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

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Net sales	$ 1,712	$ 1,395	$ 3,265	$ 2,384
Cost of sales	885	820	1,707	1,539
Gross margin	827	575	1,558	845
Operating expenses:				
Selling, general and administrative expenses	246	211	481	418
Research, development and engineering expenses	144	136	289	287
Amortization of purchased intangibles	2	2	4	5
Restructuring, impairment and other (credits) and charges			(2)	165
Asbestos litigation charge (credit) (Note 1)	5	5	(47)	9
Operating income (loss)	430	221	833	(39)
Equity in earnings of affiliated companies	474	361	943	556
Interest income	2	5	5	12
Interest expense	(26)	(20)	(52)	(34)
Other-than-temporary impairment (OTTI) losses:				
Total OTTI losses	(1)	(14)	(6)	(14)
Portion of OTTI losses recognized in other comprehensive income (before taxes)	0	13	5	13
Net OTTI losses recognized in earnings	(1)	(1)	(1)	(1)
Other income, net	65	41	129	61
Income before incomes taxes	944	607	1,857	555
(Provision) benefit for income taxes	(31)	4	(128)	70
Net income attributable to Corning Incorporated	$ 913	$ 611	$ 1,729	$ 625
Earnings per common share attributable to Corning Incorporated:				
Basic (Note 2)	$ 0.59	$ 0.39	$ 1.11	$ 0.40
Diluted (Note 2)	$ 0.58	$ 0.39	$ 1.09	$ 0.40
Dividends declared per common share	$ 0.05	$ 0.05	$ 0.10	$ 0.10

See accompanying notes to these financial statements.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited; in millions, except per share amounts)

	June 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 3,214	$ 2,541
Short-term investments, at fair value	1,045	1,042
Total cash, cash equivalents and short-term investments	4,259	3,583
Trade accounts receivable, net of doubtful accounts and allowances	938	753
Inventories	607	579
Deferred income taxes	366	235
Other current assets	290	371
Total current assets	6,460	5,521
Investments	4,434	3,992
Property, net of accumulated depreciation	8,047	7,995
Goodwill and other intangible assets, net	669	676
Deferred income taxes	2,811	2,982
Other assets	120	129
Total Assets	$ 22,541	$ 21,295
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	$ 24	$ 74
Accounts payable	519	550
Other accrued liabilities	914	915
Total current liabilities	1,457	1,539
Long-term debt	1,927	1,930
Postretirement benefits other than pensions	828	858
Other liabilities	1,287	1,373
Total liabilities	5,499	5,700
Commitments and contingencies		
Shareholders' equity:		
Common stock – Par value $0.50 per share; Shares authorized: 3.8 billion; Shares issued: 1,623 million and 1,617 million	812	808
Additional paid-in capital	12,802	12,707
Retained earnings	5,208	3,636
Treasury stock, at cost; Shares held: 65 million and 64 million	(1,224)	(1,207)
Accumulated other comprehensive loss	(606)	(401)
Total Corning Incorporated shareholders' equity	16,992	15,543
Noncontrolling interests	50	52
Total equity	17,042	15,595
Total Liabilities and Equity	$ 22,541	$ 21,295

See accompanying notes to these financial statements.

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

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Cash Flows from Operating Activities:				
Net income	$ 913	$ 611	$ 1,729	$ 625
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	206	184	412	359
Amortization of purchased intangibles	2	2	4	5
Asbestos litigation charges (credits)	5	5	(47)	9
Restructuring, impairment and other (credits) charges			(2)	165
Stock compensation charges	26	32	55	67
Undistributed earnings of affiliated companies	(417)	(345)	(658)	(137)
Deferred tax (benefit) provision	(40)	(20)	10	(139)
Restructuring payments	(19)	(42)	(50)	(54)
Credits issued against customer deposits	(38)	(62)	(68)	(165)
Employee benefit payments (in excess of) less than expense	(54)	17	(28)	34
Changes in certain working capital items:				
Trade accounts receivable	(73)	(170)	(193)	(281)
Inventories	(31)	99	(62)	138
Other current assets	8	(19)	40	(42)
Accounts payable and other current liabilities, net of restructuring payments	75	68	1	(21)
Other, net	109	8	172	69
Net cash provided by operating activities	672	368	1,315	632
Cash Flows from Investing Activities:				
Capital expenditures	(136)	(215)	(309)	(491)
Net proceeds from sale or disposal of assets		3		15
Short-term investments – acquisitions	(670)	(301)	(894)	(405)
Short-term investments – liquidations	422	274	894	516
Other, net			2	
Net cash used in investing activities	(384)	(239)	(307)	(365)
Cash Flows from Financing Activities:				
Net repayments of short-term borrowings and current portion of long-term debt	(3)	(3)	(61)	(66)
Principal payments under capital lease obligations				(9)
Proceeds from issuance of long-term debt, net		346		346
Proceeds from issuance of common stock, net	11	7	15	12
Proceeds from the exercise of stock options	8	3	29	4
Dividends paid	(78)	(78)	(156)	(156)
Other, net		2		3
Net cash (used in) provided by financing activities	(62)	277	(173)	134
Effect of exchange rates on cash	(87)	48	(162)	(40)
Net increase in cash and cash equivalents	139	454	673	361
Cash and cash equivalents at beginning of period	3,075	1,780	2,541	1,873
Cash and cash equivalents at end of period	$ 3,214	$ 2,234	$ 3,214	$ 2,234

