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

	Three months ended December 31,		Year ended December 31,	
	2013	2012	2013	2012
Net sales	$ 1,956	$ 2,146	$ 7,819	$ 8,012
Cost of sales	1,186	1,348	4,495	4,693
Gross margin	770	798	3,324	3,319
Operating expenses:				
Selling, general and administrative expenses	332	356	1,126	1,205
Research, development and engineering expenses	169	219	710	769
Amortization of purchased intangibles	8	6	31	19
Restructuring, impairment and other charges	71	133	67	133
Asbestos litigation charge	6	5	19	14
Operating income	184	79	1,371	1,179
Equity in earnings of affiliated companies	70	93	547	810
Interest income	3	4	8	14
Interest expense	(28)	(34)	(120)	(111)
Other income, net	338	41	667	83
Income before income taxes	567	183	2,473	1,975
Provision for income taxes	(146)	(28)	(512)	(339)
Net income attributable to Corning Incorporated	$ 421	$ 155	$ 1,961	$ 1,636
Earnings per common share attributable to Corning Incorporated:				
Basic	$ 0.30	$ 0.11	$ 1.35	$ 1.10
Diluted	$ 0.30	$ 0.10	$ 1.34	$ 1.09
Dividends declared per common share	$ 0.10	$ 0.09	$ 0.39	$ 0.32

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

	Years ended December 31,		
	2013	2012	2011
Net income attributable to Corning Incorporated	$ 1,961	$ 1,636	$ 2,817
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments and other	(682)	(179)	(21)
Net unrealized gains on investments	2	13	4
Unamortized gains (losses) and prior service costs for postretirement benefit plans	392	(1)	(121)
Net unrealized (losses) gains on designated hedges	(24)	47	(6)
	(312)	(120)	(144)
Comprehensive income attributable to Corning Incorporated	$ 1,649	$ 1,516	$ 2,673

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

	December 31, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 4,704	$ 4,988
Short-term investments, at fair value	531	1,156
Total cash, cash equivalents and short-term investments	5,235	6,144
Trade accounts receivable, net of doubtful accounts and allowances	1,253	1,302
Inventories	1,270	1,051
Deferred income taxes	278	579
Other current assets	855	619
Total current assets	8,891	9,695
Investments	5,537	4,915
Property, net of accumulated depreciation	9,801	10,625
Goodwill and other intangible assets, net	1,542	1,496
Deferred income taxes	2,234	2,343
Other assets	473	301
Total Assets	$ 28,478	$ 29,375
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	$ 21	$ 76
Accounts payable	771	779
Other accrued liabilities	954	1,101
Total current liabilities	1,746	1,956
Long-term debt	3,272	3,382
Postretirement benefits other than pensions	766	930
Other liabilities	1,483	1,574
Total liabilities	7,267	7,842
Commitments and contingencies		
Shareholders' equity:		
Common stock – Par value $0.50 per share; Shares authorized: 3.8 billion; Shares issued: 1,661 million and 1,649 million	831	825
Additional paid-in capital	13,066	13,146
Retained earnings	11,320	9,932
Treasury stock, at cost; Shares held: 262 million and 179 million	(4,099)	(2,773)
Accumulated other comprehensive income	44	356
Total Corning Incorporated shareholders' equity	21,162	21,486
Noncontrolling interests	49	47
Total equity	21,211	21,533
Total Liabilities and Equity	$ 28,478	$ 29,375

