

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

	Three months ended December 31,		Year ended December 31,	
	2015	2014	2015	2014
Net sales	\$ 2,231	\$ 2,404	\$ 9,111	\$ 9,715
Cost of sales	1,374	1,408	5,458	5,663
Gross margin	857	996	3,653	4,052
Operating expenses:				
Selling, general and administrative expenses	557	242	1,523	1,211
Research, development and engineering expenses	208	210	769	815
Amortization of purchased intangibles	14	8	54	33
Restructuring, impairment and other charges		20		71
Asbestos litigation credit	(9)	(20)	(15)	(9)
Operating income	87	536	1,322	1,931
Equity in earnings of affiliated companies	104	23	299	266
Interest income	5	5	21	26
Interest expense	(39)	(32)	(140)	(123)
Transaction-related gain, net				74
Foreign currency hedge gain, net	33	789	85	1,411
Other (expense) income, net	(21)	16	(101)	(17)
Income before income taxes	169	1,337	1,486	3,568
Benefit (provision) for income taxes	55	(349)	(147)	(1,096)
Net income attributable to Corning Incorporated	<u>\$ 224</u>	<u>\$ 988</u>	<u>\$ 1,339</u>	<u>\$ 2,472</u>
Earnings per common share attributable to Corning Incorporated:				
Basic	<u>\$ 0.17</u>	<u>\$ 0.76</u>	<u>\$ 1.02</u>	<u>\$ 1.82</u>
Diluted	<u>\$ 0.17</u>	<u>\$ 0.70</u>	<u>\$ 1.00</u>	<u>\$ 1.73</u>
Dividends declared per common share (1)	<u>\$ 0.12</u>	<u>\$ 0.22</u>	<u>\$ 0.36</u>	<u>\$ 0.52</u>

(1) The first quarter 2015 dividend was declared on December 3, 2014.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(Unaudited; in millions, except per share amounts)

	December 31,	
	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,500	\$ 5,309
Short-term investments, at fair value	100	759
Total cash, cash equivalents and short-term investments	4,600	6,068
Trade accounts receivable, net of doubtful accounts and allowances	1,372	1,501
Inventories	1,385	1,322
Deferred income taxes		248
Other current assets	912	1,099
Total current assets	8,269	10,238
Investments	1,975	1,801
Property, plant and equipment net of accumulated depreciation	12,648	12,766
Goodwill, net	1,380	1,150
Other intangible assets, net	706	497
Deferred income taxes	2,056	1,889
Other assets	1,513	1,722
Total Assets	\$ 28,547	\$ 30,063
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt and short-term borrowings	\$ 572	\$ 36
Accounts payable	934	997
Other accrued liabilities	1,308	1,291
Total current liabilities	2,814	2,324
Long-term debt	3,910	3,227
Postretirement benefits other than pensions	718	814
Other liabilities	2,242	2,046
Total liabilities	9,684	8,411
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: 1,681 million and 1,672 million	840	836
Additional paid-in capital – common stock	13,352	13,456
Retained earnings	13,832	13,021
Treasury stock, at cost; shares held: 551 million and 398 million	(9,725)	(6,727)
Accumulated other comprehensive loss	(1,811)	(1,307)
Total Corning Incorporated shareholders' equity	18,788	21,579
Noncontrolling interests	75	73
Total equity	18,863	21,652
Total Liabilities and Equity	\$ 28,547	\$ 30,063

