

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,	
	2016	2015	2016	2015
Net sales	\$ 2,476	\$ 2,231	\$ 9,390	\$ 9,111
Cost of sales	1,486	1,374	5,644	5,458
Gross margin	990	857	3,746	3,653
Operating expenses:				
Selling, general and administrative expenses	368	548	1,472	1,508
Research, development and engineering expenses	173	208	742	769
Amortization of purchased intangibles	18	14	64	54
Restructuring, impairment and other charges	(1)		77	
Operating income	432	87	1,391	1,322
Equity in earnings of affiliated companies	165	104	284	299
Interest income	11	5	32	21
Interest expense	(37)	(39)	(159)	(140)
Translated earnings contract gain (loss), net	1,847	38	(448)	80
Gain on realignment of equity investment			2,676	
Other expense, net	(14)	(26)	(84)	(96)
Income before income taxes	2,404	169	3,692	1,486
(Provision) benefit for income taxes	(832)	55	3	(147)
Net income attributable to Corning Incorporated	<u>\$ 1,572</u>	<u>\$ 224</u>	<u>\$ 3,695</u>	<u>\$ 1,339</u>
Earnings per common share attributable to Corning Incorporated:				
Basic	<u>\$ 1.64</u>	<u>\$ 0.17</u>	<u>\$ 3.53</u>	<u>\$ 1.02</u>
Diluted	<u>\$ 1.47</u>	<u>\$ 0.17</u>	<u>\$ 3.23</u>	<u>\$ 1.00</u>
Dividends declared per common share (1)	<u>\$ 0.135</u>	<u>\$ 0.12</u>	<u>\$ 0.54</u>	<u>\$ 0.36</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,	
	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,291	\$ 4,500
Short-term investments, at fair value		100
Trade accounts receivable, net of doubtful accounts and allowances	1,481	1,372
Inventories	1,471	1,385
Other current assets	805	912
Total current assets	9,048	8,269
Investments	336	1,975
Property, plant and equipment net of accumulated depreciation	12,546	12,648
Goodwill, net	1,577	1,380
Other intangible assets, net	796	706
Deferred income taxes	2,446	2,056
Other assets	1,150	1,493
Total Assets	\$ 27,899	\$ 28,527
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt and short-term borrowings	\$ 256	\$ 572
Accounts payable	1,079	934
Other accrued liabilities	1,416	1,308
Total current liabilities	2,751	2,814
Long-term debt	3,646	3,890
Postretirement benefits other than pensions	737	718
Other liabilities	2,805	2,242
Total liabilities	9,939	9,664
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: 1,691 million and 1,681 million	846	840
Additional paid-in capital – common stock	13,695	13,352
Retained earnings	16,880	13,832
Treasury stock, at cost; shares held: 765 million and 551 million	(14,152)	(9,725)
Accumulated other comprehensive loss	(1,676)	(1,811)
Total Corning Incorporated shareholders' equity	17,893	18,788
Noncontrolling interests	67	75
Total equity	17,960	18,863
Total Liabilities and Equity	\$ 27,899	\$ 28,527

