

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited; in millions, except per share amounts)

	Three months		Nine months	
	ended September 30,		ended September 30,	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Net sales	\$ 1,188	\$ 1,006	\$ 3,379	\$ 2,821
Cost of sales	<u>643</u>	<u>602</u>	<u>1,922</u>	<u>1,771</u>
Gross margin	545	404	1,457	1,050
Operating expenses:				
Selling, general and administrative expenses	178	153	553	479
Research, development and engineering expenses	118	88	320	257
Amortization of purchased intangibles	3	9	11	28
Restructuring, impairment and other charges (Note 1)	28	1,794	46	1,794
Asbestos settlement (Note 2)	<u>68</u>	<u>(50)</u>	<u>189</u>	<u>16</u>
Operating income (loss)	150	(1,590)	338	(1,524)
Interest income	17	6	40	16
Interest expense	(25)	(36)	(90)	(109)
Loss on repurchases and retirement of debt, net		(4)	(12)	(36)
Other income, net	<u>17</u>	<u>5</u>	<u>28</u>	<u>6</u>
Income (loss) from continuing operations before income taxes	159	(1,619)	304	(1,647)
Provision for income taxes (Note 3)	<u>(28)</u>	<u>(985)</u>	<u>(91)</u>	<u>(997)</u>
Income (loss) from continuing operations before minority interests and equity earnings	131	(2,604)	213	(2,644)
Minority interests	(2)	(3)	(8)	(14)
Equity in earnings of associated companies, net of impairments (Note 4)	<u>74</u>	<u>96</u>	<u>412</u>	<u>310</u>
Income (loss) from continuing operations	203	(2,511)	617	(2,348)
Income from discontinued operation		<u>20</u>		<u>20</u>
Net income (loss)	<u>\$ 203</u>	<u>\$ (2,491)</u>	<u>\$ 617</u>	<u>\$ (2,328)</u>
Basic earnings (loss) per common share from:				
Continuing operations	\$ 0.14	\$ (1.79)	\$ 0.43	\$ (1.70)
Discontinued operation		<u>0.01</u>		<u>0.01</u>
Basic earnings (loss) per common share	<u>\$ 0.14</u>	<u>\$ (1.78)</u>	<u>\$ 0.43</u>	<u>\$ (1.69)</u>
Diluted earnings (loss) per common share from:				
Continuing operations	\$ 0.13	\$ (1.79)	\$ 0.41	\$ (1.70)
Discontinued operation		<u>0.01</u>		<u>0.01</u>
Diluted earnings (loss) per common share	<u>\$ 0.13</u>	<u>\$ (1.78)</u>	<u>\$ 0.41</u>	<u>\$ (1.69)</u>

See accompanying notes to these financial statements.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(Unaudited; in millions, except per share amounts)

	<u>September 30,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,395	\$ 1,009
Short-term investments, at fair value	<u>1,023</u>	<u>872</u>
Total cash, cash equivalents and short-term investments	2,418	1,881
Trade accounts receivable, net	631	585
Inventories	559	535
Deferred income taxes	87	94
Other current assets	<u>204</u>	<u>188</u>
Total current assets	3,899	3,283
Investments	1,605	1,484
Property, net	4,367	3,941
Goodwill and other intangible assets, net	380	398
Deferred income taxes	487	472
Other assets	<u>145</u>	<u>166</u>
Total Assets	<u>\$ 10,883</u>	<u>\$ 9,744</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term borrowings, including current portion of long-term debt	\$ 293	\$ 478
Accounts payable	554	682
Other accrued liabilities	<u>1,384</u>	<u>1,178</u>
Total current liabilities	2,231	2,338
Long-term debt	1,804	2,214
Postretirement benefits other than pensions	594	600
Other liabilities	<u>1,001</u>	<u>747</u>
Total liabilities	<u>5,630</u>	<u>5,899</u>
Commitments and contingencies		
Minority interests	27	29
Shareholders' equity:		
Preferred stock – Par value \$100.00 per share; Shares authorized: 10 million		
Series C mandatory convertible preferred stock – Shares issued: 5.75 million;		
Shares outstanding: 0 and 637 thousand		64
Common stock – Par value \$0.50 per share; Shares authorized: 3.8 billion;		
Shares issued: 1,534 million and 1,424 million	767	712
Additional paid-in capital	11,280	10,363
Accumulated deficit	(6,692)	(7,309)
Treasury stock, at cost; Shares held: 16 million	(164)	(162)
Accumulated other comprehensive income	<u>35</u>	<u>148</u>
Total shareholders' equity	<u>5,226</u>	<u>3,816</u>
Total Liabilities and Shareholders' Equity	<u>\$ 10,883</u>	<u>\$ 9,744</u>