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

Our reportable operating segments include Display Technologies, Telecommunications, Environmental Technologies, Specialty Materials and Life Sciences.

	Display Technologies	Telecom-munications	Environmental Technologies	Specialty Materials	Life Sciences	All Other	Total
Three months ended June 30, 2010							
Net sales	$ 834	$ 441	$ 184	$ 126	$ 125	$ 2	$ 1,712
Depreciation (1)	$ 129	$ 32	$ 25	$ 12	$ 8	$ 3	$ 209
Amortization of purchased intangibles					$ 2		$ 2
Research, development and engineering expenses (2)	$ 21	$ 28	$ 23	$ 20	$ 4	$ 28	$ 124
Equity in earnings of affiliated companies	$ 353	$ 1	$ 1			$ 5	$ 360
Income tax (provision) benefit	$ (151)	$ (14)	$ (2)	$ 9	$ (9)	$ 13	$ (154)
Net income (loss) (3)	$ 756	$ 30	$ 5	$ (17)	$ 18	$ (19)	$ 773
Three months ended June 30, 2009							
Net sales	$ 673	$ 437	$ 132	$ 71	$ 81	$ 1	$ 1,395
Depreciation (1)	$ 109	$ 33	$ 25	$ 12	$ 4	$ 3	$ 186
Amortization of purchased intangibles		$ 2					$ 2
Research, development and engineering expenses (2)	$ 19	$ 24	$ 27	$ 12	$ 2	$ 34	$ 118
Equity in earnings of affiliated companies	$ 284		$ 2			$ 16	$ 302
Income tax (provision) benefit	$ (94)	$ (14)	$ 14	$ 9	$ (8)	$ 18	$ (75)
Net income (loss) (3)	$ 555	$ 18	$ (9)	$ (10)	$ 9	$ (5)	$ 558
Six months ended June 30, 2010							
Net sales	$ 1,616	$ 805	$ 376	$ 222	$ 243	$ 3	$ 3,265
Depreciation (1)	$ 257	$ 62	$ 51	$ 23	$ 16	$ 6	$ 415
Amortization of purchased intangibles		$ 1			$ 3		$ 4
Research, development and engineering expenses (2)	$ 44	$ 57	$ 46	$ 36	$ 8	$ 56	$ 247
Restructuring, impairment and other credits				$ (2)			$ (2)
Equity in earnings of affiliated companies	$ 697	$ 1	$ 4			$ 16	$ 718
Income tax (provision) benefit	$ (283)	$ (18)	$ (7)	$ 12	$ (17)	$ 24	$ (289)
Net income (loss) (3)	$ 1,459	$ 38	$ 16	$ (24)	$ 35	$ (34)	$ 1,490
Six months ended June 30, 2009							
Net sales	$ 1,030	$ 822	$ 242	$ 131	$ 157	$ 2	$ 2,384
Depreciation (1)	$ 213	$ 64	$ 49	$ 22	$ 8	$ 6	$ 362
Amortization of purchased intangibles		$ 5					$ 5
Research, development and engineering expenses (2)	$ 41	$ 47	$ 57	$ 23	$ 5	$ 70	$ 243
Restructuring, impairment and other charges	$ 34	$ 15	$ 19	$ 18	$ 7	$ 4	$ 97
Equity in earnings (loss) of affiliated companies	$ 464	$ (4)	$ 4			$ 28	$ 492
Income tax (provision) benefit	$ (101)	$ (13)	$ 28	$ 19	$ (8)	$ 25	$ (50)
Net income (loss) (3)	$ 773	$ 17	$ (53)	$ (37)	$ 17	$ (34)	$ 683

(1) Depreciation expense for Corning's reportable segments includes an allocation of depreciation of corporate property not specifically identifiable to a segment.
(2) Research, development, and engineering expense includes direct project spending which is identifiable to a segment.
(3) Many of Corning's administrative and staff functions are performed on a centralized basis. Where practicable, Corning charges these expenses to segments based upon the extent to which each business uses a centralized function. Other staff functions, such as corporate finance, human resources and legal are allocated to segments, primarily as a percentage of sales.

