

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF INCOME

(Unaudited; in millions, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Net sales	\$ 2,607	\$ 2,507	\$ 7,479	\$ 6,914
Cost of sales	<u>1,551</u>	<u>1,466</u>	<u>4,481</u>	<u>4,158</u>
Gross margin	1,056	1,041	2,998	2,756
Operating expenses:				
Selling, general and administrative expenses	372	302	1,067	1,104
Research, development and engineering expenses	213	187	620	569
Amortization of purchased intangibles	18	17	53	46
Restructuring, impairment and other charges				<u>78</u>
Operating income	453	535	1,258	959
Equity in earnings of affiliated companies	31	19	148	119
Interest income	10	9	33	21
Interest expense	(37)	(41)	(112)	(122)
Translated earnings contract gain (loss), net	26	(237)	(193)	(2,295)
Gain on realignment of equity investment				2,676
Other expense, net	<u>(4)</u>	<u>(28)</u>	<u>(43)</u>	<u>(70)</u>
Income before income taxes	479	257	1,091	1,288
(Provision) benefit for income taxes	<u>(89)</u>	<u>27</u>	<u>(176)</u>	<u>835</u>
Net income attributable to Corning Incorporated	<u>\$ 390</u>	<u>\$ 284</u>	<u>\$ 915</u>	<u>\$ 2,123</u>
Earnings per common share attributable to Corning Incorporated:				
Basic	<u>\$ 0.41</u>	<u>\$ 0.27</u>	<u>\$ 0.93</u>	<u>\$ 1.96</u>
Diluted	<u>\$ 0.39</u>	<u>\$ 0.26</u>	<u>\$ 0.89</u>	<u>\$ 1.81</u>
Dividends declared per common share	<u>\$ 0.155</u>	<u>\$ 0.135</u>	<u>\$ 0.465</u>	<u>\$ 0.405</u>

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

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

	September 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,865	\$ 5,291
Trade accounts receivable, net of doubtful accounts and allowances	1,748	1,481
Inventories, net of inventory reserves	1,693	1,471
Other current assets	948	805
Total current assets	8,254	9,048
Investments	352	336
Property, plant and equipment, net of accumulated depreciation	13,344	12,546
Goodwill, net	1,684	1,577
Other intangible assets, net	891	796
Deferred income taxes	2,641	2,325
Other assets	928	1,271
Total Assets	\$ 28,094	\$ 27,899
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt and short-term borrowings	\$ 631	\$ 256
Accounts payable	1,179	1,079
Other accrued liabilities	1,255	1,416
Total current liabilities	3,065	2,751
Long-term debt	3,994	3,646
Postretirement benefits other than pensions	712	737
Other liabilities	2,940	2,805
Total liabilities	10,711	9,939
Commitments, contingencies and guarantees		
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: 1,706 million and 1,691 million	853	846
Additional paid-in capital – common stock	14,013	13,695
Retained earnings	17,533	16,880
Treasury stock, at cost; Shares held: 837 million and 765 million	(16,236)	(14,152)
Accumulated other comprehensive loss	(1,146)	(1,676)
Total Corning Incorporated shareholders' equity	17,317	17,893
Noncontrolling interests	66	67
Total equity	17,383	17,960
Total Liabilities and Equity	\$ 28,094	\$ 27,899

