

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

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Net sales	\$ 1,555	\$ 1,553	\$ 4,864	\$ 4,278
Cost of sales	<u>820</u>	<u>811</u>	<u>2,433</u>	<u>2,286</u>
Gross margin	735	742	2,431	1,992
Operating expenses:				
Selling, general and administrative expenses	220	212	722	655
Research, development and engineering expenses	160	145	474	412
Amortization of purchased intangibles	2	2	7	7
Restructuring, impairment and other credits	(2)		(3)	(2)
Asbestos settlement charge (credit) (Note 1)	<u>6</u>	<u>(16)</u>	<u>(312)</u>	<u>170</u>
Operating income	349	399	1,543	750
Interest income	22	38	74	110
Interest expense	(15)	(21)	(48)	(62)
Other (expense) income, net (Notes 2 and 3)	<u>(30)</u>	<u>29</u>	<u>10</u>	<u>103</u>
Income before income taxes	326	445	1,579	901
Benefit (provision) for income taxes (Note 4)	<u>60</u>	<u>(66)</u>	<u>2,382</u>	<u>(141)</u>
Income before minority interests and equity earnings	386	379	3,961	760
Minority interests		(1)	1	(2)
Equity in earnings of affiliated companies, net of impairments (Note 5)	<u>382</u>	<u>239</u>	<u>1,046</u>	<u>675</u>
Net income	<u>\$ 768</u>	<u>\$ 617</u>	<u>\$ 5,008</u>	<u>\$ 1,433</u>
Basic earnings per common share (Note 6)	<u>\$ 0.49</u>	<u>\$ 0.39</u>	<u>\$ 3.20</u>	<u>\$ 0.91</u>
Diluted earnings per common share (Note 6)	<u>\$ 0.49</u>	<u>\$ 0.38</u>	<u>\$ 3.15</u>	<u>\$ 0.89</u>
Dividends declared per common share	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.15</u>	<u>\$ 0.05</u>

See accompanying notes to these financial statements.

Certain amounts for 2007 were reclassified to conform to 2008 classifications.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(Unaudited; in millions, except per share amounts)

	September 30, 2008	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,596	\$ 2,216
Short-term investments, at fair value	576	1,300
Total cash, cash equivalents and short-term investments	3,172	3,516
Trade accounts receivable, net of doubtful accounts and allowances	828	856
Inventories	755	631
Deferred income taxes	162	54
Other current assets	305	237
Total current assets	5,222	5,294
Investments	3,119	3,036
Property, net of accumulated depreciation	7,220	5,986
Goodwill and other intangible assets, net	306	308
Deferred income taxes	2,616	202
Other assets	507	389
	18,990	15,215
Total Assets	\$ 18,990	\$ 15,215
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 75	\$ 23
Accounts payable	958	609
Other accrued liabilities	1,025	1,880
Total current liabilities	2,058	2,512
Long-term debt	1,470	1,514
Postretirement benefits other than pensions	742	744
Other liabilities	1,244	903
Total liabilities	5,514	5,673
Commitments and contingencies	48	46
Minority interests		
Shareholders' equity:		
Common stock – Par value \$0.50 per share; Shares authorized: 3.8 billion; Shares issued: 1,608 million and 1,598 million	804	799
Additional paid-in capital	12,483	12,281
Retained earnings (accumulated deficit)	1,770	(3,002)
Treasury stock, at cost; Shares held: 61 million and 30 million	(1,161)	(492)
Accumulated other comprehensive loss	(468)	(90)
Total shareholders' equity	13,428	9,496
	18,990	15,215
Total Liabilities and Shareholders' Equity	\$ 18,990	\$ 15,215

