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,	
	2012	2011	2012	2011
Net sales	$ 2,146	$ 1,887	$ 8,012	$ 7,890
Cost of sales	1,239	1,062	4,615	4,324
Gross margin	907	825	3,397	3,566
Operating expenses:				
Selling, general and administrative expenses	301	283	1,165	1,033
Research, development and engineering expenses	185	177	745	671
Amortization of purchased intangibles	6	4	19	15
Restructuring, impairment and other charges (Note 2)	133	129	133	129
Asbestos litigation charge (Note 3)	5	9	14	24
Operating income	277	223	1,321	1,694
Equity in earnings of affiliated companies (Note 4)	93	321	810	1,471
Interest income	4	4	14	19
Interest expense	(34)	(17)	(111)	(89)
Other income, net (Note 7)	41	21	83	118
Income before income taxes	381	552	2,117	3,213
Provision for income taxes (Note 5)	(98)	(61)	(389)	(408)
Net income attributable to Corning Incorporated	$ 283	$ 491	$ 1,728	$ 2,805
Earnings per common share attributable to Corning Incorporated:				
Basic (Note 8)	$ 0.19	$ 0.32	$ 1.16	$ 1.80
Diluted (Note 8)	$ 0.19	$ 0.31	$ 1.15	$ 1.77
Dividends declared per common share	$ 0.09	$ 0.08	$ 0.32	$ 0.23

See accompanying notes to these financial statements.

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

	Years ended December 31,		
(In millions, except per share amounts)	2012	2011	2010
Net income attributable to Corning Incorporated	$ 1,728	$ 2,805	$ 3,558
Other comprehensive income, before tax:			
Foreign currency translation adjustments and other:			
Adjustments arising during the period	(439)	144	399
Less: reclassification adjustment for amounts included in net income	(52)	3	
Equity investee's foreign currency translation adjustment	312	(168)	167
Net unrealized gains (losses) on investments:			
Unrealized holding gain (loss) arising during the period	17	(2)	15
Less: reclassification adjustment for amounts included in net income	(10)		2
Equity investee's unrealized gain (loss) on investments	9	6	(6)
Unamortized losses and prior service costs for postretirement benefit plans:			
Adjustments arising during the period	(280)	(79)	(176)
Less: amortization of losses and prior service costs included in net income	89	97	68
Equity investee's defined benefit plan adjustments	34	(131)	(29)
Net unrealized gains (losses) on designated hedges:			
Unrealized holding gain (loss) arising during the period	100	(61)	(65)
Less: reclassification adjustment for amounts included in net income	(28)	54	24
Equity investee's unrealized gain (loss) on designated hedges	2	(2)	2
Other comprehensive income, before tax	(246)	(139)	401
Income tax benefit related to items of other comprehensive income	35	7	43
Other comprehensive (loss) income, net of tax	(211)	(132)	444
Comprehensive income attributable to Corning Incorporated	$ 1,517	$ 2,673	$ 4,002

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

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

	December 31, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 4,988	$ 4,661
Short-term investments, at fair value	1,156	1,164
Total cash, cash equivalents and short-term investments	6,144	5,825
Trade accounts receivable, net of doubtful accounts and allowances	1,302	1,082
Inventories	1,051	975
Deferred income taxes	579	448
Other current assets	619	347
Total current assets	9,695	8,677
Investments	4,915	4,726
Property, net of accumulated depreciation	10,625	10,671
Goodwill and other intangible assets, net	1,496	926
Deferred income taxes	2,343	2,652
Other assets	301	196
Total Assets	$ 29,375	$ 27,848
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	$ 76	$ 27
Accounts payable	779	977
Other accrued liabilities	1,101	1,093
Total current liabilities	1,956	2,097
Long-term debt	3,382	2,364
Postretirement benefits other than pensions	930	897
Other liabilities	1,574	1,361
Total liabilities	7,842	6,719
Commitments and contingencies		
Shareholders' equity:		
Common stock – Par value $0.50 per share; Shares authorized: 3.8 billion; Shares issued: 1,650 million and 1,636 million	825	818
Additional paid-in capital	13,146	13,041
Retained earnings	10,588	9,332
Treasury stock, at cost; Shares held: 180 million and 121 million	(2,773)	(2,024)
Accumulated other comprehensive loss	(300)	(89)
Total Corning Incorporated shareholders' equity	21,486	21,078
Noncontrolling interests	47	51
Total equity	21,533	21,129
Total Liabilities and Equity	$ 29,375	$ 27,848

See accompanying notes to these financial statements.