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Cash Flows from Operating Activities:				
Net income	\$ 390	\$ 284	\$ 915	\$ 2,123
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	276	283	799	844
Amortization of purchased intangibles	18	17	53	46
Restructuring, impairment and other charges				78
Equity in earnings of affiliated companies	(31)	(19)	(148)	(119)
Dividends received from affiliated companies	34		101	20
Deferred tax provision (benefit)	14	(149)	(62)	(1,047)
Translated earnings contract (gain) loss	(26)	237	193	2,295
Unrealized translation gains on transactions	(70)	(53)	(264)	(177)
Gain on realignment of equity investment				(2,676)
Changes in certain working capital items:				
Trade accounts receivable	(92)	(81)	(190)	(184)
Inventories	(56)	(3)	(166)	(69)
Other current assets	(9)	29	(109)	(42)
Accounts payable and other current liabilities	231	131	(86)	28
Other, net	(34)	(22)	80	(11)
Net cash provided by operating activities	<u>645</u>	<u>654</u>	<u>1,116</u>	<u>1,109</u>
Cash Flows from Investing Activities:				
Capital expenditures	(486)	(282)	(1,247)	(815)
Acquisition of business, net of cash received	(133)		(171)	(279)
Cash received on realignment of equity investment				4,818
Short-term investments – acquisitions				(20)
Short-term investments – liquidations			29	121
Realized gains on translated earnings contracts	50	2	199	146
Other, net	(15)	(2)	(28)	(15)
Net cash (used in) provided by investing activities	<u>(584)</u>	<u>(282)</u>	<u>(1,218)</u>	<u>3,956</u>
Cash Flows from Financing Activities:				
Net repayments of short-term borrowings and current portion of long-term debt		(21)		(85)
Proceeds from issuance of long-term debt, net	702		702	
Principal payments under capital lease obligations			(1)	(1)
Payments of employee withholding tax on stock awards	(3)	(2)	(14)	(14)
Repayments of commercial paper		(251)		(481)
Proceeds from the exercise of stock options	23	59	275	86
Repurchases of common stock for treasury	(1,019)	(2,369)	(2,064)	(3,884)
Dividends paid	(160)	(153)	(493)	(493)
Net cash used in financing activities	<u>(457)</u>	<u>(2,737)</u>	<u>(1,595)</u>	<u>(4,872)</u>
Effect of exchange rates on cash	72	42	271	128
Net (decrease) increase in cash and cash equivalents	(324)	(2,323)	(1,426)	321
Cash and cash equivalents at beginning of period	4,189	7,144	5,291	4,500
Cash and cash equivalents at end of period	<u>\$ 3,865</u>	<u>\$ 4,821</u>	<u>\$ 3,865</u>	<u>\$ 4,821</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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income attributable to Corning Incorporated	\$ 390	\$ 284	\$ 915	\$ 2,123
Less: Series A convertible preferred stock dividend	24	24	73	73
Net income available to common stockholders – basic	366	260	842	2,050
Add: Series A convertible preferred stock dividend	24	24	73	73
Net income available to common stockholders - diluted	\$ 390	\$ 284	\$ 915	\$ 2,123
Weighted-average common shares outstanding - basic	883	978	905	1,046
Effect of dilutive securities:				
Stock options and other dilutive securities	11	9	11	9
Series A convertible preferred stock	115	115	115	115
Weighted-average common shares outstanding - diluted	1,009	1,102	1,031	1,170
Basic earnings per common share	\$ 0.41	\$ 0.27	\$ 0.93	\$ 1.96
Diluted earnings per common share	\$ 0.39	\$ 0.26	\$ 0.89	\$ 1.81

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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Core earnings attributable to Corning Incorporated	\$ 433	\$ 466	\$ 1,271	\$ 1,240
Less: Series A convertible preferred stock dividend	24	24	73	73
Core earnings available to common stockholders - basic	409	442	1,198	1,167
Add: Series A convertible preferred stock dividend	24	24	73	73
Core earnings available to common stockholders - diluted	\$ 433	\$ 466	\$ 1,271	\$ 1,240
Weighted-average common shares outstanding - basic	883	978	905	1,046
Effect of dilutive securities:				
Stock options and other dilutive securities	11	9	11	9
Series A convertible preferred stock	115	115	115	115
Weighted-average common shares outstanding - diluted	1,009	1,102	1,031	1,170
Core basic earnings per common share	\$ 0.46	\$ 0.45	\$ 1.32	\$ 1.12
Core diluted earnings per common share	\$ 0.43	\$ 0.42	\$ 1.23	\$ 1.06

Use of Non-GAAP Financial Measures

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 that 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 gain (loss): We have excluded the impact of the realized and unrealized gains and losses of our Japanese yen and South Korean won-denominated foreign currency hedges related to translated earnings, as well as the unrealized gains and losses of our euro, New Taiwan dollar and Chinese yuan-denominated foreign currency hedges related to translated earnings.
- (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 (e.g. 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 the 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.
- (12) Translation gain on Japanese yen-denominated debt: The gain on the translation of our Yen-denominated debt to U.S. dollars.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended September 30, 2017
(Unaudited; amounts in millions, except per share amounts)

