

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited; in millions, except per share amounts)

	Three months ended December 31,		Year ended December 31,	
	2009	2008	2009	2008
Net sales	\$ 1,532	\$ 1,084	\$ 5,395	\$ 5,948
Cost of sales	883	777	3,302	3,210
Gross margin	649	307	2,093	2,738
Operating expenses:				
Selling, general and administrative expenses	244	179	881	901
Research, development and engineering expenses	145	153	563	627
Amortization of purchased intangibles	2	4	10	11
Restructuring, impairment and other charges (Note 1)	53	22	228	19
Asbestos litigation charge (credit) (Note 2)	5	(28)	20	(340)
Operating income (loss)	200	(23)	391	1,520
Equity in earnings of affiliated companies (Note 3)	461	288	1,435	1,358
Interest income	3	11	19	85
Interest expense	(24)	(11)	(82)	(59)
Other-than-temporary impairment (OTTI) losses:				
Total OTTI losses	(4)		(16)	
Portion of OTTI losses recognized in other comprehensive income (before taxes)	4		14	
Net OTTI losses recognized in earnings	0		(2)	
Other income (expense), net	64	(33)	173	(22)
Income before income taxes	704	232	1,934	2,882
Benefit for income taxes (Note 4)	36	17	74	2,375
Net income attributable to Corning Incorporated	\$ 740	\$ 249	\$ 2,008	\$ 5,257
Earnings per common share attributable to Corning Incorporated:				
Basic (Note 5)	\$ 0.48	\$ 0.16	\$ 1.30	\$ 3.37
Diluted (Note 5)	\$ 0.47	\$ 0.16	\$ 1.28	\$ 3.32
Dividends declared per common share	\$ 0.05	\$ 0.05	\$ 0.20	\$ 0.20

See accompanying notes to these financial statements.

Certain amounts for 2008 were reclassified to conform to the 2009 presentation.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED BALANCE SHEETS**

(Unaudited; in millions, except per share amounts)

	December 31,	
	2009	2008
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,541	\$ 1,873
Short-term investments, at fair value	1,042	943
Total cash, cash equivalents and short-term investments	3,583	2,816
Trade accounts receivable, net of doubtful accounts and allowances	753	512
Inventories	579	798
Deferred income taxes	235	158
Other current assets	371	335
Total current assets	5,521	4,619
Investments	3,992	3,056
Property, net of accumulated depreciation	7,995	8,199
Goodwill and other intangible assets, net	676	305
Deferred income taxes	2,982	2,932
Other assets	129	145
	21,295	19,256
<b>Total Assets</b>	<b>\$ 21,295</b>	<b>\$ 19,256</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 74	\$ 78
Accounts payable	550	846
Other accrued liabilities	915	1,128
Total current liabilities	1,539	2,052
Long-term debt	1,930	1,527
Postretirement benefits other than pensions	858	784
Other liabilities	1,373	1,402
Total liabilities	5,700	5,765
Commitments and contingencies		
Shareholders' equity:		
Common stock – Par value \$0.50 per share; Shares authorized: 3.8 billion; Shares issued: 1,617 million and 1,609 million	808	804
Additional paid-in capital	12,707	12,502
Retained earnings	3,636	1,940
Treasury stock, at cost; Shares held: 64 million and 61 million	(1,207)	(1,160)
Accumulated other comprehensive loss	(401)	(643)
Total Corning Incorporated shareholders' equity	15,543	13,443
Noncontrolling interests	52	48
Total equity	15,595	13,491
<b>Total Liabilities and Equity</b>	<b>\$ 21,295</b>	<b>\$ 19,256</b>

See accompanying notes to these financial statements.

Certain amounts for 2008 were reclassified to conform to the 2009 presentation.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited; in millions)