See accompanying notes to these financial statements.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited; in millions)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Cash Flows from Operating Activities:				
Net income	\$ 768	\$ 617	\$ 5,008	\$ 1,433
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	164	147	483	446
Amortization of purchased intangibles	2	2	7	7
Asbestos settlement	6	(16)	(312)	170
Restructuring, impairment and other credits	(2)		(3)	(2)
Loss on repurchases of debt				15
Stock compensation charges	26	29	104	100
Loss (gain) on sale of business	14		14	(19)
Undistributed earnings of affiliated companies	(191)	(159)	(576)	(327)
Deferred tax (benefit) provision	(59)	18	(2,532)	18
Restructuring payments		(10)	(10)	(30)
Customer deposits, net of (credits) issued	(64)	2	(202)	(64)
Employee benefit payments (in excess of less than expense)	6	10	(31)	(82)
Changes in certain working capital items:				
Trade accounts receivable	95	(50)	50	(157)
Inventories	(56)	31	(129)	(37)
Other current assets	(19)	63	(71)	(21)
Accounts payable and other current liabilities, net of restructuring payments	(26)	3	(130)	(124)
Other, net	99	(10)	78	19
Net cash provided by operating activities	<u>763</u>	<u>677</u>	<u>1,748</u>	<u>1,345</u>
Cash Flows from Investing Activities:				
Capital expenditures	(291)	(405)	(1,155)	(871)
Acquisitions of businesses, net of cash received	(15)		(15)	(4)
Net proceeds (payments) from sale or disposal of assets	15		17	(10)
Short-term investments – acquisitions	(104)	(633)	(1,298)	(1,582)
Short-term investments – liquidations	750	511	1,890	2,141
Net cash provided by (used in) investing activities	<u>355</u>	<u>(527)</u>	<u>(561)</u>	<u>(326)</u>
Cash Flows from Financing Activities:				
Net repayments of short-term borrowings and current portion of long-term debt	(8)	(8)	(20)	(18)
Retirements of long-term debt				(238)
Proceeds from issuance of common stock, net	4	4	19	17
Proceeds from the exercise of stock options	5	20	79	89
Repurchase of common stock	(500)	(125)	(625)	(125)
Dividends paid	(77)	(79)	(235)	(79)
Other, net		(2)		(2)
Net cash used in financing activities	<u>(576)</u>	<u>(190)</u>	<u>(782)</u>	<u>(356)</u>
Effect of exchange rates on cash	(121)	44	(25)	58
Net increase in cash and cash equivalents	421	4	380	721
Cash and cash equivalents at beginning of period	2,175	1,874	2,216	1,157
Cash and cash equivalents at end of period	<u>\$ 2,596</u>	<u>\$ 1,878</u>	<u>\$ 2,596</u>	<u>\$ 1,878</u>

Certain amounts for 2007 were reclassified to conform to 2008 classifications.

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	Telecommunications	Environmental Technologies	Specialty Materials	Life Sciences	All Other	Total
Three months ended							
September 30, 2008							
Net sales	\$ 696	\$ 496	\$ 177	\$ 101	\$ 83	\$ 2	\$ 1,555
Depreciation (1)	\$ 95	\$ 30	\$ 24	\$ 9	\$ 3	\$ 3	\$ 164
Amortization of purchased intangibles		\$ 2					\$ 2
Research, development and engineering expenses (2)	\$ 30	\$ 24	\$ 29	\$ 13	\$ 2	\$ 43	\$ 141
Restructuring, impairment and other credits (before-tax and minority interest)		\$ (2)					\$ (2)
Income tax (provision) benefit	\$ (41)	\$ (9)	\$ (5)		\$ (4)	\$ 3	\$ (56)
Earnings (loss) before equity earnings (3)	\$ 376	\$ 25	\$ 14	\$ (1)	\$ 11	\$ (64)	\$ 361
Equity in earnings of affiliated companies	\$ 259		\$ 1			\$ 10	\$ 270
Net income (loss)	\$ 635	\$ 25	\$ 15	\$ (1)	\$ 11	\$ (54)	\$ 631
Three months ended							
September 30, 2007							
Net sales	\$ 705	\$ 472	\$ 198	\$ 95	\$ 78	\$ 5	\$ 1,553
Depreciation (1)	\$ 80	\$ 29	\$ 23	\$ 8	\$ 3	\$ 2	\$ 145
Amortization of purchased intangibles		\$ 2					\$ 2
Research, development and engineering expenses (2)	\$ 28	\$ 20	\$ 32	\$ 10	\$ 2	\$ 30	\$ 122
Income tax (provision) benefit	\$ (39)	\$ (18)	\$ (8)		\$ (6)	\$ 2	\$ (69)
Earnings (loss) before minority interest and equity earnings (loss) (3)	\$ 387	\$ 32	\$ 14	\$ (3)	\$ 10	\$ (37)	\$ 403
Minority interests		\$ (1)					\$ (1)
Equity in earnings (loss) of affiliated companies	\$ 160	\$ 1				\$ (8)	\$ 153
Net income (loss)	\$ 547	\$ 32	\$ 14	\$ (3)	\$ 10	\$ (45)	\$ 555

