

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Net sales	\$ 2,482	\$ 1,982	\$ 4,771	\$ 3,796
Cost of sales	1,450	1,099	2,804	2,143
Gross margin	1,032	883	1,967	1,653
Operating expenses:				
Selling, general and administrative expenses	318	266	713	525
Research, development and engineering expenses	208	179	406	357
Amortization of purchased intangibles	8	8	16	15
Restructuring, impairment and other charges	34		51	
Asbestos litigation charge	4	6	6	8
Operating income	460	424	775	748
Equity in earnings of affiliated companies	62	166	148	339
Interest income	4	2	16	4
Interest expense	(30)	(28)	(60)	(64)
Transaction-related gain, net			74	
Other (expense) income, net	(155)	265	(131)	330
Income before income taxes	341	829	822	1,357
Provision for income taxes	(172)	(191)	(352)	(225)
Net income attributable to Corning Incorporated	\$ 169	\$ 638	\$ 470	\$ 1,132
Earnings per common share attributable to Corning Incorporated:				
Basic	\$ 0.11	\$ 0.43	\$ 0.32	\$ 0.77
Diluted	\$ 0.11	\$ 0.43	\$ 0.32	\$ 0.76
Dividends declared per common share	\$ 0.10	\$ 0.10	\$ 0.20	\$ 0.19

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

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Net income attributable to Corning Incorporated	\$ 169	\$ 638	\$ 470	\$ 1,132
Foreign currency translation gain (loss)	269	(296)	137	(801)
Net unrealized (losses) gains on investments	(9)	3	4	2
Unamortized (losses) gains and prior service costs for postretirement benefit plans	(6)	23	3	30
Net unrealized gains (losses) on designated hedges	1	14	(3)	25
Other comprehensive income (loss), net of tax	255	(256)	141	(744)
Comprehensive income attributable to Corning Incorporated	<u>\$ 424</u>	<u>\$ 382</u>	<u>\$ 611</u>	<u>\$ 388</u>

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

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

	<u>June 30,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,118	\$ 4,704
Short-term investments, at fair value	768	531
Total cash, cash equivalents and short-term investments	<u>5,886</u>	<u>5,235</u>
Trade accounts receivable, net of doubtful accounts and allowances - \$31 and \$28	1,645	1,253
Inventories	1,380	1,270
Deferred income taxes	349	278
Other current assets	<u>604</u>	<u>855</u>
Total current assets	9,864	8,891
Investments	2,013	5,537
Property, net of accumulated depreciation - \$8,456 and \$7,865	13,523	9,801
Goodwill and other intangible assets, net	1,682	1,542
Deferred income taxes	2,084	2,234
Other assets	<u>666</u>	<u>473</u>
Total Assets	<u>\$ 29,832</u>	<u>\$ 28,478</u>
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	\$ 450	\$ 21
Accounts payable	777	771
Other accrued liabilities	950	954
Total current liabilities	<u>2,177</u>	<u>1,746</u>
Long-term debt	3,238	3,272
Postretirement benefits other than pensions	751	766
Other liabilities	1,834	1,483
Total liabilities	<u>8,000</u>	<u>7,267</u>
Commitments and contingencies		
Shareholders' equity:		
Convertible preferred stock, Series A – Par value \$100 per share; Shares authorized 3,100; Shares issued: 2,300	2,300	
Common stock – Par value \$0.50 per share; Shares authorized 3.8 billion; Shares issued: 1,669 million and 1,661 million	835	831
Additional paid-in capital – common stock	13,305	13,066
Retained earnings	11,478	11,320
Treasury stock, at cost; Shares held: 379 million and 262 million	(6,340)	(4,099)
Accumulated other comprehensive income	<u>185</u>	<u>44</u>
Total Corning Incorporated shareholders' equity	21,763	21,162
Noncontrolling interests	<u>69</u>	<u>49</u>
Total equity	<u>21,832</u>	<u>21,211</u>
Total Liabilities and Equity	<u>\$ 29,832</u>	<u>\$ 28,478</u>