	Three months ended December 31,		Year ended December 31,	
	2009	2008	2009	2008
<b>Cash Flows from Operating Activities:</b>				
Net income	\$ 740	\$ 249	\$ 2,008	\$ 5,257
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	196	201	782	684
Amortization of purchased intangibles	2	4	10	11
Asbestos litigation	5	(28)	20	(340)
Restructuring, impairment and other charges	53	22	228	19
Stock compensation charges	30	14	127	118
Loss on sale of business				14
Undistributed earnings of affiliated companies	(145)	(212)	(680)	(812)
Deferred tax benefit	(49)	(53)	(218)	(2,585)
Restructuring payments	(18)	(7)	(89)	(17)
Customer deposits, net of (credits) issued	(46)	(65)	(253)	(266)
Employee benefit payments (in excess of) expense	(22)	(16)	(10)	(47)
Changes in certain working capital items:				
Trade accounts receivable	64	360	(201)	410
Inventories	34	(7)	238	(136)
Other current assets	3	(5)	16	(76)
Accounts payable and other current liabilities, net of restructuring payments	32	(104)	56	(210)
Other, net	34	27	43	104
<b>Net cash provided by operating activities</b>	<u>913</u>	<u>380</u>	<u>2,077</u>	<u>2,128</u>
<b>Cash Flows from Investing Activities:</b>				
Capital expenditures	(163)	(766)	(890)	(1,921)
Acquisitions of businesses, net of cash received			(410)	(15)
Net proceeds from sale or disposal of assets	6	2	21	19
Short-term investments – acquisitions	(496)	(567)	(1,372)	(1,865)
Short-term investments – liquidations	422	193	1,281	2,083
<b>Net cash used in investing activities</b>	<u>(231)</u>	<u>(1,138)</u>	<u>(1,370)</u>	<u>(1,699)</u>
<b>Cash Flows from Financing Activities:</b>				
Net repayments of short-term borrowings and current portion of long-term debt	(2)	(4)	(86)	(24)
Proceeds from unwind of interest rate swap arrangements		65		65
Proceeds from issuance of long-term debt, net			346	
Principal payments under capital lease obligations			(10)	
Proceeds from issuance of common stock, net	2	4	20	23
Proceeds from exercise of stock options	16	1	24	80
Repurchase of common stock				(625)
Dividends paid	(78)	(78)	(312)	(313)
Other, net		(4)	3	(4)
<b>Net cash used in financing activities</b>	<u>(62)</u>	<u>(16)</u>	<u>(15)</u>	<u>(798)</u>
Effect of exchange rates on cash	(41)	51	(24)	26
Net increase (decrease) in cash and cash equivalents	579	(723)	668	(343)
Cash and cash equivalents at beginning of period	1,962	2,596	1,873	2,216
<b>Cash and cash equivalents at end of period</b>	<u>\$ 2,541</u>	<u>\$ 1,873</u>	<u>\$ 2,541</u>	<u>\$ 1,873</u>

Certain amounts for 2008 were reclassified to conform with the 2009 presentation.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**SEGMENT RESULTS**  
(Unaudited; in millions)

Our reportable operating segments include Display Technologies, Telecommunications, Environmental Technologies, Specialty Materials and Life Sciences.