Certain amounts for 2004 were reclassified to conform to 2005 presentation.

See accompanying notes to these financial statements.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited; in millions)

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>Sept. 30,</u> <u>2005</u>	<u>June 30,</u> <u>2005</u>	<u>September 30,</u> <u>2005</u> <u>2004</u>	
Cash Flows from Operating Activities:				
Net income (loss)	\$ 203	\$ 165	\$ 617	\$(2,328)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation	127	126	373	359
Amortization of purchased intangibles	3	3	11	28
Restructuring, impairment and other charges and (credits)	28	(1)	46	1,794
Asbestos settlement	68	137	189	16
Gain on sale of discontinued operation				(20)
Loss on repurchases and retirement of debt, net		12	12	36
Undistributed earnings of associated companies	(70)	(103)	(196)	(199)
Minority interests, net of dividends paid	1	5	7	14
Deferred taxes	(18)	4	(11)	939
Interest expense on convertible debentures		2	3	4
Restructuring payments	(6)	(7)	(21)	(75)
Employee retirement plan payments (in excess of less than expense)	15	13	44	(12)
Customer deposits, net	144	212	376	100
Changes in certain working capital items:				
Trade accounts receivable	11	(35)	(78)	(29)
Inventories	(7)		(46)	(52)
Other current assets	26	(24)	(14)	(25)
Accounts payable and other current liabilities, net of restructuring payments	38	22	(91)	29
Other, net	<u>32</u>	<u>12</u>	<u>59</u>	<u>64</u>
Net cash provided by operating activities	<u>595</u>	<u>543</u>	<u>1,280</u>	<u>643</u>
Cash Flows from Investing Activities:				
Capital expenditures	(378)	(375)	(1,076)	(556)
Net proceeds from sale of businesses				100
Net proceeds from sale or disposal of assets	1	16	17	46
Short-term investments - acquisitions	(610)	(389)	(1,313)	(969)
Short-term investments - liquidations	401	276	1,163	810
Restricted investments - liquidations	1		3	6
Other, net	<u>1</u>	<u>9</u>	<u>10</u>	
Net cash used in investing activities	<u>(584)</u>	<u>(463)</u>	<u>(1,196)</u>	<u>(563)</u>
Cash Flows from Financing Activities:				
Net repayments of loans payable	(3)	(3)	(198)	(111)
Proceeds from issuance of long-term debt, net		99	147	442
Repayments of long-term debt		(100)	(102)	(154)
Proceeds from issuance of common stock, net	9	332	356	33
Cash dividends to preferred shareholders	(1)	(1)	(3)	(6)
Proceeds from the exercise of stock options	83	50	142	34
Other, net	<u>(2)</u>		<u>(9)</u>	
Net cash provided by financing activities	<u>86</u>	<u>377</u>	<u>333</u>	<u>238</u>
Effect of exchange rates on cash	<u>(3)</u>	<u>(3)</u>	<u>(31)</u>	<u>(4)</u>
Net increase in cash and cash equivalents	94	454	386	314
Cash and cash equivalents at beginning of period	<u>1,301</u>	<u>847</u>	<u>1,009</u>	<u>833</u>
Cash and cash equivalents at end of period	<u>\$ 1,395</u>	<u>\$ 1,301</u>	<u>\$ 1,395</u>	<u>\$ 1,147</u>

Certain amounts for 2004 were reclassified to conform with 2005 presentation.

