

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

	Three months ended March 31,	
	2013	2012
Net sales	\$ 1,814	\$ 1,920
Cost of sales	1,044	1,096
Gross margin	770	824
Operating expenses:		
Selling, general and administrative expenses	259	273
Research, development and engineering expenses	178	184
Amortization of purchased intangibles	7	5
Asbestos litigation charge	2	1
Operating income	324	361
Equity in earnings of affiliated companies	173	218
Interest income	2	4
Interest expense	(36)	(20)
Other income, net	65	29
Income before income taxes	528	592
Provision for income taxes	(34)	(118)
Net income attributable to Corning Incorporated	\$ 494	\$ 474
Earnings per common share attributable to Corning Incorporated:		
Basic	\$ 0.33	\$ 0.31
Diluted	\$ 0.33	\$ 0.31
Dividends declared per common share	\$ 0.09	\$ 0.075

The accompanying notes are an integral part of these consolidated financial statements.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited; in millions)

	Three months ended March 31,	
	<u>2013</u>	<u>2012</u>
Net income attributable to Corning Incorporated	\$ 494	\$ 474
Other comprehensive loss, net of tax	<u>(488)</u>	<u>(61)</u>
Comprehensive income attributable to Corning Incorporated	<u>\$ 6</u>	<u>\$ 413</u>

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

	March 31, 2013	December 31, 2012
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,797	\$ 4,988
Short-term investments, at fair value	978	1,156
Total cash, cash equivalents and short-term investments	5,775	6,144
Trade accounts receivable, net of doubtful accounts and allowances	1,243	1,302
Inventories	1,171	1,051
Deferred income taxes	399	579
Other current assets	681	619
Total current assets	9,269	9,695
Investments	4,726	4,915
Property, net of accumulated depreciation	10,171	10,625
Goodwill and other intangible assets, net	1,485	1,496
Deferred income taxes	2,507	2,343
Other assets	437	301
Total Assets	\$ 28,595	\$ 29,375
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 74	\$ 76
Accounts payable	762	779
Other accrued liabilities	959	1,101
Total current liabilities	1,795	1,956
Long-term debt	2,855	3,382
Postretirement benefits other than pensions	933	930
Other liabilities	1,622	1,574
Total liabilities	7,205	7,842
Commitments and contingencies		
Shareholders' equity:		
Common stock – Par value \$0.50 per share; Shares authorized: 3.8 billion; Shares issued: 1,653 million and 1,649 million	826	825
Additional paid-in capital	13,167	13,146
Retained earnings	10,262	9,932
Treasury stock, at cost; Shares held: 180 million and 179 million	(2,779)	(2,773)
Accumulated other comprehensive (loss) income	(132)	356
Total Corning Incorporated shareholders' equity	21,344	21,486
Noncontrolling interests	46	47
Total equity	21,390	21,533
Total Liabilities and Equity	\$ 28,595	\$ 29,375

The accompanying notes are an integral part of these consolidated financial statements.

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

	Three months ended March 31,	
	2013	2012
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 494	\$ 474
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	248	235
Amortization of purchased intangibles	7	5
Stock compensation charges	11	24
Undistributed earnings of affiliated companies (in excess of) less than dividends received	(12)	300
Deferred tax (benefit) provision	(30)	47
Restructuring payments	(16)	(1)
Employee benefit payments less than (in excess of) expense	15	(78)
Changes in certain working capital items:		
Trade accounts receivable	17	(49)
Inventories	(138)	12
Other current assets	(2)	(47)
Accounts payable and other current liabilities	(112)	(51)
Other, net	141	(109)
<b>Net cash provided by operating activities</b>	<b>623</b>	<b>762</b>
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	(194)	(412)
Short-term investments – acquisitions	(291)	(528)
Short-term investments – liquidations	469	341
Premium on purchased collars	(107)	
Other, net	1	(5)
<b>Net cash used in investing activities</b>	<b>(122)</b>	<b>(604)</b>
<b>Cash Flows from Financing Activities:</b>		
Retirement of long-term debt	(498)	
Net repayments of short-term borrowings and current portion of long-term debt	(9)	(10)
Principal payments under capital lease obligations	(1)	(1)
Proceeds from issuance of long-term debt, net		791
Payments to settle interest rate hedges		(18)
Proceeds from the exercise of stock options	12	16
Repurchases of common stock for treasury		(72)
Dividends paid	(133)	(114)
<b>Net cash (used in) provided by financing activities</b>	<b>(629)</b>	<b>592</b>
Effect of exchange rates on cash	(63)	79
Net (decrease) increase in cash and cash equivalents	(191)	829
Cash and cash equivalents at beginning of period	4,988	4,661
<b>Cash and cash equivalents at end of period</b>	<b>\$ 4,797</b>	<b>\$ 5,490</b>

The accompanying notes are an integral part of these consolidated financial statements.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**(Unaudited)**

**Weighted Average Shares Outstanding**

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

	Three months ended				Year ended December 31, 2012	Year ended December 31, 2011
	March 31, 2013	March 31, 2012	June 30, 2012	September 30, 2012		
Basic	1,472	1,516	1,506	1,483	1,471	1,494
Diluted	1,481	1,530	1,518	1,494	1,481	1,506
Diluted used for non- GAAP measures	1,481	1,530	1,518	1,494	1,481	1,506

**Use of Non-GAAP Financial Measures**

Corning's Core net sales, Core equity earnings of affiliated companies, Core income before income taxes, Core earnings and Core earnings per share 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 these non-GAAP Core measures is helpful to analyze financial performance without the impact of items that are driven by general economic conditions and events that do not reflect the underlying fundamentals and trends in the Company's operations. A detailed reconciliation is provided below outlining the differences between these non-GAAP measures and the directly comparable GAAP measures. Further explanation of the Company's use of these non-GAAP financial measures is included at the end of this document.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**CORE PERFORMANCE**  
**Q1 2013 Compared to Q1 2012**