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

	Three months ended		Year ended	
	December 31,		December 31,	
	2015	2014	2015	2014
Cash Flows from Operating Activities:				
Net income	\$ 224	\$ 988	\$ 1,339	\$ 2,472
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	288	290	1,130	1,167
Amortization of purchased intangibles	14	8	54	33
Restructuring, impairment and other charges		20		71
Stock compensation charges	10	11	46	58
Equity in earnings of affiliated companies	(104)	(23)	(299)	(266)
Dividends received from affiliated companies		31	143	1,704
Deferred tax provision	(133)	198	54	612
Restructuring payments	(2)	(9)	(40)	(39)
Customer deposits	197		197	
Employee benefit payments in excess of expense	(57)	(47)	(52)	(52)
Gains on foreign currency hedges related to translated earnings	(38)	(769)	(80)	(1,369)
Unrealized translation (gains) losses on transactions	(35)	192	268	431
Contingent consideration fair value adjustment	(13)	(172)	(13)	(249)
Changes in certain working capital items:				
Trade accounts receivable	110	47	162	(16)
Inventories	(17)	(25)	(77)	2
Other current assets	147	(33)	(57)	(16)
Accounts payable and other current liabilities	148	336	(146)	(3)
Other, net	225	69	180	169
Net cash provided by operating activities	964	1,112	2,809	4,709
Cash Flows from Investing Activities:				
Capital expenditures	(311)	(336)	(1,250)	(1,076)
Acquisitions of businesses, net of cash (paid) received	(201)		(732)	66
Proceeds from sale of a business	12		12	
Investments in unconsolidated entities			(33)	(109)
Proceeds from loan repayments from unconsolidated entities		8	6	23
Short-term investments – acquisitions	(110)	(228)	(969)	(1,398)
Short-term investments – liquidations	583	213	1,629	1,167
Realized gains on foreign currency hedges related to translated earning	164	135	653	361
Other, net		(1)	(1)	4
Net cash provided by (used in) investing activities	137	(209)	(685)	(962)
Cash Flows from Financing Activities:				
Net repayments of short-term borrowings and current portion of long-term debt	(12)	(2)	(12)	(52)
Principal payments under capital lease obligations	(5)	(5)	(6)	(6)
Proceeds from issuance of short-term debt, net	1	7	3	29
Proceeds (payments) from issuance of commercial paper	481	(424)	481	
Proceeds from issuance of long-term debt			745	
Proceeds from issuance of preferred stock (1)				400
Payments from the settlement of interest rate swap agreements			(10)	
Proceeds received for asset financing and related incentives, net	1	1	1	1
Proceeds from the exercise of stock options	3	18	102	116
Repurchases of common stock for treasury	(1,323)	(183)	(3,228)	(2,483)
Dividends paid	(160)	(152)	(679)	(591)
Net cash used in financing activities	(1,014)	(740)	(2,603)	(2,586)
Effect of exchange rates on cash	(27)	(207)	(330)	(556)
Net increase (decrease) in cash and cash equivalents	60	(44)	(809)	605
Cash and cash equivalents at beginning of period	4,440	5,353	5,309	4,704
Cash and cash equivalents at end of period	\$ 4,500	\$ 5,309	\$ 4,500	\$ 5,309

- (1) In the first quarter of 2014, Corning issued 1,900 shares of Preferred Stock to Samsung Display Co., Ltd. in connection with the acquisition of their equity interests in Samsung Corning Precision Materials Co., Ltd. Corning also issued to Samsung Display an additional amount of Preferred Stock at closing, for an issue price of \$400 million in cash.

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 December 31,		Year ended December 31,	
	2015	2014	2015	2014
Net income attributable to Corning Incorporated	\$ 224	\$ 988	\$ 1,339	\$ 2,472
Less: Series A convertible preferred stock dividend	24	24	98	94
Net income available to common stockholders – basic	200	964	1,241	2,378
Add: Series A convertible preferred stock dividend		24	98	94
Net income available to common stockholders - diluted	\$ 200	\$ 988	\$ 1,339	\$ 2,472
Weighted-average common shares outstanding - basic	1,146	1,276	1,219	1,305
Effect of dilutive securities:				
Stock options and other dilutive securities	8	11	9	12
Series A convertible preferred stock		115	115	110
Weighted-average common shares outstanding - diluted	1,154	1,402	1,343	1,427
Basic earnings per common share	\$ 0.17	\$ 0.76	\$ 1.02	\$ 1.82
Diluted earnings per common share	\$ 0.17	\$ 0.70	\$ 1.00	\$ 1.73

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 December 31,		Year ended December 31,	
	2015	2014	2015	2014
Core earnings attributable to Corning Incorporated	\$ 429	\$ 587	\$ 1,882	\$ 2,023
Less: Series A convertible preferred stock dividend	24	24	98	94
Core earnings available to common stockholders - basic	405	563	1,784	1,929
Add: Series A convertible preferred stock dividend	24	24	98	94
Core earnings available to common stockholders - diluted	\$ 429	\$ 587	\$ 1,882	\$ 2,023
Weighted-average common shares outstanding - basic	1,146	1,276	1,219	1,305
Effect of dilutive securities:				
Stock options and other dilutive securities	8	11	9	12
Series A convertible preferred stock	115	115	115	110
Weighted-average common shares outstanding - diluted	1,269	1,402	1,343	1,427
Core basic earnings per common share	\$ 0.35	\$ 0.44	\$ 1.46	\$ 1.48
Core diluted earnings per common share	\$ 0.34	\$ 0.42	\$ 1.40	\$ 1.42