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

	Three months ended December 31,		Year ended December 31,	
	2012	2011	2012	2011
Cash Flows from Operating Activities:				
Net income	$ 283	$ 491	$ 1,728	$ 2,805
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	261	243	978	942
Amortization of purchased intangibles	6	4	19	15
Restructuring, impairment and other charges	133	129	133	129
Loss on retirement of debt	26		26	
Stock compensation charges	14	20	70	86
Undistributed earnings of affiliated companies less than (in excess of) dividends received	420	35	280	(651)
Deferred tax provision (benefit)	24	(3)	68	115
Restructuring payments	(12)	(1)	(15)	(16)
Cash received from settlement of insurance claims				66
Employee benefit payments less than expense	36	27	36	132
Changes in certain working capital items:				
Trade accounts receivable	(123)	98	(272)	(84)
Inventories	8	(31)	(23)	(201)
Other current assets	(16)	29	(81)	(20)
Accounts payable and other current liabilities	231	80	189	(27)
Other, net	(51)	36	70	(102)
Net cash provided by operating activities	1,240	1,157	3,206	3,189
Cash Flows from Investing Activities:				
Capital expenditures	(526)	(766)	(1,801)	(2,432)
Acquisitions of businesses, net of cash received	(723)	(67)	(723)	(215)
Net proceeds from sale or disposal of assets				2
Investment in affiliates			(111)	
Short-term investments – acquisitions	(411)	(389)	(2,270)	(2,582)
Short-term investments – liquidations	651	745	2,269	3,171
Other, net	2	1	8	
Net cash used in investing activities	(1,007)	(476)	(2,628)	(2,056)
Cash Flows from Financing Activities:				
Net repayments of short-term borrowings and current portion of long-term debt	(2)	(2)	(26)	(24)
Proceeds from issuance of long-term debt, net	332	86	1,362	120
Payment to settle interest rate swap agreements			(18)	
Retirements of long-term debt, net	(280)		(280)	
Principal payments under capital lease obligations			(1)	(32)
Proceeds from the exercise of stock options	12	8	38	90
Repurchases of common stock for treasury	(140)	(780)	(720)	(780)
Dividends paid	(133)	(117)	(472)	(354)
Other, net	2		2	
Net cash used in financing activities	(209)	(805)	(115)	(980)
Effect of exchange rates on cash	12	(116)	(136)	(90)
Net increase in cash and cash equivalents	36	(240)	327	63
Cash and cash equivalents at beginning of period	4,952	4,901	4,661	4,598
Cash and cash equivalents at end of period	$ 4,988	$ 4,661	$ 4,988	$ 4,661

Certain amounts for prior periods were reclassified to conform to the 2012 presentation.