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

	Three months ended December 31,		Year ended December 31,	
	2013	2012	2013	2012
Cash Flows from Operating Activities:				
Net income	$ 421	$ 155	$ 1,961	$ 1,636
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	241	261	971	978
Amortization of purchased intangibles	8	6	31	19
Restructuring, impairment and other charges	71	133	67	133
Loss on retirement of debt		26		26
Stock compensation charges	14	14	54	70
Undistributed earnings of affiliated companies less than dividends received	339	420	83	280
Deferred tax provision (benefit)	48	(47)	189	18
Restructuring payments	(5)	(12)	(35)	(15)
Employee benefit payments less than expense	18	235	52	178
Unrealized gains on translated earnings contracts	(201)		(367)	
Changes in certain working capital items:				
Trade accounts receivable	110	(123)	(29)	(272)
Inventories	(9)	8	(247)	(23)
Other current assets	20	(16)	34	(81)
Accounts payable and other current liabilities	255	231	(23)	189
Other, net	(46)	(51)	46	70
Net cash provided by operating activities	1,284	1,240	2,787	3,206
Cash Flows from Investing Activities:				
Capital expenditures	(337)	(526)	(1,019)	(1,801)
Acquisitions of businesses, net of cash received	(2)	(723)	(68)	(723)
Investments in unconsolidated entities	(507)		(526)	(111)
Short-term investments – acquisitions	(223)	(411)	(1,406)	(2,270)
Short-term investments – liquidations	577	651	2,026	2,269
Premium on purchased collars			(107)	
Realized gains on translated earning contracts	54		87	
Other, net	9	2	9	8
Net cash used in investing activities	(429)	(1,007)	(1,004)	(2,628)
Cash Flows from Financing Activities:				
Net repayments of short-term borrowings and current portion of long-term debt	(2)	(2)	(71)	(26)
Proceeds from issuance of long-term debt, net	248	332	248	1,362
Proceeds (payments) to settle interest rate swap agreements	33		33	(18)
Proceeds received for asset financing and related incentives, net	194		276	
Retirements of long-term debt, net		(280)	(498)	(280)
Principal payments under capital lease obligations	(5)		(7)	(1)
Payments to acquire noncontrolling interest			(47)	
Proceeds from the exercise of stock options	31	12	85	38
Repurchases of common stock for treasury	(1,075)	(140)	(1,516)	(720)
Dividends paid	(140)	(133)	(566)	(472)
Other, net		2		2
Net cash used in financing activities	(716)	(209)	(2,063)	(115)
Effect of exchange rates on cash	5	12	(4)	(136)
Net increase (decrease) in cash and cash equivalents	144	36	(284)	327
Cash and cash equivalents at beginning of period	4,560	4,952	4,988	4,661
Cash and cash equivalents at end of period	$ 4,704	$ 4,988	$ 4,704	$ 4,988

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
(Unaudited)

Weighted Average Shares Outstanding

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

	Three months ended December 31,		Year ended December 31,	
	2013	**2012**	**2013**	**2012**
Basic	1,414	1,471	1,452	1,494
Diluted	1,424	1,481	1,462	1,506
Diluted used for non-GAAP measures	1,424	1,481	1,462	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, Core earnings per share, and Free cash flow 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. 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 use 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 December 31, 2013

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

	Three months ended December 31, 2013					
	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate	Per share
As reported	$ 1,956	$ 70	$ 567	$ 421	25.7%	$ 0.30
Constant-yen (1)	49	14	46	38		0.03
Purchased collars and average rate forwards (2)			(228)	(149)		(0.10)
Other yen-related transactions (2)			(28)	(20)		(0.01)
Hemlock Semiconductor operating results (3)		(27)	(27)	(26)		(0.02)
Acquisition-related costs (4)			18	15		0.01
Provision for income taxes (5)				6		
Asbestos settlement (6)			6	4		
Restructuring, impairment and other charges (7)			67	46		0.03
Pension mark-to-market adjustment (8)			11	9		0.01
Equity in earnings of affiliated companies (9)		64	64	64		0.04
Other			4	2		
Core performance measures	$ 2,005	$ 121	$ 500	$ 410	18.0%	$ 0.29

(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 yen 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, average forward contracts and other yen-related transactions: We have excluded the impact of our purchased collars, average forward contracts, and other yen-related transactions for each period presented. By aligning an internally derived rate with our portfolio of purchased collars and average forward contracts, and excluding other yen-related transactions and the constant-yen adjustments, we have effectively eliminated the impact of changes in the Japanese yen on our results.

(3) Results of Dow Corning Corporation's consolidated subsidiary, Hemlock Semiconductor: We are excluding 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 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 negative impact of the determination by the Chinese Ministry of Commerce, 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.

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

(5) Provision for income taxes: This represents discrete adjustments recorded for effects of tax law and realizability of deferred tax assets changes removed from core earnings. 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, impairments, and other charges.

(8) 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.

(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.