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Cash Flows from Operating Activities:				
Net income	\$ 169	\$ 638	\$ 470	\$ 1,132
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	294	242	583	490
Amortization of purchased intangibles	8	8	16	15
Restructuring, impairment and other charges	34		51	
Stock compensation charges	13	14	28	25
Equity in earnings of affiliated companies	(62)	(166)	(148)	(339)
Dividends received from affiliated companies	31	21	1,641	182
Deferred tax provision	81	149	103	119
Restructuring payments	(6)	(8)	(17)	(24)
Employee benefit payments (in excess of) less than expense	(11)	11	(28)	26
Losses (gains) on translated earnings contracts	141	(227)	139	(251)
Changes in certain working capital items:				
Trade accounts receivable	(32)	(73)	(11)	(56)
Inventories	16	(73)	13	(211)
Other current assets		1	28	(3)
Accounts payable and other current liabilities	29	(129)	(384)	(241)
Other, net	38	(17)	(4)	148
Net cash provided by operating activities	743	391	2,480	1,012
Cash Flows from Investing Activities:				
Capital expenditures	(232)	(244)	(478)	(438)
Acquisitions of business, net of cash received		(66)	66	(66)
Investment in unconsolidated entities		(15)	(109)	(15)
Proceeds from loan repayments from unconsolidated entities	6	4	11	6
Short-term investments – acquisitions	(358)	(446)	(803)	(737)
Short-term investments – liquidations	236	551	574	1,020
Premium on purchased collars				(107)
Realized gains on translated earnings contracts	63	3	152	3
Other, net	3	(2)	4	(1)
Net cash used in investing activities	(282)	(215)	(583)	(335)
Cash Flows from Financing Activities:				
Retirement of long-term debt				(498)
Net repayments of short-term borrowings and current portion of long-term debt	(34)	(2)	(42)	(11)
Principal payments under capital lease obligations	(1)	(1)	(1)	(2)
Proceeds from issuance of short-term debt	17		17	
(Repayments on) proceeds from issuance of commercial paper, net	(2)		416	
Proceeds from issuance of preferred stock (1)			400	
Payments to acquire noncontrolling interest		(9)		(9)
Proceeds from the exercise of stock options	34	27	84	39
Repurchase of common stock for treasury	(175)	(232)	(2,076)	(232)
Dividends paid	(151)	(147)	(287)	(280)
Net cash used in financing activities	(312)	(364)	(1,489)	(993)
Effect of exchange rates on cash	1	(8)	6	(71)
Net increase (decrease) in cash and cash equivalents	150	(196)	414	(387)
Cash and cash equivalents at beginning of period	4,968	4,797	4,704	4,988
Cash and cash equivalents at end of period	\$ 5,118	\$ 4,601	\$ 5,118	\$ 4,601

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

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
(Unaudited)

GAAP Earnings per Common Share

The following table sets forth the computation of GAAP basic and diluted earnings per common share (in millions, except per share amounts):

	Three months ended		Six months ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Net income attributable to Corning Incorporated	\$ 169	\$ 638	\$ 470	\$ 1,132
Less: Series A convertible preferred stock dividend	24		45	
Net income available to common stockholders – basic	145	638	425	1,132
Net income available to common stockholders – diluted	\$ 145	\$ 638	\$ 425	\$ 1,132
Weighted-average common shares outstanding – basic	1,302	1,469	1,331	1,471
Effect of dilutive securities:				
Stock options and other dilutive securities	13	9	12	9
Weighted-average common shares outstanding – diluted	1,315	1,478	1,343	1,480
Basic earnings per common share	\$ 0.11	\$ 0.43	\$ 0.32	\$ 0.77
Diluted earnings per common share	\$ 0.11	\$ 0.43	\$ 0.32	\$ 0.76

Core Earnings per Common Share

The following table sets forth the computation of core basic and core diluted earnings per common share (in millions, except per share amounts):

