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

	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
Net sales	$ 1,602	$ 1,479	$ 4,867	$ 3,863
Cost of sales	878	880	2,585	2,419
Gross margin	724	599	2,282	1,444
Operating expenses:				
Selling, general and administrative expenses	250	219	731	637
Research, development and engineering expenses	148	131	437	418
Amortization of purchased intangibles	2	3	6	8
Restructuring, impairment and other (credits) and charges	(1)	10	(3)	175
Asbestos litigation charge (credit) (Note 1)	6	6	(41)	15
Operating income	319	230	1,152	191
Equity in earnings of affiliated companies	504	418	1,447	974
Interest income	3	4	8	16
Interest expense	(29)	(24)	(81)	(58)
Other-than-temporary impairment (OTTI) losses:				
Changes in total OTTI losses	2	(11)	(4)	(25)
Changes in OTTI recognized in other comprehensive income (before taxes)	(2)	10	3	23
Net OTTI losses recognized in earnings	0	(1)	(1)	(2)
Other income, net (Note 2)	2	48	131	109
Income before incomes taxes	799	675	2,656	1,230
(Provision) benefit for income taxes	(14)	(32)	(142)	38
Net income attributable to Corning Incorporated	$ 785	$ 643	$ 2,514	$ 1,268
Earnings per common share attributable to Corning Incorporated:				
Basic (Note 3)	$ 0.50	$ 0.41	$ 1.61	$ 0.82
Diluted (Note 3)	$ 0.50	$ 0.41	$ 1.59	$ 0.81
Dividends declared per common share	$ 0.05	$ 0.05	$ 0.15	$ 0.15

See accompanying notes to these financial statements.

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

	September 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 3,302	$ 2,541
Short-term investments, at fair value	1,727	1,042
Total cash, cash equivalents and short-term investments	5,029	3,583
Trade accounts receivable, net of doubtful accounts and allowances	854	753
Inventories	712	579
Deferred income taxes	455	235
Other current assets	313	371
Total current assets	7,363	5,521
Investments	5,194	3,992
Property, net of accumulated depreciation	8,526	7,995
Goodwill and other intangible assets, net	668	676
Deferred income taxes	2,792	2,982
Other assets	127	129
Total Assets	$ 24,670	$ 21,295
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	$ 25	$ 74
Accounts payable	720	550
Other accrued liabilities	949	915
Total current liabilities	1,694	1,539
Long-term debt	2,390	1,930
Postretirement benefits other than pensions	829	858
Other liabilities	1,290	1,373
Total liabilities	6,203	5,700
Commitments and contingencies		
Shareholders' equity:		
Common stock – Par value $0.50 per share; Shares authorized: 3.8 billion; Shares issued: 1,624 million and 1,617 million	812	808
Additional paid-in capital	12,833	12,707
Retained earnings	5,916	3,636
Treasury stock, at cost; Shares held: 65 million and 64 million	(1,226)	(1,207)
Accumulated other comprehensive income (loss)	81	(401)
Total Corning Incorporated shareholders' equity	18,416	15,543
Noncontrolling interests	51	52
Total equity	18,467	15,595
Total Liabilities and Equity	$ 24,670	$ 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 September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
Cash Flows from Operating Activities:				
Net income	$ 785	$ 643	$ 2,514	$ 1,268
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	212	227	624	586
Amortization of purchased intangibles	2	3	6	8
Asbestos litigation charges (credits)	6	6	(41)	15
Restructuring, impairment and other (credits) charges	(1)	10	(3)	175
Loss on retirement of debt	30		30	
Stock compensation charges	22	30	77	97
Undistributed earnings of affiliated companies	(438)	(398)	(1,096)	(535)
Deferred tax benefit	(25)	(30)	(15)	(169)
Restructuring payments	(8)	(17)	(58)	(71)
Credits issued against customer deposits	(8)	(42)	(76)	(207)
Employee benefit payments (in excess of) less than expense	(53)	(22)	(81)	12
Changes in certain working capital items:				
Trade accounts receivable	131	16	(62)	(265)
Inventories	(85)	66	(147)	204
Other current assets	(15)	55	25	13
Accounts payable and other current liabilities, net of restructuring payments	7	45	8	24
Other, net	(134)	(60)	38	9
Net cash provided by operating activities	428	532	1,743	1,164
Cash Flows from Investing Activities:				
Capital expenditures	(225)	(236)	(534)	(727)
Acquisitions of business, net of cash received		(410)		(410)
Net proceeds from sale or disposal of assets	1		1	15
Short-term investments – acquisitions	(1,106)	(471)	(2,000)	(876)
Short-term investments – liquidations	424	343	1,318	859
Other, net	4		6	
Net cash used in investing activities	(902)	(774)	(1,209)	(1,139)
Cash Flows from Financing Activities:				
Net repayments of short-term borrowings and current portion of long-term debt	(9)	(18)	(70)	(84)
Principal payments under capital lease obligations	(1)	(1)	(1)	(10)
Proceeds from issuance of long-term debt, net	689		689	346
Retirements of long-term debt, net	(264)		(264)	
Proceeds from issuance of common stock, net		6	15	18
Proceeds from the exercise of stock options	10	4	39	8
Dividends paid	(79)	(78)	(235)	(234)
Other, net				3
Net cash provided by (used in) financing activities	346	(87)	173	47
Effect of exchange rates on cash	216	57	54	17
Net increase (decrease) in cash and cash equivalents	88	(272)	761	89
Cash and cash equivalents at beginning of period	3,214	2,234	2,541	1,873
Cash and cash equivalents at end of period	$ 3,302	$ 1,962	$ 3,302	$ 1,962