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)

	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate	Per share
As reported *	$ 2,146	$ 93	$ 183	$ 155	15.3%	$ 0.10
Constant-yen (1)	(101)	(44)	(113)	(91)		(0.06)
Other yen-related transactions (2)			(9)	(6)		
Hemlock Semiconductor operating results (3)		(4)	(4)	(4)		
Hemlock Semiconductor non-operating results (3)		87	87	81		0.05
Acquisition-related costs (4)			24	16		0.01
Provision for income taxes (5)				41		0.03
Asbestos settlement (6)			5	3		
Restructuring, impairment and other charges (7)			133	91		0.06
Pension mark-to-market adjustment (8)			217	140		0.09
Equity in earnings of affiliated companies (9)		18	18	18		0.01
Accumulated other comprehensive income (10)			(52)	(52)		(0.04)
Loss on repurchase of debt (11)			26	17		0.01
Core Performance measures*	$ 2,045	$ 150	$ 515	$ 409	20.6%	$ 0.28

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

(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 yen 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, average forward contracts and other yen-related transactions: We have excluded the impact of our purchased collars, average forward contracts, and other yen-related transactions for each period presented. By aligning an internally derived rate with our portfolio of purchased collars and average forward contracts, and excluding other yen-related transactions and the constant-yen adjustments, we have effectively eliminated the impact of changes in the Japanese yen on our results.

(3) Results of Dow Corning Corporation's consolidated subsidiary, Hemlock Semiconductor: We are excluding 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 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 negative impact of the determination by the Chinese Ministry of Commerce, 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.

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

(5) Provision for income taxes: This represents discrete adjustments recorded for effects of tax law and realizability of deferred tax assets changes removed from core earnings. 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, impairments, and other charges.

(8) 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.

(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) Accumulated other comprehensive income: In 2012, Corning recorded a translation capital gain on the liquidation of a foreign subsidiary.

(11) Loss on repurchase of debt: In 2012, Corning recorded a loss 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.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Year Ended December 31, 2013
(Unaudited; amounts in millions, except percentages and per share amounts)

	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate	Per share
As reported	$ 7,819	$ 547	$ 2,473	$ 1,961	20.7%	$ 1.34
Constant-yen (1)	129	36	122	96		0.07
Purchased collars and average rate forwards (2)			(435)	(287)		(0.20)
Other yen-related transactions (2)			(99)	(69)		(0.05)
Hemlock Semiconductor operating results (3)		(31)	(31)	(30)		(0.02)
Hemlock Semiconductor non-operating results (3)		1	1	1		
Acquisition-related costs (4)			54	40		0.03
Provision for income taxes (5)				9		0.01
Asbestos settlement (6)			19	13		0.01
Restructuring, impairment and other charges (7)			67	46		0.03
Pension mark-to-market adjustment (8)			(30)	(17)		(0.01)
Gain on change in control of equity investment (9)			(17)	(12)		(0.01)
Equity in earnings of affiliated companies (10)		42	42	44		0.02
Other			4	2		
Core performance measures	$ 7,948	$ 595	$ 2,170	$ 1,797	17.2%	$ 1.23

(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 yen 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, average forward contracts and other yen-related transactions: We have excluded the impact of our purchased collars, average forward contracts, and other yen-related transactions for each period presented. By aligning an internally derived rate with our portfolio of purchased collars and average forward contracts, and excluding other yen-related transactions and the constant-yen adjustments, we have effectively eliminated the impact of changes in the Japanese yen on our results.

(3) Results of Dow Corning Corporation's consolidated subsidiary, Hemlock Semiconductor: We are excluding 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 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 negative impact of the determination by the Chinese Ministry of Commerce, 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.

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

(5) Provision for income taxes: This represents discrete adjustments recorded for effects of tax law and realizability of deferred tax assets changes removed from core earnings. 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, impairments, and other charges.

(8) 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.

(9) Gain on change in control of equity investment: Adjustment of the gain as a result of certain changes to the Shareholder Agreement of an equity company occurring in the second quarter of 2013, resulting in Corning having a controlling interest that requires consolidation of this investment.

(10) 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.