	Display Technologies	Telecom- munications	Environmental Technologies	Specialty Materials	Life Sciences	All Other	Total
<b>Three months ended</b>							
<b>December 31, 2009</b>							
Net sales	\$ 717	\$ 405	\$ 181	\$ 110	\$ 117	\$ 2	\$ 1,532
Depreciation (1)	\$ 120	\$ 31	\$ 24	\$ 11	\$ 7	\$ 4	\$ 197
Amortization of purchased intangibles		\$ 2					\$ 2
Research, development and engineering expenses (2)	\$ 21	\$ 26	\$ 20	\$ 18	\$ 4	\$ 35	\$ 124
Restructuring, impairment and other charges (3)	\$ 2	\$ 27	\$ 6				\$ 35
Equity in earnings of affiliated companies	\$ 321	\$ 1	\$ 1			\$ 1	\$ 324
Income tax (provision) benefit	\$ (95)	\$ 5	\$ (7)	\$ 3	\$ (5)	\$ 13	\$ (86)
Net income (loss) (4)	<u>\$ 619</u>	<u>\$ (19)</u>	<u>\$ 15</u>	<u>\$ (6)</u>	<u>\$ 10</u>	<u>\$ (29)</u>	<u>\$ 590</u>
<b>Three months ended</b>							
<b>December 31, 2008</b>							
Net sales	\$ 390	\$ 405	\$ 128	\$ 84	\$ 75	\$ 2	\$ 1,084
Depreciation (1)	\$ 130	\$ 29	\$ 23	\$ 12	\$ 3	\$ 3	\$ 200
Amortization of purchased intangibles		\$ 4					\$ 4
Research, development and engineering expenses (2)	\$ 26	\$ 20	\$ 31	\$ 12	\$ 2	\$ 42	\$ 133
Restructuring, impairment and other charges (3)		\$ 20		\$ 2			\$ 22
Equity in earnings (loss) of affiliated companies	\$ 194		\$ 1			\$ (1)	\$ 194
Income tax (provision) benefit	\$ (30)	\$ 2	\$ 1		\$ 1	\$ 3	\$ (23)
Net income (loss) (4)	<u>\$ 222</u>	<u>\$ (14)</u>	<u>\$ (23)</u>	<u>\$ (6)</u>	<u>\$ 16</u>	<u>\$ (50)</u>	<u>\$ 145</u>
<b>Year ended</b>							
<b>December 31, 2009</b>							
Net sales	\$ 2,426	\$ 1,677	\$ 590	\$ 331	\$ 366	\$ 5	\$ 5,395
Depreciation (1)	\$ 479	\$ 130	\$ 98	\$ 46	\$ 20	\$ 13	\$ 786
Amortization of purchased intangibles		\$ 10					\$ 10
Research, development and engineering expenses (2)	\$ 81	\$ 94	\$ 107	\$ 58	\$ 12	\$ 125	\$ 477
Restructuring, impairment and other charges (3)	\$ 31	\$ 42	\$ 28	\$ 17	\$ 8	\$ 4	\$ 130
Equity in earnings (loss) of affiliated companies	\$ 1,102	\$ (3)	\$ 7			\$ 32	\$ 1,138
Income tax (provision) benefit	\$ (279)	\$ (19)	\$ 24	\$ 28	\$ (19)	\$ 45	\$ (220)
Net income (loss) (4)	<u>\$ 1,992</u>	<u>\$ 19</u>	<u>\$ (42)</u>	<u>\$ (54)</u>	<u>\$ 39</u>	<u>\$ (80)</u>	<u>\$ 1,874</u>
<b>Year ended</b>							
<b>December 31, 2008</b>							
Net sales	\$ 2,724	\$ 1,799	\$ 711	\$ 372	\$ 326	\$ 16	\$ 5,948
Depreciation (1)	\$ 407	\$ 117	\$ 95	\$ 36	\$ 14	\$ 12	\$ 681
Amortization of purchased intangibles		\$ 11					\$ 11
Research, development and engineering expenses (2)	\$ 109	\$ 93	\$ 125	\$ 45	\$ 8	\$ 163	\$ 543
Restructuring, impairment and other charges (3)		\$ 17		\$ 2			\$ 19
Equity in earnings of affiliated companies	\$ 916		\$ 4			\$ 56	\$ 976
Income tax provision	\$ (205)	\$ (14)	\$ (11)		\$ (9)	\$ (3)	\$ (242)
Net income (loss) (4)	<u>\$ 2,221</u>	<u>\$ 45</u>	<u>\$ 33</u>	<u>\$ (7)</u>	<u>\$ 53</u>	<u>\$ (168)</u>	<u>\$ 2,177</u>

- (1) Depreciation expense for Corning's reportable segments includes an allocation of depreciation of corporate property not specifically identifiable to a segment.
- (2) Research, development, and engineering expense includes direct project spending which is identifiable to a segment.
- (3) Effective January 1, 2009, we began providing U.S. income tax expense (or benefit) on U.S. earnings (losses) due to the change in our conclusion about the realizability of our U.S. deferred tax assets in 2008. As a result of the change in our tax position, we adjusted the allocation of taxes to our operating segments in 2009 to reflect this difference.
- (4) Many of Corning's administrative and staff functions are performed on a centralized basis. Where practicable, Corning charges these expenses to segments based upon the extent to which each business uses a centralized function. Other staff functions, such as corporate finance, human resources and legal are allocated to segments, primarily as a percentage of sales. In the year ended December 31, 2008, net income (loss) includes a \$12 million litigation settlement in the Display Technologies segment and a \$14 million loss on the sale of a business in the All Other segment.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**SEGMENT RESULTS**  
(Unaudited; in millions)

A reconciliation of reportable segment net income to consolidated net income follows (in millions):