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

	Three months ended December 31,		Year ended December 31,	
	2016	2015	2016	2015
Cash Flows from Operating Activities:				
Net income	\$ 1,572	\$ 224	\$ 3,695	\$ 1,339
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	287	288	1,131	1,130
Amortization of purchased intangibles	18	14	64	54
Restructuring, impairment and other charges	(1)		77	
Stock compensation charges	9	10	42	46
Equity in earnings of affiliated companies	(165)	(104)	(284)	(299)
Dividends received from affiliated companies	65		85	143
Deferred tax provision (benefit)	739	(133)	(308)	54
Restructuring payments	(2)	(2)	(12)	(40)
Customer deposits	185	197	185	197
Employee benefit payments in excess of expense	(92)	(57)	(92)	(52)
Translated earnings contract (gain) loss	(1,847)	(38)	448	(80)
Unrealized translation losses (gains) on transactions	178	(35)	1	268
Contingent consideration fair value adjustment	(3)	(13)	(43)	(13)
Gain on realignment of equity investment			(2,676)	
Changes in certain working capital items:				
Trade accounts receivable	78	110	(106)	162
Inventories	1	(17)	(68)	(77)
Other current assets	60	147	18	(57)
Accounts payable and other current liabilities	229	148	243	(146)
Other, net	94	225	100	180
Net cash provided by operating activities	1,405	964	2,500	2,809
Cash Flows from Investing Activities:				
Capital expenditures	(294)	(311)	(1,109)	(1,250)
Acquisitions of businesses, net of cash received	(54)	(201)	(333)	(732)
Proceeds from sale of a business		12		12
Investments in unconsolidated entities	(10)		(24)	(33)
Cash received on realignment of equity investment			4,818	
Proceeds from sale of assets to related party	42		42	
(Payments) proceeds from loan repayments from unconsolidated entities	(13)		(23)	6
Short-term investments – acquisitions		(110)	(20)	(969)
Short-term investments – liquidations		583	121	1,629
Realized gains on translated earnings contracts	55	164	201	653
Other, net	1		10	(1)
Net cash (used in) provided by investing activities	(273)	137	3,683	(685)
Cash Flows from Financing Activities:				
Net repayments of short-term borrowings and current portion of long-term debt		(12)	(85)	(12)
Proceeds from issuance of long-term debt				745
Proceeds from issuance of short-term debt, net		1		3
Proceeds (payments) from issuance of commercial paper		481	(481)	481
Payments from the settlement of interest rate swap agreements				(10)
Principal payments under capital lease obligations	(6)	(5)	(7)	(6)
Proceeds received for asset financing and related incentives, net	1	1	1	1
Proceeds from the exercise of stock options	52	3	138	102
Repurchases of common stock for treasury	(343)	(1,323)	(4,227)	(3,228)
Dividends paid	(152)	(160)	(645)	(679)
Net cash used in financing activities	(448)	(1,014)	(5,306)	(2,603)
Effect of exchange rates on cash	(214)	(27)	(86)	(330)
Net increase (decrease) in cash and cash equivalents	470	60	791	(809)
Cash and cash equivalents at beginning of period	4,821	4,440	4,500	5,309
Cash and cash equivalents at end of period	\$ 5,291	\$ 4,500	\$ 5,291	\$ 4,500

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		Year ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Net income attributable to Corning Incorporated	\$ 1,572	\$ 224	\$ 3,695	\$ 1,339
Less: Series A convertible preferred stock dividend	24	24	98	98
Net income available to common stockholders – basic	1,548	200	3,597	1,241
Add: Series A convertible preferred stock dividend	24		98	98
Net income available to common stockholders - diluted	\$ 1,572	\$ 200	\$ 3,695	\$ 1,339
Weighted-average common shares outstanding - basic	942	1,146	1,020	1,219
Effect of dilutive securities:				
Stock options and other dilutive securities	10	8	9	9
Series A convertible preferred stock	115		115	115
Weighted-average common shares outstanding - diluted	1,067	1,154	1,144	1,343
Basic earnings per common share	\$ 1.64	\$ 0.17	\$ 3.53	\$ 1.02
Diluted earnings per common share	\$ 1.47	\$ 0.17	\$ 3.23	\$ 1.00

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		Year ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Core earnings attributable to Corning Incorporated	\$ 534	\$ 429	\$ 1,774	\$ 1,882
Less: Series A convertible preferred stock dividend	24	24	98	98
Core earnings available to common stockholders - basic	510	405	1,676	1,784
Add: Series A convertible preferred stock dividend	24	24	98	98
Core earnings available to common stockholders - diluted	\$ 534	\$ 429	\$ 1,774	\$ 1,882
Weighted-average common shares outstanding - basic	942	1,146	1,020	1,219
Effect of dilutive securities:				
Stock options and other dilutive securities	10	8	9	9
Series A convertible preferred stock	115	115	115	115
Weighted-average common shares outstanding - diluted	1,067	1,269	1,144	1,343
Core basic earnings per common share	\$ 0.54	\$ 0.35	\$ 1.64	\$ 1.46
Core diluted earnings per common share	\$ 0.50	\$ 0.34	\$ 1.55	\$ 1.40

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: 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) Translated earnings contract loss (gain): 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) Gain on realignment of equity investment: Gain recorded upon the completion of the strategic realignment of our ownership interest in Dow Corning.