	Three Months Ended September 30, 2017						
	Net	Equity	Income	Net	Effective	Per	
	sales	earnings	before income taxes	income	tax rate (a)	share	
As reported - GAAP	\$ 2,607	\$ 31	\$ 479	\$ 390	18.6%	\$ 0.39	
Constant-yen (1)	92	1	81	62		0.06	
Constant-won (1)	1		(6)	(4)			
Translated earnings contract gain (2)			(28)	(18)		(0.02)	
Acquisition-related costs (3)			21	14		0.01	
Discrete tax items and other tax-related adjustments (4)				(2)			
Translation gain on Japanese yen-denominated debt (12)			(14)	(9)		(0.01)	
Core performance measures	\$ 2,700	\$ 32	\$ 533	\$ 433	18.8%	\$ 0.43	

(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
Nine Months Ended September 30, 2017
(Unaudited; amounts in millions, except per share amounts)

	Nine Months Ended September 30, 2017					
	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate (a)	Per share
As reported – GAAP	\$ 7,479	\$ 148	\$ 1,091	\$ 915	16.1%	\$ 0.89
Constant-yen (1)	294	2	266	201		0.19
Constant-won (1)	2		(20)	(15)		(0.01)
Translated earnings contract loss (2)			198	124		0.12
Acquisition-related costs (3)			60	41		0.04
Discrete tax items and other tax-related adjustments (4)				28		0.03
Litigation, regulatory and other legal matters (5)			(12)	(9)		(0.01)
Restructuring, impairment and other charges (6)			50	35		0.03
Equity in earnings of affiliated companies (7)		(72)	(72)	(46)		(0.04)
Impacts from the acquisition of Samsung						
Corning Precision Materials (8)			(5)	(3)		
Pension mark-to-market adjustment (9)			15	9		0.01
Translation gain on Japanese yen-denominated debt (12)			(14)	(9)		(0.01)
Core performance measures	\$ 7,775	\$ 78	\$ 1,557	\$ 1,271	18.4%	\$ 1.23

(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 September 30, 2016

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

Three Months Ended September 30, 2016

	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax (benefit) rate (a)	Per share
As reported - GAAP	\$ 2,507	\$ 19	\$ 257	\$ 284	(10.5%)	\$ 0.26
Constant-yen (1)	40		47	30		0.03
Constant-won (1)	1		(4)	(3)		
Translated earnings contract loss (2)			237	149		0.14
Acquisition-related costs (3)			15	11		0.01
Discrete tax items and other tax-related adjustments (4)				6		0.01
Restructuring, impairment and other charges (6)			11	9		0.01
Impacts from the acquisition of Samsung Corning Precision Materials (8)			(49)	(41)		(0.04)
Pension mark-to-market adjustment (9)			26	17		0.02
Taiwan power outage (11)			5	4		
Core performance measures	\$ 2,548	\$ 19	\$ 545	\$ 466	14.5%	\$ 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
Nine Months Ended September 30, 2016
(Unaudited; amounts in millions, except per share amounts)

	Nine Months Ended September 30, 2016					
	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate (a)	Per share
As reported	\$ 6,914	\$ 119	\$ 1,288	\$ 2,123	(64.8%)	\$ 1.81
Constant-yen (1)	242	4	232	164		0.14
Constant-won (1)	3	(1)	(36)	(26)		(0.02)
Translated earnings contract loss (2)			2,295	1,447		1.24
Acquisition-related costs (3)			109	95		0.08
Discrete tax items and other tax-related adjustments (4)				(83)		(0.07)
Litigation, regulatory and other legal matters (5)			55	70		0.06
Restructuring, impairment and other charges (6)			131	91		0.08
Equity in earnings of affiliated companies (7)		16	16	15		0.01
Impacts from the acquisition of Samsung Corning Precision Materials (8)			(45)	(38)		(0.03)
Pension mark-to-market adjustment (9)			60	39		0.03
Gain on realignment of equity investment (10)			(2,676)	(2,676)		(2.29)
Taiwan power outage (11)			25	19		0.02
Core performance measures	\$ 7,159	\$ 138	\$ 1,454	\$ 1,240	14.7%	\$ 1.06

(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 and Nine Months Ended September 30, 2017 and 2016
(Unaudited; amounts in millions)