	Three months ended		Year ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Net income of reportable segments	\$ 619	\$ 195	\$ 1,954	\$ 2,345
Non-reportable segments	(29)	(50)	(80)	(168)
Unallocated amounts:				
Net financing costs (1)	(36)	(2)	(122)	15
Stock-based compensation expense	(30)	(14)	(127)	(118)
Exploratory research	(15)	(17)	(61)	(69)
Corporate contributions	(4)	(9)	(27)	(35)
Equity in earnings of affiliated companies, net of impairments (2)	137	88	297	382
Asbestos litigation (3)	(5)	28	(20)	340
Other corporate items (4)	103	30	194	2,565
<b>Net income</b>	<b>\$ 740</b>	<b>\$ 249</b>	<b>\$ 2,008</b>	<b>\$ 5,257</b>

- (1) Net financing costs include interest income, interest expense, and interest costs and investment gains and losses associated with benefit plans.
- (2) Equity in earnings of affiliated companies, net of impairments and taxes is primarily equity in earnings of Dow Corning Corporation which includes the following items:
- In the three months and year ended December 31, 2009, a \$29 million credit primarily for our share of excess foreign tax credits from foreign dividends at Dow Corning Corporation.
  - In the year ended December 31, 2009, a charge of \$29 million for our share of restructuring charges.
  - In the year ended December 31, 2008, an \$18 million charge representing our share of an other-than-temporary impairment of auction rate securities.
- (3) In the three months and year ended December 31, 2009, Corning recorded charges of \$5 million and \$20 million, respectively, to adjust the asbestos liability for the change in value of certain components of the amended PCC Plan and the estimated liability for non-PCC asbestos claims. In the three months and year ended December 31, 2008, Corning recorded a net credit of \$28 million and \$340 million, respectively, to adjust the asbestos liability for the change in value of certain components of the Amended PCC plan and the established liability for non-PCC asbestos claims.
- (4) Other corporate items include the tax impact of the unallocated amounts and the following significant items:
- In the three months and year ended December 31, 2009, Corning recorded a \$58 million tax benefit which included the following items: a \$10 million net valuation allowance due to a change in judgment about the realizability of U.S. and United Kingdom deferred tax assets in future years; a \$41 million tax benefit to reflect a deferred tax asset associated with non-taxable Medicare subsidies; a \$27 million U.S. tax credit for research and experimentation expenses.
  - In the three months and year ended December 31, 2009, restructuring changes of \$18 million (\$12 million after-tax) and \$98 million (\$64 million after-tax), respectively.
  - In the three months and year ended 2008, Corning released \$45 million and \$2.5 billion, respectively, of valuation allowances due to sustained profitability and positive future earnings projections for U.S.
  - In the year ended December 31, 2008, Corning recorded a \$43 million gain related to a favorable tax settlement with the Canadian Revenue Agency.
  - In the three months and year ended December 31, 2008, Corning recorded losses of \$12 million and \$53 million, respectively, on certain available-for-sale securities included in cash and short-term investments.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited)

**1. Restructuring**

In the fourth quarter of 2009, we recorded a charge of \$53 million (\$38 million after-tax) as part of the Company's corporate-wide restructuring plan in response to lower sales in 2009.

**2. Asbestos Litigation**

On March 28, 2003, Corning announced that it had reached agreement with the representatives of asbestos claimants for the settlement of all current and future asbestos claims against Corning and Pittsburgh Corning Corporation (PCC) which might arise from PCC products or operations (the 2003 Plan). On December 21, 2006, the Bankruptcy Court issued an order denying confirmation of the 2003 Plan. On January 10, 2008, some of the parties in the proceeding advised the Bankruptcy Court that they had made substantial progress on an amended plan of reorganization (the Amended PCC Plan) that resolved issues raised by the Court in denying the confirmation of the 2003 Plan.

As a result of progress in the parties' continuing negotiations, Corning believes the Amended PCC Plan now represents the most probable outcome of this matter and the probability that the 2003 plan will become effective has diminished. The proposed settlement under the Amended PCC Plan requires Corning to contribute its equity interest in PCC and Pittsburgh Corning Europe, N.V. (PCE) and to contribute a fixed series of cash payments recorded at present value. Corning will have the option to contribute shares rather than cash, but the liability is fixed by dollar value and not number of shares. As a result, the estimated asbestos litigation liability is no longer impacted by movements in the value of Corning common stock. The Amended PCC Plan does not include non-PCC asbestos claims that may be or have been raised against Corning. Corning has recorded an additional amount for such claims in its estimated asbestos litigation liability.

In the fourth quarter of 2009, we recorded charges of \$5 million (\$3 million after-tax) to adjust the asbestos litigation liability for the change in value of the components of the Amended PCC Plan.