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 Korean won, and uses an internally derived management rate which is closely aligned to our foreign currency hedges. In the first quarter of 2015, we changed the yen-to-dollar management rate from ¥93 to ¥99 to closely align with the yen-denominated hedges entered into for the years 2015 through 2017. Prior periods presented have been recast based on the new rate.

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 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 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. For a reconciliation of non-GAAP performance measures and a further discussion of the measures, please see "Reconciliation of Non-GAAP Measures" below.

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: Following the acquisition of Samsung Corning Precision Materials and 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) Foreign currency hedges related to translated earnings: 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, including the tax effect of transfer pricing out-of-period adjustments in 2014 and 2015.
- (5) Litigation, regulatory and other legal matters: Includes amounts related to the Pittsburgh Corning Corporation (PCC) asbestos litigation, adjustments to our estimated liability for environmental-related items and other 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) Liquidation of subsidiary: The partial impact of non-restructuring related items due to the decision to liquidate a consolidated subsidiary that is not significant.

- (8) 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.
- (9) Impacts from the acquisition of Samsung Corning Precision Materials: Pre-acquisition gains and losses on previously held equity investment and other gains and losses related to the acquisition, including post-combination expenses, fair value adjustments to the indemnity asset related to contingent consideration and the impact of the withholding tax on a dividend from Samsung Corning Precision Materials.
- (10) Post-combination expenses: Post-combination expenses incurred as a result of an acquisition in the first quarter of 2015.
- (11) 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.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended December 31, 2015
(Unaudited; amounts in millions, except per share amounts)

	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax (benefit) rate	Per share
As reported	\$ 2,231	\$ 104	\$ 169	\$ 224	(32.5)%	\$ 0.17
Constant-yen (1)	170	2	148	110		0.09
Constant-won (1)	1	(1)	(12)	(9)		(0.01)
Foreign currency hedges related to translated earnings (2)			(38)	(23)		(0.02)
Acquisition-related costs (3)			15	11		0.01
Discrete tax items and other tax-related adjustments (4)				11		0.01
Litigation, regulatory and other legal matters (5)			11	7		0.01
Restructuring, impairment and other charges (6)			40	36		0.03
Equity in earnings of affiliated companies (8)		(18)	(18)	(17)		(0.01)
Impacts from the Acquisition of Samsung Corning Precision Materials (9)			(24)	(21)		(0.02)
Pension mark-to-market adjustment (11)			157	100		0.08
Core performance measures	\$ 2,402	\$ 87	\$ 448	\$ 429	4.2%	\$ 0.34

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 December 31, 2014

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

	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate	Per share
As reported	\$ 2,404	\$ 23	\$ 1,337	\$ 988	26.1%	\$ 0.70
Constant-yen (1) *	130		104	75		0.06
Constant-won (1)			3	2		
Foreign currency hedges related to translated earnings (2)			(769)	(510)		(0.36)
Acquisition-related costs (3)			8	5		
Discrete tax items and other tax-related adjustments (4)				42		0.03
Litigation, regulatory and other legal matters (5)			(13)	(9)		(0.01)
Restructuring, impairment and other charges (6)			23	15		0.01
Equity in earnings of affiliated companies (8)		93	93	86		0.06
Contingent consideration fair value adjustment (9)			(172)	(134)		(0.10)
Other items related to the Acquisition of Samsung Corning Precision Materials (9)			3	3		
Pension mark-to-market adjustment (11)			29	24		0.02
Core performance measures	\$ 2,534	\$ 116	\$ 646	\$ 587	9.1%	\$ 0.42

* In the first quarter of 2015, we changed the yen-to-dollar management rate from ¥93 to ¥99 to closely align with the yen-denominated hedges entered into for the years 2015 through 2017. Prior periods presented have been recast based on the new rate.