**Quarter One Financial Comparisons**

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

	GAAP	Core Performance*		GAAP	Core Performance*			
	Q1 2013		Q1	Q1 2012		Q1	GAAP	Core
	(As		2013	(As		2012	%	Performance
	Reported)	Adj	(1)	Reported)	Adj	(1)	Change	% Change
<b><u>Display</u></b>								
Net Sales	\$650		\$650	\$705	\$(100)	\$605	(8)%	7%
Equity Earnings	133		133	182	(37)	145	(27)%	(8)%
Net Income	349		349	422	(81)	341	(17)%	2%
<b><u>Telecom</u></b>								
Net Sales	\$470		\$470	\$508		\$508	(7)%	(7)%
Net Income	35		35	21		21	67%	67%
<b><u>Environmental</u></b>								
Net Sales	\$228		\$228	\$263		\$263	(13)%	(13)%
Net Income	27		27	41		41	(34)%	(34)%
<b><u>Specialty Materials</u></b>								
Net Sales	\$258		\$258	\$288		\$288	(10)%	(10)%
Net Income	39		39	22	\$6	28	77%	39%
<b><u>Life Sciences</u></b>								
Net Sales	\$207		\$207	\$155		\$155	34%	34%
Net Income	12	\$12	24	12		12		100%
<b><u>Other</u></b>								
Net Sales	\$1		\$1	\$1		\$1		
Equity Earnings	5		5	4		4	25%	25%
Net Loss	(28)		(28)	(20)		(20)	**	**
<b><u>Corning</u></b>								
Net Sales	\$1,814		\$1,814	\$1,920	\$(100)	\$1,820	(6)%	0%
Equity Earnings	173	\$7	180	218	(40)	178	(21)%	1%
Net Income	494	(49)	445	474	(77)	397	4%	12%
EPS	0.33	(0.03)	0.30	0.31	(0.05)	0.26	6%	15%

\*These are non-GAAP financial measures. The reconciliation between non-GAAP measures and the most directly comparable GAAP financial measure is provided in the tables following this news release, as well as on the company's investor relations website. Core performance metrics (non-GAAP) are adjusted to exclude the impact of changes in Japanese yen's foreign exchange rate, equity earnings from the polysilicon segment of Dow Corning Corporation, as well as other special items.

\*\* Percentage change calculation is not meaningful.

(1) Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**CORE PERFORMANCE ADJUSTMENTS**

**Quarter 2, 2012**

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

	As reported	Pension change Adj	Revised for pension change (1)	Core Performance*	
				Adj	Q2
<b><u>Display</u></b>					
Net Sales	\$ 641		\$ 641	\$ (89)	\$ 552
Equity Earnings	184		184	(40)	144
Net Income	371	\$ 1	372	(71)	301
<b><u>Telecom</u></b>					
Net Sales	\$ 559		\$ 559		\$ 559
Net Income	36	\$ 1	37		37
<b><u>Environmental</u></b>					
Net Sales	\$ 249		\$ 249		\$ 249
Net Income	34		34		34
<b><u>Specialty Materials</u></b>					
Net Sales	\$ 296		\$ 296		\$ 296
Net Income	34		34	\$ 6	40
<b><u>Life Sciences</u></b>					
Net Sales	\$ 162		\$ 162		\$ 162
Net Income	11		11		11
<b><u>Other</u></b>					
Net Sales	\$ 1		\$ 1		\$ 1
Equity Earnings	9		9		9
Net Loss	(16)		(16)		(16)
<b><u>Corning</u></b>					
Net Sales	\$ 1,908		\$ 1,908	\$ (89)	\$ 1,819
Equity Earnings	259		259	(48)	211
Net Income	462	\$ 12	474	(68)	406
EPS	0.30	0.01	0.31	(0.04)	0.27

\*These are non-GAAP financial measures. The reconciliation between non-GAAP measures and the most directly comparable GAAP financial measure is provided in the tables following this news release, as well as on the company's investor relations website. Core performance metrics (non-GAAP) are adjusted to exclude the impact of changes in Japanese yen's foreign exchange rate, equity earnings from the polysilicon segment of Dow Corning Corporation, as well as other special items.

(1) Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**CORE PERFORMANCE ADJUSTMENTS**

**Quarter 3, 2012**

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

	As reported	Pension change Adj	Revised for pension change (1)	Core Performance*	
				Adj	Q3
<b><u>Display</u></b>					
Net Sales	\$ 763		\$ 763	\$ (118)	\$ 645
Equity Earnings	187		187	(46)	141
Net Income	440	\$ 1	441	(91)	350
<b><u>Telecom</u></b>					
Net Sales	\$ 523		\$ 523		\$ 523
Net Income	35		35		35
<b><u>Environmental</u></b>					
Net Sales	\$ 233		\$ 233		\$ 233
Net Income	26	\$ 1	27		27
<b><u>Specialty Materials</u></b>					
Net Sales	\$ 363		\$ 363		\$ 363
Net Income	59		59	\$ 7	66
<b><u>Life Sciences</u></b>					
Net Sales	\$ 155		\$ 155		\$ 155
Net Income	9		9		9
<b><u>Other</u></b>					
Net Sales	\$ 1		\$ 1		\$ 1
Equity Earnings	1		1		1
Net Loss	(30)		(30)		(30)
<b><u>Corning</u></b>					
Net Sales	\$ 2,038		\$ 2,038	\$ (118)	\$ 1,920
Equity Earnings	240		240	(67)	173
Net Income	521	\$ 12	533	(101)	432
EPS	0.35	0.01	0.36	(0.07)	0.29

\*These are non-GAAP financial measures. The reconciliation between non-GAAP measures and the most directly comparable GAAP financial measure is provided in the tables following this news release, as well as on the company's investor relations website. Core performance metrics (non-GAAP) are adjusted to exclude the impact of changes in Japanese yen's foreign exchange rate, equity earnings from the polysilicon segment of Dow Corning Corporation, as well as other special items.

(1) Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.



**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**CORE PERFORMANCE ADJUSTMENTS**

**Quarter 4, 2012**

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

	As reported	Pension change Adj	Revised for pension change (1)	Core Performance*	
				Adj	Q4
<b><u>Display Technologies</u></b>					
Net Sales	\$ 800		\$ 800	\$ (101)	\$ 699
Equity Earnings	139		139	(25)	114
Net Income	370	\$ (16)	354	(33)	321
<b><u>Telecommunications</u></b>					
Net Sales	\$ 540		\$ 540		\$ 540
Net Income	63	\$ (10)	53	\$ (9)	44
<b><u>Environmental Technologies</u></b>					
Net Sales	\$ 219		\$ 219		\$ 219
Net Income	15	\$ (5)	10	\$ 7	17
<b><u>Specialty Materials</u></b>					
Net Sales	\$ 399		\$ 399		\$ 399
Net Income	28	\$ (6)	22	\$ 45	67
<b><u>Life Sciences</u></b>					
Net Sales	\$ 185		\$ 185		\$ 185
Net (Loss) Income	(1)	\$ (3)	(4)	\$ 20	16
<b><u>Other</u></b>					
Net Sales	\$ 3		\$ 3		\$ 3
Equity Earnings	3		3		3
Net Loss	(32)		(32)		(32)
<b><u>Corning</u></b>					
Net Sales	\$ 2,146		\$ 2,146	\$ (101)	\$ 2,045
Equity Earnings	93		93	58	151
Net Income	283	\$ (128)	155	271	426
EPS	0.19	(0.09)	0.10	0.19	0.29

\*These are non-GAAP financial measures. The reconciliation between non-GAAP measures and the most directly comparable GAAP financial measure is provided in the tables following this news release, as well as on the company's investor relations website. Core performance metrics (non-GAAP) are adjusted to exclude the impact of changes in Japanese yen's foreign exchange rate, equity earnings from the polysilicon segment of Dow Corning Corporation, as well as other special items.