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

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

	Display Technologies	Telecom-munications	Environmental Technologies	Specialty Materials	Life Sciences	All Other	Total
Three months ended December 31, 2012							
Net sales	$ 800	$ 540	$ 219	$ 399	$ 185	$ 3	$ 2,146
Depreciation (1)	$ 137	$ 32	$ 30	$ 43	$ 13	$ 3	$ 258
Amortization of purchased intangibles		$ 2			$ 4		$ 6
Research, development and engineering expenses (2)	$ 26	$ 33	$ 25	$ 42	$ 6	$ 32	$ 164
Restructuring, impairment and other charges (3)	$ 21	$ 39	$ 3	$ 54	$ 2		$ 119
Equity in earnings of affiliated companies (4)	$ 139	$ 1				$ 3	$ 143
Income tax (provision) benefit	$ (110)	$ (12)	$ (7)	$ (12)	$ 1	$ 15	$ (125)
Net income (loss) (5)	$ 370	$ 63	$ 15	$ 28	$ (1)	$ (32)	$ 443
Three months ended December 31, 2011							
Net sales	$ 780	$ 490	$ 234	$ 238	$ 143	$ 2	$ 1,887
Depreciation (1)	$ 133	$ 32	$ 28	$ 36	$ 9	$ 4	$ 242
Amortization of purchased intangibles		$ 2			$ 2		$ 4
Research, development and engineering expenses (2)	$ 18	$ 35	$ 23	$ 37	$ 7	$ 30	$ 150
Restructuring, impairment and other credits (3)		$ (1)		$ 130			$ 129
Equity in earnings of affiliated companies (4)	$ 192	$ (1)		$ (9)		$ 2	$ 184
Income tax (provision) benefit	$ (126)	$ (11)	$ (14)	$ 52	$ (5)	$ 11	$ (93)
Net income (loss) (5)	$ 492	$ 26	$ 28	$ (105)	$ 10	$ (26)	$ 425
Year ended December 31, 2012							
Net sales	$ 2,909	$ 2,130	$ 964	$ 1,346	$ 657	$ 6	$ 8,012
Depreciation (1)	$ 514	$ 130	$ 117	$ 153	$ 44	$ 14	$ 972
Amortization of purchased intangibles		$ 9			$ 10		$ 19
Research, development and engineering expenses (2)	$ 103	$ 138	$ 100	$ 144	$ 22	$ 124	$ 631
Restructuring, impairment and other charges (3)	$ 21	$ 39	$ 3	$ 54	$ 2		$ 119
Equity in earnings of affiliated companies (4)	$ 692	$	$ 1			$ 17	$ 710
Income tax (provision) benefit	$ (367)	$ (58)	$ (57)	$ (69)	$ (14)	$ 52	$ (513)
Net income (loss) (5)	$ 1,602	$ 155	$ 115	$ 142	$ 31	$ (98)	$ 1,947
Year ended December 31, 2011							
Net sales	$ 3,145	$ 2,072	$ 998	$ 1,074	$ 595	$ 6	$ 7,890
Depreciation (1)	$ 511	$ 123	$ 107	$ 156	$ 34	$ 12	$ 943
Amortization of purchased intangibles		$ 7		$ 1	$ 7		$ 15
Research, development and engineering expenses (2)	$ 91	$ 125	$ 96	$ 137	$ 19	$ 98	$ 566
Restructuring, impairment and other credits (3)		$ (1)		$ 130			$ 129
Equity in earnings of affiliated companies (4)	$ 1,027	$ 3	$ 1	$ 4		$ 15	$ 1,050
Income tax (provision) benefit	$ (501)	$ (82)	$ (58)	$ 24	$ (29)	$ 39	$ (607)
Net income (loss) (5)	$ 2,349	$ 195	$ 121	$ (36)	$ 61	$ (78)	$ 2,612

(1) Depreciation expense for Corning's reportable segments includes an allocation of depreciation of corporate property not specifically identifiable to a segment.
(2) Research, development, and engineering expense includes direct project spending which is identifiable to a segment.
(3) In the three months and year ended 2012, Corning recorded a $44 million impairment charge in the Specialty Materials segment related to certain assets located in Japan used for the production of large cover glass. In the three months and the year ended December 31, 2011, restructuring, impairment and other charges includes $130 million impairment charge in the Specialty Materials segment related to certain long-lived assets.
(4) In the three months and year ended 2012, equity in earnings of affiliated companies in the Display Technologies segment included a $18 million impairment charge for our share of costs for asset write-offs.
(5) Many of Corning's administrative and staff functions are performed on a centralized basis. Where practicable, Corning charges these expenses to segments based upon the extent to which each business uses a centralized function. Other staff functions, such as corporate finance, human resources and legal are allocated to segments, primarily as a percentage of sales.

