

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

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|-----------------|------------------|-----------------|
| | June 30, | | June 30, | |
| | 2017 | 2016 | 2017 | 2016 |
| Net sales | \$ 2,497 | \$ 2,360 | \$ 4,872 | \$ 4,407 |
| Cost of sales | 1,512 | 1,409 | 2,930 | 2,692 |
| Gross margin | 985 | 951 | 1,942 | 1,715 |
| Operating expenses: | | | | |
| Selling, general and administrative expenses | 379 | 499 | 695 | 802 |
| Research, development and engineering expenses | 207 | 192 | 407 | 382 |
| Amortization of purchased intangibles | 18 | 15 | 35 | 29 |
| Restructuring, impairment and other charges | | (2) | | 78 |
| Operating income | 381 | 247 | 805 | 424 |
| Equity in earnings of affiliated companies | 37 | 41 | 117 | 100 |
| Interest income | 11 | 6 | 23 | 12 |
| Interest expense | (38) | (40) | (75) | (81) |
| Translated earnings contract gain (loss), net | 219 | (1,201) | (219) | (2,058) |
| Gain on realignment of equity investment | | 2,676 | | 2,676 |
| Other expense, net | (18) | (26) | (39) | (42) |
| Income before income taxes | 592 | 1,703 | 612 | 1,031 |
| (Provision) benefit for income taxes | (153) | 504 | (87) | 808 |
| Net income attributable to Corning Incorporated | <u>\$ 439</u> | <u>\$ 2,207</u> | <u>\$ 525</u> | <u>\$ 1,839</u> |
| Earnings per common share attributable to Corning Incorporated: | | | | |
| Basic | <u>\$ 0.46</u> | <u>\$ 2.06</u> | <u>\$ 0.52</u> | <u>\$ 1.66</u> |
| Diluted | <u>\$ 0.42</u> | <u>\$ 1.87</u> | <u>\$ 0.50</u> | <u>\$ 1.53</u> |
| Dividends declared per common share | <u>\$ 0.155</u> | <u>\$ 0.135</u> | <u>\$ 0.31</u> | <u>\$ 0.27</u> |

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(Unaudited; in millions, except per share amounts)

| | June 30, 2017 | December 31, 2016 |
|---|------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 4,189 | \$ 5,291 |
| Trade accounts receivable, net of doubtful accounts and allowances | 1,640 | 1,481 |
| Inventories, net of inventory reserves | 1,616 | 1,471 |
| Other current assets | 986 | 805 |
| Total current assets | 8,431 | 9,048 |
| Investments | 348 | 336 |
| Property, plant and equipment, net of accumulated depreciation | 13,060 | 12,546 |
| Goodwill, net | 1,608 | 1,577 |
| Other intangible assets, net | 842 | 796 |
| Deferred income taxes | 2,651 | 2,325 |
| Other assets | 890 | 1,271 |
| Total Assets | \$ 27,830 | \$ 27,899 |
| Liabilities and Equity | | |
| Current liabilities: | | |
| Current portion of long-term debt and short-term borrowings | \$ 631 | \$ 256 |
| Accounts payable | 1,096 | 1,079 |
| Other accrued liabilities | 1,081 | 1,416 |
| Total current liabilities | 2,808 | 2,751 |
| Long-term debt | 3,302 | 3,646 |
| Postretirement benefits other than pensions | 712 | 737 |
| Other liabilities | 2,928 | 2,805 |
| Total liabilities | 9,750 | 9,939 |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Convertible preferred stock, Series A – Par value \$100 per share; Shares authorized 3,100; Shares issued: 2,300 | 2,300 | 2,300 |
| Common stock – Par value \$0.50 per share; Shares authorized 3.8 billion; Shares issued: 1,705 million and 1,691 million | 852 | 846 |
| Additional paid-in capital – common stock | 13,962 | 13,695 |
| Retained earnings | 17,303 | 16,880 |
| Treasury stock, at cost; Shares held: 803 million and 765 million | (15,204) | (14,152) |
| Accumulated other comprehensive loss | (1,201) | (1,676) |
| Total Corning Incorporated shareholders' equity | 18,012 | 17,893 |
| Noncontrolling interests | 68 | 67 |
| Total equity | 18,080 | 17,960 |
| Total Liabilities and Equity | \$ 27,830 | \$ 27,899 |