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
Year Ended December 31, 2015
(Unaudited; amounts in millions, except per share amounts)

	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate	Per share
As reported	\$ 9,111	\$ 299	\$ 1,486	\$ 1,339	9.9%	\$ 1.00
Constant-yen (1)	687	6	567	423		0.31
Constant-won (1)	2	(2)	(25)	(19)		(0.01)
Foreign currency hedges related to translated earnings (2)			(80)	(48)		(0.04)
Acquisition-related costs (3)			55	36		0.03
Discrete tax items and other tax-related adjustments (4)				36		0.03
Litigation, regulatory and other legal matters (5)			5	3		
Restructuring, impairment and other charges (6)			46	42		0.03
Equity in earnings of affiliated companies (8)		(34)	(34)	(33)		(0.02)
Impacts from the acquisition of Samsung Corning Precision Materials (9)			(20)	(18)		(0.01)
Post-combination expenses (10)			25	16		0.01
Pension mark-to-market adjustment (11)			165	105		0.08
Core performance measures	\$ 9,800	\$ 269	\$ 2,190	\$ 1,882	14.1%	\$ 1.40

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

Year Ended December 31, 2014

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

	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate	Per share
As reported	\$ 9,715	\$ 266	\$ 3,568	\$ 2,472	30.7%	\$ 1.73
Constant-yen (1) *	240	1	197	144		0.10
Constant-won (1)			37	26		0.02
Foreign currency hedges related to translated earnings (2)			(1,369)	(916)		(0.64)
Acquisition-related costs (3)			74	57		0.04
Discrete tax items and other tax-related adjustments (4)				240		0.17
Litigation, regulatory and other legal matters (5)			(1)	(2)		
Restructuring, impairment and other charges (6)			86	66		0.05
Liquidation of subsidiary (7)				(3)		
Equity in earnings of affiliated companies (8)		43	43	38		0.03
Gain on previously held equity investment (9)			(394)	(292)		(0.20)
Settlement of pre-existing contract (9)			320	320		0.22
Contingent consideration fair value adjustment (9)			(249)	(194)		(0.14)
Post-combination expenses (9)			72	55		0.04
Impacts from the acquisition of Samsung Corning Precision Materials (9)			(9)	(12)		(0.01)
Pension mark-to-market adjustment (11)			29	24		0.02
Core performance measures	\$ 9,955	\$ 310	\$ 2,404	\$ 2,023	15.8%	\$ 1.42

* In the first quarter of 2015, we changed the yen-to-dollar management rate from ¥93 to ¥99 to closely align with the yen-denominated hedges entered into for the years 2015 through 2017. Prior periods presented have been recast based on the new rate.

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 December 31, 2015 and 2014
(Unaudited; amounts in millions)

	Three months ended December 31, 2015				Three months ended December 31, 2014			
	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	\$ 857	38%	\$ 557	\$ 208	\$ 996	41%	\$ 242	\$ 210
Constant-yen (1) *	145		1	1	104			
Constant-won (1)	(10)				2			
Acquisition-related costs (3)	2		1				16	
Litigation, regulatory and other legal matters (5)			(20)				(22)	
Restructuring, impairment and other charges (6)	11		(29)					
Impacts from the acquisition of Samsung Corning Precision Materials (9)	(11)		13				172	
Pension mark-to-market adjustment (11)	3		(153)	(1)	2		(28)	(1)
Core performance measures	\$ 997	42%	\$ 370	\$ 208	\$ 1,104	44%	\$ 380	\$ 209

* In the first quarter of 2015, we changed the yen-to-dollar management rate from ¥93 to ¥99 to closely align with the yen-denominated hedges entered into for the years 2015 through 2017. Prior periods presented have been recast based on the new rate.

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

Years Ended December 31, 2015 and 2014

(Unaudited; amounts in millions)

	Year ended December 31, 2015				Year ended December 31, 2014			
	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	\$ 3,653	40%	\$ 1,523	\$ 769	\$ 4,052	42%	\$ 1,211	\$ 815
Constant-yen (1) *	565		1		197		(1)	
Constant-won (1)	(19)		1	1	28		(2)	(2)
Foreign currency hedges related to translated earnings (2)	(4)							
Acquisition-related costs (3)	4		4		30		(3)	
Litigation, regulatory and other legal matters (5)			(18)				(22)	
Restructuring, impairment and other charges (6)	18		(27)		25		16	
Impacts from the acquisition of Samsung Corning Precision Materials (9)	(8)		13		14		177	
Post-combination expenses (10)			(25)					
Pension mark-to-market adjustment (11)	3		(161)	(1)	2		(28)	(1)
Core performance measures	\$ 4,212	43%	\$ 1,311	\$ 769	\$ 4,348	44%	\$ 1,348	\$ 812

* In the first quarter of 2015, we changed the yen-to-dollar management rate from ¥93 to ¥99 to closely align with the yen-denominated hedges entered into for the years 2015 through 2017. Prior periods presented have been recast based on the new rate.