(1) Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**CORE PERFORMANCE ADJUSTMENTS**

**Full Year 2012**

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

	As reported	Pension change Adj	Revised for pension change (1)	Core Performance*	
				Adj	Full year
<b><u>Display Technologies</u></b>					
Net Sales	\$ 2,909		\$ 2,909	\$ (408)	\$ 2,501
Equity Earnings	692		692	(149)	543
Net Income	1,602	\$ (13)	1,589	(276)	1,313
<b><u>Telecommunications</u></b>					
Net Sales	\$ 2,130		\$ 2,130		\$ 2,130
Net Income	155	\$ (9)	146	\$ (9)	137
<b><u>Environmental Technologies</u></b>					
Net Sales	\$ 964		\$ 964		\$ 964
Net Income	115	\$ (3)	112	\$ 7	119
<b><u>Specialty Materials</u></b>					
Net Sales	\$ 1,346		\$ 1,346		\$ 1,346
Net Income	142	\$ (5)	137	\$ 64	201
<b><u>Life Sciences</u></b>					
Net Sales	\$ 657		\$ 657		\$ 657
Net Income	31	\$ (3)	28	\$ 20	48
<b><u>Other</u></b>					
Net Sales	\$ 6		\$ 6		\$ 6
Equity Earnings	17	\$ 1	18		18
Net Loss	(98)		(98)		(98)
<b><u>Corning</u></b>					
Net Sales	\$ 8,012		\$ 8,012	\$ (408)	\$ 7,604
Equity Earnings	810		810	(97)	713
Net Income	1,728	\$(92)	1,636	27	1,663
EPS	1.15	(0.06)	1.09	0.01	1.10

\*These are non-GAAP financial measures. The reconciliation between non-GAAP measures and the most directly comparable GAAP financial measure is provided in the tables following this news release, as well as on the company's investor relations website. Core performance metrics (non-GAAP) are adjusted to exclude the impact of changes in Japanese yen's foreign exchange rate, equity earnings from the polysilicon segment of Dow Corning Corporation, as well as other special items.

(1) Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**

**Three Months Ended March 31, 2013**

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

	<u>Net sales</u>	<u>Equity earnings</u>	<u>Income before income taxes</u>	<u>Income taxes</u>	<u>Net income</u>	<u>Effective tax rate</u>	<u>Per share</u>
As reported	\$ 1,814	\$ 173	\$ 528	\$ (34)	\$ 494	6.4%	\$ 0.33
Acquisition-related costs (1)			18	(5)	13		0.01
Discrete tax items (2)				(54)	(54)		(0.03)
Equity in earnings of affiliated companies (3)		2	2		2		
Asbestos settlement (4)			2	(1)	1		
Hemlock Semiconductor (5)		5	5	(1)	4		
Purchased collars (6)			(24)	9	(15)		(0.01)
<b>Core Performance measures</b>	<b>\$ 1,814</b>	<b>\$ 180</b>	<b>\$ 531</b>	<b>\$ (86)</b>	<b>\$ 445</b>	<b>16%</b>	<b>\$ 0.30</b>

- (1) Acquisition-related costs: These costs include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.
- (2) Discrete tax item: These items represent adjustments for effect of tax law changes which do not reflect expected on-going operating results.
- (3) Includes restructuring and restructuring related expenses at Dow Corning Corporation.
- (4) Certain litigation-related charges: These adjustments relate to the Pittsburgh Corning Corporation (PCC) asbestos litigation.
- (5) Results of Dow Corning Corporation's equity affiliate, Hemlock Semiconductor: We are excluding the results of Dow Corning's consolidated subsidiary, Hemlock Semiconductor, a producer of polycrystalline silicon, to remove the non-operating items and events which have caused severe unpredictability and instability in earnings over the past eighteen months, and are expected to continue in the future.
- (6) Purchased collars: We have excluded the impact of our purchased collars because we have aligned the internally derived rate with our portfolio of purchased collars in order to effectively remove the impact of the changes in the Japanese yen.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**

**Three Months Ended March 31, 2012**

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

	<u>Net sales</u>	<u>Equity earnings</u>	<u>Income before income taxes</u>	<u>Income taxes</u>	<u>Net income</u>	<u>Effective tax rate</u>	<u>Per share</u>
As reported *	\$ 1,920	\$ 218	\$ 592	\$ (118)	\$ 474	19.9%	\$ 0.31
Asbestos settlement (1)			1		1		
Hemlock Semiconductor (2)		(3)	(3)		(3)		
Constant-yen (3)	<u>(100)</u>	<u>(37)</u>	<u>(92)</u>	<u>17</u>	<u>(75)</u>		<u>(0.05)</u>
Core Performance measures	<u>\$ 1,820</u>	<u>\$ 178</u>	<u>\$ 498</u>	<u>\$ (101)</u>	<u>\$ 397</u>	<u>20%</u>	<u>\$ 0.26</u>

- (1) Certain litigation-related charges: These adjustments relate to the Pittsburgh Corning Corporation (PCC) asbestos litigation.
- (2) Results of Dow Corning Corporation's equity affiliate, Hemlock Semiconductor: We are excluding the results of Dow Corning's consolidated subsidiary, Hemlock Semiconductor, a producer of polycrystalline silicon, to remove the non-operating items and events which have caused severe unpredictability and instability in earnings over the past eighteen months, and are expected to continue in the future.
- (3) Constant-yen: Because a significant portion of Corning's LCD glass business is priced and manufactured in Japanese yen, management believes it is important to understand the impact on core earnings from translating yen into dollars. Presenting results on a constant-yen basis eliminates the translation impact of the Japanese yen, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and to establish operational goals and forecasts. We use an internally derived management rate, which is closely aligned to our portfolio of purchased collars, and have restated all years presented based on this rate in order to remove the impact of changes in the Japanese yen.