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

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|-----------------|------------------|-----------------|
| | June 30, | | June 30, | |
| | 2017 | 2016 | 2017 | 2016 |
| Cash Flows from Operating Activities: | | | | |
| Net income | \$ 439 | \$ 2,207 | \$ 525 | \$ 1,839 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation | 263 | 280 | 523 | 561 |
| Amortization of purchased intangibles | 18 | 15 | 35 | 29 |
| Restructuring, impairment and other charges | | (2) | | 78 |
| Equity in earnings of affiliated companies | (37) | (41) | (117) | (100) |
| Dividends received from affiliated companies | 33 | 20 | 67 | 20 |
| Deferred tax provision (benefit) | 45 | (553) | (76) | (898) |
| Translated earnings contract (gain) loss | (219) | 1,201 | 219 | 2,058 |
| Unrealized translation gains on transactions | (127) | (1) | (194) | (124) |
| Gain on realignment of equity investment | | (2,676) | | (2,676) |
| Changes in certain working capital items: | | | | |
| Trade accounts receivable | (44) | (124) | (98) | (103) |
| Inventories | (61) | (24) | (110) | (66) |
| Other current assets | (40) | 5 | (100) | (71) |
| Accounts payable and other current liabilities | (87) | 187 | (317) | (103) |
| Other, net | 97 | 41 | 114 | 11 |
| Net cash provided by operating activities | <u>280</u> | <u>535</u> | <u>471</u> | <u>455</u> |
| Cash Flows from Investing Activities: | | | | |
| Capital expenditures | (397) | (263) | (761) | (533) |
| Acquisition of business, net of cash received | (3) | (279) | (38) | (279) |
| Cash received on realignment of equity investment | | 4,818 | | 4,818 |
| Short-term investments – acquisitions | | | | (20) |
| Short-term investments – liquidations | 29 | | 29 | 121 |
| Realized gains on translated earnings contracts | 69 | 52 | 149 | 145 |
| Other, net | (6) | (14) | (13) | (14) |
| Net cash used in investing activities | <u>(308)</u> | <u>4,314</u> | <u>(634)</u> | <u>4,238</u> |
| Cash Flows from Financing Activities: | | | | |
| Net repayments of short-term borrowings and current portion of long-term debt | | | | (64) |
| Principal payments under capital lease obligations | (1) | | (1) | (1) |
| Payments of employee withholding tax on stock awards | (9) | (9) | (11) | (12) |
| Proceeds from issuance of commercial paper | | (249) | | (230) |
| Proceeds from the exercise of stock options | 70 | 18 | 252 | 27 |
| Repurchases of common stock for treasury | (645) | (812) | (1,045) | (1,515) |
| Dividends paid | (165) | (167) | (333) | (340) |
| Net cash used in financing activities | <u>(750)</u> | <u>(1,219)</u> | <u>(1,138)</u> | <u>(2,135)</u> |
| Effect of exchange rates on cash | 123 | (26) | 199 | 86 |
| Net decrease in cash and cash equivalents | (655) | 3,604 | (1,102) | 2,644 |
| Cash and cash equivalents at beginning of period | 4,844 | 3,540 | 5,291 | 4,500 |
| Cash and cash equivalents at end of period | <u>\$ 4,189</u> | <u>\$ 7,144</u> | <u>\$ 4,189</u> | <u>\$ 7,144</u> |

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
(Unaudited)

