

Income Before Income Taxes

The translation impact of fluctuations in foreign currency exchange rates, including the impact of hedges realized in the current year, positively impacted Corning's income before income taxes by \$134 million in the year ended December 31, 2021, when compared to the same period in 2020.

Provision for Income Taxes

Our provision for income taxes and the related effective income tax rates were as follows (in millions):

	Year ended December 31,		
	2021	2020	2019
Provision for income taxes	\$ (491)	\$ (111)	\$ (256)
Effective tax rate	20.5%	17.8%	21.1%

For the year ended December 31, 2021, the effective income tax rate differed from the U.S. statutory rate of 21% primarily due to the following:

- A net provision of \$52 million due to differences arising from foreign earnings, including the impact of intercompany asset sales;
- A net benefit of \$37 million related to share-based compensation payments; and
- A net benefit of \$62 million due to tax credits.

For the year ended December 31, 2020, the effective income tax rate differed from the U.S. statutory rate of 21% primarily due to the following:

- Additional net provision of \$73 million from changes to our tax reserves;
- A net provision of \$45 million due primarily to stronger foreign earnings relative to U.S. earnings in the current year, as well as U.S. income inclusion under the Internal Revenue Code ("Subpart F income"); and
- A net benefit of \$116 million due to a net operating loss carryback allowed under the CARES Act.

During 2021, the Company distributed approximately \$2.3 billion from foreign subsidiaries to their respective U.S. parent companies. As of December 31, 2021, Corning has approximately \$2.4 billion of indefinitely reinvested foreign earnings. It remains impracticable to calculate the tax cost of repatriating our unremitted earnings which are considered indefinitely reinvested.

Refer to Note 8 (Income Taxes) to the consolidated financial statements for further details regarding income tax matters.