\*Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**

**Three Months Ended March 31, 2013 and 2012**

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

	Three months ended March 31, 2013		Three months ended March 31, 2012		% Increase/decrease	
	Net income	Per share	Net income	Per share	Net income	Per share
As reported *	\$ 494	\$ 0.33	\$ 474	\$ 0.31	\$ 4%	\$ 8%
Acquisition-related costs (1)	13	0.01				
Discrete tax items (2)	(54)	(0.03)				
Equity in earnings of affiliated companies (3)	2					
Asbestos settlement (4)	1		1			
Hemlock Semiconductor (5)	4		(3)			
Constant-yen (6)			(75)	(0.05)		
Purchased collars (7)	(15)	(0.01)				
<b>Core Performance measures</b>	<b>\$ 445</b>	<b>\$ 0.30</b>	<b>\$ 397</b>	<b>\$ 0.26</b>	<b>\$ 12%</b>	<b>\$ 16%</b>

(1) Acquisition-related costs: These costs include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.

(2) Discrete tax item: These items represent adjustments for effect of tax law changes which do not reflect expected on-going operating results.

(3) Includes restructuring and restructuring related expenses at Dow Corning Corporation.

(4) Certain litigation-related charges: These adjustments relate to the Pittsburgh Corning Corporation (PCC) asbestos litigation.

(5) Results of Dow Corning Corporation's equity affiliate, Hemlock Semiconductor: We are excluding the results of Dow Corning's consolidated subsidiary, Hemlock Semiconductor, a producer of polycrystalline silicon, to remove the non-operating items and events which have caused severe unpredictability and instability in earnings over the past eighteen months, and are expected to continue in the future.

(6) Constant-yen: Because a significant portion of Corning's LCD glass business is priced and manufactured in Japanese yen, management believes it is important to understand the impact on core earnings from translating yen into dollars. Presenting results on a constant-yen basis eliminates the translation impact of the Japanese yen, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and to establish operational goals and forecasts. We use an internally derived management rate, which is closely aligned to our portfolio of purchased collars, and have restated all years presented based on this rate in order to remove the impact of changes in the Japanese yen.

(7) Purchased collars: We have excluded the impact of our purchased collars because we have aligned the internally derived rate with our portfolio of purchased collars in order to effectively remove the impact of the changes in the Japanese yen.

\*Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**

**Three Months Ended December 31, 2012 and 2011**

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

	Three months ended December 31, 2012		Three months ended December 31, 2011		% Increase/decrease	
	Net income	Per share	Net income	Per share	Net income	Per share
As reported *	\$ 155	\$ 0.10	\$ 464	\$ 0.30	\$ (67)%	\$ (65)%
Acquisition-related costs (1)	16	0.01				
Discrete tax items (2)	41	0.03	13	0.01		
Equity in earnings of affiliated companies (3)	99	0.07	(74)	(0.05)		
Asbestos settlement (4)	3		5			
Loss on repurchase of debt (5)	17	0.01				
Restructuring, impairment and other credits (6)	91	0.06	83	0.05		
Accumulated other comprehensive income (7)	(52)	(0.04)				
Pension mark-to-market (8)	140	0.09	41	0.03		
Hemlock Semiconductor (9)	(4)		(23)	(0.01)		
Constant-yen (10)	(80)	(0.05)	(107)	(0.07)		
Contingent liability (11)			(5)			
<b>Core Performance measures</b>	<b>\$ 426</b>	<b>\$ 0.29</b>	<b>\$ 397</b>	<b>\$ 0.25</b>	<b>\$ 7%</b>	<b>\$ 13%</b>

(1) Acquisition-related costs: These costs include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.

(2) Discrete tax item: These items represent adjustments for effect of tax law changes which do not reflect expected on-going operating results.

(3) Includes restructuring and restructuring related expenses at our equity affiliates.

(4) Certain litigation-related charges: These adjustments relate to the Pittsburgh Corning Corporation (PCC) asbestos litigation.

(5) In the fourth quarter of 2012, Corning recorded a \$26 million loss (\$17 million after tax) on the repurchase of \$13 million of our 8.875% senior unsecured notes due 2021, \$11 million of our 8.875% senior unsecured notes due 2016, and \$51 million of our 6.75% senior unsecured notes due 2013.

(6) In the fourth quarter of 2012, Corning recorded a \$133 million (\$91 million after tax) charge for asset impairments, workforce reductions and asset write-offs and disposals. In the fourth quarter of 2011, Corning recorded a \$130 million (\$83 million after-tax) asset impairment charge for certain long-lived assets in our Specialty Materials segment.

(7) In the fourth quarter of 2012, Corning recorded a \$52 million translation capital gain on the liquidation of a foreign subsidiary.

(8) Annual pension mark-to-market adjustment. Mark-to-market pension gains and losses, net, which arise from changes in actuarial assumptions and the difference between actual and expected returns on plan assets and discount rates, and not from Corning's core operations.

(9) Results of Dow Corning Corporation's equity affiliate, Hemlock Semiconductor: We are excluding the results of Dow Corning's consolidated subsidiary, Hemlock Semiconductor, a producer of polycrystalline silicon, to remove the non-operating items and events which have caused severe unpredictability and instability in earnings over the past eighteen months, and are expected to continue in the future.

(10) Constant-yen: Because a significant portion of Corning's LCD glass business is priced and manufactured in Japanese yen, management believes it is important to understand the impact on core earnings from translating yen into dollars. Presenting results on a constant-yen basis eliminates the translation impact of the Japanese yen, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and to establish operational goals and forecasts. We use an internally derived management rate, which is closely aligned to our portfolio of purchased collars, and have restated all years presented based on this rate in order to remove the impact of changes in the Japanese yen.

(11) In the fourth quarter of 2011, Corning recognized a credit of \$5 million resulting from a reduction in a contingent liability associated with an acquisition recorded in the first quarter of 2011.