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

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

	Three months ended December 31,		Year ended December 31,	
	2012	2011	2012	2011
Net income of reportable segments	$ 475	$ 451	$ 2,045	$ 2,690
Net loss of All Other	(32)	(26)	(98)	(78)
Unallocated amounts:				
Net financing costs (1)	(57)	(44)	(196)	(190)
Stock-based compensation expense	(15)	(20)	(71)	(86)
Exploratory research	(15)	(20)	(89)	(79)
Corporate contributions	(8)	(10)	(44)	(48)
Equity in earnings of affiliated companies, net of impairments (2)	(68)	137	82	421
Asbestos settlement (3)	(5)	(9)	(14)	(24)
Other corporate items (4)	8	32	113	199
Net income	$ 283	$ 491	$ 1,728	$ 2,805

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

(2) Equity in earnings of affiliated companies, net of impairments, is primarily equity in earnings of Dow Corning, which includes the following items:

- In the three months and year ended December 31, 2012, restructuring and impairment charges in the amount of $87 million ($81 million after tax) for our share of a charge related to workforce reductions and asset write-offs at Dow Corning; and, in the year ended 2012, a $10 million ($9 million after tax) credit for Corning's share of Dow Corning's settlement of a dispute related to long term supply agreements.
- In the three months and year ended December 31, 2011, a $89 million credit for our share of Dow Corning's settlement of a dispute related to long term supply agreements; and

(3) In the three months and year ended December 31, 2012, Corning recorded charges of $5 million and $14 million, respectively, to adjust the asbestos liability for the change in value of the components of the Amended PCC Plan. In the three months and year ended December 31, 2011, Corning recorded charges of $9 million and $24 million, respectively, to adjust the asbestos liability for the change in value of the components of the Amended PCC Plan.

(4) Other corporate items include the tax impact of the unallocated amounts and the following significant items:

- In three months and year ended December 31, 2012, Corning recorded a $52 million translation capital gain on the liquidation of a foreign subsidiary; a loss of $26 million ($17 million after tax) from 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; and $41 million in tax expense, including $37 million resulting from the delay of the passage of the American Taxpayer Relief Act of 2012 until Jan. 2013 , that will be reversed in Q1, 2013.
- In the year ended December 31, 2011, Corning recorded a $41 million tax benefit from the filing of an amended 2006 U.S. Federal Tax return to claim foreign tax credits.

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

1. Translation Capital Gain

In the fourth quarter of 2012, we recognized a translation capital gain of $52 million resulting from the substantial liquidation of a foreign subsidiary.

2. Restructuring, Impairment, and Other Charges (Credits)

In the fourth quarter of 2012, Corning recorded $89 million in charges related to workforce reductions, asset write-offs and exits costs, as well as an asset impairment charge in the amount of $44 million for certain long-lived assets in our Specialty Materials segment.

3. Asbestos Litigation

Pittsburgh Corning Corporation (PCC) was named in numerous lawsuits alleging personal injury from exposure to asbestos and, on April 16, 2000, PCC filed for Chapter 11 reorganization. Corning, with other relevant parties, proposed a Plan of Reorganization of PCC in 2003, which has not yet been confirmed. Under this PCC Plan, Corning would contribute certain payments and assets. In the fourth quarter of 2012, we recorded a charge of $5 million to adjust the asbestos litigation liability for the change in value of the components to be contributed by Corning under this PCC Plan.

4. Equity in Earnings of Affiliated Companies

In the fourth quarter of 2012, equity in earnings of affiliated companies included restructuring and asset impairment charges of $87 million for our share of costs related to workforce reductions and asset write-offs at Dow Corning, and an impairment charge in the amount of $18 million for our share of costs related to asset write-offs Samsung Corning Precision Materials.

5. Provision for Income Taxes

In the fourth quarter of 2012, we recorded a $4 million net tax provision related to the adjustment of deferred taxes as a result of enacted tax rate reductions in Japan, and a $37 million net tax provision for expenses resulting from the delay of the passage of the American Taxpayer Relief Act of 2012 until Jan. 2013, that will be reversed in Q1, 2013.

6. Acquisition-related expenses

In the fourth quarter of 2012, we recorded $24 million in acquisition-related charges, primarily relating to the amortization of purchased intangibles, the amortization of purchase accounting adjustments to inventory, and external deal costs.