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)

	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate	Per share
As reported *	$ 8,012	$ 810	$ 1,975	$ 1,636	17.2%	$ 1.09
Constant-yen (1)	(407)	(167)	(434)	(353)		(0.23)
Other yen-related transactions (2)			(22)	(16)		(0.01)
Hemlock Semiconductor operating results (3)		(25)	(25)	(23)		(0.02)
Hemlock Semiconductor non-operating results (3)		77	77	72		0.05
Acquisition-related costs (4)			24	16		0.01
Provision for income taxes (5)				41		0.03
Asbestos settlement (6)			14	9		0.01
Restructuring, impairment and other charges (7)			133	91		0.06
Pension mark-to-market adjustment (8)			217	140		0.09
Equity in earnings of affiliated companies (9)		18	18	17		0.01
Loss on repurchase of debt (10)			26	17		0.01
Accumulated other comprehensive income (11)			(52)	(52)		(0.03)
Core performance measures*	$ 7,605	$ 713	$ 1,951	$ 1,595	18.2%	$ 1.06

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

(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 yen 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, average forward contracts and other yen-related transactions: We have excluded the impact of our purchased collars, average forward contracts, and other yen-related transactions for each period presented. By aligning an internally derived rate with our portfolio of purchased collars and average forward contracts, and excluding other yen-related transactions and the constant-yen adjustments, we have effectively eliminated the impact of changes in the Japanese yen on our results.

(3) Results of Dow Corning Corporation's consolidated subsidiary, Hemlock Semiconductor: We are excluding 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 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 negative impact of the determination by the Chinese Ministry of Commerce, 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.

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

(5) Provision for income taxes: This represents discrete adjustments recorded for effects of tax law and realizability of deferred tax assets changes removed from core earnings. 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, impairments, and other charges.

(8) 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.

(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) Loss on repurchase of debt: In 2012, Corning recorded a loss 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.

(11) Accumulated other comprehensive income: In 2012, Corning recorded a translation capital gain on the liquidation of a foreign subsidiary.

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

	Three months ended December 31, 2013			Three months ended December 31, 2012			% Increase/decrease		
	Net sales	Equity earnings	Net income	Net sales	Equity earnings	Net income	Net sales	Equity earnings	Net income
As reported *	$ 616	$ 43	$ 263	$ 800	$ 139	$ 354	(23)%	(69)%	(26)%
Constant-yen (1)	49	14	39	(101)	(43)	(97)			
Purchased collars (2)			(37)						
Other yen-related transaction (2)			(19)			(6)			
Acquisition related costs (3)			8						
Provision for income taxes (4)			10						
Restructuring, impairment and other charges (5)			6			17			
Pension mark-to-market adjustment (6)			1			17			
Equity in earnings of affiliated companies (7)		28	28		18	18			
Core Performance measures	$ 665	$ 85	$ 299	$ 699	$ 114	$ 303	(5)%	(25)%	(1)%

* Results for 2012 include the impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

(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 yen 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, average forward contracts and other yen-related transactions: We have excluded the impact of our purchased collars, average forward contracts, and other yen-related transactions for each period presented. By aligning an internally derived rate with our portfolio of purchased collars and average forward contracts, and excluding other yen-related transactions and the constant-yen adjustments, we have effectively eliminated the impact of changes in the Japanese yen on our results.

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

(4) Provision for income taxes: This represents discrete adjustments recorded for effects of tax law and realizability of deferred tax assets changes removed from core earnings. This item also includes the income tax effects of adjusting from a GAAP tax rate to a core earnings tax rate.

(5) Restructuring, impairments, and other charges.

(6) 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.

(7) 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.

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

	Year ended December 31, 2013			Year ended December 31, 2012			% Increase/decrease		
	Net sales	**Equity earnings**	**Net income**	**Net sales**	**Equity earnings**	**Net income**	**Net sales**	**Equity earnings**	**Net income**
As reported *	$ 2,545	$ 357	$ 1,267	$ 2,909	$ 692	$ 1,589	(13)%	(48)%	(20)%
Constant-yen (1)	129	35	99	(408)	(166)	(380)			
Purchased collars (2)			(90)						
Other yen-related transaction (2)			(67)			(15)			
Acquisition related costs (3)			8						
Provision for income taxes (4)			10						
Restructuring, impairment and other charges (5)			6			17			
Pension mark-to-market adjustment (6)			(8)			17			
Equity in earnings of affiliated companies (7)		28	28		18	18			
Core Performance measures*	$ 2,674	$ 420	$ 1,253	$ 2,501	$ 544	$ 1,246	7%	(23)%	1%

* Results for 2012 include the impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

(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 yen 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, average forward contracts and other yen-related transactions: We have excluded the impact of our purchased collars, average forward contracts, and other yen-related transactions for each period presented. By aligning an internally derived rate with our portfolio of purchased collars and average forward contracts, and excluding other yen-related transactions and the constant-yen adjustments, we have effectively eliminated the impact of changes in the Japanese yen on our results.