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 September 30, 2010							
Net sales	$ 645	$ 464	$ 208	$ 159	$ 125	$ 1	$ 1,602
Depreciation (1)	$ 129	$ 27	$ 26	$ 20	$ 8	$ 3	$ 213
Amortization of purchased intangibles					$ 2		$ 2
Research, development and engineering expenses (2)	$ 22	$ 27	$ 24	$ 25	$ 5	$ 24	$ 127
Restructuring, impairment and other credits		$ (1)					$ (1)
Equity in earnings of affiliated companies	$ 386		$ 1			$ 16	$ 403
Income tax (provision) benefit	$ (108)	$ (20)	$ (5)	$ 2	$ (7)	$ 10	$ (128)
Net income (loss) (3)	$ 648	$ 41	$ 11	$ (5)	$ 13	$ (12)	$ 696
Three months ended September 30, 2009							
Net sales	$ 679	$ 450	$ 167	$ 90	$ 92	$ 1	$ 1,479
Depreciation (1)	$ 146	$ 35	$ 25	$ 13	$ 5	$ 3	$ 227
Amortization of purchased intangibles		$ 3					$ 3
Research, development and engineering expenses (2)	$ 19	$ 21	$ 30	$ 17	$ 3	$ 20	$ 110
Restructuring, impairment and other (credits) charges	$ (5)		$ 3	$ (1)	$ 1		$ (2)
Equity in earnings of affiliated companies	$ 317		$ 2			$ 3	$ 322
Income tax (provision) benefit	$ (83)	$ (11)	$ 3	$ 6	$ (6)	$ 7	$ (84)
Net income (loss) (3)	$ 600	$ 21	$ (4)	$ (11)	$ 12	$ (17)	$ 601
Nine months ended September 30, 2010							
Net sales	$ 2,261	$ 1,269	$ 584	$ 381	$ 368	$ 4	$ 4,867
Depreciation (1)	$ 386	$ 89	$ 77	$ 43	$ 24	$ 9	$ 628
Amortization of purchased intangibles		$ 1			$ 5		$ 6
Research, development and engineering expenses (2)	$ 66	$ 84	$ 70	$ 61	$ 13	$ 80	$ 374
Restructuring, impairment and other credits		$ (1)		$ (2)			$ (3)
Equity in earnings of affiliated companies	$ 1,083	$ 1	$ 5			$ 32	$ 1,121
Income tax (provision) benefit	$ (391)	$ (38)	$ (12)	$ 14	$ (24)	$ 34	$ (417)
Net income (loss) (3)	$ 2,107	$ 79	$ 27	$ (29)	$ 48	$ (46)	$ 2,186
Nine months ended September 30, 2009							
Net sales	$ 1,709	$ 1,272	$ 409	$ 221	$ 249	$ 3	$ 3,863
Depreciation (1)	$ 359	$ 99	$ 74	$ 35	$ 13	$ 9	$ 589
Amortization of purchased intangibles		$ 8					$ 8
Research, development and engineering expenses (2)	$ 60	$ 68	$ 87	$ 40	$ 8	$ 90	$ 353
Restructuring, impairment and other charges	$ 29	$ 15	$ 22	$ 17	$ 8	$ 4	$ 95
Equity in earnings (loss) of affiliated companies	$ 781	$ (4)	$ 6			$ 31	$ 814
Income tax (provision) benefit	$ (184)	$ (24)	$ 31	$ 25	$ (14)	$ 32	$ (134)
Net income (loss) (3)	$ 1,373	$ 38	$ (57)	$ (48)	$ 29	$ (51)	$ 1,284