- (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.
- (12) Taiwan power outage: Impact of the power outage that temporarily halted production at our Tainan, Taiwan manufacturing location in the first half of 2016. The impact includes asset write-offs and charges for facility repairs, offset somewhat by partial reimbursement through our insurance program. We expect to receive the remainder of the insurance reimbursement in the fourth quarter of 2016.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended December 31, 2016
(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	\$ 2,476	\$ 165	\$ 2,404	\$ 1,572	34.6%	\$ 1.47
Constant-yen (1)	74		68	58		0.05
Constant-won (1)	1		(11)	(8)		(0.01)
Translated earnings contract loss (gain) (2)			(1,847)	(1,165)		(1.09)
Acquisition-related costs (3)			18	12		0.01
Discrete tax items and other tax-related adjustments (4)				56		0.05
Restructuring, impairment and other charges (6)			68	47		0.04
Equity in earnings of affiliated companies (8)		(53)	(53)	(33)		(0.03)
Impacts from the Acquisition of Samsung Corning Precision Materials (9)			(4)	(4)		
Pension mark-to-market adjustment (11)			7	5		
Taiwan power outage (12)			(8)	(6)		(0.01)
Core performance measures	\$ 2,551	\$ 112	\$ 642	\$ 534	16.8%	\$ 0.50

(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 December 31, 2015
(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	\$ 2,231	\$ 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)
Translated earnings contract loss (gain) (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

(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
Year Ended December 31, 2016
(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	\$ 9,390	\$ 284	\$ 3,692	\$ 3,695	0%	\$ 3.23
Constant-yen (1)	316	4	300	222		0.19
Constant-won (1)	4	(1)	(47)	(34)		(0.03)
Translated earnings contract loss (gain) (2)			448	282		0.25
Acquisition-related costs (3)			127	107		0.09
Discrete tax items and other tax-related adjustments (4)				(27)		(0.02)
Litigation, regulatory and other legal matters (5)			55	70		0.06
Restructuring, impairment and other charges (6)			199	138		0.12
Gain on realignment of equity investment (7)			(2,676)	(2,676)		(2.34)
Equity in earnings of affiliated companies (8)		(37)	(37)	(18)		(0.02)
Impacts from the Acquisition of Samsung Corning Precision Materials (9)			(49)	(42)		(0.04)
Pension mark-to-market adjustment (11)			67	44		0.04
Taiwan power outage (12)			17	13		0.01
Core performance measures	\$ 9,710	\$ 250	\$ 2,096	\$ 1,774	15.4%	\$ 1.55

(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
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 (a)	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)
Translated earnings contract loss (gain) (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

(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 December 31, 2016 and 2015

(Unaudited; amounts in millions)

	Three months ended December 31, 2016				Three months ended December 31, 2015			
	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	\$ 990	40%	\$ 368	\$ 173	\$ 857	38%	\$ 548	\$ 208
Constant-yen (1)	69				145		1	1
Constant-won (1)	(10)				(10)			
Acquisition-related costs (3)					2		1	
Litigation, regulatory and other legal matters (5)							(11)	
Restructuring, impairment and other charges (6)	52		(15)		11		(29)	
Impacts from the acquisition of Samsung Corning Precision Materials (9)			4		(11)		13	
Pension mark-to-market adjustment (11)			(7)		3		(153)	(1)
Taiwan power outage (12)	(7)							
Core performance measures	\$ 1,094	43%	\$ 350	\$ 173	\$ 997	42%	\$ 370	\$ 208

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, 2016 and 2015

(Unaudited; amounts in millions)