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

(4) Provision for income taxes: This represents discrete adjustments recorded for effects of tax law and realizability of deferred tax assets changes removed from core earnings. This item also includes the income tax effects of adjusting from a GAAP tax rate to a core earnings tax rate.

(5) Restructuring, impairments, and other charges.

(6) 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.

(7) 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.

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

	Three months ended December 31, 2013		Three months ended December 31, 2012		% Increase/decrease	
	Net sales	Net income	Net sales	Net income	Net sales	Net income
As reported *	$ 605	$ 26	$ 540	$ 53	12%	(51)%
Acquisition-related costs (1)		2		1		
Restructuring, impairment and other charges (2)		8		31		
Pension mark-to-market adjustment (3)				11		
Accumulated other comprehensive income (4)				(52)		
Core Performance measures*	$ 605	$ 36	$ 540	$ 44	12%	(18)%

* Results for 2012 include the impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

(1) Acquisition-related costs: These expenses include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.
(2) Restructuring, impairments, and other charges.
(3) 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.
(4) Accumulated other comprehensive income: In 2012, Corning recorded a translation capital gain on the liquidation of a foreign subsidiary.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Optical Communications Segment
Years Ended December 31, 2013 and 2012
(Unaudited; amounts in millions, except percentages)

	Year ended December 31, 2013		Year ended December 31, 2012		% Increase/decrease	
	Net sales	**Net income**	**Net sales**	**Net income**	**Net sales**	**Net income**
As reported *	$ 2,326	$ 199	$ 2,130	$ 146	9%	36%
Acquisition-related costs (1)		9		1		
Restructuring, impairment and other charges (2)		8		31		
Pension mark-to-market adjustment (3)		(9)		11		
Gain on change in control of equity investment (4)		(11)				
Accumulated other comprehensive income (5)				(52)		
Core Performance measures*	$ 2,326	$ 196	$ 2,130	$ 137	9%	43%

* Results for 2012 include the impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

(1) Acquisition-related costs: These expenses include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.
(2) Restructuring, impairments, and other charges.
(3) 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.
(4) Gain on change in control of equity investment: Adjustment of the gain as a result of certain changes to the Shareholder Agreement of an equity company occurring in the second quarter of 2013, resulting in Corning having a controlling interest that requires consolidation of this investment.
(5) Accumulated other comprehensive income: In 2012, Corning recorded a translation capital gain on the liquidation of a foreign subsidiary.

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

	Three months ended December 31, 2013		Three months ended December 31, 2012		% Increase/decrease	
	Net sales	Net income	Net sales	Net income	Net sales	Net income
As reported *	$ 238	$ 37	$ 219	$ 10	9%	270%
Restructuring, impairment and other charges (1)		1		2		
Pension mark-to-market adjustment (2)				5		
Core Performance measures*	$ 238	$ 38	$ 219	$ 17	9%	124%

* Results for 2012 include the impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

(1) Restructuring, impairments, and other charges.
(2) 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.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Environmental Technologies Segment
Years Ended December 31, 2013 and 2012
(Unaudited; amounts in millions, except percentages)

	Year ended December 31, 2013		Year ended December 31, 2012		% Increase/decrease	
	Net sales	**Net income**	**Net sales**	**Net income**	**Net sales**	**Net income**
As reported *	$ 919	$ 132	$ 964	$ 112	(5)%	18%
Restructuring, impairment and other charges (1)		1		2		
Pension mark-to-market adjustment (2)		(3)		5		
Core Performance measures*	$ 919	$ 130	$ 964	$ 119	(5)%	9%

* Results for 2012 include the impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

(1) Restructuring, impairments, and other charges.
(2) 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.

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

	Three months ended December 31, 2013		Three months ended December 31, 2012		% Increase/decrease	
	Net sales	**Net income**	**Net sales**	**Net income**	**Net sales**	**Net income**
As reported *	$ 285	$ 25	$ 399	$ 22	(29)%	14%
Constant-yen (1)		(1)				
Other yen-related transactions (2)		(1)		6		
Purchased collars (2)		2				
Acquisition-related costs (3)		1				
Restructuring, impairment and other charges (4)		12		33		
Pension mark-to-market adjustment (5)		1		6		
Core Performance measures*	$ 285	$ 39	$ 399	$ 67	(29)%	(42)%

* Results for 2012 include the impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

(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 yen 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) Other yen-related transactions: We have excluded the impact of other yen-related transactions for each period presented. By aligning an internally derived rate with our portfolio of purchased collars and average rate forward contracts, and excluding other yen-related transactions and the Constant-yen adjustments, we have effectively eliminated the impact of changes in the Japanese yen on our results.