	Three months ended		Six months ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Core earnings attributable to Corning Incorporated	\$ 527	\$ 469	\$ 988	\$ 900
Less: Series A convertible preferred stock dividend	24		45	
Core earnings available to common stockholders - basic	503	469	943	900
Add: Series A convertible preferred stock dividend	24		45	
Core earnings available to common stockholders - diluted	\$ 527	\$ 469	\$ 988	\$ 900
Weighted-average common shares outstanding - basic	1,302	1,469	1,331	1,471
Effect of dilutive securities:				
Stock options and other dilutive securities	13	9	12	9
Series A convertible preferred stock	115		106	
Weighted-average common shares outstanding - diluted	1,430	1,478	1,449	1,480
Core basic earnings per common share	\$ 0.39	\$ 0.32	\$ 0.71	\$ 0.61
Core diluted earnings per common share	\$ 0.37	\$ 0.32	\$ 0.68	\$ 0.61

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 non-GAAP amounts which we refer to as Core Performance measures. We believe reporting Core Performance measures provides investors greater transparency to the information used by our management team to make financial and operational decisions. Net sales, gross margin, equity in earnings of affiliated companies, and net income are adjusted to exclude the impacts of changes in the Japanese yen and Korean won, the impact of the purchased and zero cost collars, average forward contracts and other yen-related transactions, acquisition-related costs, discrete tax items, restructuring and restructuring-related charges, certain litigation-related expenses, pension mark-to-market adjustments, and other items which do not reflect on-going operating results of the Company or our equity affiliates. 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 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. Detailed reconciliations are provided below outlining the differences between these non-GAAP measures and the most directly comparable GAAP measures. Further explanation of the Company's reconciliation of these non-GAAP financial measures is included at the end of this document.

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

Three Months Ended June 30, 2014

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

	Three months ended June 30, 2014					
	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate	Earnings per share
As reported	\$ 2,482	\$ 62	\$ 341	\$ 169	50.4%	\$ 0.11
Constant-yen (1)	95	1	81	59		0.04
Constant-won (1)			17	12		0.01
Purchased collars and average forward contracts (2)			141	82		0.06
Acquisition-related costs (4)			10	7		
Discrete tax items (5)				164		0.11
Asbestos settlement (6)			4	2		
Restructuring, impairment and other charges (7)			39	29		0.02
Equity in earnings of affiliated companies (9)		(5)	(5)	(5)		
Other items related to the Acquisition of Samsung Corning Precision Materials (10)			10	8		0.01
Core Performance measures	\$ 2,577	\$ 58	\$ 638	\$ 527	17.4%	\$ 0.37

See Reconciliation of Non-GAAP Financial Measures, "Items which we exclude from GAAP measures to arrive at Core Performance measures" for the descriptions of the footnoted reconciling items.

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

Three Months Ended June 30, 2013

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

	Three months ended June 30, 2013					
	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate	Earnings per share
As reported	\$ 1,982	\$ 166	\$ 829	\$ 638	23.0%	\$ 0.43
Constant-yen (1)	39	10	36	27		0.02
Purchased collars and average forward contracts (2)			(229)	(147)		(0.10)
Other yen-related transactions (2)			(27)	(19)		(0.01)
Hemlock Semiconductor operating results (3)		(12)	(12)	(11)		(0.01)
Hemlock Semiconductor non-operating results (3)(7)		9	9	9		0.01
Acquisition-related costs (4)			8	5		
Asbestos settlement (6)			6	4		
Pension mark-to-market adjustment (11)			(41)	(26)		(0.02)
Gain on change in control of equity investment (12)			(17)	(11)		(0.01)
Core Performance measures	\$ 2,021	\$ 173	\$ 562	\$ 469	16.5%	\$ 0.32

See Reconciliation of Non-GAAP Financial Measures, "Items which we exclude from GAAP measures to arrive at Core Performance measures" for the descriptions of the footnoted reconciling items.