GAAP Earnings per Common Share

The following table sets forth the computation of basic and diluted earnings per common share (in millions, except per share amounts):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|-----------------|------------------------------|-----------------|
| | 2017 | 2016 | 2017 | 2016 |
| Net income attributable to Corning Incorporated | \$ 439 | \$ 2,207 | \$ 525 | \$ 1,839 |
| Less: Series A convertible preferred stock dividend | 24 | 24 | 49 | 49 |
| Net income available to common stockholders – basic | 415 | 2,183 | 476 | 1,790 |
| Add: Series A convertible preferred stock dividend | 24 | 24 | 49 | 49 |
| Net income available to common stockholders - diluted | \$ 439 | \$ 2,207 | \$ 525 | \$ 1,839 |
| Weighted-average common shares outstanding - basic | 908 | 1,059 | 917 | 1,081 |
| Effect of dilutive securities: | | | | |
| Stock options and other dilutive securities | 11 | 8 | 11 | 8 |
| Series A convertible preferred stock | 115 | 115 | 115 | 115 |
| Weighted-average common shares outstanding - diluted | 1,034 | 1,182 | 1,043 | 1,204 |
| Basic earnings per common share | \$ 0.46 | \$ 2.06 | \$ 0.52 | \$ 1.66 |
| Diluted earnings per common share | \$ 0.42 | \$ 1.87 | \$ 0.50 | \$ 1.53 |

Core Earnings per Common Share

The following table sets forth the computation of core basic and core diluted earnings per common share (in millions, except per share amounts):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|----------------|------------------------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| Core earnings attributable to Corning Incorporated | \$ 431 | \$ 434 | \$ 838 | \$ 774 |
| Less: Series A convertible preferred stock dividend | 24 | 24 | 49 | 49 |
| Core earnings available to common stockholders - basic | 407 | 410 | 789 | 725 |
| Add: Series A convertible preferred stock dividend | 24 | 24 | 49 | 49 |
| Core earnings available to common stockholders - diluted | \$ 431 | \$ 434 | \$ 838 | \$ 774 |
| Weighted-average common shares outstanding - basic | 908 | 1,059 | 917 | 1,081 |
| Effect of dilutive securities: | | | | |
| Stock options and other dilutive securities | 11 | 8 | 11 | 8 |
| Series A convertible preferred stock | 115 | 115 | 115 | 115 |
| Weighted-average common shares outstanding - diluted | 1,034 | 1,182 | 1,043 | 1,204 |
| Core basic earnings per common share | \$ 0.45 | \$ 0.39 | \$ 0.86 | \$ 0.67 |
| Core diluted earnings per common share | \$ 0.42 | \$ 0.37 | \$ 0.80 | \$ 0.64 |

CORE PERFORMANCE MEASURES

In managing the Company and assessing our financial performance, we supplement certain measures provided by our consolidated financial statements with measures adjusted to exclude certain items, to arrive at core performance measures. We believe reporting core performance measures provides investors greater transparency to the information used by our management team to make financial and operational decisions. Corning has adopted the use of constant currency reporting for the Japanese yen and South Korean won, and uses an internally derived yen-to-dollar management rate of ¥99 and won-to-dollar management rate of ₩1,100.

Net sales, equity in earnings of affiliated companies and net income are adjusted to exclude the impacts of changes in the Japanese yen and the South Korean won, gains and losses on our foreign currency hedges related to translated earnings, acquisition-related costs, 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. Management's discussion and analysis on our reportable segments has also been adjusted for these items, as appropriate. These measures are not prepared in accordance with Generally Accepted Accounting Principles in the United States ("GAAP"). 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. These measures are not, and should not be viewed as, a substitute for GAAP reporting measures. Corning does not forecast the movement of the Japanese yen and South Korean won against the U.S. dollar, or other items that do not reflect ongoing operations. As a result, the company is unable to provide forward-looking information on a GAAP basis.

Items which we exclude from GAAP measures to arrive at Core performance measures are as follows:

