conditions, which may affect our ability to pay our quarterly dividend at the planned level or to repurchase shares at planned levels; possible disruption in commercial activities due to terrorist activity, cyber-attack, armed conflict, political or financial instability, natural disasters, or major health concerns; unanticipated disruption to equipment, facilities, IT systems or operations; effect of regulatory and legal developments; ability to pace capital spending to anticipated levels of customer demand; rate of technology change; ability to enforce patents and protect intellectual property and trade secrets; adverse litigation; product and components performance issues; retention of key personnel; customer ability, most notably in the Display Technologies segment, to maintain profitable operations and obtain financing to fund their ongoing operations and manufacturing expansions and pay their receivables when due; loss of significant customers; changes in tax laws and regulations including the Tax Cuts and Jobs Act of 2017; the impacts of audits by taxing authorities; and the potential impact of legislation, government regulations, and other government action and investigations.

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

Use of Non-GAAP Financial Information

Corning has included non-GAAP financial measures in this presentation to supplement Corning's consolidated financial statements presented on a GAAP basis. In managing the Company and assessing our financial performance, we adjust certain measures provided by our consolidated financial statements to exclude specific items to arrive at core performance measures.

These items include gains and losses on our translated earnings contracts, acquisition-related costs, certain discrete tax items, restructuring and restructuring-related charges, certain litigation-related expenses, pension mark-to-market adjustments and other items which do not reflect on-going operating results of the Company or our equity affiliates. Additionally, Corning has adopted the use of constant currency reporting for the Japanese yen, New Taiwan dollar, South Korean won, Chinese yuan and euro. The company believes that the use of constant currency reporting allows investors to understand our results without the volatility of currency fluctuations, and reflects the underlying economics of the translated earnings contracts we use to mitigate the impact of changes in currency exchange rates on our earnings and cash flows. Corning also believes that reporting core performance measures provides investors greater transparency to the information used by our management team to make financial and operational decisions.

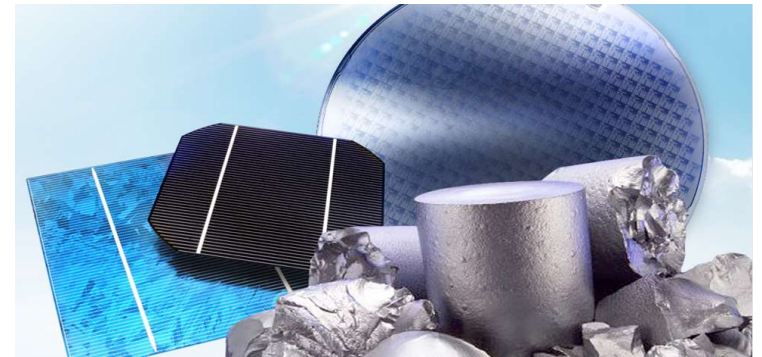
These measures are not prepared in accordance with Generally Accepted Accounting Principles in the United States ("GAAP"). These measures are not, and should not be viewed as, a substitute for GAAP reporting measures. We believe investors should consider these non-GAAP measures in evaluating our results as they are more indicative of our core operating performance and how management evaluates our operational results and trends. Definitions of these non-GAAP financial measures and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found on the Company's website by going to the Investor Relations page and clicking "Quarterly Results" under the "Financials and Filings" tab.

Effective July 1, 2019, we replaced the term "Core Earnings" with "Core Net Income". The terms are interchangeable and the underlying calculations remain the same.

With respect to the Company's outlook for future periods, we are not able to provide reconciliations for these non-GAAP measures because the Company does not forecast the movement of foreign currencies against the U.S. dollar, or other items that do not reflect ongoing operations, nor does it forecast items that have not yet occurred or are out of the Company's control. As a result, the Company is unable to provide outlook information on a GAAP basis.

Overview of Hemlock Semiconductor Group (Hemlock)

- Hemlock was formed by Dow Corning and began selling polysilicon into the electronics industry in 1961.
- Today they are one of the world's **leading providers of ultra-pure polycrystalline silicon** to the semiconductor industry.
- Hemlock's leadership position is backed by attractive long-term take-or-pay customer contracts with customer deposits that help create stable sales and profits, and strong cash-flow generation.
- As part of the strategic realignment of Corning's interest in Dow Corning in 2016, Corning became a direct 40.25% owner along with DuPont (40.25%) and Shin-Etsu (19.5%).
- Hemlock has an experienced management team that Corning knows well.



Hemlock, Michigan

Hemlock Completes Transactions with DuPont de Nemours, Inc.