	Three Months Ended September 30, 2017				Three Months Ended September 30, 2016			
	Gross Margin	Gross margin %	Selling, general and admin. expenses	Research, development and engineering expenses	Gross Margin	Gross margin %	Selling, general and admin. expenses	Research, development and engineering expenses
As reported	\$ 1,056	41%	\$ 372	\$ 213	\$ 1,041	42%	\$ 302	\$ 187
Constant-yen (1)	80				46			
Constant-won (1)	(5)				(3)			
Acquisition-related costs (3)	3				2		7	
Restructuring, impairment and other charges (6)					8		(4)	
Impacts from the Acquisition of Samsung Corning Precision Materials (8)							49	
Pension mark-to-market adjustment (9)							(26)	
Taiwan power outage (11)					5			
Core performance measures	\$ 1,134	42%	\$ 372	\$ 213	\$ 1,099	43%	\$ 328	\$ 187

	Nine Months Ended September 30, 2017				Nine Months Ended September 30, 2016			
	Gross Margin	Gross margin %	Selling, general and admin. expenses	Research, development and engineering expenses	Gross Margin	Gross margin %	Selling, general and admin. expenses	Research, development and engineering expenses
As reported	\$ 2,998	40%	\$ 1,067	\$ 620	\$ 2,756	40%	\$ 1,104	\$ 569
Constant-yen (1)	263				230			
Constant-won (1)	(19)				(30)		1	1
Acquisition-related costs (3)	7				5		(55)	
Litigation, regulatory and other legal matters (5)			12				(52)	
Restructuring, impairment and other charges (6)	32		(8)		50		(4)	
Impacts from the acquisition of Samsung Corning Precision Materials (8)			6				45	
Pension mark-to-market adjustment (9)			(15)				(60)	
Taiwan power outage (11)					23			
Core performance measures	\$ 3,281	42%	\$ 1,062	\$ 620	\$ 3,034	42%	\$ 979	\$ 570

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 and Nine Months Ended September 30, 2017 and 2016
(Unaudited; amounts in millions)

(in millions)	Three months ended September 30, 2017		Nine months ended September 30, 2017	
	Net sales	Net income	Net sales	Net income
As reported - GAAP	\$ 768	\$ 203	\$ 2,252	\$ 663
Constant-yen (1)	91	60	293	195
Constant-won (1)	1	(3)	2	(12)
Translated earnings contract gain (2)		(33)		(124)
Litigation, regulatory and other legal matters (5)				(9)
Restructuring, impairment and other charges (6)				13
Impacts from the acquisition of Samsung Corning Precision Materials (8)				(3)
Core performance	\$ 860	\$ 227	\$ 2,547	\$ 723

(in millions)	Three months ended September 30, 2016		Nine months ended September 30, 2016	
	Net sales	Net income	Net sales	Net income
As reported - GAAP	\$ 902	\$ 279	\$ 2,408	\$ 692
Constant-yen (1)	40	35	242	171
Constant won (1)	1	(3)	2	(24)
Translated earnings contract gain (2)		(2)		(93)
Restructuring, impairment and other charges (6)				13
Impacts from the acquisition of Samsung Corning Precision Materials (8)		(41)		(38)
Taiwan power outage (11)		2		9
Core performance	\$ 943	\$ 270	\$ 2,652	\$ 730

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 and Nine Months Ended September 30, 2017 and 2016
(Unaudited; amounts in millions)

(in millions)	Three months ended September 30, 2017		Nine months ended September 30, 2017	
	Net sales	Net income	Net sales	Net income
As reported - GAAP	\$ 917	\$ 102	\$ 2,617	\$ 285
Acquisition-related costs (3)		9		25
Restructuring, impairment and other charges (6)				2
Core performance	\$ 917	\$ 111	\$ 2,617	\$ 312

(in millions)	Three months ended September 30, 2016		Nine months ended September 30, 2016	
	Net sales	Net income	Net sales	Net income
As reported - GAAP	\$ 795	\$ 84	\$ 2,186	\$ 178
Acquisition-related costs (3)		3		16
Restructuring, impairment and other charges (6)		7		12
Pension mark-to-market (9)		4		4
Core performance	\$ 795	\$ 98	\$ 2,186	\$ 210