See accompanying notes to these financial statements.

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

	<u>Display Technologies</u>	<u>Telecom- munications</u>	<u>Environmental Technologies</u>	<u>Life Sciences</u>	<u>Unallocated and Other</u>	<u>Consolidated Total</u>
Three months ended September 30, 2005						
Net sales	\$ 489	\$ 398	\$ 144	\$ 70	\$ 87	\$ 1,188
Research, development and engineering expenses (1)	\$ 32	\$ 27	\$ 29	\$ 15	\$ 15	\$ 118
Restructuring, impairment and other charges and (credits)		\$ 28				\$ 28
Interest expense (2)	\$ 12	\$ 6	\$ 5	\$ 1	\$ 1	\$ 25
(Provision) benefit for income taxes	\$ (30)	\$ 2		\$ 1	\$ (1)	\$ (28)
Income (loss) before minority interests and equity earnings (losses) (3)	\$ 246	\$ (37)	\$ (5)	\$ (7)	\$ (66)	\$ 131
Minority interests (4)		1			(3)	(2)
Equity in earnings (losses) of associated companies, net of impairments (5)	117	6			(49)	74
Net income (loss)	<u>\$ 363</u>	<u>\$ (30)</u>	<u>\$ (5)</u>	<u>\$ (7)</u>	<u>\$ (118)</u>	<u>\$ 203</u>
Three months ended September 30, 2004						
Net sales	\$ 295	\$ 412	\$ 136	\$ 75	\$ 88	\$ 1,006
Research, development and engineering expenses (1)	\$ 22	\$ 21	\$ 23	\$ 9	\$ 13	\$ 88
Restructuring, impairment and other charges and (credits)		\$ 1,802			\$ (8)	\$ 1,794
Interest expense (2)	\$ 15	\$ 9	\$ 7	\$ 1	\$ 4	\$ 36
(Provision) benefit for income taxes	\$ (39)	\$ (9)		\$ (1)	\$ (936)	\$ (985)
Income (loss) before minority interests and equity earnings (losses) (3)	\$ 74	\$ (1,785)		\$ 2	\$ (895)	\$ (2,604)
Minority interests (4)					(3)	(3)
Equity in earnings (losses) of associated companies, net of impairments (5)	68	(35)			63	96
Income from discontinued operations					20	20
Net income (loss)	<u>\$ 142</u>	<u>\$ (1,820)</u>	<u>\$ 0</u>	<u>\$ 2</u>	<u>\$ (815)</u>	<u>\$ (2,491)</u>
Nine months ended September 30, 2005						
Net sales	\$ 1,224	\$ 1,240	\$ 438	\$ 219	\$ 258	\$ 3,379
Research, development and engineering expenses (1)	\$ 84	\$ 71	\$ 84	\$ 38	\$ 43	\$ 320
Restructuring, impairment and other charges and (credits)		\$ 36			\$ 10	\$ 46
Interest expense (2)	\$ 40	\$ 25	\$ 15	\$ 3	\$ 7	\$ 90
(Provision) benefit for income taxes	\$ (94)	\$ 1	\$ 2	\$ 3	\$ (3)	\$ (91)
Income (loss) before minority interests and equity earnings (losses) (3)	\$ 482	\$ (41)	\$ (11)	\$ (13)	\$ (204)	\$ 213
Minority interests (4)		1			(9)	(8)
Equity in earnings of associated companies, net of impairments (5)	285	6			121	412
Net income (loss)	<u>\$ 767</u>	<u>\$ (34)</u>	<u>\$ (11)</u>	<u>\$ (13)</u>	<u>\$ (92)</u>	<u>\$ 617</u>