\*Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**

**Three Months Ended June 30, 2012**

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

	<u>Net sales</u>	<u>Equity earnings</u>	<u>Income before income taxes</u>	<u>Net income</u>	<u>Per share</u>
As reported *	\$ 1,908	\$ 259	\$ 574	\$ 474	\$ 0.31
Asbestos settlement (1)			5	3	
Hemlock Semiconductor (2)		(8)	(8)	(7)	
Constant-yen (3)	(89)	(40)	(75)	(64)	(0.04)
Core Performance measures	<u>\$ 1,819</u>	<u>\$ 211</u>	<u>\$ 496</u>	<u>\$ 406</u>	<u>\$ 0.27</u>

- (1) Certain litigation-related charges: These adjustments relate to the Pittsburgh Corning Corporation (PCC) asbestos litigation.
- (2) Results of Dow Corning Corporation's equity affiliate, Hemlock Semiconductor: We are excluding the results of Dow Corning's consolidated subsidiary, Hemlock Semiconductor, a producer of polycrystalline silicon, to remove the non-operating items and events which have caused severe unpredictability and instability in earnings over the past eighteen months, and are expected to continue in the future.
- (3) Constant-yen: Because a significant portion of Corning's LCD glass business is priced and manufactured in Japanese yen, management believes it is important to understand the impact on core earnings from translating yen into dollars. Presenting results on a constant-yen basis eliminates the translation impact of the Japanese yen, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and to establish operational goals and forecasts. We use an internally derived management rate, which is closely aligned to our portfolio of purchased collars, and have restated all years presented based on this rate in order to remove the impact of changes in the Japanese yen.

\*Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**

**Three Months Ended September 30, 2012**

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

	<u>Net sales</u>	<u>Equity earnings</u>	<u>Income before income taxes</u>	<u>Net income</u>	<u>Per share</u>
As reported *	\$ 2,038	\$ 240	\$ 627	\$ 533	\$ 0.36
Equity in earnings of affiliated companies (1)		(10)	(10)	(9)	(0.01)
Asbestos settlement (2)			3	2	
Hemlock Semiconductor (3)		(11)	(11)	(10)	(0.01)
Constant-yen (4)	<u>(118)</u>	<u>(46)</u>	<u>(100)</u>	<u>(84)</u>	<u>(0.05)</u>
Core Performance measures	<u>\$ 1,920</u>	<u>\$ 173</u>	<u>\$ 509</u>	<u>\$ 432</u>	<u>\$ 0.29</u>

- (1) Equity earnings: In the third quarter of 2012, equity in earnings of affiliated companies included a \$10 million (\$9 million after tax) credit for Corning's share of Dow Corning Corporation's settlement of a dispute related to long-term supply agreements.
- (2) Certain litigation-related charges: These adjustments relate to the Pittsburgh Corning Corporation (PCC) asbestos litigation.
- (3) Results of Dow Corning Corporation's equity affiliate, Hemlock Semiconductor: We are excluding the results of Dow Corning's consolidated subsidiary, Hemlock Semiconductor, a producer of polycrystalline silicon, to remove the non-operating items and events which have caused severe unpredictability and instability in earnings over the past eighteen months, and are expected to continue in the future.
- (4) Constant-yen: Because a significant portion of Corning's LCD glass business is priced and manufactured in Japanese yen, management believes it is important to understand the impact on core earnings from translating yen into dollars. Presenting results on a constant-yen basis eliminates the translation impact of the Japanese yen, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and to establish operational goals and forecasts. We use an internally derived management rate, which is closely aligned to our portfolio of purchased collars, and have restated all years presented based on this rate in order to remove the impact of changes in the Japanese yen.

\*Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.



**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**

**Three Months Ended December 31, 2012**

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

	<u>Net sales</u>	<u>Equity earnings</u>	<u>Income before income taxes</u>	<u>Net income</u>	<u>Per share</u>
As reported *	\$ 2,146	\$ 93	\$ 183	\$ 155	\$ 0.10
Asbestos settlement (1)			5	3	
Loss on repurchase of debt (2)			26	17	0.01
Equity in earnings of affiliated companies (3)		105	105	99	0.07
Acquisition-related costs (4)			24	16	0.01
Restructuring, impairment and other credits (5)			133	91	0.06
Provision for income taxes (6)				41	0.03
Accumulated other comprehensive income (7)			(52)	(52)	(0.04)
Pension mark-to-market (8)			217	140	0.09
Hemlock Semiconductor (9)		(4)	(4)	(4)	
Constant-yen (10)	(101)	(43)	(95)	(80)	(0.05)
<b>Core Performance measures</b>	<b>\$ 2,045</b>	<b>\$ 151</b>	<b>\$ 542</b>	<b>\$ 426</b>	<b>\$ 0.29</b>

- (1) In the fourth quarter of 2012, 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.
- (2) In the fourth quarter of 2012, Corning recorded a \$26 million loss (\$17 million after tax) on the repurchase of \$13 million of our 8.875% senior unsecured notes due 2021, \$11 million of our 8.875% senior unsecured notes due 2016, and \$51 million of our 6.75% senior unsecured notes due 2013.
- (3) In the fourth quarter of 2012, Corning recorded an \$18 million impairment charge for our share of costs for asset write-offs at Samsung Corning Precision Materials, and recorded restructuring and impairment charges in the amount of \$87 million (\$81 million after tax) for our share of costs associated with workforce reductions and asset write-offs at Dow Corning.
- (4) Includes expenses for the amortization of purchased intangibles, amortization of purchase accounting adjustments to inventories and external deal costs recognized as a result of acquisitions.
- (5) In the fourth quarter of 2012, Corning recorded a \$133 million (\$91 million after tax) charge for asset impairments, workforce reductions and asset write-offs and disposals.
- (6) In the fourth quarter of 2012, Corning recorded a \$37 million tax expense resulting from the delay of the passage of the American Taxpayer Relief Act of 2012 until Jan. 2013, that will be reversed in Q1, 2013, and a \$4 million net tax provision related to the adjustment of deferred taxes as a result of tax rate reductions in Japan.
- (7) In the fourth quarter of 2012, Corning recorded a \$52 million translation capital gain on the liquidation of a foreign subsidiary.
- (8) Annual pension mark-to-market adjustment: Mark-to-market pension gains and losses, net, which arise from changes in actuarial assumptions and the difference between actual and expected returns on plan assets and discount rates, and not from Corning's core operations.
- (9) Results of Dow Corning Corporation's equity affiliate, Hemlock Semiconductor: We are excluding the results of Dow Corning's consolidated subsidiary, Hemlock Semiconductor, a producer of polycrystalline silicon, to remove the non-operating items and events which have caused severe unpredictability and instability in earnings over the past eighteen months, and are expected to continue in the future.
- (10) Constant-yen: Because a significant portion of Corning's LCD glass business is priced and manufactured in Japanese yen, management believes it is important to understand the impact on core earnings from translating yen into dollars. Presenting results on a constant-yen basis eliminates the translation impact of the Japanese yen, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and to establish operational goals and forecasts. We use an internally derived management rate, which is closely aligned to our portfolio of purchased collars, and have restated all years presented based on this rate in order to remove the impact of changes in the Japanese yen.