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 and Nine Months Ended September 30, 2017 and 2016
(Unaudited; amounts in millions)

(in millions)	Three months ended September 30, 2017		Nine months ended September 30, 2017	
	Net sales	Net income	Net sales	Net income
As reported - GAAP	\$ 277	\$ 34	\$ 815	\$ 97
Restructuring, impairment and other charges (6)				6
Core performance measures	\$ 277	\$ 34	\$ 815	\$ 103

(in millions)	Three months ended September 30, 2016		Nine months ended September 30, 2016	
	Net sales	Net income	Net sales	Net income
As reported - GAAP	\$ 264	\$ 35	\$ 787	\$ 106
Restructuring, impairment and other charges (6)				3
Core performance measures	\$ 264	\$ 35	\$ 787	\$ 109

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 and Nine Months Ended September 30, 2017 and 2016
(Unaudited; amounts in millions)

(in millions)	Three months ended September 30, 2017		Nine months ended September 30, 2017	
	Net sales	Net income	Net sales	Net income
As reported - GAAP	\$ 373	\$ 72	\$ 1,010	\$ 176
Constant-won (1)		(1)		(1)
Restructuring, impairment and other charges (6)				2
Core performance	\$ 373	\$ 71	\$ 1,010	\$ 177

(in millions)	Three months ended September 30, 2016		Nine months ended September 30, 2016	
	Net sales	Net income	Net sales	Net income
As reported - GAAP	\$ 295	\$ 42	\$ 788	\$ 106
Constant-yen (1)				(1)
Constant-won (1)				(1)
Restructuring, impairment and other charges (6)				14
Taiwan power outage (11)		2		6
Core performance	\$ 295	\$ 44	\$ 788	\$ 124

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 and Nine Months Ended September 30, 2017 and 2016
(Unaudited; amounts in millions)

(in millions)	Three months ended September 30, 2017		Nine months ended September 30, 2017	
	Net sales	Net income	Net sales	Net income
As reported – GAAP	\$ 223	\$ 17	\$ 654	\$ 48
Acquisition-related costs (3)		4		10
Restructuring, impairment and other charges (6)				2
Core performance	\$ 223	\$ 21	\$ 654	\$ 60

(in millions)	Three months ended September 30, 2016		Nine months ended September 30, 2016	
	Net sales	Net income	Net sales	Net income
As reported – GAAP	\$ 214	\$ 16	\$ 633	\$ 45
Acquisition-related costs (3)		3		9
Restructuring, impairment and other charges (6)		2		6
Core performance	\$ 214	\$ 21	\$ 633	\$ 60

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 and Nine Months Ended September 30, 2017 and 2016
(Unaudited; amounts in millions)

	Three Months Ended September 30, 2017			Dow Corning	Three Months Ended September 30, 2016		
	Hemlock Semiconductor	Other	Total equity earnings		Hemlock Semiconductor	Other	Total equity earnings
As reported	\$ 29	\$ 2	\$ 31		\$ 22	\$ (3)	\$ 19
Constant-yen (1)		1	1				
Core Performance Measures	\$ 29	\$ 3	\$ 32		\$ 22	\$ (3)	\$ 19

	Nine Months Ended September 30, 2017			Dow Corning	Nine Months Ended September 30, 2016		
	Hemlock Semiconductor	Other	Total equity earnings		Hemlock Semiconductor	Other	Total equity earnings
As reported	\$ 139	\$ 9	\$ 148	\$ 82	\$ 44	\$ (7)	\$ 119
Constant-yen (1)		2	2			4	4
Constant-won (1)						(1)	(1)
Equity in earnings of affiliated companies (7)	(72)		(72)	16			16
Core Performance Measures	\$ 67	\$ 11	\$ 78	\$ 98	\$ 44	\$ (4)	\$ 138

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 Nine Months Ended September 30, 2017 and 2016
(Unaudited; amounts in millions)

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Cash flows from operating activities	\$ 645	\$ 654	\$ 1,116	\$ 1,109
Realized gains on translated earnings contracts	50	2	199	147
Translation gains on cash balances	70	67	268	147
Other		1	2	1
Adjusted cash flows from operating activities	\$ 765	\$ 724	\$ 1,585	\$ 1,441