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

A reconciliation of reportable segment net income to consolidated net income follows (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Net income of reportable segments	$ 792	$ 563	$ 1,524	$ 717
Non-reportable segments	(19)	(5)	(34)	(34)
Unallocated amounts:				
Net financing costs (1)	(44)	(31)	(90)	(51)
Stock-based compensation expense	(26)	(32)	(55)	(67)
Exploratory research	(14)	(11)	(29)	(31)
Corporate contributions	(7)	(6)	(19)	(15)
Equity in earnings of affiliated companies, net of impairments (2)	114	59	225	64
Asbestos litigation (3)	(5)	(5)	47	(9)
Other corporate items (4)	122	79	160	51
Net income	$ 913	$ 611	$ 1,729	$ 625

(1) Net financing costs include interest income, interest expense, and interest costs and investment gains associated with benefit plans.

(2) Primarily represents the equity earnings of Dow Corning Corporation. In the six months ended June 30, 2010 equity earnings of affiliated companies, net of impairments, includes a credit of $21 million for our share of U.S. advanced energy manufacturing tax credits at Dow Corning Corporation. In the six months ended June 30, 2009 equity earnings of affiliated companies, net of impairments includes a charge of $29 million representing our share of restructuring charges at Dow Corning Corporation.

(3) In the three and six months ended June 30, 2010, Corning recorded a charge of $5 million and a net credit of $47 million, respectively, primarily reflecting the change in the terms of the proposed asbestos settlement. In the three and six months ended June 30, 2009, Corning recorded charges of $5 million and $9 million, respectively, to adjust the asbestos liability for the change in value of certain components of the Amended PCC Plan and the estimated liability for non-PCC asbestos claims.

(4) In the six months ended June 30, 2010, other corporate items included a tax charge of $56 million from the reversal of the deferred tax asset associated with a Medicare subsidy. In the six months ended June 30, 2009, other corporate items included $68 million ($44 million after-tax) of restructuring charges.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Asbestos Litigation

On March 28, 2003, Corning announced that it had reached agreement with the representatives of asbestos claimants for the settlement of all current and future asbestos claims against Corning and Pittsburgh Corning Corporation (PCC) which might arise from PCC products or operations (the 2003 Plan). On December 21, 2006, the Bankruptcy Court issued an order denying confirmation of the 2003 Plan. On January 10, 2008, some of the parties in the proceeding advised the Bankruptcy Court that they had made substantial progress on an amended plan of reorganization (the Amended PCC Plan) that resolved issues raised by the Court in denying the confirmation of the 2003 Plan.

As a result of progress in the parties' continuing negotiations, Corning believes the Amended PCC Plan, modified as indicated below, now represents the most probable outcome of this matter and the probability that the 2003 plan will become effective has diminished. The proposed settlement under the Amended PCC Plan requires Corning to contribute its equity interest in PCC and Pittsburgh Corning Europe, N.V. (PCE) and to contribute a fixed series of cash payments recorded at present value. Corning will have the option to contribute shares rather than cash, but the liability is fixed by dollar value and not number of shares. The Amended PCC Plan does not include non-PCC asbestos claims that may be or have been raised against Corning. Corning has recorded an additional amount for such claims in its estimated asbestos litigation liability. In the first quarter of 2010, several of the parties in the bankruptcy proceedings filed a modification of the Amended PCC Plan with the Bankruptcy Court which reduced the amount of cash expected to be contributed to the settlement.

In the second quarter of 2010, we recorded a charge of $5 million ($3 million after-tax) to adjust the asbestos litigation liability for the change in value of the components of the modified PCC Plan.

2. Weighted Average Shares Outstanding

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

	Three months ended June 30,		Three months ended
	2010	2009	March 31, 2010
Basic	1,558	1,550	1,555
Diluted	1,581	1,567	1,579
Diluted used for non-GAAP measures	1,581	1,567	1,579

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
QUARTER SALES INFORMATION
(Unaudited; in millions)

	2010		
	Three Months Ended		Six Months Ended
	March 31	June 30	June 30
Display Technologies	$ 782	$ 834	$ 1,616
Telecommunications			
Fiber and cable	190	227	417
Hardware and equipment	174	214	388
	364	441	805
Environmental Technologies			
Automotive	117	109	226
Diesel	75	75	150
	192	184	376
Specialty Materials	96	126	222
Life Sciences	118	125	243
Other	1	2	3
Total	$ 1,553	$ 1,712	$ 3,265