**3. Equity in Earnings of Affiliated Companies**

In the fourth quarter of 2009, equity in earnings of affiliated companies included a credit of \$29 million (\$27 million after-tax) primarily for Corning's share of excess foreign tax credits from foreign dividends at Dow Corning Corporation.

**4. Provision for Income Taxes**

In the fourth quarter of 2009, we recorded a \$58 million tax benefit which included the following items: a \$27 million U.S. tax credit for research and experimentation expenses; a \$41 million tax benefit to reflect a deferred tax asset associated with a non-taxable Medicare subsidy; and a \$10 million valuation allowance due to a change in judgment about the realizability of U.S. and U.K. deferred tax assets in future years.

**5. Weighted Average Shares Outstanding**

Weighted average shares outstanding are as follows (in millions):

	<b>Three months ended</b>		<b>Year ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Basic	1,552	1,546	1,550	1,560
Diluted	1,576	1,559	1,568	1,584
Diluted used for non-GAAP measures	1,576	1,559	1,568	1,584

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**QUARTERLY SALES INFORMATION**  
(Unaudited; in millions)

	<b>2009</b>				
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
<b>Display Technologies</b>	\$ 357	\$ 673	\$ 679	\$ 717	\$ 2,426
<b>Telecommunications</b>					
Fiber and cable	192	235	251	231	909
Hardware and equipment	193	202	199	174	768
	<u>385</u>	<u>437</u>	<u>450</u>	<u>405</u>	<u>1,677</u>
<b>Environmental Technologies</b>					
Automotive	64	85	103	108	360
Diesel	46	47	64	73	230
	<u>110</u>	<u>132</u>	<u>167</u>	<u>181</u>	<u>590</u>
<b>Specialty Materials</b>	60	71	90	110	331
<b>Life Sciences</b>	76	81	92	117	366
<b>Other</b>	1	1	1	2	5
<b>Total</b>	<u>\$ 989</u>	<u>\$ 1,395</u>	<u>\$ 1,479</u>	<u>\$ 1,532</u>	<u>\$ 5,395</u>
	<b>2008</b>				
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
<b>Display Technologies</b>	\$ 829	\$ 809	\$ 696	\$ 390	\$ 2,724
<b>Telecommunications</b>					
Fiber and cable	214	248	258	200	920
Hardware and equipment	207	229	238	205	879
	<u>421</u>	<u>477</u>	<u>496</u>	<u>405</u>	<u>1,799</u>
<b>Environmental Technologies</b>					
Automotive	137	132	112	77	458
Diesel	60	77	65	51	253
	<u>197</u>	<u>209</u>	<u>177</u>	<u>128</u>	<u>711</u>
<b>Specialty Materials</b>	83	104	101	84	372
<b>Life Sciences</b>	81	87	83	75	326
<b>Other</b>	6	6	2	2	16
<b>Total</b>	<u>\$ 1,617</u>	<u>\$ 1,692</u>	<u>\$ 1,555</u>	<u>\$ 1,084</u>	<u>\$ 5,948</u>

The above supplemental information is intended to facilitate analysis of Corning's businesses.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO**  
**GAAP FINANCIAL MEASURE**

**Three Months Ended December 31, 2009**

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

Corning's net income and earnings per share (EPS) excluding special items for the fourth quarter of 2009 are non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP net income and EPS is helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between these non-GAAP measures and the directly related GAAP measures.

	<b>Per Share</b>	<b>Income Before Income Taxes</b>	<b>Net Income</b>
Earnings per share (EPS) and net income, excluding special items	\$ 0.44	\$ 733	\$ 696
<i>Special items:</i>			
Restructuring, impairment, and other charges (a)	(0.03)	(53)	(38)
Asbestos settlement (b)	–	(5)	(3)
Equity in earnings of affiliated companies (c)	0.02	29	27
Provision for income taxes (d)	0.04	–	58
<b>Total EPS and net income</b>	<b>\$ 0.47</b>	<b>\$ 704</b>	<b>\$ 740</b>