7. Loss on Repurchase of Debt

In the fourth quarter of 2012, we recognized a loss $26 million 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.

8. Weighted Average Shares Outstanding

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

	Three months ended December 31,		Year ended December 31,	
	2012	2011	2012	2011
Basic	1,471	1,546	1,494	1,562
Diluted	1,481	1,564	1,506	1,583
Diluted used for non-GAAP measures	1,481	1,564	1,506	1,583

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

	2012				
	Q1	Q2	Q3	Q4	Total
Display Technologies	$ 705	$ 641	$ 763	$ 800	$ 2,909
Telecommunications					
Fiber and cable	254	302	278	268	1,102
Hardware and equipment	254	257	245	272	1,028
	508	559	523	540	2,130
Environmental Technologies					
Automotive	129	120	123	114	486
Diesel	134	129	110	105	478
	263	249	233	219	964
Specialty Materials	288	296	363	399	1,346
Life Sciences	155	162	155	185	657
All Other	1	1	1	3	6
Total	$ 1,920	$ 1,908	$ 2,038	$ 2,146	$ 8,012

	2011				
	Q1	Q2	Q3	Q4	Total
Display Technologies	$ 790	$ 760	$ 815	$ 780	$ 3,145
Telecommunications					
Fiber and cable	248	265	276	262	1,051
Hardware and equipment	226	283	284	228	1,021
	474	548	560	490	2,072
Environmental Technologies					
Automotive	123	121	119	113	476
Diesel	136	137	128	121	522
	259	258	247	234	998
Specialty Materials	254	283	299	238	1,074
Life Sciences	144	155	153	143	595
All Other	2	1	1	2	6
Total	$ 1,923	$ 2,005	$ 2,075	$ 1,887	$ 7,890

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

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

Corning's net income and earnings per share (EPS) excluding special items for the fourth quarter of 2012 are non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP net income and EPS is helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between these non-GAAP measures and the directly related GAAP measures.

	Per Share	Income Before Income Taxes	Net Income
Earnings per share (EPS) and net income, excluding special items	$ 0.34	$ 622	$ 498
Special items:			
Asbestos settlement (a)	–	(5)	(3)
Loss on repurchase of debt (b)	(0.01)	(26)	(17)
Equity in earnings of affiliated companies (c)	(0.07)	(105)	(99)
Acquisition-related costs (d)	(0.01)	(24)	(16)
Restructuring, impairment, and other credits (e)	(0.06)	(133)	(91)
Provision for income taxes (f)	(0.03)	–	(41)
Accumulated other comprehensive income (g)	0.04	52	52
Total EPS and net income	$ 0.19	$ 381	$ 283

(a) In the fourth quarter of 2012, Corning recorded a charge of $5 million ($3 million after tax) to adjust the asbestos liability for the change in value of the components of the Modified PCC Plan.

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

(c) In the fourth quarter of 2012, Corning recorded an $18 million impairment charge for our share of costs for asset write-offs at Samsung Corning Precision Materials, and recorded restructuring and impairment charges in the amount of $87 million ($81 million after tax) for our share of costs associated with workforce reductions and asset write-offs at Dow Corning.

(d) Includes expenses for the amortization of purchased intangibles, amortization of purchase accounting adjustments to inventories and external deal costs recognized as a result of acquisitions.

(e) In the fourth quarter of 2012, Corning recorded a $133 million ($91 million after tax) charge for asset impairments, workforce reductions and asset write-offs and disposals.

(f) In the fourth quarter of 2012, Corning recorded a $37 million tax expense resulting from the delay of the passage of the American Taxpayer Relief Act of 2012 until Jan. 2013 , that will be reversed in Q1, 2013, and a $4 million net tax provision related to the adjustment of deferred taxes as a result of tax rate reductions in Japan.

(g) In the fourth quarter of 2012, Corning recorded a $52 million 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
Three Months Ended December 31, 2011

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

Corning's net income and earnings per share (EPS) excluding special items for the fourth quarter of 2011 are non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP net income and EPS is helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between these non-GAAP measures and the directly related GAAP measures.