	Year ended December 31, 2016				Year ended December 31, 2015			
	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	\$ 3,746	40%	\$ 1,472	\$ 742	\$ 3,653	40%	\$ 1,508	\$ 769
Constant-yen (1)	299				565		1	
Constant-won (1)	(40)		1	1	(19)		1	1
Translated earnings contract loss (gain) (2)					(4)			
Acquisition-related costs (3)	5		(55)		4		4	
Litigation, regulatory and other legal matters (5)			(52)				(3)	
Restructuring, impairment and other charges (6)	101		(19)		18		(27)	
Impacts from the acquisition of Samsung Precision Materials (9)			49		(8)		13	
Post-combination expenses (10)							(25)	
Pension mark-to-market adjustment (11)			(67)		3		(161)	(1)
Taiwan power outage (12)	16							
Core performance measures	\$ 4,127	43%	\$ 1,329	\$ 743	\$ 4,212	43%	\$ 1,311	\$ 769

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, 2016 and 2015
(Unaudited; amounts in millions)

	Three months ended December 31, 2016		Three months ended December 31, 2015	
	Net sales	Net income	Net sales	Net income
As reported	\$ 830	\$ 243	\$ 732	\$ 243
Constant-yen (1)	74	51	170	108
Constant-won (1)		(9)	1	(8)
Translated earnings contract gain (2)		(34)		(103)
Restructuring, impairment and other charges (6)		31		
Impacts from the acquisition of Samsung Corning Precision Materials (9)		(4)		(10)
Pension mark-to-market adjustment (11)		1		4
Taiwan power outage (12)		(3)		
Core performance measures	\$ 904	\$ 276	\$ 903	\$ 234

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, 2016 and 2015
(Unaudited; amounts in millions)

	Year ended December 31, 2016		Year ended December 31, 2015	
	Net sales	Net income	Net sales	Net income
As reported	\$ 3,238	\$ 935	\$ 3,086	\$ 1,095
Constant-yen (1)	316	222	686	419
Constant-won (1)	2	(33)	2	(17)
Translated earnings contract gain (2)		(127)		(416)
Restructuring, impairment and other charges (6)		44		
Impacts from the acquisition of Samsung Corning Precision Materials (9)		(42)		(10)
Pension mark-to-market adjustment (11)		1		4
Taiwan power outage (12)		6		
Core performance measures	\$ 3,556	\$ 1,006	\$ 3,774	\$ 1,075

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, 2016 and 2015
(Unaudited; amounts in millions)

	Three months ended December 31, 2016		Three months ended December 31, 2015	
	Net sales	Net income	Net sales	Net income
As reported	\$ 819	\$ 67	\$ 736	\$ 33
Acquisition-related costs (3)		7		1
Litigation, regulatory and other legal matters (5)				13
Restructuring, impairment and other charges (6)		12		
Pension mark-to-market adjustment (11)		1		
Core performance measures	\$ 819	\$ 87	\$ 736	\$ 47

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, 2016 and 2015
(Unaudited; amounts in millions)

	Year ended December 31, 2016		Year ended December 31, 2015	
	Net sales	Net income	Net sales	Net income
As reported	\$ 3,005	\$ 245	\$ 2,980	\$ 237
Acquisition-related costs (3)		23		16
Litigation, regulatory and other legal matters (5)				13
Restructuring, impairment and other charges (6)		24		(1)
Post-combination expenses (10)				16
Pension mark-to-market adjustment (11)		5		
Core performance measures	\$ 3,005	\$ 297	\$ 2,980	\$ 281

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, 2016 and 2015
(Unaudited; amounts in millions)

	Three months ended December 31, 2016		Three months ended December 31, 2015	
	Net sales	Net income	Net sales	Net income
As reported	\$ 245	\$ 27	\$ 254	\$ 29
Core performance measures	\$ 245	\$ 27	\$ 254	\$ 29

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, 2016 and 2015
(Unaudited; amounts in millions)