(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 September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Net income of reportable segments	$ 708	$ 618	$ 2,232	$ 1,335
Non-reportable segments	(12)	(17)	(46)	(51)
Unallocated amounts:				
Net financing costs (1)	(47)	(35)	(137)	(86)
Stock-based compensation expense	(22)	(30)	(77)	(97)
Exploratory research	(15)	(15)	(44)	(46)
Corporate contributions	(7)	(8)	(26)	(23)
Equity in earnings of affiliated companies, net of impairments (2)	101	96	326	160
Asbestos litigation (3)	(6)	(6)	41	(15)
Other corporate items (4)	85	40	245	91
Net income	$ 785	$ 643	$ 2,514	$ 1,268

(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 nine months ended September 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 nine months ended September 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 nine months ended September 30, 2010, Corning recorded a charge of $6 million and a net credit of $41 million, respectively, primarily reflecting the change in the terms of the proposed asbestos settlement. In the three and nine months ended September 30, 2009, Corning recorded charges of $6 million and $15 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 three months ended September 30, 2010, Corning recorded a loss of $30 million ($19 million after-tax) from the repurchase of $126 million principal amount of our 6.2% senior unsecured notes due March 15, 2016 and $100 million principal amount of our 5.9% senior unsecured notes due March 15, 2014. In the nine months ended September 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 three and nine months ended September 30, 2009, other corporate items included $12 million ($8 million after-tax) and $80 million ($52 million after-tax) of restructuring charges, respectively.

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 certain 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 by Corning to the settlement.

In the third quarter of 2010, we recorded a charge of $6 million ($4 million after-tax) to adjust the asbestos litigation liability for the change in value of the components of the modified PCC Plan.

2. Loss on Repurchase of Debt

In the third quarter of 2010, we recognized a loss of $30 million ($19 million after-tax) upon the repurchase of $126 million principal amount of our 6.2% senior unsecured notes due March 15, 2016 and $100 million principal amount of our 5.9% senior unsecured notes due March 15, 2014.

3. Weighted Average Shares Outstanding

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

	Three months ended September 30,		Three months ended
	2010	2009	June 30, 2010
Basic	1,557	1,550	1,558
Diluted	1,580	1,569	1,581
Diluted used for non-GAAP measures	1,580	1,569	1,581

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

	2010			
	Three Months Ended			Nine Months Ended
	Q1	Q2	Q3	Sept. 30
Display Technologies	$ 782	$ 834	$ 645	$ 2,261
Telecommunications				
Fiber and cable	190	227	232	649
Hardware and equipment	174	214	232	620
	364	441	464	1,269
Environmental Technologies				
Automotive	117	109	119	345
Diesel	75	75	89	239
	192	184	208	584
Specialty Materials	96	126	159	381
Life Sciences	118	125	125	368
Other	1	2	1	4
Total	$ 1,553	$ 1,712	$ 1,602	$ 4,867

	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 September 30, 2010
(Unaudited; amounts in millions, except per share amounts)

Corning's net income and earnings per share (EPS) excluding special items for the third 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	$ 0.51	$ 835	$ 808
Special items:			
Asbestos settlement (a)		(6)	(4)
Loss on repurchase of debt (b)	(0.01)	(30)	(19)
Total EPS and net income	$ 0.50	$ 799	$ 785

(a) In the third quarter of 2010, Corning recorded a charge of $6 million ($4 million after-tax) to adjust the asbestos liability for the change in value of the components of the modified PCC Plan.

(b) In the third quarter of 2010, Corning recorded a $30 million loss ($19 million after-tax) on the repurchase of $126 million principal amount of our 6.2% senior unsecured notes due March 15, 2016 and $100 million principal amount of our 5.9% senior unsecured notes due March 15, 2014.

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 September 30, 2009
(Unaudited; amounts in millions, except per share amounts)

Corning's net income and earnings per share (EPS) excluding special items for the third 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	$ 0.42	$ 691	$ 654
Special items:			
Restructuring charges (a)	(0.01)	(10)	(7)
Asbestos litigation (b)	–	(6)	(4)
Total EPS and net income	$ 0.41	$ 675	$ 643

(a) In the third quarter of 2009, Corning recorded a charge of $10 million ($7 million after-tax), which was comprised of severance costs for a restructuring plan in the Environmental Technologies segment and asset disposal costs in other segments.

(b) In the third quarter of 2009, Corning recorded a charge of $6 million ($4 million after-tax) to adjust the asbestos liability for 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 Months Ended September 30, 2010
(Unaudited; amounts in millions, except per share amounts)

Corning's free cash flow financial measure for the three months ended September 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 September 30, 2010	Nine months ended September 30, 2010
Cash flows from operating activities	$ 428	$ 1,743
Less: Cash flows from investing activities	(902)	(1,209)
Plus: Short-term investments – acquisitions	1,106	2,000
Less: Short-term investments – liquidations	(424)	(1,318)
Free cash flow	$ 208	$ 1,216