- (1) Constant-currency adjustments:
Constant-yen: Because a significant portion of Display Technologies segment revenues and manufacturing costs are denominated in Japanese yen, management believes it is important to understand the impact on core earnings of translating yen into dollars. Presenting results on a constant-yen basis mitigates the translation impact of the Japanese yen, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and establish operational goals and forecasts. As of January 1, 2015, we used an internally derived management rate of ¥99, which is closely aligned to our current yen portfolio of foreign currency hedges, and have recast all periods presented based on this rate in order to effectively remove the impact of changes in the Japanese yen.
Constant-won: Because a significant portion of Corning Precision Materials' costs are denominated in Korean won, management believes it is important to understand the impact on core earnings from translating won into dollars. Presenting results on a constant-won basis mitigates the translation impact of the Korean won, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and establish operational goals and forecasts without the variability caused by the fluctuations caused by changes in the rate of this currency. We use an internally derived management rate of ₩1,100, which is consistent with historical prior period averages of the won.
- (2) Translated earnings contract loss: We have excluded the impact of the gains and losses of our foreign currency hedges related to translated earnings for each period presented.
- (3) Acquisition-related costs: These expenses include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.
- (4) Discrete tax items and other tax-related adjustments: This represents the removal of discrete adjustments attributable to changes in tax law and changes in judgment about the realizability of certain deferred tax assets, as well as other non-operational tax-related adjustments.
- (5) Litigation, regulatory and other legal matters: Includes amounts related to legal matters.
- (6) Restructuring, impairment and other charges: This amount includes restructuring, impairment and other charges, including goodwill impairment charges and other expenses and disposal costs not classified as restructuring expense.
- (7) Equity in earnings of affiliated companies: These adjustments relate to items which do not reflect expected on-going operating results of our affiliated companies, such as restructuring, impairment and other charges and settlements under "take-or-pay" contracts.
- (8) Impacts from the acquisition of Samsung Corning Precision Materials: This amount primarily represents fair value adjustments to the indemnity asset related to contingent consideration.
- (9) Pension mark-to-market adjustment: Defined benefit pension mark-to-market gains and losses, which arise from changes in actuarial assumptions and the difference between actual and expected returns on plan assets and discount rates.
- (10) Gain on realignment of equity investment: Gain recorded upon the completion of the strategic realignment of our ownership interest in Dow Corning.
- (11) Taiwan power outage: Impact of the power outage that temporarily halted production at our Tainan, Taiwan manufacturing location in the second quarter of 2016. The impact includes asset write-offs and charges for facility repairs, offset somewhat by partial reimbursement through our insurance program.

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

Three Months Ended June 30, 2017

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

| | Net sales | Equity earnings | Income before income taxes | Net income | Effective tax rate (a) | Per share |
|--|-----------------|--------------------|-------------------------------------|---------------|------------------------------|----------------|
| As reported | \$ 2,497 | \$ 37 | \$ 592 | \$ 439 | 25.8% | \$ 0.42 |
| Constant-yen (1) | 93 | 1 | 86 | 64 | | 0.06 |
| Constant-won (1) | | | (5) | (4) | | |
| Translated earnings contract loss (2) | | | (216) | (136) | | (0.13) |
| Acquisition-related costs (3) | | | 17 | 12 | | 0.01 |
| Discrete tax items and other tax-related adjustments (4) | | | | 21 | | 0.02 |
| Restructuring, impairment and other charges (6) | | | 40 | 27 | | 0.03 |
| Impacts from the acquisition of Samsung Corning Precision Materials (8) | | | (2) | (1) | | |
| Pension mark-to-market adjustment (9) | | | 15 | 9 | | 0.01 |
| Core performance measures | \$ 2,590 | \$ 38 | \$ 527 | \$ 431 | 18.2% | \$ 0.42 |

(a) Based upon statutory tax rates in the specific jurisdiction for each event.

See Reconciliation of Non-GAAP Financial Measures, "Items which we exclude from GAAP measures to arrive at Core Performance measures" for the descriptions of the footnoted reconciling items.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended June 30, 2016
(Unaudited; amounts in millions, except per share amounts)

| | Net sales | Equity earnings | Income before income taxes | Net income | Effective tax (benefit) rate (a) | Per share |
|---|-----------------|-----------------|----------------------------|---------------|----------------------------------|----------------|
| As reported | \$ 2,360 | \$ 41 | \$ 1,703 | \$ 2,207 | (29.6%) | \$ 1.87 |
| Constant-yen (1) | 78 | 2 | 75 | 56 | | 0.05 |
| Constant-won (1) | 2 | | (12) | (9) | | (0.01) |
| Translated earnings contract loss (2) | | | 1,201 | 758 | | 0.64 |
| Acquisition-related costs (3) | | | 80 | 74 | | 0.06 |
| Discrete tax items and other tax-related adjustments (4) | | | | (111) | | (0.09) |
| Litigation, regulatory and other legal matters (5) | | | 55 | 70 | | 0.06 |
| Restructuring, impairment and other charges (6) | | | 11 | 7 | | 0.01 |
| Equity in earnings of affiliated company (7) | | 14 | 14 | 13 | | 0.01 |
| Impacts from the Acquisition of Samsung Corning Precision Materials (8) | | | 15 | 12 | | 0.01 |
| Pension mark-to-market adjustment (9) | | | 27 | 18 | | 0.02 |
| Gain on realignment of equity investment (10) | | | (2,676) | (2,676) | | (2.26) |
| Taiwan power outage (11) | | | 20 | 15 | | 0.01 |
| Core performance measures | \$ 2,440 | \$ 57 | \$ 513 | \$ 434 | 15.4% | \$ 0.37 |