- (a) In the fourth quarter of 2009, Corning recorded a charge of \$53 million (\$38 million after-tax) as part of the Company's corporate-wide restructuring plan in response to lower sales in 2009.
- (b) In the fourth quarter of 2009, Corning recorded a charge of \$5 million (\$3 million after-tax) to adjust the asbestos liability for the change in value of certain components of the Amended PCC Plan and the estimated liability for non-PCC asbestos claims.
- (c) In the fourth quarter of 2009, equity in earnings of affiliated companies included a credit of \$29 million (\$27 million after-tax) primarily for Corning's share of excess foreign tax credits from foreign dividends at Dow Corning Corporation.
- (d) In the fourth quarter of 2009, Corning recorded a \$58 million tax benefit which included the following items: a \$27 million U.S. tax credit for research and experimentation expenses; a \$41 million tax benefit to reflect a deferred tax asset associated with a non-taxable Medicare subsidy; and a \$10 million valuation allowance due to a change in judgment about the realizability of U.S. and U.K. deferred tax assets in future years.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO**  
**GAAP FINANCIAL MEASURE**

**Three Months Ended December 31, 2008**

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

Corning's net income and earnings per share (EPS) excluding special items for the fourth quarter of 2008 are non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP net income and EPS is helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between these non-GAAP measures and the directly related GAAP measures.

	<b>Per Share</b>	<b>Income (Loss) Before Income Taxes</b>	<b>Net Income (Loss)</b>
Earnings per share (EPS) and net income, excluding special items	\$ 0.13	\$ (51)	\$ 208
<i>Special items:</i>			
Asbestos settlement (a)	0.02	28	28
Restructuring, impairment, and other charges (b)	(0.01)	(22)	(21)
Available-for-sale securities (c)	(0.01)	(11)	(11)
Valuation allowance release (d)	0.03	—	45
<b>Total EPS and net income</b>	<b>\$ 0.16</b>	<b>\$ (56)</b>	<b>\$ 249</b>

- (a) In the fourth quarter of 2008, Corning recorded a credit of \$28 million to adjust the asbestos liability for the change in value of certain components of the Amended PCC Plan and the estimated liability for non-PCC asbestos claims.
- (b) In the fourth quarter of 2008, Corning recorded a \$22 million pretax and \$21 million after-tax charge comprised primarily of severance costs for a restructuring plan in the Telecommunications segment.
- (c) In the fourth quarter of 2008, Corning recorded a pretax and after-tax loss of \$11 million on certain available-for-sale securities included in cash and short-term investments.
- (d) In the fourth quarter of 2008, Corning recorded a deferred tax asset valuation allowance release of \$45 million resulting from a change in our estimate of current-year U.S. taxable income.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES  
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO  
GAAP FINANCIAL MEASURE**

**Three Months Ended September 30, 2009**

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

Corning's net income and earnings per share (EPS) excluding special items for the third quarter of 2009 are non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP net income and EPS is helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between these non-GAAP measures and the directly related GAAP measures.

	<b>Per Share</b>	<b>Income Before Income Taxes</b>	<b>Net Income</b>
Earnings per share (EPS) and net income, excluding special items	\$ 0.42	\$ 691	\$ 654
<i>Special items:</i>			
Restructuring charges (a)	(0.01)	(10)	(7)
Asbestos litigation (b)	—	(6)	(4)
Total EPS and net income	\$ 0.41	\$ 675	\$ 643

(a) In the third quarter of 2009, Corning recorded a charge of \$10 million (\$7 million after-tax), which was comprised of severance costs for a restructuring plan in the Environmental Technologies segment and asset disposal costs in other segments.

(b) In the third quarter of 2009, Corning recorded a charge of \$6 million (\$4 million after-tax) to adjust the asbestos liability for change in value of the components of the Amended PCC Plan.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO**  
**GAAP FINANCIAL MEASURE**

**Year Ended December 31, 2009**

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

Corning's net income and earnings per share (EPS) excluding special items for the year ended December 31, 2009 are non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP net income and EPS is helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between these non-GAAP measures and the directly related GAAP measures.

	<b>Per Share</b>	<b>Income (Loss) Before Income Taxes</b>	<b>Net Income (Loss)</b>
Earnings per share (EPS) and net income, excluding special items	\$ 1.35	\$ 2,182	\$ 2,113
<i>Special items:</i>			
Restructuring, impairment and other charges (a)	(0.10)	(228)	(151)
Asbestos settlement (b)	(0.01)	(20)	(12)
Equity in earnings of affiliated companies (c)	—	—	—
Provision for income taxes (d)	0.04	—	58
<b>Total EPS and net income</b>	<b>\$ 1.28</b>	<b>\$ 1,934</b>	<b>\$ 2,008</b>