\*Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**

**Year Ended December 31, 2012**

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

	<u>Net sales</u>	<u>Equity earnings</u>	<u>Income before income taxes</u>	<u>Net income</u>	<u>Per share</u>
As reported *	\$ 8,012	\$ 810	\$ 1,975	\$ 1,636	\$ 1.09
Asbestos settlement (1)			14	9	0.01
Loss on repurchase of debt (2)			26	17	0.01
Equity in earnings of affiliated companies (3)		95	95	90	0.06
Acquisition-related costs (4)			24	16	0.01
Restructuring, impairment and other credits (5)			133	91	0.06
Provision for income taxes (6)				41	0.03
Accumulated other comprehensive income (7)			(52)	(52)	(0.04)
Pension mark-to-market (8)			217	140	0.09
Hemlock Semiconductor (9)		(25)	(25)	(23)	(0.02)
Constant-yen (10)	(408)	(167)	(360)	(302)	(0.20)
<b>Core Performance measures</b>	<b>\$ 7,604</b>	<b>\$ 713</b>	<b>\$ 2,047</b>	<b>\$ 1,663</b>	<b>\$ 1.10</b>

- (1) In the fourth quarter of 2012, Corning recorded a charge of \$14 million (\$9 million after tax) to adjust the asbestos liability for the change in value of the components of the Modified PCC Plan.
- (2) In the fourth quarter of 2012, Corning recorded a \$26 million loss (\$17 million after tax) on the repurchase of \$13 million of our 8.875% senior unsecured notes due 2021, \$11 million of our 8.875% senior unsecured notes due 2016, and \$51 million of our 6.75% senior unsecured notes due 2013.
- (3) In the fourth quarter of 2012, Corning recorded an \$18 million impairment charge for our share of costs for asset write-offs at Samsung Corning Precision Materials, and recorded restructuring and impairment charges in the amount of \$87 million (\$81 million after tax) for our share of costs associated with workforce reductions and asset write-offs at Dow Corning; and a \$10 million (\$9 million after tax) credit for Corning's share of Dow Corning's settlement of a dispute related to long term supply agreements.
- (4) Includes expenses for the amortization of purchased intangibles, amortization of purchase accounting adjustments to inventories and external deal costs recognized as a result of acquisitions.
- (5) In the fourth quarter of 2012, Corning recorded a \$133 million (\$91 million after tax) charge for asset impairments, workforce reductions and asset write-offs and disposals.
- (6) In the fourth quarter of 2012, Corning recorded a \$37 million tax expense resulting from the delay of the passage of the American Taxpayer Relief Act of 2012 until Jan. 2013, that will be reversed in Q1, 2013, and a \$4 million net tax provision related to the adjustment of deferred taxes as a result of tax rate reductions in Japan.
- (7) In the fourth quarter of 2012, Corning recorded a \$52 million translation capital gain on the liquidation of a foreign subsidiary.
- (8) Annual pension mark-to-market adjustment: Mark-to-market pension gains and losses, net, which arise from changes in actuarial assumptions and the difference between actual and expected returns on plan assets and discount rates, and not from Corning's core operations.
- (9) Results of Dow Corning Corporation's equity affiliate, Hemlock Semiconductor: We are excluding the results of Dow Corning's consolidated subsidiary, Hemlock Semiconductor, a producer of polycrystalline silicon, to remove the non-operating items and events which have caused severe unpredictability and instability in earnings over the past eighteen months, and are expected to continue in the future.
- (10) Constant-yen: Because a significant portion of Corning's LCD glass business is priced and manufactured in Japanese yen, management believes it is important to understand the impact on core earnings from translating yen into dollars. Presenting results on a constant-yen basis eliminates the translation impact of the Japanese yen, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and to establish operational goals and forecasts. We use an internally derived management rate, which is closely aligned to our portfolio of purchased collars, and have restated all years presented based on this rate in order to remove the impact of changes in the Japanese yen.

\*Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**  
**Display Technologies Segment**  
**Three Months Ended March 31, 2013 and 2012**  
(Unaudited; amounts in millions, except percentages)

	Three months ended March, 31, 2013			Three months ended March, 31, 2012			% Increase/decrease		
	Net sales	Equity earnings	Net income	Net sales	Equity earnings	Net income	Net sales	Equity earnings	Net income
As reported *	\$650	\$133	\$349	\$705	\$182	\$422	(8)%	(27)%	(17)%
Constant- yen (1)	_____	_____	_____	(100)	(37)	(81)	_____	_____	_____
Core Performance measures	<b>\$650</b>	<b>\$133</b>	<b>\$349</b>	<b>\$605</b>	<b>\$145</b>	<b>\$341</b>	<b>7%</b>	<b>(8)%</b>	<b>2%</b>

- (1) Constant-yen: Because a significant portion of Corning's LCD glass business is priced and manufactured in Japanese yen, management believes it is important to understand the impact on core earnings from translating yen into dollars. Presenting results on a constant-yen basis eliminates the translation impact of the Japanese yen, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and to establish operational goals and forecasts. We use an internally derived management rate, which is closely aligned to our portfolio of purchased collars, and have restated all years presented based on this rate in order to remove the impact of changes in the Japanese yen.

\*Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**  
**Display Technologies Segment**  
**Three Months Ended June 30, 2012, September 30, 2012, and December 31, 2012**  
(Unaudited; amounts in millions)

	Three months ended June 30, 2012			Three months ended September 30, 2012			Three months ended December 31, 2012		
	Net sales	Equity earnings	Net income	Net sales	Equity earnings	Net income	Net sales	Equity earnings	Net income
As reported *	\$641	\$184	\$372	\$763	\$187	\$441	\$800	\$139	\$354
Equity in earnings of affiliated companies (1)								18	18
Restructuring, impairment and other credits (2)									17
Pension mark-to-market (3)									17
Constant yen (4)	(89)	(40)	(71)	(118)	(46)	(91)	(101)	(43)	(85)
Core Performance measures	<u>\$552</u>	<u>\$144</u>	<u>\$301</u>	<u>\$645</u>	<u>\$141</u>	<u>\$350</u>	<u>\$699</u>	<u>\$114</u>	<u>\$321</u>

- (1) In the fourth quarter of 2012, Display Technologies recorded an \$18 million impairment charge for our share of costs for asset write-offs at Samsung Corning Precision Materials
- (2) In the fourth quarter of 2012, the Display Technologies segment recorded a \$17 million after tax charge for workforce reductions and asset write-offs and disposals.
- (3) Annual pension mark-to-market adjustment. Mark-to-market pension gains and losses, net, which arise from changes in actuarial assumptions and the difference between actual and expected returns on plan assets and discount rates, and not from Corning's core operations.
- (4) Constant-yen: Because a significant portion of Corning's LCD glass business is priced and manufactured in Japanese yen, management believes it is important to understand the impact on core earnings from translating yen into dollars. Presenting results on a constant-yen basis eliminates the translation impact of the Japanese yen, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and to establish operational goals and forecasts. We use an internally derived management rate, which is closely aligned to our portfolio of purchased collars, and have restated all years presented based on this rate in order to remove the impact of changes in the Japanese yen.