	Per Share	Income Before Income Taxes	Net Income
Earnings per share (EPS) and net income, excluding special items	$ 0.33	$ 606	$ 513
Special items:			
Contingent liability (a)	–	5	5
Restructuring, impairment, and other credits (b)	(0.05)	(130)	(83)
Asbestos settlement (c)	–	(9)	(5)
Equity in earnings of affiliated companies (d)	0.04	80	74
Provision for income taxes (e)	(0.01)	–	(13)
Total EPS and net income	$ 0.31	$ 552	$ 491

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

(b) In the fourth quarter of 2011, Corning recorded a $130 million ($83 million after-tax) asset impairment charge for certain long-lived assets in our Specialty Materials segment.

(c) In the fourth quarter of 2011, Corning recorded a charge of $9 million ($5 million after-tax) to adjust the asbestos liability for the change in value of the components of the modified PCC Plan.

(d) In the fourth quarter of 2011, equity in earnings of affiliated companies included a $80 million ($74 million after-tax) credit for Corning's share of the future portion of Dow Corning Corporation's settlement of a dispute related to long term supply agreements.

(e) In the fourth quarter of 2011, Corning recorded a $13 million net tax provision related to the adjustment of deferred taxes as a result of enacted tax rate reductions primarily in Japan.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended September 30, 2012
(Unaudited; amounts in millions, except per share amounts)

Corning's net income and earnings per share (EPS) excluding special items for the third quarter of 2012 are non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP net income and EPS is helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between these non-GAAP measures and the directly related GAAP measures.

	Per Share	Income Before Income Taxes	Net Income
Earnings per share (EPS) and net income, excluding special items	$ 0.34	$ 601	$ 514
Special items:			
Asbestos settlement (a)	–	(3)	(2)
Provision for income taxes (b)	0.01	10	9
Total EPS and net income	$ 0.35	$ 608	$ 521

(a) In the third quarter of 2012, Corning recorded a charge of $3 million ($2 million after-tax) to adjust the asbestos liability for the change in value of components of the Modified PCC Plan.

(b) In the third quarter of 2012, equity in earnings of affiliated companies included a $10 million ($9 million after-tax) credit for Corning's share of Dow Corning Corporation's settlement of a dispute related to long term supply agreements.

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)

Corning's net income and earnings per share (EPS) excluding special items for the year ended December 31, 2012 are non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP net income and EPS is helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between these non-GAAP measures and the directly related GAAP measures.

	Per Share	Income Before Income Taxes	Net Income
Earnings per share (EPS) and net income, excluding special items	$ 1.29	$ 2,357	$ 1,940
Special items:			
Asbestos settlement (a)	(0.01)	(14)	(9)
Loss on repurchase of debt (b)	(0.01)	(26)	(17)
Equity in earnings of affiliated companies (c)	(0.05)	(95)	(90)
Acquisition-related costs (d)	(0.01)	(24)	(16)
Restructuring, impairment, and other credits (e)	(0.06)	(133)	(91)
Provision for income taxes (f)	(0.03)	–	(41)
Accumulated other comprehensive income (g)	0.03	52	52
Total EPS and net income	$ 1.15	$ 2,117	$ 1,728

(a) In the year ended December 31, 2012, Corning recorded a charge of $14 million ($9 million after tax) to adjust the asbestos liability for the change in value of the components of the Modified PCC Plan.

(b) In the year ended December 31, 2012, Corning recorded a $26 million loss ($17 million after tax) on the repurchase of $13 million of our 8.875% senior unsecured notes due 2021, $11 million of our 8.875% senior unsecured notes due 2016, and $51 million of our 6.75% senior unsecured notes due 2013.

(c) In the year ended December 31, 2012, Corning recorded an $18 million impairment charge for our share of costs for asset write-offs at Samsung Corning Precision Materials; restructuring and impairment charges in the amount of $87 million ($81 million after tax) for our share of costs associated with workforce reductions and asset write-offs at Dow Corning; and a $10 million ($9 million after tax) credit for Corning's share of Dow Corning's settlement of a dispute related to long term supply agreements.