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

(4) Restructuring, impairments, and other charges.

(5) 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.

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

	Year ended December 31, 2013		Year ended December 31, 2012		% Increase/decrease	
	Net sales	**Net income**	**Net sales**	**Net income**	**Net sales**	**Net income**
As reported *	$ 1,170	$ 187	$ 1,346	$ 137	(13)%	36%
Constant-yen (1)		(2)		25		
Other yen-related transactions (2)		(2)				
Purchased collars (2)		2				
Acquisition-related costs (3)		1				
Restructuring, impairment and other charges (4)		12		33		
Pension mark-to-market adjustment (5)		(2)		6		
Core Performance measures*	$ 1,170	$ 196	$ 1,346	$ 201	(13)%	(2)%

* Results for 2012 include the impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

(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 yen 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) Other yen-related transactions: We have excluded the impact of other yen-related transactions for each period presented. By aligning an internally derived rate with our portfolio of purchased collars and average rate forward contracts, and excluding other yen-related transactions and the Constant-yen adjustments, we have effectively eliminated the impact of changes in the Japanese yen on our results.

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

(4) Restructuring, impairments, and other charges.

(5) 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.

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

	Three months ended December 31, 2013		Three months ended December 31, 2012		% Increase/decrease	
	Net sales	Net income	Net sales	Net income	Net sales	Net income
As reported *	$ 210	$ 14	$ 185	$ (4)	14%	**
Acquisition-related costs (1)		4		15		
Restructuring, impairment and other charges (2)		3		1		
Pension mark-to-market adjustment (3)				4		
Core Performance measures *	$ 210	$ 21	$ 185	$ 16	14%	31%

* Results for 2012 include the impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.
** Percentage change not meaningful.

(1) Acquisition-related costs: These expenses include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.
(2) Restructuring, impairments, and other charges.
(3) 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.

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

	Year ended December 31, 2013		Year ended December 31, 2012		% Increase/decrease	
	Net sales	**Net income**	**Net sales**	**Net income**	**Net sales**	**Net income**
As reported *	$ 851	$ 71	$ 657	$ 28	30%	154%
Acquisition-related costs (1)		21		15		
Restructuring, impairment and other charges (2)		3		1		
Pension mark-to-market adjustment (3)		(3)		4		
Core Performance measures *	$ 851	$ 92	$ 657	$ 48	30%	92%

* Results for 2012 include the impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

(1) Acquisition-related costs: These expenses include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.
(2) Restructuring, impairments, and other charges.
(3) 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.

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

	Equity Earnings	
	Three months ended December 31, 2013	**Three months ended December 31, 2012**
As reported	$ 59	$ (54)
Equity in earnings of affiliated companies (1)		
Hemlock semiconductor operating results (2)	(1)	86
Hemlock semiconductor non-operating results (2)	(27)	(3)
Core Performance measures	$ 31	$ 29

(1) Equity in earnings of affiliated companies: These adjustments relate to items which do not reflect expected on-going operating results in the silicone products business of Dow Corning, such as settlements under "take-or-pay" contracts.

(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 operating and 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 negative impact of the preliminary determination by the Chinese Ministry of Commerce, which imposes provisional anti-dumping duties on solar-grade polysilicon imports from the United States, and the impact of potential asset write-offs, offset by the potential 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.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Dow Corning Corporation
Years ended December 31, 2013 and 2012
(Unaudited; amounts in millions)

	Equity Earnings	
	Year ended December 31, 2013	**Year ended December 31, 2012**
As reported	$ 196	$ 90
Equity in earnings of affiliated companies (1)	(20)	
Hemlock semiconductor operating results (2)	(31)	(25)
Hemlock semiconductor non-operating results (2)		78
Core Performance measures	$ 145	$ 143

(1) Equity in earnings of affiliated companies: These adjustments relate to items which do not reflect expected on-going operating results in the silicone products business of Dow Corning, such as settlements under "take-or-pay" contracts.
(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 operating and 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 negative impact of the preliminary determination by the Chinese Ministry of Commerce, which imposes provisional anti-dumping duties on solar-grade polysilicon imports from the United States, and the impact of potential asset write-offs, offset by the potential 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.