\*Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**  
**Specialty Materials Segment**  
**Three Months Ended March 31, 2013 and 2012**  
(Unaudited; amounts in millions, except percentages)

	2013		2012		% Increase/decrease	
	Net sales	Net income	Net sales	Net income	Net sales	Net income
As reported *	\$ 258	\$ 39	\$ 288	\$ 22	(10)%	77%
Constant-yen (1)				6		
Core Performance measures	<u>\$ 258</u>	<u>\$ 39</u>	<u>\$ 288</u>	<u>\$ 28</u>	<u>(10)%</u>	<u>39%</u>

- (1) Constant-yen: Because a significant portion of Corning's LCD glass business is priced and manufactured in Japanese yen, management believes it is important to understand the impact on core earnings from translating yen into dollars. Presenting results on a constant-yen basis eliminates the translation impact of the Japanese yen, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and to establish operational goals and forecasts. We use an internally derived management rate, which is closely aligned to our portfolio of purchased collars, and have restated all years presented based on this rate in order to remove the impact of changes in the Japanese yen.

\*Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**

**Specialty Materials Segment**

**Three Months Ended June 30, 2012, September 30, 2012, and December 31, 2012**

(Unaudited; amounts in millions)

	<u>Three months ended June 30, 2012</u>		<u>Three months ended September 30, 2012</u>		<u>Three months ended December 31, 2012</u>	
	<u>Net sales</u>	<u>Net income</u>	<u>Net sales</u>	<u>Net income</u>	<u>Net sales</u>	<u>Net income</u>
As reported *	\$ 296	\$ 34	\$ 363	\$ 59	\$ 399	\$ 22
Restructuring, impairment and other credits (1)						33
Constant yen (2)		6		7		6
Pension mark-to- market (3)						6
<b>Core Performance measures</b>	<b>\$ 296</b>	<b>\$ 40</b>	<b>\$ 363</b>	<b>\$ 66</b>	<b>\$ 399</b>	<b>\$ 67</b>

- (1) In the fourth quarter of 2012, the Specialty Materials segment recorded a \$33 million after tax charge for workforce reductions and asset impairments.
- (2) Constant-yen: Because a significant portion of Corning's LCD glass business is priced and manufactured in Japanese yen, management believes it is important to understand the impact on core earnings from translating yen into dollars. Presenting results on a constant-yen basis eliminates the translation impact of the Japanese yen, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and to establish operational goals and forecasts. We use an internally derived management rate, which is closely aligned to our portfolio of purchased collars, and have restated all years presented based on this rate in order to remove the impact of changes in the Japanese yen.
- (3) Annual pension mark-to-market adjustment. Mark-to-market pension gains and losses, net, which arise from changes in actuarial assumptions and the difference between actual and expected returns on plan assets and discount rates, and not from Corning's core operations.

\*Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**  
**Life Sciences Segment**  
**Three Months Ended March 31, 2013 and 2012**  
(Unaudited; amounts in millions, except percentages)

	<b>2013</b>		<b>2012</b>		<b>% Increase/decrease</b>	
	<b>Net sales</b>	<b>Net income</b>	<b>Net sales</b>	<b>Net income</b>	<b>Net sales</b>	<b>Net income</b>
As reported *	\$ 207	\$ 12	\$ 155	\$ 12	34%	
Acquisition-related costs (1)		12				
Core Performance measures	<u>\$ 207</u>	<u>\$ 24</u>	<u>\$ 155</u>	<u>\$ 12</u>	<u>34%</u>	<u>100%</u>

(1) Acquisition-related costs: These costs include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.

\*Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**

**Life Sciences Segment**

**Three Months Ended June 30, 2012, September 30, 2012, and December 31, 2012**

(Unaudited; amounts in millions)

	<u>Three months ended June 30, 2012</u>		<u>Three months ended Sept. 30, 2012</u>		<u>Three months ended Dec. 31, 2012</u>	
	<u>Net sales</u>	<u>Net income</u>	<u>Net sales</u>	<u>Net income</u>	<u>Net sales</u>	<u>Net (loss) income</u>
As reported *	\$ 162	\$ 11	\$ 155	\$ 9	\$ 185	\$ (4)
Acquisition- related costs (1)						15
Restructuring, impairment and other credits (2)						1
Core Performance measures	<u>\$ 162</u>	<u>\$ 11</u>	<u>\$ 155</u>	<u>\$ 9</u>	<u>\$ 185</u>	<u>\$ 12</u>

(1) Acquisition-related costs: These costs include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.

(2) In the fourth quarter of 2012, the Life Sciences segment recorded a \$1 million after tax charge for workforce reductions.

\*Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.



**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**

**Telecommunications Segment**

**Three Months Ended June 30, 2012, September 30, 2012, and December 31, 2012**

(Unaudited; amounts in millions)

	<u>Three months ended June 30, 2012</u>		<u>Three months ended September 30, 2012</u>		<u>Three months ended December 31, 2012</u>	
	<u>Net sales</u>	<u>Net income</u>	<u>Net sales</u>	<u>Net income</u>	<u>Net sales</u>	<u>Net income</u>
As reported *	\$ 559	\$ 37	\$ 523	\$ 35	\$ 540	\$ 53
Acquisition- related costs (1)						1
Accumulated other comprehensive income (2)						(52)
Restructuring, impairment and other credits (3)						31
Pension mark-to- market (4)						11
Core Performance measures	<u>\$ 559</u>	<u>\$ 37</u>	<u>\$ 523</u>	<u>\$ 35</u>	<u>\$ 540</u>	<u>\$ 44</u>

(1) Acquisition-related costs: These costs include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.

(2) In the fourth quarter of 2012, the Telecommunications segment recorded a \$52 million translation capital gain on the liquidation of a foreign subsidiary.

(3) In the fourth quarter of 2012, the Telecommunications segment recorded a \$31 million after tax charge for workforce reductions and asset write-offs and disposals.