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

Three Months Ended June 30, 2014 and 2013

(Unaudited; amounts in millions, except percentages)

	Three months ended June 30, 2014				Three months ended June 30, 2013			
	Gross Margin	Gross margin %	Selling, general and admin. expenses	Research, development and engineering expenses	Gross Margin	Gross margin %	Selling, general and admin. expenses	Research, development and engineering expenses
As reported	\$ 1,032	42%	\$ 318	\$ 208	\$ 883	45%	\$ 266	\$ 179
Constant-yen (1)	81		1		24			
Constant-won (1)	13		(2)	(2)				
Other yen-related transactions (2)					(9)			
Acquisition-related costs (4)					1			
Restructuring, impairment and other charges (7)	18		16					
Other items related to the Acquisition of Samsung Corning Precision Materials (10)	14							
Pension mark-to-market adjustment (11)					(24)		11	7
Core Performance measures	\$ 1,158	45%	\$ 333	\$ 206	\$ 875	43%	\$ 277	\$ 186

See Reconciliation of Non-GAAP Financial Measures, “Items which we exclude from GAAP measures to arrive at Core Performance measures” for the descriptions of the footnoted reconciling items.

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

Display Technologies Segment

Three Months Ended June 30, 2014 and 2013

(Unaudited; amounts in millions, except percentages)

	Three months ended June 30, 2014			Three months ended June 30, 2013			% Increase/decrease		
	Net sales	Equity earnings	Net income	Net sales	Equity earnings	Net income	Net sales	Equity earnings	Net income
As reported	\$ 987	\$ (4)	\$ 282	\$ 631	\$ 108	\$ 337	56%	(104)%	(16)%
Constant-yen (1)	96	1	61	39	9	29			
Constant-won (1)			11						
Purchased collars, average forward contracts and other yen-related transactions (2)			(53)			(43)			
Acquisition-related costs (4)			2						
Discrete tax items (5)			4						
Restructuring, impairment and other charges (7)			27						
Other items related to the Acquisition of Samsung Coming Precision Materials (10)			8						
Pension mark-to-market adjustment (11)						(9)			
Core Performance measures	\$ 1,083	\$ (3)	\$ 342	\$ 670	\$ 117	\$ 314	62%	(103)%	9%

See Reconciliation of Non-GAAP Financial Measures, "Items which we exclude from GAAP measures to arrive at Core Performance measures" for the descriptions of the footnoted reconciling items.

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

Optical Communications Segment

Three Months Ended June 30, 2014 and 2013

(Unaudited; amounts in millions, except percentages)

	Three months ended June 30, 2014		Three months ended June 30, 2013		% Increase/decrease	
	Net sales	Net income	Net sales	Net income	Net sales	Net income
As reported	\$ 686	\$ 61	\$ 601	\$ 76	14%	(20)%
Acquisition-related costs (4)		2		4		
Pension market-to-market adjustment (11)				(9)		
Gain on change in control of equity investment (12)				(11)		
Core Performance measures	\$ 686	\$ 63	\$ 601	\$ 60	14%	5%

See Reconciliation of Non-GAAP Financial Measures, "Items which we exclude from GAAP measures to arrive at Core Performance measures" for the descriptions of the footnoted reconciling items.

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

Environmental Technologies Segment

Three Months Ended June 30, 2014 and 2013

(Unaudited; amounts in millions, except percentages)

	Three months ended June 30, 2014		Three months ended June 30, 2013		% Increase/decrease	
	Net sales	Net income	Net sales	Net income	Net sales	Net income
As reported	\$ 285	\$ 47	\$ 228	\$ 36	25%	31%
Pension mark-to- market adjustment (11)				(3)		
Core Performance measures	\$ 285	\$ 47	\$ 228	\$ 33	25%	42%