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

	Display Technologies	Telecom- munications	Environmental Technologies	Specialty Materials	Life Sciences	All Other	Total
Nine months ended							
September 30,							
2008							
Net sales	\$ 2,334	\$ 1,394	\$ 583	\$ 288	\$ 251	\$ 14	\$ 4,864
Depreciation (1)	\$ 277	\$ 88	\$ 72	\$ 24	\$ 11	\$ 9	\$ 481
Amortization of purchased intangibles		\$ 7					\$ 7
Research, development and engineering expenses (2)	\$ 83	\$ 73	\$ 94	\$ 33	\$ 6	\$ 121	\$ 410
Restructuring, impairment and other credits (before related tax benefits and minority interest)		\$ (3)					\$ (3)
Income tax (provision) benefit	\$ (159)	\$ (16)	\$ (12)		\$ (10)	\$ 8	\$ (189)
Earnings (loss) before minority interest and equity earnings (3)	\$ 1,293	\$ 58	\$ 53	\$ (1)	\$ 37	\$ (161)	\$ 1,279
Minority interest		\$ 1					\$ 1
Equity in earnings of affiliated companies	\$ 706		\$ 3			\$ 43	\$ 752
Net income (loss)	\$ 1,999	\$ 59	\$ 56	\$ (1)	\$ 37	\$ (118)	\$ 2,032
Nine months ended							
September 30,							
2007							
Net sales	\$ 1,839	\$ 1,349	\$ 568	\$ 274	\$ 232	\$ 16	\$ 4,278
Depreciation (1)	\$ 240	\$ 94	\$ 66	\$ 24	\$ 11	\$ 5	\$ 440
Amortization of purchased intangibles		\$ 7					\$ 7
Research, development and engineering expenses (2)	\$ 72	\$ 60	\$ 93	\$ 32	\$ 6	\$ 84	\$ 347
Restructuring, impairment and other charges and (credits) (before-tax and minority interest)		\$ (2)					\$ (2)
Income tax (provision) benefit	\$ (92)	\$ (35)	\$ (15)		\$ (13)	\$ 6	\$ (149)
Earnings (loss) before minority interest and equity earnings (3)	\$ 1,022	\$ 104	\$ 37	\$ (5)	\$ 31	\$ (105)	\$ 1,084
Minority interest		\$ (1)				\$ (1)	\$ (2)
Equity in earnings (loss) of affiliated companies	\$ 405	\$ 3	\$ 1			\$ (5)	\$ 404
Net income (loss)	\$ 1,427	\$ 106	\$ 38	\$ (5)	\$ 31	\$ (111)	\$ 1,486

- (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) 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 nine months ended September 30, 2008, earnings (loss) before minority interest and equity earnings (loss) of the Display Technologies segment included a \$12 million litigation settlement charge. In the three and nine months ended September 30, 2008, earnings (loss) before minority interest and equity earnings (loss) of the All Other segment included a \$14 million loss on the sale of a business. In the nine months ended September 30, 2007, earnings (loss) before minority interest and equity earnings (loss) of the Telecommunications segment included a \$19 million gain on the sale of the European submarine cabling business.
- (4) In the three and nine months ended September 30, 2007, equity earnings (loss) of affiliated companies includes a charge of \$18 million and \$33 million, respectively, in All Other related to restructuring and impairments for Samsung Corning Precision's non-LCD businesses.

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 September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Net income of reportable segments	\$ 685	\$ 600	\$ 2,150	\$ 1,597
Non-reportable segments	(54)	(45)	(118)	(111)
Unallocated amounts:				
Net financing costs (1)	4	10	17	28
Stock-based compensation expense	(26)	(29)	(104)	(100)
Exploratory research	(17)	(18)	(52)	(51)
Corporate contributions	(8)	(6)	(26)	(26)
Equity in earnings of affiliated companies, net of impairments (2)	112	86	294	271
Asbestos settlement (3)	(6)	16	312	(170)
Other corporate items (4)	78	3	2,535	(5)
Net income	<u>\$ 768</u>	<u>\$ 617</u>	<u>\$ 5,008</u>	<u>\$ 1,433</u>