(a) Based upon statutory tax rates in the specific jurisdiction for each event.

See Reconciliation of Non-GAAP Financial Measures, "Items which we exclude from GAAP measures to arrive at Core Performance measures" for the descriptions of the footnoted reconciling items.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended June 30, 2017 and 2016
(Unaudited; amounts in millions)

| | Three Months Ended June 30, 2017 | | | Three Months Ended June 30, 2016 | | |
|--|-------------------------------------|----------------------|--|-------------------------------------|----------------------|--|
| | Gross Margin | Gross margin % | Selling, general and admin. expenses | Gross Margin | Gross margin % | Selling, general and admin. expenses |
| As reported | \$ 985 | 39% | \$ 379 | \$ 951 | 40% | \$ 499 |
| Constant-yen (1) | 85 | | | 75 | | |
| Constant-won (1) | (5) | | | (10) | | (1) |
| Acquisition-related costs (3) | | | | 3 | | (62) |
| Litigation, regulatory and other legal matters (5) | | | | | | (52) |
| Restructuring, impairment and other charges (6) | 32 | | (8) | 13 | | |
| Impacts from the Acquisition of Samsung Corning Precision Materials (8) | | | 2 | | | (15) |
| Pension mark-to-market (9) | | | (15) | | | (27) |
| Taiwan power outage (11) | | | | 18 | | |
| Core performance measures | \$ 1,097 | 42% | \$ 358 | \$ 1,050 | 43% | \$ 342 |

See Reconciliation of Non-GAAP Financial Measures, “Items which we exclude from GAAP measures to arrive at Core Performance measures” for the descriptions of the footnoted reconciling items.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Display Technologies Segment
Three Months Ended June 30, 2017 and 2016
(Unaudited; amounts in millions)

| | Three Months Ended June 30, 2017 | | Three Months Ended June 30, 2016 | |
|--|-------------------------------------|---------------|-------------------------------------|---------------|
| | Net sales | Net income | Net sales | Net income |
| As reported | \$ 748 | \$ 211 | \$ 801 | \$ 204 |
| Constant-yen (1) | 93 | 63 | 78 | 55 |
| Constant-won (1) | | (3) | 1 | (8) |
| Translated earnings contract gain (2) | | (43) | | (33) |
| Restructuring, impairment and other charges (6) | | 13 | | |
| Impacts from the acquisition of Samsung Corning Precision Materials (8) | | (1) | | 12 |
| Taiwan power outage (11) | | | | 7 |
| Core performance measures | \$ 841 | \$ 240 | \$ 880 | \$ 237 |

See Reconciliation of Non-GAAP Financial Measures, "Items which we exclude from GAAP measures to arrive at Core Performance measures" for the descriptions of the footnoted reconciling items.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Optical Communications Segment
Three Months Ended June 30, 2017 and 2016
(Unaudited; amounts in millions)

| | Three Months Ended June 30, 2017 | | Three Months Ended June 30, 2016 | |
|-------------------------------|-------------------------------------|---------------|-------------------------------------|---------------|
| | Net sales | Net income | Net sales | Net income |
| As reported | \$ 882 | \$ 101 | \$ 782 | \$ 77 |
| Acquisition-related costs (3) | | 7 | | 9 |
| Core performance measures | \$ 882 | \$ 108 | \$ 782 | \$ 86 |