(d) Includes expenses for the amortization of purchased intangibles, amortization of purchase accounting adjustments to inventories and external deal costs recognized as a result of acquisitions.

(e) In the year ended December 31, 2012, Corning recorded a $133 million ($91 million after tax) charge for asset impairments, workforce reductions and asset write-offs and disposals.

(f) In the year ended December 31, 2012, Corning recorded a $37 million tax expense resulting from the delay of the passage of the American Taxpayer Relief Act of 2012 until Jan. 2013 , that will be reversed in Q1, 2013, and a $4 million net tax provision related to the adjustment of deferred taxes as a result of tax rate reductions in Japan.

(g) In the year ended December 31, 2012, Corning recorded a $52 million 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
Year Ended December 31, 2011
(Unaudited; amounts in millions, except per share amounts)

Corning's net income and earnings per share (EPS) excluding special items for the year ended December 31, 2011 are non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP net income and EPS is helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between these non-GAAP measures and the directly related GAAP measures.

	Per Share	Income Before Income Taxes	Net Income
Earnings per share (EPS) and net income, excluding special items	$ 1.76	$ 3,260	$ 2,789
Special items:			
Contingent liability (a)	0.02	27	27
Restructuring, impairment, and other credits (b)	(0.05)	(130)	(83)
Asbestos settlement (c)	(0.01)	(24)	(15)
Equity in earnings of affiliated companies (d)	0.04	80	74
Provisions for income taxes (e)	0.01	--	13
Total EPS and net income	$ 1.77	$ 3,213	$ 2,805

(a) In 2011, Corning recognized a credit of $27 million resulting from a reduction to a contingent liability associated with an acquisition recorded in the first quarter of 2011.

(b) In 2011, Corning recorded a $130 million ($83 million after-tax) asset impairment charge for certain long-lived assets in our Specialty Materials segment.

(c) In 2011, Corning recorded a charge of $24 million ($15 million after-tax) to adjust the asbestos liability for the change in value of the components of the Modified PCC Plan.

(d) In 2011, equity in earnings of affiliated companies included an $80 million credit ($74 million after-tax) for Corning's share of the future portion of Dow Corning Corporation's settlement of a dispute related to long term supply agreements.

(e) In 2011, Corning recorded a $26 million net tax benefit related to prior year foreign tax credits and other tax adjustments. Also in 2011, Corning recorded a $13 million net tax provision related to the adjustment of deferred taxes as a result of enacted tax rate reductions primarily in Japan.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended December 31, 2012 and 2011
And Three Months ended September 30, 2012
(Unaudited; amounts in millions)

Corning's comment, "Dow Corning Corporation's equity earnings, excluding special items" is a non-GAAP financial measure within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP financial measures are helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between this non-GAAP measure and the directly related GAAP measures.

	Q4, 2012	Q4, 2011	Q3, 2012
Equity earnings of Dow Corning Corporation, excluding special items	$ 33	$ 49	$ 38
Special items:			
Equity in earnings of affiliated companies (a)	(87)	80	10
Equity earnings of Dow Corning Corporation	$ (54)	$ 129	$ 48

(a) Equity earnings of affiliated companies included the following items: 1) In the fourth quarter of 2012, an impairment charge of $87 million for Corning's share of a charge for workforce reductions and asset write-offs at Dow Corning; 2) in the fourth quarter of 2011, a $80 million credit for Corning's share of the future portion of Dow Corning Corporation's settlement of a dispute related to long term supply agreements; and 3) in the third quarter of 2012, a $10 million credit for Corning's share of Dow Corning Corporation's settlement of a dispute related to long term supply agreements.

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

Corning's free cash flow financial measure for the three months and year ended December 31, 2012 is a non-GAAP financial measure within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP financial measures are helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between this non-GAAP measure and the directly related GAAP measures.

	Three months ended December 31, 2012	Year ended December 31, 2012
Cash flows from operating activities	$ 1,240	$ 3,206
Less: Cash flows from investing activities	(1,007)	(2,628)
Plus: Short-term investments – acquisitions	411	2,270
Less: Short-term investments – liquidations	(651)	(2,269)
Free cash flow	$ (7)	$ 579