- Hemlock completed two transactions with DuPont to enhance its leadership in polysilicon:
 - Purchased Trichlorosilane (TCS) manufacturing assets and settled a supply contract dispute
 - Redeemed DuPont's full 40.25% ownership interest in Hemlock for \$250M
- Transactions provide significant benefits to Hemlock:
 - Stable sales are backed by long-term take-or-pay customer contracts through this decade
 - Acquisition of TCS, the critical raw material used in Hemlock's production process, provides substantial cost reduction and increased cost certainty
 - Hemlock becomes a leading low cost producer of ultra-pure polycrystalline silicon
 - Hemlock's strong balance sheet self-funds these transactions using its cash and debt
 - Valuation is attractive relative to comparable public companies

Positive Impact on Corning's Financials

- Hemlock's share redemption transforms Corning's long-time ownership into a value-enhancing 80.5% majority position
- Corning will consolidate Hemlock's financials as follows:
 - >\$600M Sales
 - ~\$280M EBITDA
 - ~\$160M NPAT and ~\$30M noncontrolling interest expense
 - ~\$150M Free Cash Flow
 - Reminder: Corning previously owned 40.25% of Hemlock and reported equity earnings
- Transaction highlights:
 - Corning gains Hemlock's stable sales, earnings, and cash flows; Immediately accretive in 2020
 - No cash outlay by Corning
 - Hemlock's strong cash flows will repay the majority of debt within one year
 - Short-term tax savings from transaction structure
 - Improves Corning's overall Debt/EBITDA ratio by 0.2x

Appendix Material

Illustrative Annualized Financial Statement Impacts

Hemlock Standalone (100%)

- Sales: >\$600 million
- EBITDA: ~\$280 million
- NPAT: ~\$160 million
- Free Cash Flow: ~\$150 million
- ROIC: >20%

Corning's Financials with Increased Ownership

Income Statement (Core)*

Consolidate Hemlock's results vs. equity accounting

- Sales: >\$600 million
- Eliminate Hemlock's equity earnings going forward
- NPBT: ~\$200 million
- Margins and Tax Rate: no material change
- Noncontrolling Interest: ~\$30 million expense
- EPS: \$0.15

Balance Sheet

Consolidate Hemlock's assets/liabilities into Corning's balance sheet

Slightly favorable impact to Corning's Debt/EBITDA ratio

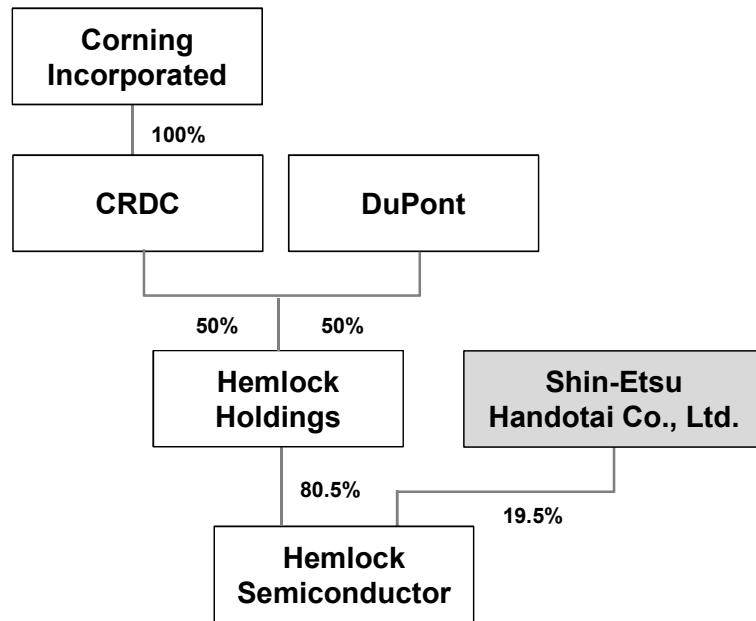
Cash Flow Statement

Corning will report ~\$150 million in free cash flow from Hemlock in its financials

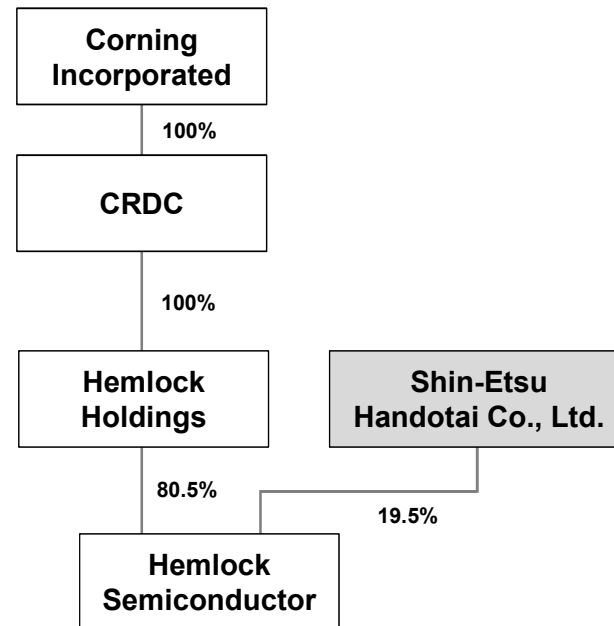
*Core performance measures are non-GAAP measures. Definitions are provided on our website.

Ownership structure*

Prior to Transaction



After Transaction



* For illustrative purposes only, does not show certain legal entities or official legal entity names

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