See Reconciliation of Non-GAAP Financial Measures, “Items which we exclude from GAAP measures to arrive at Core Performance measures” for the descriptions of the footnoted reconciling items.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Environmental Technologies Segment
Three Months Ended June 30, 2017 and 2016
(Unaudited; amounts in millions)

| | Three Months Ended June 30, 2017 | | Three Months Ended June 30, 2016 | |
|---|-------------------------------------|---------------|-------------------------------------|---------------|
| | Net sales | Net income | Net sales | Net income |
| As reported and Core performance measures | \$ 263 | \$ 32 | \$ 259 | \$ 37 |

See Reconciliation of Non-GAAP Financial Measures, “Items which we exclude from GAAP measures to arrive at Core Performance measures” for the descriptions of the footnoted reconciling items.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Specialty Materials Segment
Three Months Ended June 30, 2017 and 2016
(Unaudited; amounts in millions)

| | Three Months Ended June 30, 2017 | | Three Months Ended June 30, 2016 | |
|---|-------------------------------------|---------------|-------------------------------------|---------------|
| | Net sales | Net income | Net sales | Net income |
| As reported | \$ 337 | \$ 56 | \$ 266 | \$ 38 |
| Restructuring, impairment and other charges (6) | | 2 | | 6 |
| Taiwan power outage (11) | | | | 4 |
| Core performance measures | \$ 337 | \$ 58 | \$ 266 | \$ 48 |

See Reconciliation of Non-GAAP Financial Measures, “Items which we exclude from GAAP measures to arrive at Core Performance measures” for the descriptions of the footnoted reconciling items.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Life Sciences Segment
Three Months Ended June 30, 2017 and 2016
(Unaudited; amounts in millions)

| | Three Months Ended June 30, 2017 | | Three Months Ended June 30, 2016 | |
|---|-------------------------------------|---------------|-------------------------------------|---------------|
| | Net sales | Net income | Net sales | Net income |
| As reported | \$ 221 | \$ 14 | \$ 215 | \$ 17 |
| Acquisition-related costs (3) | | 3 | | 3 |
| Restructuring, impairment and other charges (6) | | 2 | | 1 |
| Core performance measures | \$ 221 | \$ 19 | \$ 215 | \$ 21 |

See Reconciliation of Non-GAAP Financial Measures, “Items which we exclude from GAAP measures to arrive at Core Performance measures” for the descriptions of the footnoted reconciling items.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Equity in Earnings of Affiliated Companies
Three Months Ended June 30, 2017 and 2016
(Unaudited; amounts in millions)

| | Three Months Ended June 30, 2017 | | | Three Months Ended June 30, 2016 | | | Total equity earnings |
|---|-------------------------------------|-------------|-----------------------------|-------------------------------------|------------------------------|---------------|-----------------------------|
| | Hemlock Semiconductor | Other | Total equity earnings | Dow Corning (a) | Hemlock Semiconductor (b) | Other | |
| As reported | \$ 31 | \$ 6 | \$ 37 | \$ 26 | \$ 22 | \$ (7) | \$ 41 |
| Constant-yen (1) | | 1 | | | | 2 | 2 |
| Equity in earnings of affiliated companies (7) | | | | 14 | | | 14 |
| Core Performance Measures | \$ 31 | \$ 7 | \$ 38 | \$ 40 | \$ 22 | \$ (5) | \$ 57 |

(a) Includes equity earnings for Dow Corning, which includes the silicones business and Hemlock Semiconductor Group, through May 31, 2106, the date of the completion of the realignment of our ownership interest in Dow Corning.

(b) Includes equity earnings for Hemlock Semiconductor Group from the date of the realignment to June 30, 2016.

See Reconciliation of Non-GAAP Financial Measures, "Items which we exclude from GAAP measures to arrive at Core Performance measures" for the descriptions of the footnoted reconciling items.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three and Six Months Ended June 30, 2017
(Unaudited; amounts in millions)

| | Three Months Ended June 30, 2017 | Six Months Ended June 30, 2017 |
|---|---|---|
| Cash flows from operating activities | \$ 279 | \$ 470 |
| Realized gains on translated earnings contracts | 69 | 149 |
| Translation gains on cash balances | 128 | 198 |
| Other | 3 | 3 |
| Adjusted cash flows from operating activities | \$ 479 | \$ 820 |