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 December 31, 2015 and 2014
(Unaudited; amounts in millions)

	Three months ended December 31, 2015		Three months ended December 31, 2014	
	Net sales	Net income	Net sales	Net income
As reported	\$ 732	\$ 243	\$ 926	\$ 518
Constant-yen (1) *	170	108	129	77
Constant-won (1)	1	(8)		2
Foreign currency hedges related to translated earnings (2)		(103)		(118)
Restructuring, impairment and other charges (6)				9
Impacts from the acquisition of Samsung Corning Precision Materials (9)		(10)		(134)
Pension mark-to-market adjustment (11)		4		2
Core performance measures	\$ 903	\$ 234	\$ 1,055	\$ 356

* In the first quarter of 2015, we changed the yen-to-dollar management rate from ¥93 to ¥99 to closely align with the yen-denominated hedges entered into for the years 2015 through 2017. Prior periods presented have been recast based on the new rate.

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
Years Ended December 31, 2015 and 2014
(Unaudited; amounts in millions)

	Year ended December 31, 2015		Year ended December 31, 2014	
	Net sales	Net income	Net sales	Net income
As reported	\$ 3,086	\$ 1,095	\$ 3,851	\$ 1,396
Constant-yen (1) *	686	419	240	142
Constant-won (1)	2	(17)		27
Foreign currency hedges related to translated earnings (2)		(416)		(290)
Acquisition related costs (3)				37
Discrete tax items and other tax-related adjustments (4)				4
Restructuring, impairment and other charges (6)				40
Equity in earnings of affiliated companies (8)				6
Impacts from the acquisition of Samsung Corning Precision Materials (9)		(10)	1	(121)
Pension mark-to-market adjustment (11)		4		2
Core performance measures	\$ 3,774	\$ 1,075	\$ 4,092	\$ 1,243

* In the first quarter of 2015, we changed the yen-to-dollar management rate from ¥93 to ¥99 to closely align with the yen-denominated hedges entered into for the years 2015 through 2017. Prior periods presented have been recast based on the new rate.

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 December 31, 2015 and 2014

(Unaudited; amounts in millions)

	Three months ended December 31, 2015		Three months ended December 31, 2014	
	Net sales	Net income	Net sales	Net income
As reported	\$ 736	\$ 33	\$ 676	\$ 38
Acquisition-related costs (3)		1		(8)
Litigation, regulatory and other legal matters (5)		13		
Restructuring, impairment and other charges (6)				5
Pension mark-to-market adjustment (11)				13
Core performance measures	\$ 736	\$ 47	\$ 676	\$ 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

Optical Communications Segment
Years Ended December 31, 2015 and 2014
(Unaudited; amounts in millions)

	Year ended December 31, 2015		Year ended December 31, 2014	
	Net sales	Net income	Net sales	Net income
As reported	\$ 2,980	\$ 237	\$ 2,652	\$ 194
Acquisition-related costs (3)		16		(2)
Litigation, regulatory and other legal matters (5)		13		
Restructuring, impairment and other charges (6)		(1)		17
Liquidation of subsidiary (7)				(2)
Post-combination expenses (10)		16		
Pension mark-to-market adjustment (11)				13
Core performance measures	\$ 2,980	\$ 281	\$ 2,652	\$ 220

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 December 31, 2015 and 2014
(Unaudited; amounts in millions)

	Three months ended December 31, 2015		Three months ended December 31, 2014	
	Net sales	Net income	Net sales	Net income
As reported	\$ 254	\$ 29	\$ 250	\$ 31
Pension mark-to-market adjustment (11)				5
Core performance measures	\$ 254	\$ 29	\$ 250	\$ 36

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
Years Ended December 31, 2015 and 2014

(Unaudited; amounts in millions)