- (1) Net financing costs include interest income, interest expense, and interest costs and investment gains associated with benefit plans.
- (2) In the three and nine months ended September 30, 2008, equity earnings of affiliated companies includes a charge of \$18 million representing Corning's share of an other-than-temporary impairment of auction rate securities at Dow Corning Corporation.
- (3) In the three months ended September 30, 2008, Corning recorded a charge of \$6 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. In the nine months ended September 30, 2008, Corning reduced its liability for asbestos litigation as a result of the increase in the likelihood of a settlement under recently proposed terms and a corresponding decrease in the likelihood of a settlement under terms established in 2003. In the three and nine months ended September 30, 2007, Corning recorded asbestos settlement expense under the terms of the 2003 Plan of \$16 million and \$170 million, respectively, to adjust the estimated fair value of the components of the proposed asbestos settlement at that time.
- (4) Other corporate items include the tax impact of the unallocated amounts. In the three months ended September 30, 2008, Corning released an additional \$70 million of valuation allowance on our U.S. deferred tax assets as a result of a change in our estimate regarding current-year U.S. taxable income. Also, in the three months ended September 30, 2008, Corning recorded a \$43 million gain related to a favorable tax settlement with the Canadian Revenue Agency. In the three and nine months ended September 30, 2008, Corning recorded net losses of \$39 million on certain available-for-sale securities included in cash and short-term investments. In the nine months ended September 30, 2008, Corning recorded a \$2.4 billion tax benefit from the release of a valuation allowance on U.S. tax assets due to sustained profitability and positive future earnings projections for the U.S. entities. In addition, the nine months ended September 30, 2007 included a loss of \$15 million from the repurchase of \$223 million principal amount of our 6.25% Euro notes due 2010.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Asbestos Settlement

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 on September 30, 2008. 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 settlement 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 settlement liability.

In the first quarter of 2008, we recorded a \$327 million reduction to our estimated liability for asbestos litigation 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. In the second and third quarter of 2008, we recorded charges of \$9 million and \$6 million, respectively, to adjust the asbestos settlement liability for the change in value of the components of the Amended PCC Plan and the estimated liability for non-PCC asbestos claims.

2. Cash and Short-Term Investments

In the third quarter of 2008, Corning recorded net losses of \$39 million on certain available-for-sale securities included in cash and short-term investments.

3. Loss on Sale of Business

In the third quarter of 2008, Corning recognized a loss of \$14 million from the sale of a business.

4. Provision for Income Taxes

In the third quarter of 2008, Corning released an additional \$70 million of valuation allowances on our U.S. deferred tax assets as a result of a change in our estimate of current-year U.S. taxable income. Also, in the third quarter of 2008, Corning recorded a \$43 million gain related to a favorable tax settlement from the Canadian Revenue Agency.

5. Equity in Earnings of Associated Companies

In the third quarter of 2008, equity in earnings of associated companies included an \$18 million charge for Corning's share of an other-than-temporary impairment of auction rate securities at Dow Corning Corporation.

6. Weighted Average Shares Outstanding

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

	Three months ended September 30,		Three months ended
	2008	2007	June 30, 2008
Basic	1,558	1,570	1,569
Diluted	1,578	1,605	1,600
Diluted used for non-GAAP measures	1,578	1,605	1,600

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
QUARTERLY SALES INFORMATION

(Unaudited; in millions)

	2008			
	Three Months Ended			Nine Months Ended
	March 31	June 30	Sept. 30	Sept. 30
Display Technologies	\$ 829	\$ 809	\$ 696	\$ 2,334
Telecommunications				
Fiber and cable	214	248	258	720
Hardware and equipment	207	229	238	674
	<u>421</u>	<u>477</u>	<u>496</u>	<u>1,394</u>
Environmental Technologies				
Automotive	137	132	112	381
Diesel	60	77	65	202
	<u>197</u>	<u>209</u>	<u>177</u>	<u>583</u>
Specialty Materials	83	104	101	288
Life Sciences	81	87	83	251
Other	<u>6</u>	<u>6</u>	<u>2</u>	<u>14</u>
Total	<u>\$ 1,617</u>	<u>\$ 1,692</u>	<u>\$ 1,555</u>	<u>\$ 4,864</u>

	2007				
	Q1	Q2	Q3	Q4	Total
Display Technologies	\$ 524	\$ 610	\$ 705	\$ 774	\$ 2,613
Telecommunications					
Fiber and cable	211	219	237	213	880
Hardware and equipment	228	219	235	217	899
	<u>439</u>	<u>438</u>	<u>472</u>	<u>430</u>	<u>1,779</u>
Environmental Technologies					
Automotive	123	128	126	131	508
Diesel	56	63	72	58	249
	<u>179</u>	<u>191</u>	<u>198</u>	<u>189</u>	<u>757</u>
Specialty Materials	84	95	95	105	379
Life Sciences	76	78	78	73	305
Other	<u>5</u>	<u>6</u>	<u>5</u>	<u>11</u>	<u>27</u>
Total	<u>\$ 1,307</u>	<u>\$ 1,418</u>	<u>\$ 1,553</u>	<u>\$ 1,582</u>	<u>\$ 5,860</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, 2008

(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 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.