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

	<u>Display Technologies</u>	<u>Telecom- munications</u>	<u>Environmental Technologies</u>	<u>Life Sciences</u>	<u>Unallocated and Other</u>	<u>Consolidated Total</u>
Nine months ended September 30, 2004						
Net sales	\$ 802	\$ 1,116	\$ 418	\$ 233	\$ 252	\$ 2,821
Research, development and engineering expenses (1)	\$ 57	\$ 69	\$ 64	\$ 27	\$ 40	\$ 257
Restructuring, impairment and other charges and (credits)		\$ 1,797			\$ (3)	\$ 1,794
Interest expense (2)	\$ 37	\$ 41	\$ 17	\$ 4	\$ 10	\$ 109
(Provision) benefit for income taxes	\$ (97)	\$ 25	\$ (5)	\$ (6)	\$ (914)	\$ (997)
Income (loss) before minority interests and equity earnings (losses) (3)	\$ 191	\$ (1,853)	\$ 10	\$ 12	\$ (1,004)	\$ (2,644)
Minority interests (4)		1			(15)	(14)
Equity in earnings (losses) of associated companies, net of impairments (5)	204	(32)			138	310
Income from discontinued operations					20	20
Net income (loss)	<u>\$ 395</u>	<u>\$ (1,884)</u>	<u>\$ 10</u>	<u>\$ 12</u>	<u>\$ (861)</u>	<u>\$ (2,328)</u>

- (1) Non-direct research, development and engineering expenses are allocated based upon direct project spending for each segment.
- (2) Interest expense is allocated to segments based on a percentage of segment net operating assets. Consolidated subsidiaries with independent capital structures do not receive additional allocations of interest expense.
- (3) 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.
- (4) For the three and nine months ended September 30, 2005, minority interests include gains of \$4 million for adjustments to prior years' restructuring and impairment reserves associated with CAV. For the three and nine months ended September 30, 2004, minority interests include gains of \$4 million and \$17 million, respectively, from the sale of CAV assets in excess of assumed salvage value.
- (5) Equity in earnings (losses) of associated companies, net of impairments, includes the following:
For the three and nine months ended September 30, 2005, a charge of \$106 million for Corning's share of Samsung Corning's impairment of certain manufacturing assets and other charges.
For the three and nine months ended September 30, 2004, an impairment charge of \$35 million to write down certain Telecommunications equity method investments to fair value.

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

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Net income of reportable segments	\$ 321	\$ (1,676)	\$ 709	\$ (1,467)
Non-reportable operating segments net income (1)	(119)	9	(96)	10
Unallocated amounts:				
Non-segment loss and other (2)	(4)	(3)	(7)	(10)
Non-segment restructuring, impairment and other (charges) and credits (3)		1	(25)	5
Asbestos settlement	(68)	50	(189)	(16)
Interest income	17	6	40	16
Loss on repurchases of debt		(4)	(12)	(36)
Provision for income taxes (4)	(3)	(934)	(7)	(931)
Equity in earnings of associated companies (5)	59	40	204	81
Income from discontinued operations		20		20
Net (loss) income	<u>\$ 203</u>	<u>\$ (2,491)</u>	<u>\$ 617</u>	<u>\$ (2,328)</u>

- (1) Non-reportable operating segments net income includes the results of non-reportable operating segments. For the three and nine months ended September 30, 2005, we recorded a charge of \$106 million for our share of Samsung Corning's impairment of certain manufacturing assets and other charges for severance and exit costs.
- (2) Non-segment loss and other includes the results of non-segment operations and other corporate activities.
- (3) For the three and nine months ended September 30, 2005, non-segment restructuring, impairment and other (charges) and credits includes impairment charges for the other than temporary decline in the market value of Avanex shares. Refer to Note 1 (Restructuring, Impairment and Other Charges and Credits).
- (4) Provision for income taxes includes taxes associated with non-segment restructuring, impairment and other (charges) and credits.
- (5) Equity in earnings of associated companies includes amounts derived from Dow Corning.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Restructuring, Impairment and Other Charges and (Credits)

In the third quarter of 2005, we recorded a charge of \$28 million (before- and after-tax and minority interest) which primarily included severance costs to continue to reduce costs in our Telecommunications segment. Additional expenses, not included in this charge, related to relocating manufacturing assets, accelerated depreciation, and shutdown activities are not expected to be material and will be expensed as incurred in future periods. Also included in this charge were \$2 million of credits for adjustments related to prior years' restructuring charges.