(4) Annual pension mark-to-market adjustment. Mark-to-market pension gains and losses, net, which arise from changes in actuarial assumptions and the difference between actual and expected returns on plan assets and discount rates, and not from Corning's core operations.

\*Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**

**Environmental Technologies Segment**

**Three Months Ended June 30, 2012, September 30, 2012, and December 31, 2012**

(Unaudited; amounts in millions)

	<u>Three months ended June 30, 2012</u>		<u>Three months ended September 30, 2012</u>		<u>Three months ended December 31, 2012</u>	
	<u>Net sales</u>	<u>Net income</u>	<u>Net sales</u>	<u>Net income</u>	<u>Net sales</u>	<u>Net income</u>
As reported *	\$ 249	\$ 34	\$ 233	\$ 27	\$ 219	\$ 10
Restructuring, impairment and other credits (1)						2
Pension mark-to- market (2)						5
Core Performance measures	<u>\$ 249</u>	<u>\$ 34</u>	<u>\$ 233</u>	<u>\$ 27</u>	<u>\$ 219</u>	<u>\$ 17</u>

(1) In the fourth quarter of 2012, the Environmental Technologies segment recorded a \$2 million after tax charge for workforce reductions.

(2) Annual pension mark-to-market adjustment. Mark-to-market pension gains and losses, net, which arise from changes in actuarial assumptions and the difference between actual and expected returns on plan assets and discount rates, and not from Corning's core operations.

\*Includes impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**

**Gross Margin and Gross Margin Percentage**  
**Three Months Ended March 31, 2013 and March 31, 2012**  
(Unaudited; amounts in millions, except percentages)

	<b>Three months ended March 31, 2013</b>			<b>Three months ended March 31, 2012</b>		
	<b>Sales</b>	<b>Gross Margin</b>	<b>Gross Margin %</b>	<b>Sales</b>	<b>Gross Margin</b>	<b>Gross Margin %</b>
As reported	\$ 1,814	\$ 770	42%	\$ 1,920	\$ 824	43%
Acquisition-related costs (1)		12				
Constant-yen (2)	_____	_____	_____	(100)	(58)	_____
Core gross margin and gross margin percentage	<u>\$ 1,814</u>	<u>\$ 782</u>	<u>43%</u>	<u>\$ 1,820</u>	<u>\$ 766</u>	<u>42%</u>

(1) Acquisition-related costs: These costs include inventory valuation adjustments.

(2) Constant-yen: Because a significant portion of Corning's LCD glass business is priced and manufactured in Japanese yen, management believes it is important to understand the impact on core earnings from translating yen into dollars. Presenting results on a constant-yen basis eliminates the translation impact of the Japanese yen, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and to establish operational goals and forecasts. We use an internally derived management rate, which is closely aligned to our portfolio of purchased collars, and have restated all years presented based on this rate in order to remove the impact of changes in the Japanese yen.

**CORNING INCORPORATED AND SUBSIDIARY COMPANIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP**  
**FINANCIAL MEASURE**  
**Three Months Ended March 31, 2013, March 31, 2012 and December 31, 2012**  
(Unaudited; amounts in millions)

	<b>Three months ended March 31, 2013</b>	<b>Three months ended March 31, 2012</b>	<b>Three months ended December 31, 2012</b>
Cash flows from operating activities	\$ 623	\$ 762	\$ 1,240
Less: Cash flows from investing activities	(122)	(604)	(1,007)
Plus: Short-term investments – acquisitions	291	528	411
Less: Short-term investments – liquidations	<u>(469)</u>	<u>(341)</u>	<u>(651)</u>
Free cash flow	<u>\$ 323</u>	<u>\$ 345</u>	<u>\$ (7)</u>

## CORNING INCORPORATED AND SUBSIDIARY COMPANIES

### Use of Non-GAAP Financial 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 for our financial and operational decision making. Net sales, equity in earnings of affiliated companies, and net income are adjusted to exclude the impacts of changes in the Japanese yen, the impact of the purchased collars, the impact of acquisitions, the results of the polysilicon business of our equity affiliate Dow Corning Corporation, discrete tax items, restructuring and restructuring-related charges, certain litigation-related expenses and the annual pension mark-to-market adjustment. These measures are not prepared in accordance with U.S. Generally Accepted Accounting Principles (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 with how management evaluates our operational results and trends. These measures are not, and should not be viewed as a substitute for U.S. GAAP reporting measures.

The following is an explanation of each adjustment that management excluded as part of these non-GAAP financial measures as well as reasons for excluding each item:

Items which we exclude from GAAP measures to arrive at Core Performance measures are as follows:

- (1) Constant-yen: Because a significant portion of Corning's LCD glass business revenues and manufacturing costs are denominated in Japanese yen, management believes it is important to understand the impact on core earnings from translating yen into dollars. Presenting results on a constant-yen basis eliminates the translation impact of the Japanese yen, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and to establish operational goals and forecasts. We use an internally derived management rate of ¥93, which is closely aligned to our portfolio of purchased collars, and have restated all years presented based on this rate in order to effectively remove the impact of changes in the Japanese yen.
- (2) Purchased collars: We have excluded the impact of our purchased collars for each period presented because we have aligned the internally derived rate with our portfolio of purchased collars. This, coupled with the Constant-yen adjustments, effectively eliminates the impact of changes in the Japanese yen on our results.

- (3) Results of Dow Corning Corporation's equity affiliate, Hemlock Semiconductor: We are excluding the results of Dow Corning's consolidated subsidiary, Hemlock Semiconductor, a producer of polycrystalline silicon, to remove the non-operating items and events which have caused severe unpredictability and instability in earnings over the past eighteen months, and are expected to continue in the future. These events are being primarily driven by the macro-economic environment. Specifically, the uncertainty regarding the anti-dumping and countervailing duty investigation of imports of solar-grade polysilicon from the United States by the Chinese Ministry of Commerce and the impact of potential asset write-offs, offset by the potential benefit of large payments required under "take or pay" customer contracts, are events that are unrelated to its core operations, and that have, or could have, significant impact to this business.
- (4) Acquisition-related costs: These expenses include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.
- (5) Discrete tax items: These items represent adjustments for effects of tax law changes which do not reflect expected on-going operating results.
- (6) Certain litigation-related charges: These adjustments relate to the Pittsburgh Corning Corporation (PCC) asbestos litigation.
- (7) Restructuring, impairment and other charges.
- (8) Annual pension mark-to-market adjustment: Mark-to-market pension gains and losses, net, which arise from changes in actuarial assumptions and the difference between actual and expected returns on plan assets and discount rates, and not from Corning's core operations;