	Per Share	Income Before Income Taxes	Net Income
Earnings per share (EPS) and net income, excluding special items	\$ 0.46	\$ 385	\$ 732
<i>Special items:</i>			
Asbestos settlement (a)	–	(6)	(6)
Available-for-sale securities (b)	(0.02)	(39)	(39)
Loss on sale of business (c)	(0.01)	(14)	(14)
Valuation allowance release (d)	0.04	–	70
Tax revenue settlement (e)	0.03	–	43
Equity in earnings of associated companies (f)	(0.01)	–	(18)
Total EPS and net income	\$ 0.49	\$ 326	\$ 768

- (a) In the third quarter of 2008, Corning recorded a charge of \$6 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 third quarter of 2008, Corning recorded net losses of \$39 million on certain available-for-sale securities included in cash and short-term investments.
- (c) In the third quarter of 2008, Corning incurred a \$14 million loss on the sale of a business.
- (d) In the third quarter of 2008, Corning recorded a valuation allowance release of \$70 million resulting from a change in our estimate of current-year U.S. taxable income.
- (e) In the third quarter of 2008, Corning recorded a \$43 million gain related to a favorable tax settlement with the Canadian Revenue Agency.
- (f) In the third quarter of 2008, equity earnings of associated companies included an \$18 million charge for our 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 Ended June 30, 2008

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

Corning's net income and earnings per share (EPS) excluding special items for the second 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.

	Per Share	Income Before Income Taxes	Net Income
Earnings per share (EPS) and net income, excluding special items	\$ 0.49	\$ 484	\$ 782
<i>Special items:</i>			
Asbestos settlement (a)	–	(9)	(9)
Litigation settlement (b)	(0.01)	(12)	(12)
Valuation allowance release (c)	1.53	–	2,450
Total EPS and net income	\$ 2.01	\$ 463	\$ 3,211

- (a) In the second quarter of 2008, Corning recorded a charge of \$9 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 second quarter of 2008, Corning recorded a charge of \$12 million to settle litigation associated with our Display Technologies segment.
- (c) In the second quarter of 2008, Corning recorded a valuation allowance release of \$2.45 billion to reflect the expected realizability of U.S. deferred tax assets in future years.

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

Three Months Ended September 30, 2007

(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 2007 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.

	Per Share	Income Before Income Taxes	Net Income
Earnings per share (EPS) and net income, excluding special items	\$ 0.38	\$ 429	\$ 619
<i>Special items:</i>			
Asbestos settlement (a)	0.01	16	16
Equity in earnings of associated companies (b)	(0.01)	—	(18)
Total EPS and net income	\$ 0.38	\$ 445	\$ 617

- (a) In the third quarter of 2007, Corning recorded a credit of \$16 million (before- and after-tax) for the change in the estimated fair value of the components of the asbestos settlement liability under the terms of the 2003 plan.
- (b) In the third quarter of 2007, equity in earnings of associated companies includes an \$18 million charge (net of tax) for restructuring and impairment charges of Samsung Corning Co., Ltd.

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

Three Months Ended September 30, 2008

(Unaudited; amounts in millions)

Corning's free cash flow financial measure for the three months ended September 30, 2008 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 measures.

	Three months ended September 30, 2008	Nine months ended September 30, 2008
	<hr/>	<hr/>
Cash flows from operating activities	\$ 763	\$ 1,748
Less: Cash flows from investing activities	355	(561)
Plus: Short-term investments – acquisitions	104	1,298
Less: Short-term investments – liquidations	<hr/> (750)	<hr/> (1,890)
Free cash flow	<hr/> \$ 472	<hr/> \$ 595

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 earnings per share (EPS) excluding special items for the fourth quarter of 2008 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	\$ 0.20	\$ 0.28
Special items (a)	_____	_____
Earnings per share		

This schedule will be updated as additional announcements occur.

(a) From time to time, Corning may record special items 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 2008 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.