	2009				
	Q1	Q2	Q3	Q4	Total
Display Technologies	$ 357	$ 673	$ 679	$ 717	$ 2,426
Telecommunications					
Fiber and cable	192	235	251	231	909
Hardware and equipment	193	202	199	174	768
	385	437	450	405	1,677
Environmental Technologies					
Automotive	64	85	103	108	360
Diesel	46	47	64	73	230
	110	132	167	181	590
Specialty Materials	60	71	90	110	331
Life Sciences	76	81	92	117	366
Other	1	1	1	2	5
Total	$ 989	$ 1,395	$ 1,479	$ 1,532	$ 5,395

The above supplemental information is intended to facilitate analysis of Corning's businesses.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended June 30, 2010
(Unaudited; amounts in millions, except per share amounts)

Corning's net income and earnings per share (EPS) excluding special items for the second quarter of 2010 are non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP net income and EPS is helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between these non-GAAP measures and the directly related GAAP measures.

	Per Share	Income Before Income Taxes	Net Income
Earnings per share (EPS) and net income, excluding special items	$ 0.58	$ 949	$ 916
Special items:			
Asbestos settlement (a)	-	(5)	(3)
Total EPS and net income	$ 0.58	$ 944	$ 913

(a) In the second quarter of 2010, Corning recorded a charge of $5 million ($3 million after-tax) to adjust the asbestos liability for the change in value of the components of the modified PCC Plan.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended March 31, 2010
(Unaudited; amounts in millions, except per share amounts)

Corning's net income and earnings per share (EPS) excluding special items for the first quarter of 2010 are non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP net income and EPS is helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between these non-GAAP measures and the directly related GAAP measures.

	Per Share	Income Before Income Taxes	Net Income
Earnings per share (EPS) and net income, excluding special items	$ 0.52	$ 838	$ 818
Special items:			
Restructuring, impairment, and other charges (a)	0.00	2	1
Asbestos settlement (b)	0.02	52	33
Equity in earnings of affiliated companies (c)	0.01	21	20
Provision for income taxes (d)	(0.03)		(56)
Total EPS and net income	$ 0.52	$ 913	$ 816

(a) In the first quarter of 2010, Corning recorded a credit of $2 million ($1 million after-tax) for adjustments to restructuring reserves.

(b) In the first quarter of 2010, Corning recorded a net credit of $52 million ($33 million after-tax) primarily reflecting the change in estimate of our asbestos settlement liability.

(c) In the first quarter of 2010, equity in earnings of affiliated companies included a credit of $21 million ($20 million after-tax) primarily for Corning's share of advanced energy manufacturing tax credits at Dow Corning Corporation.

(d) In the first quarter of 2010, Corning recorded a $56 million tax charge from the reversal of the deferred tax asset associated with a Medicare subsidy.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended June 30, 2009
(Unaudited; amounts in millions, except per share amounts)

Corning's net income and earnings per share (EPS) excluding special items for the second quarter of 2009 are non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP net income and EPS is helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between these non-GAAP measures and the directly related GAAP measures.

	Per Share	Income Before Income Taxes	Net Income
Earnings per share (EPS) and net income, excluding special items	$ 0.39	$ 612	$ 614
Special items:			
Asbestos litigation (a)	–	(5)	(3)
Total EPS and net income	$ 0.39	$ 607	$ 611

(a) In the second quarter of 2009, Corning recorded a charge of $5 million ($3 million after-tax) to adjust the asbestos liability for the change in value of the components of the Amended PCC Plan.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three and Six Months Ended June 30, 2010
(Unaudited; amounts in millions, except per share amounts)

Corning's free cash flow financial measure for the three and six months ended June 30, 2010 is a non-GAAP financial measure within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP financial measures are helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between this non-GAAP measure and the directly related GAAP measures.

	Three months ended June 30, 2010	Six months ended June 30, 2010
Cash flows from operating activities	$ 672	$ 1,315
Less: Cash flows from investing activities	(384)	(307)
Plus: Short-term investments – acquisitions	670	894
Less: Short-term investments – liquidations	(422)	(894)
Free cash flow	$ 536	$ 1,008

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Telecommunications Segment
(Unaudited; amounts in millions)

Corning's comment, "Telecommunications segment sales were $441 million, a 21% sequential increase, and much higher than anticipated. Year-over-year sales increased 4% excluding the impact of divestitures." includes non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting this non-GAAP improvement in segment sales is helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between these non-GAAP measures and the directly related GAAP measures.

	Second Quarter Sales		
	June 30, 2010	June 30, 2009	% Change
Telecommunications segment sales excluding sales from divested businesses in 2009	$ 441	$ 426	4%
Sales of the divested businesses in 2009		11	
Telecommunications segment sales	$ 441	$ 437	1%