2. Asbestos Settlement

On March 28, 2003, we announced that we had reached agreement with the representatives of asbestos claimants for the settlement of all current and future asbestos claims against us and Pittsburgh Corning Corporation (PCC), which might arise from PCC products or operations. Accordingly, we recorded a charge of \$298 million in the first quarter of 2003. The charge included the value of 25 million shares of Corning common stock that we will contribute as part of the settlement if the PCC plan of reorganization is approved and becomes effective. Also at that time, we indicated that any changes in the value of our common stock contribution would be recognized in our quarterly results through the date of contribution to the settlement trust. As required, we recorded a mark-to-market charge of \$68 million in the third quarter of 2005 reflecting the increase in Corning's common stock from June 30, 2005 to September 30, 2005. Beginning with the first quarter of 2003, we have recorded total net charges of \$635 million to reflect the initial settlement and to mark-to-market the value of our common stock.

3. Provision for Income Taxes

For the three months ended September 30, 2005, the tax provision reflected the impact of maintaining a valuation allowance on the majority of our net deferred tax assets. As a result, U.S. (federal, state and local) and certain foreign income taxes attributable to pretax income or losses were not provided. The most significant items for which a U.S. tax benefit was not provided were a worthless stock deduction, the asbestos settlement charge, and restructuring, impairment and other charges.

4. Equity in Earnings of Associated Companies

In the third quarter of 2005, Samsung Corning Co., Ltd., a South Korea-based manufacturer of glass panels and funnels for cathode ray tube television and display monitors, recorded an impairment charge for certain of its manufacturing assets and severance and exit costs. Our equity earnings were reduced by \$106 million for Corning's share of these charges.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
QUARTERLY SALES INFORMATION

(Unaudited; in millions)

	2005			
	Three Months Ended			Nine Months Ended
	March 31	June 30	Sept. 30	Sept. 30
Display Technologies	\$ 320	\$ 415	\$ 489	\$ 1,224
Telecommunications				
Fiber and cable	212	213	216	641
Hardware and equipment	<u>215</u>	<u>202</u>	<u>182</u>	<u>599</u>
	427	415	398	1,240
Environmental Technologies				
Automotive	127	125	121	373
Diesel	<u>21</u>	<u>21</u>	<u>23</u>	<u>65</u>
	148	146	144	438
Life Sciences	74	75	70	219
Other	<u>81</u>	<u>90</u>	<u>87</u>	<u>258</u>
Total	<u>\$ 1,050</u>	<u>\$ 1,141</u>	<u>\$ 1,188</u>	<u>\$ 3,379</u>

	2004				
	Three Months Ended				Total
	March 31	June 30	Sept. 30	Dec. 31	
Display Technologies	\$ 230	\$ 277	\$ 295	\$ 311	\$ 1,113
Telecommunications					
Fiber and cable	149	192	202	212	755
Hardware and equipment	<u>163</u>	<u>200</u>	<u>210</u>	<u>211</u>	<u>784</u>
	312	392	412	423	1,539
Environmental Technologies					
Automotive	125	121	120	113	479
Diesel	<u>16</u>	<u>20</u>	<u>16</u>	<u>17</u>	<u>69</u>
	141	141	136	130	548
Life Sciences	79	79	75	71	304
Other	<u>82</u>	<u>82</u>	<u>88</u>	<u>98</u>	<u>350</u>
Total	<u>\$ 844</u>	<u>\$ 971</u>	<u>\$ 1,006</u>	<u>\$ 1,033</u>	<u>\$ 3,854</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 September 30, 2005

(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 2005 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 measure.