See Reconciliation of Non-GAAP Financial Measures, “Items which we exclude from GAAP measures to arrive at Core Performance measures” for the descriptions of the footnoted reconciling items.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP
FINANCIAL MEASURE
Specialty Materials Segment
Three Months Ended June 30, 2014 and 2013
(Unaudited; amounts in millions, except percentages)

	Three months ended June 30, 2014		Three months ended June 30, 2013		% Increase/decrease	
	Net sales	Net income	Net sales	Net income	Net sales	Net income
As reported	\$ 298	\$ 39	\$ 301	\$ 58	(1)%	(33)%
Constant-yen (1)		(1)		(1)		
Purchased collars, average forward contracts and other yen-related transactions (2)		3		(1)		
Restructuring, impairment and other charges (7)		3				
Pension mark-to- market adjustment (11)				(3)		
Core Performance measures	\$ 298	\$ 44	\$ 301	\$ 53	(1)%	(17)%

See Reconciliation of Non-GAAP Financial Measures, "Items which we exclude from GAAP measures to arrive at Core Performance measures" for the descriptions of the footnoted reconciling items.

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

Life Sciences Segment

Three Months Ended June 30, 2014 and 2013

(Unaudited; amounts in millions, except percentages)

	Three months ended June 30, 2014		Three months ended June 30, 2013		% Increase/decrease	
	Net sales	Net income	Net sales	Net income	Net sales	Net income
As reported	\$ 223	\$ 18	\$ 219	\$ 25	2%	(28)%
Acquisition-related costs (4)		4		2		
Pension mark-to- market adjustment (11)				(3)		
Core Performance measures	\$ 223	\$ 22	\$ 219	\$ 24	2%	(8)%

See Reconciliation of Non-GAAP Financial Measures, “Items which we exclude from GAAP measures to arrive at Core Performance measures” for the descriptions of the footnoted reconciling items.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP
FINANCIAL MEASURE
Dow Corning Corporation
Three Months Ended June 30, 2014 and 2013
(Unaudited; amounts in millions)

	Equity Earnings	
	Three months ended June 30, 2014	Three months ended June 30, 2013
As reported	\$ 54	\$ 45
Hemlock Semiconductor operating results (3)		(12)
Hemlock Semiconductor non-operating results (3)(7)		9
Equity in earnings of affiliated companies (9)	(5)	
Core Performance measures	\$ 49	\$ 42

See Reconciliation of Non-GAAP Financial Measures, "Items which we exclude from GAAP measures to arrive at Core Performance measures" for the descriptions of the footnoted reconciling items.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP
FINANCIAL MEASURE
Three Months Ended June 30, 2014 and 2013
(Unaudited; amounts in millions)

	Three months ended June 30, 2014	Three months ended June 30, 2013
Cash flows from operating activities	\$ 743	\$ 391
Less: Cash flows from investing activities	(282)	(215)
Plus: Short-term investments – acquisitions	358	446
Less: Short-term investments – liquidations	(236)	(551)
Free cash flow	\$ 583	\$ 71