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

	Three months ended December 31, 2013				Three months ended December 31, 2012			
	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 *	$ 770	39%	$ 332	$ 169	$ 798	37%	$ 356	$ 219
Acquisition-related costs (1)			(10)		12		(6)	
Other yen-related transactions (2)	(9)				(4)			
Constant-yen (3)	33				(66)		(1)	
Pension mark-to-market adjustment (4)			(11)		119		(61)	(38)
Core Performance measures	$ 794	40%	$ 311	$ 169	$ 859	42%	$ 288	$ 181

* Results for 2012 include the impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

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

(2) Other yen-related transactions: We have excluded the impact of other yen-related transactions for each period presented. By aligning an internally derived rate with our portfolio of purchased collars and average rate forward contracts, and excluding other yen-related transactions and the Constant-yen adjustments, we have effectively eliminated the impact of changes in the Japanese yen on our results.

(3) 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 yen 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.

(4) 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.

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

	Year ended December 31, 2013				Year ended December 31, 2012			
	Gross Margin	Gross margin %	Selling, general and admin. expenses	Research, development and engineering expenses	Gross Margin	Gross margin %	Selling, general and admin. expenses	Research, development and engineering expenses
As reported *	$ 3,324	43%	$ 1,126	$ 710	$ 3,319	41%	$ 1,205	$ 769
Acquisition-related costs (1)	12		(13)		12		(6)	
Other yen-related transactions (2)	(32)				(10)			
Constant-yen (3)	87				(259)			
Pension mark-to-market adjustment (4)	(24)			7	119		(61)	(37)
Core Performance measures	$ 3,367	42%	$ 1,113	$ 717	$ 3,181	42%	$ 1,138	$ 732

* Results for 2012 include the impact of defined benefit pension plan methodology change implemented in the first quarter of 2013 and retrospectively applied to prior periods.

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

(2) Other yen-related transactions: We have excluded the impact of other yen-related transactions for each period presented. By aligning an internally derived rate with our portfolio of purchased collars and average rate forward contracts, and excluding other yen-related transactions and the Constant-yen adjustments, we have effectively eliminated the impact of changes in the Japanese yen on our results.

(3) 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 yen 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.

(4) 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.

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

	Three months ended December 31, 2013	Year ended December 31, 2013
Cash flows from operating activities	$ 1,284	$ 2,787
Less: Cash flows from investing activities	(429)	(1,004)
Plus: Short-term investments – acquisitions	223	1,406
Less: Short-term investments – liquidations	(577)	(2,026)
Free cash flow	$ 501	$ 1,163

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 to make financial and operational decisions. Core net sales, Core equity earnings of affiliated companies, Core income before income taxes, Core earnings, Core earnings per share, Core gross margin and Core gross margin percentage and Core selling, general and administrative expenses are adjusted to exclude the impacts of changes in the Japanese yen, the impact of the purchased collars, average forward contracts and other yen-related transactions, acquisition-related costs, 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, 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.

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 yen 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, average forward contracts and other yen-related transactions: We have excluded the impact of our purchased collars, average forward contracts, and other yen-related transactions for each period presented. By aligning an internally derived rate with our portfolio of purchased collars and average forward contracts, and excluding other yen-related transactions and the constant-yen adjustments, we have effectively eliminated the impact of changes in the Japanese yen on our results.

(3) Results of Dow Corning Corporation's consolidated subsidiary, Hemlock Semiconductor: We are excluding 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 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 negative impact of the determination by the Chinese Ministry of Commerce, 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.

(4) Acquisition-related costs: These expenses include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.
(5) Provision for income taxes: This represents discrete adjustments recorded for effects of tax law and realizability of deferred tax assets changes removed from core earnings. 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, impairments, and other charges.
(8) 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.
(9) Gain on change in control of equity investment: Adjustment of the gain as a result of certain changes to the Shareholder Agreement of an equity company occurring in the second quarter of 2013, resulting in Corning having a controlling interest that requires consolidation of this investment.
(10) 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.
(11) Loss on repurchase of debt: In 2012, Corning recorded a loss 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.
(12) Accumulated other comprehensive income: In 2012, Corning recorded a translation capital gain on the liquidation of a foreign subsidiary.