	<u>Per Share</u>	<u>Income Before Income Taxes</u>	<u>Net Income</u>
EPS and net income, excluding special items	\$ 0.26	\$ 255	\$ 405
<i>Special items:</i>			
Restructuring, impairment and other (charges) and credits (a)	(0.02)	(28)	(28)
Asbestos settlement (b)	(0.04)	(68)	(68)
Equity in earnings of associated companies (c)	<u>(0.07)</u>	<u> </u>	<u>(106)</u>
Total EPS and net income	<u>\$ 0.13</u>	<u>\$ 159</u>	<u>\$ 203</u>

- (a) In the third quarter of 2005, we recorded a charge of \$28 million (before- and after-tax and minority interest) which included severance costs to continue to reduce costs in our Telecommunications segment. Additional expenses, not included in this charge, related to relocating manufacturing assets, accelerated depreciation, and shutdown activities are not expected to be material and will be expensed as incurred in future periods. Also included in this charge were \$2 million of credits for adjustments related to prior years' restructuring charges.
- (b) As part of Corning's asbestos settlement arrangement to be incorporated into the Pittsburgh Corning Corporation plan of reorganization, Corning will contribute, if the reorganization plan becomes effective, 25 million shares of Corning common stock to a trust. This portion of the asbestos liability requires quarterly adjustment based upon movements in Corning's common stock price prior to contribution of the shares to the trust. In the third quarter of 2005, Corning recorded a charge of \$68 million for the change in its common stock price of \$19.33 at September 30, 2005, compared to \$16.62, the common stock price at June 30, 2005.
- (c) In the third quarter of 2005, Samsung Corning Co., Ltd., a South Korea-based manufacturer of glass panels and funnels for cathode ray tube television and display monitors, recorded an impairment charge for certain of its manufacturing assets and severance and exit costs. Our equity earnings were reduced by \$106 million for Corning's share of these charges.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended September 30, 2005
(Unaudited; amounts in millions)

Corning's free cash flow financial measure for the three months ended September 30, 2005 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.

	Three months ended <u>Sept. 30, 2005</u>
Cash flows from operating activities	\$ 595
Less: Cash flows from investing activities	(584)
Plus: Short-term investments - acquisitions	610
Less: Short-term investments - liquidations	(401)
Less: Restricted investments - liquidations	<u>(1)</u>
Free cash flow	<u>\$ 219</u>

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended September 30, 2005
(Unaudited; amounts in millions, except per share amounts)

Corning's earnings per share (EPS) excluding special items for the third quarter of 2005 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 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 this non-GAAP measure and the directly related GAAP measure.

	Range	
	\$	\$
Guidance: EPS excluding special items	\$	\$
<i>Special items:</i>		
Restructuring, impairment and other (charges) and credits (a)		
Asbestos settlement (b)		
(Loss) gain on repurchases and retirements of debt, net (c)	_____	_____
EPS		

This schedule will be updated as additional announcements occur.

- (a) From time to time, Corning may need to make adjustments to estimates used in the determination of prior years' restructuring and impairment charges, which could result in a gain or loss during the quarter.

On October 7, 2005, the assets of O.T.I. S.r.l., a wholly-owned foreign subsidiary, were substantially liquidated. As a result, a gain of \$84 million (pretax and after-tax) related to cumulative translation adjustment will be realized in income in the fourth quarter.

- (b) As part of Corning's asbestos settlement arrangement to be incorporated into the Pittsburgh Corning Corporation plan of reorganization, Corning will contribute, if the reorganization plan becomes effective, 25 million shares of Corning common stock to a trust. This portion of the asbestos liability requires adjustment based upon movements in Corning's common stock price prior to contribution of the shares to the trust. In the fourth quarter of 2005, Corning will record a charge or credit for the change in its common stock price as of December 31, 2005 compared to \$19.33, the common stock price at September 30, 2005.
- (c) From time to time, Corning may repurchase or retire debt, which could result in a gain or loss during the quarter.

Please note that the company may pursue other financing, restructuring and divestiture activities at any time in the future, and that the potential impact of these events is not included within Corning's fourth quarter 2005 guidance.

This schedule contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward looking statements are based on current expectations and involve certain risks and uncertainties. Actual results may differ from those projected in the forward looking statements. Additional information concerning factors that could cause actual results to materially differ from those in the forward looking statements is contained in the Securities and Exchange Commission filings of this company.