	<u>Year ended</u> <u>December 31, 2015</u>		<u>Year ended</u> <u>December 31, 2014</u>	
	Net sales	Net income	Net sales	Net income
As reported	\$ 1,053	\$ 161	\$ 1,092	\$ 178
Pension mark-to-market adjustment (11)				5
Core performance measures	\$ 1,053	\$ 161	\$ 1,092	\$ 183

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 December 31, 2015 and 2014
(Unaudited; amounts in millions)

	Three months ended December 31, 2015		Three months ended December 31, 2014	
	Net sales	Net income	Net sales	Net income
As reported	\$ 275	\$ 39	\$ 319	\$ 25
Constant-yen (1) *		(1)		(1)
Constant-won (1)		(1)		
Foreign currency hedges related to translated earnings (2)				5
Restructuring, impairment and other charges (6)		7		1
Core performance measures	\$ 275	\$ 44	\$ 319	\$ 30

* In the first quarter of 2015, we changed the yen-to-dollar management rate from ¥93 to ¥99 to closely align with the yen-denominated hedges entered into for the years 2015 through 2017. Prior periods presented have been recast based on the new rate.

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
Years Ended December 31, 2015 and 2014
(Unaudited; amounts in millions)

	Year ended December 31, 2015		Year ended December 31, 2014	
	Net sales	Net income	Net sales	Net income
As reported	\$ 1,107	\$ 167	\$ 1,205	\$ 138
Constant-yen (1) *		(6)		(3)
Constant-won (1)		(2)		
Foreign currency hedges related to translated earnings (2)		5		14
Acquisition-related costs (3)				(1)
Restructuring, impairment and other charges (6)		14		12
Core performance measures	\$ 1,107	\$ 178	\$ 1,205	\$ 160

* In the first quarter of 2015, we changed the yen-to-dollar management rate from ¥93 to ¥99 to closely align with the yen-denominated hedges entered into for the years 2015 through 2017. Prior periods presented have been recast based on the new rate.

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 December 31, 2015 and 2014

(Unaudited; amounts in millions)

	Three months ended December 31, 2015		Three months ended December 31, 2014	
	Net sales	Net income	Net sales	Net income
As reported	\$ 202	\$ 9	\$ 215	\$ 13
Acquisition-related costs (3)		3		3
Restructuring, impairment and other charges (6)				2
Core performance measures	\$ 202	\$ 12	\$ 215	\$ 18

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
Years Ended December 31, 2015 and 2014
(Unaudited; amounts in millions)

	Year ended December 31, 2015		Year ended December 31, 2014	
	Net sales	Net income	Net sales	Net income
As reported	\$ 821	\$ 61	\$ 862	\$ 67
Acquisition-related costs (3)		12		14
Restructuring, impairment and other charges (6)				2
Core performance measures	\$ 821	\$ 73	\$ 862	\$ 83

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
Dow Corning Corporation
Three Months Ended December 31, 2015 and 2014
(Unaudited; amounts in millions)

	Equity Earnings	
	Three months ended December 31, 2015	Three months ended December 31, 2014
As reported	\$ 96	\$ 18
Equity in earnings of affiliated companies (8)	(18)	93
Core performance measures	\$ 78	\$ 111

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
Dow Corning Corporation
Years ended December 31, 2015 and 2014
(Unaudited; amounts in millions)

	Equity Earnings	
	Year ended December 31, 2015	Year ended December 31, 2014
As reported	\$ 281	\$ 252
Equity in earnings of affiliated companies (8)	(36)	35
Core performance measures	\$ 245	\$ 287

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 and Year Ended December 31, 2015
(Unaudited; amounts in millions)

	Three months ended December 31, 2015	Year ended December 31, 2015
Cash flows from operating activities	\$ 964	\$ 2,809
Less: Cash flows from investing activities	137	(685)
Plus: Short-term investments – acquisitions	110	969
Less: Short-term investments – liquidations	(583)	(1,629)
Free cash flow	\$ 628	\$ 1,464

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months and Year Ended December 31, 2015
(Unaudited; amounts in millions)

	Three months ended December 31, 2015	Year ended December 31, 2015
Cash flows from operating activities	\$ 964	\$ 2,809
Realized gains on foreign currency hedges related to translated earnings	164	653
Translation gains (losses) on cash balances	35	(278)
Adjusted cash flows from operating activities	\$ 1,163	\$ 3,184