- (a) In 2009, Corning recorded a charge of \$228 million (\$151 million after-tax) as part of the Company's corporate-wide restructuring plan in response to lower sales in 2009.
- (b) In 2009, Corning recorded a charge of \$20 million (\$12 million after-tax) to adjust the asbestos liability for change in value of the components of the Amended PCC Plan and the estimated liability for non-PCC asbestos claims.
- (c) In 2009, equity in earnings of affiliated companies included a charge of \$29 million (\$27 million after-tax) for our share of restructuring charges and a credit of \$29 million (\$27 million after-tax) primarily for our share of excess foreign tax credits from foreign dividends at Dow Corning Corporation.
- (d) In 2009, Corning recorded a \$58 million tax benefit which included the following items: a \$27 million U.S. tax credit for research and experimentation expenses; a \$41 million tax benefit to reflect a deferred tax asset associated with a non-taxable Medicare subsidy; and a \$10 million valuation allowance due to a change in judgment about the realizability of U.S. and U.K. deferred tax assets in future years.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO**  
**GAAP FINANCIAL MEASURE**

**Year Ended December 31, 2008**

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

Corning's net income and earnings per share (EPS) excluding special items for the year ended December 31, 2008 are non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP net income and EPS is helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between these non-GAAP measures and the directly related GAAP measures.

	<b>Per Share</b>	<b>Income (Loss) Before Income Taxes</b>	<b>Net Income (Loss)</b>
Earnings per share (EPS) and net income, excluding special items	\$ 1.53	\$ 1,281	\$ 2,424
<i>Special items:</i>			
Asbestos settlement (a)	0.21	340	340
Restructuring, impairment and other charges (b)	(0.01)	(22)	(21)
Litigation settlement (c)	(0.01)	(12)	(12)
Loss on sale of business, net (d)	(0.01)	(14)	(14)
Available-for-sale securities (e)	(0.03)	(50)	(50)
Valuation allowance release (f)	1.62	—	2,565
Tax revenue settlement (g)	0.03	—	43
Equity in earnings of affiliated companies (h)	(0.01)	—	(18)
<b>Total EPS and net income</b>	<b>\$ 3.32</b>	<b>\$ 1,523</b>	<b>\$ 5,257</b>

- (a) In 2008, Corning recorded a \$327 million reduction to the asbestos liability as a result of the increase in the likelihood of a settlement under the Amended PCC Plan and a corresponding decrease in the likelihood of a settlement under terms of the 2003 plan. Also, Corning recorded a net credit of \$13 million to adjust the asbestos liability for the change in value of certain components of the Amended PCC Plan and the estimated liability for non-PCC asbestos claims.
- (b) In 2008, Corning recorded a \$22 million pretax and \$21 million after-tax charge comprised primarily of severance costs for a restructuring plan in the Telecommunications segment.
- (c) In 2008, Corning recorded a charge of \$12 million to settle litigation associated with our Display segment.
- (d) In 2008, Corning incurred a \$14 million loss on the sale of a business.
- (e) In 2008, Corning recorded net losses of \$50 million on certain available-for-sale securities included in cash and short-term investments.
- (f) In 2008, Corning recorded a valuation allowance release of \$2.45 billion resulting from a change in judgment about the realizability of U.S. deferred tax assets in future years. Also in 2008, Corning released \$115 million of valuation allowances resulting from a change in estimate regarding current-year U.S. taxable income.
- (g) In 2008, Corning recorded a \$43 million gain related to a favorable tax settlement with the Canadian Revenue Agency.
- (h) In 2008, equity in earnings of affiliated companies includes an \$18 million charge for Corning's share of an other-than-temporary impairment of auction rate securities at Dow Corning Corporation.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES  
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO  
GAAP FINANCIAL MEASURE**

**Three Months and Year Ended December 31, 2009**

(Unaudited; amounts in millions)

Corning's free cash flow financial measure for the three months and year ended December 31, 2009 is a non-GAAP financial measure within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP financial measures are helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between this non-GAAP measure and the directly related GAAP measure.

	<b>Three months ended December 31, 2009</b>	<b>Year ended December 31, 2009</b>
Cash flows from operating activities	\$ 913	\$ 2,077
Less: Cash flows from investing activities	(231)	(1,370)
Plus: Short-term investments – acquisitions	496	1,372
Less: Short-term investments – liquidations	(422)	(1,281)
Free cash flow	\$ 756	\$ 798