CORNING INCORPORATED AND SUBSIDIARY COMPANIES

Reconciliation of Non-GAAP Financial Measures

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

- (1) Constant-currency adjustments:
Constant-yen: Because a significant portion of 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 mitigates 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 yen portfolio of purchased collars, and have restated all periods presented based on this rate in order to materially mitigate the impact of changes in the Japanese yen.
Constant-won: Following the acquisition of SCP and because a significant portion of SCP's costs are denominated in Korean won, management believes it is important to understand the impact on core earnings from translating won into dollars. Presenting results on a constant-won basis mitigates the translation impact of the Korean won, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and to establish operational goals and forecasts without the variability caused by the fluctuations caused by changes in the rate of this currency. We use an internally derived management rate of 1,100, which is consistent with historical prior period averages of the won. We have not recast prior periods presented as the impact is not material to Corning in those periods.
- (2) Purchased and zero cost collars, average forward contracts and other yen-related transactions: We have excluded the impact of our yen-denominated purchased collars, average forward contracts, and other yen-related transactions for each period presented. Additionally, we are also excluding the impact of our portfolio of Korean won-denominated zero cost collars which we entered into in the second quarter of 2014. By aligning an internally derived rate with our portfolio of purchased collars and average forward contracts, and excluding other yen-related and won-related transactions and the constant-currency adjustments, we have materially mitigated the impact of changes in the Japanese yen.
- (3) Results of Dow Corning's consolidated subsidiary, Hemlock Semiconductor: In 2013, we excluded the results of Dow Corning's consolidated subsidiary, Hemlock Semiconductor, a producer of polycrystalline silicon, to remove the operating and non-operating items and events which have caused severe unpredictability and instability in earnings beginning in 2012. These events were primarily driven by the macro-economic environment. Specifically, the negative impact of the determination by MOFCOM, which imposes provisional anti-dumping duties on solar-grade polysilicon imports from the United States, and the impact of asset write-offs, offset by the benefit of large payments required under Hemlock customers' "take-or-pay" contracts, are events that are unrelated to Dow Corning's core operations, and that have, or could have, significant impacts to this business. Beginning in 2014, due to the stabilization of the polycrystalline silicon industry, we will no longer exclude the operating results of Hemlock Semiconductor from core performance measures.
- (4) Acquisition-related costs: These expenses include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.
- (5) Discrete tax items: This represents the removal of discrete adjustments attributable to changes in tax law and changes in judgment about the realizability of certain deferred tax assets. This item also includes the income tax effects of adjusting from a GAAP tax rate to a core earnings tax rate.
- (6) Certain litigation-related charges: These adjustments relate to the Pittsburgh Corning Corporation (PCC) asbestos litigation.
- (7) Restructuring, impairment and other charges. In the second quarter of 2014, amount includes restructuring expense and other disposal costs not classified as restructuring expense.

- (8) Liquidation of subsidiary: The partial impact of non-restructuring related items due to the decision to liquidate a consolidated subsidiary that is not significant.
- (9) Equity in earnings of affiliated companies: These adjustments relate to items which do not reflect expected on-going operating results of our affiliated companies, such as restructuring, impairment and other charges and settlements under “take-or-pay” contracts.
- (10) Impacts from the Acquisition of Samsung Corning Precision Materials: Pre-acquisition gains and losses on previously held equity investment and other gains and losses related to the Acquisition, including the impact of post-combination expenses and the withholding tax on a dividend from Samsung Corning Precision Materials.
- (11) Pension mark-to-market adjustment: Mark-to-market pension gains and losses, which arise from changes in actuarial assumptions and the difference between actual and expected returns on plan assets and discount rates. In accordance with GAAP, Corning recognizes pension actuarial gains and losses outside of the corridor, where the corridor is equal to 10% of the greater of the benefit obligation or the market-related value of plan assets at the beginning of the year, for our defined benefit pension plans annually in the fourth quarter of each year and whenever a plan is remeasured or valuation estimates are finalized. Actuarial gains and losses occur when actual experience differs from the estimates used to allocate the change in value of pension plans to expense throughout the year or when assumptions change, as they may each year. Significant factors that can contribute to the recognition of actuarial gains and losses include changes in discount rates, differences between actual and expected returns on plan assets, and other changes in actuarial assumptions such as life expectancy of plan participants. Management believes that pension actuarial gains and losses are primarily financing activities that are more reflective of changes in current conditions in global financial markets, and are not directly related to the underlying performance of our businesses. For further information on the actuarial assumptions and plan assets referenced above, see Management’s Discussion and Analysis of Financial Condition and Results of Operations, under Critical Accounting Estimates - Employee Retirement Plans, and Note 13, Employee Retirement Plans, of Notes to the Consolidated Financial Statements.
- (12) Gain on change in control of equity investment: Gain as a result of certain changes to the Shareholder Agreement of an equity company, resulting in Corning having a controlling interest that requires consolidation of this investment.