	Year ended December 31, 2016		Year ended December 31, 2015	
	Net sales	Net income	Net sales	Net income
As reported	\$ 1,032	\$ 133	\$ 1,053	\$ 161
Restructuring, impairment and other charges (6)		3		
Core performance measures	\$ 1,032	\$ 136	\$ 1,053	\$ 161

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, 2016 and 2015
(Unaudited; amounts in millions)

	Three months ended December 31, 2016		Three months ended December 31, 2015	
	Net sales	Net income	Net sales	Net income
As reported	\$ 336	\$ 68	\$ 275	\$ 39
Constant-yen (1)				(1)
Constant-won (1)		(1)		(1)
Restructuring, impairment and other charges (6)		1		7
Taiwan power outage (12)		(3)		
Core performance measures	\$ 336	\$ 65	\$ 275	\$ 44

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, 2016 and 2015
(Unaudited; amounts in millions)

	Year ended December 31, 2016		Year ended December 31, 2015	
	Net sales	Net income	Net sales	Net income
As reported	\$ 1,124	\$ 174	\$ 1,107	\$ 167
Constant-yen (1)		(1)		(6)
Constant-won (1)		(2)		(2)
Translated earnings contract loss (gain) (2)				5
Restructuring, impairment and other charges (6)		15		14
Taiwan power outage (12)		3		
Core performance measures	\$ 1,124	\$ 189	\$ 1,107	\$ 178

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, 2016 and 2015
(Unaudited; amounts in millions)

	Three months ended December 31, 2016		Three months ended December 31, 2015	
	Net sales	Net income	Net sales	Net income
As reported	\$ 206	\$ 13	\$ 202	\$ 9
Acquisition-related costs (3)		3		3
Restructuring, impairment and other charges (6)		1		
Core performance measures	\$ 206	\$ 17	\$ 202	\$ 12

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, 2016 and 2015
(Unaudited; amounts in millions)

	Year ended December 31, 2016		Year ended December 31, 2015	
	Net sales	Net income	Net sales	Net income
As reported	\$ 839	\$ 58	\$ 821	\$ 61
Acquisition-related costs (3)		12		12
Restructuring, impairment and other charges (6)		7		
Core performance measures	\$ 839	\$ 77	\$ 821	\$ 73

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 December 31, 2016 and 2015
(Unaudited; amounts in millions)

	Three months ended December 31, 2016			Three months ended December 31, 2015		
	Hemlock Semiconductor	Other	Total equity earnings	Dow Corning	Other	Total equity earnings
As reported	\$ 168	\$ (3)	\$ 165	\$ 96	\$ 8	\$ 104
Constant-yen (1)					2	2
Constant-won (1)					(1)	(1)
Equity in earnings of affiliated companies (8)	(58)	5	(53)	(18)		(18)
Core Performance Measures	\$ 110	\$ 2	\$ 112	\$ 78	\$ 9	\$ 87

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
Years ended December 31, 2016 and 2015
(Unaudited; amounts in millions)

	Year ended December 31, 2016				Year ended December 31, 2015		
	Dow Corning	Hemlock Semiconductor	Other	Total equity earnings	Dow Corning	Other	Total equity earnings
As reported	\$ 82	\$ 212	\$ (10)	\$ 284	\$ 281	\$ 18	\$ 299
Constant-yen (1)			4	4		6	6
Constant-won (1)			(1)	(1)		(2)	(2)
Equity in earnings of affiliated companies (8)	16	(58)	5	(37)	(36)	2	(34)
Core Performance Measures	\$ 98	\$ 154	\$ (2)	\$ 250	\$ 245	\$ 24	\$ 269

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, 2016
(Unaudited; amounts in millions)

	Three months ended December 31, 2016	Year ended December 31, 2016
Cash flows from operating activities	\$ 1,405	\$ 2,500
Transaction costs on realignment of equity investment		37
Realized gains on translated earnings contracts	55	201
Translation (losses) gains on cash balances	(138)	10
Adjusted cash flows from operating activities	\$ 1,322	\$ 2,748