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

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Net sales	$ 2,075	$ 1,602	$ 6,003	$ 4,867
Cost of sales	1,097	878	3,262	2,585
Gross margin	978	724	2,741	2,282
Operating expenses:				
Selling, general and administrative expenses (Note 1)	216	250	750	731
Research, development and engineering expenses	166	148	494	437
Amortization of purchased intangibles	4	2	11	6
Restructuring, impairment and other credits		(1)		(3)
Asbestos litigation charge (credit) (Note 2)	5	6	15	(41)
Operating income	587	319	1,471	1,152
Equity in earnings of affiliated companies	324	504	1,150	1,447
Interest income	6	3	15	8
Interest expense	(23)	(29)	(72)	(81)
Other income, net	27	2	97	130
Income before incomes taxes	921	799	2,661	2,656
Provision for income taxes (Note 3)	(110)	(14)	(347)	(142)
Net income attributable to Corning Incorporated	$ 811	$ 785	$ 2,314	$ 2,514
Earnings per common share attributable to Corning Incorporated:				
Basic (Note 4)	$ 0.52	$ 0.50	$ 1.48	$ 1.61
Diluted (Note 4)	$ 0.51	$ 0.50	$ 1.46	$ 1.59
Dividends declared per common share	$ 0.05	$ 0.05	$ 0.15	$ 0.15

See accompanying notes to these financial statements.

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

	September 30, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 4,901	$ 4,598
Short-term investments, at fair value	1,520	1,752
Total cash, cash equivalents and short-term investments	6,421	6,350
Trade accounts receivable, net of doubtful accounts and allowances	1,189	973
Inventories	939	738
Deferred income taxes	356	431
Other current assets	359	367
Total current assets	9,264	8,859
Investments	4,890	4,372
Property, net of accumulated depreciation	10,266	8,943
Goodwill and other intangible assets, net	881	716
Deferred income taxes	2,715	2,790
Other assets	157	153
Total Assets	$ 28,173	$ 25,833
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	$ 27	$ 57
Accounts payable	938	798
Other accrued liabilities	1,044	1,131
Total current liabilities	2,009	1,986
Long-term debt	2,282	2,262
Postretirement benefits other than pensions	891	913
Other liabilities	1,300	1,246
Total liabilities	6,482	6,407
Commitments and contingencies		
Shareholders' equity:		
Common stock – Par value $0.50 per share; Shares authorized: 3.8 billion; Shares issued: 1,635 million and 1,626 million	818	813
Additional paid-in capital	13,014	12,865
Retained earnings	8,958	6,881
Treasury stock, at cost; Shares held: 66 million and 65 million	(1,243)	(1,227)
Accumulated other comprehensive income	93	43
Total Corning Incorporated shareholders' equity	21,640	19,375
Noncontrolling interests	51	51
Total equity	21,691	19,426
Total Liabilities and Equity	$ 28,173	$ 25,833

See accompanying notes to these financial statements.

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

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Cash Flows from Operating Activities:				
Net income	$ 811	$ 785	$ 2,314	$ 2,514
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	241	212	699	624
Amortization of purchased intangibles	4	2	11	6
Asbestos litigation charges (credits)	5	6	15	(41)
Restructuring, impairment and other credits		(1)		(3)
Cash received from settlement of insurance claims			66	
Loss on retirement of debt		30		30
Stock compensation charges	21	22	66	77
Undistributed earnings of affiliated companies	(249)	(438)	(686)	(1,096)
Deferred tax provision (benefit)	22	(25)	118	(15)
Restructuring payments	(2)	(8)	(15)	(58)
Credits issued against customer deposits	(7)	(8)	(21)	(76)
Employee benefit payments less than (in excess of) expense	37	(53)	105	(81)
Changes in certain working capital items:				
Trade accounts receivable	61	131	(182)	(62)
Inventories	(27)	(85)	(170)	(147)
Other current assets	(7)	(15)	(49)	25
Accounts payable and other current liabilities, net of restructuring payments	(64)	7	(107)	8
Other, net	67	(134)	(132)	38
Net cash provided by operating activities	913	428	2,032	1,743
Cash Flows from Investing Activities:				
Capital expenditures	(640)	(225)	(1,666)	(534)
Acquisitions of businesses, net of cash received			(148)	
Net proceeds from sale or disposal of assets	1	1	2	1
Short-term investments – acquisitions	(348)	(1,106)	(2,193)	(2,000)
Short-term investments – liquidations	574	424	2,426	1,318
Other, net	(5)	4	(1)	6
Net cash used in investing activities	(418)	(902)	(1,580)	(1,209)
Cash Flows from Financing Activities:				
Net repayments of short-term borrowings and current portion of long-term debt	(10)	(9)	(22)	(70)
Principal payments under capital lease obligations		(1)	(32)	(1)
Proceeds from issuance of long-term debt, net	34	689	34	689
Retirements of long-term debt, net		(264)		(264)
Proceeds from issuance of common stock, net				15
Proceeds from the exercise of stock options	9	10	82	39
Dividends paid	(79)	(79)	(237)	(235)
Net cash (used in) provided by financing activities	(46)	346	(175)	173
Effect of exchange rates on cash	(157)	216	26	54
Net increase in cash and cash equivalents	292	88	303	761
Cash and cash equivalents at beginning of period	4,609	3,214	4,598	2,541
Cash and cash equivalents at end of period	$ 4,901	$ 3,302	$ 4,901	$ 3,302

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

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

	Display Technologies	Telecom-munications	Environmental Technologies	Specialty Materials	Life Sciences	All Other	Total
Three months ended September 30, 2011							
Net sales	$ 815	$ 560	$ 247	$ 299	$ 153	$ 1	$ 2,075
Depreciation (1)	$ 131	$ 31	$ 27	$ 41	$ 8	$ 3	$ 241
Amortization of purchased intangibles		$ 2			$ 1		$ 3
Research, development and engineering expenses (2)	$ 21	$ 29	$ 27	$ 35	$ 3	$ 22	$ 137
Equity in earnings of affiliated companies	$ 222			$ 5		$ 4	$ 231
Income tax (provision) benefit	$ (118)	$ (30)	$ (15)	$ (16)	$ (10)	$ 9	$ (180)
Net income (loss) (3)	$ 593	$ 82	$ 32	$ 38	$ 21	$ (17)	$ 749
Three months ended September 30, 2010							
Net sales	$ 645	$ 464	$ 208	$ 159	$ 125	$ 1	$ 1,602
Depreciation (1)	$ 129	$ 27	$ 26	$ 20	$ 8	$ 3	$ 213
Amortization of purchased intangibles					$ 2		$ 2
Research, development and engineering expenses (2)	$ 22	$ 27	$ 24	$ 25	$ 5	$ 24	$ 127
Restructuring, impairment and other credits		$ (1)					$ (1)
Equity in earnings of affiliated companies	$ 386		$ 1			$ 16	$ 403
Income tax (provision) benefit	$ (108)	$ (20)	$ (5)	$ 2	$ (7)	$ 10	$ (128)
Net income (loss) (3)	$ 648	$ 41	$ 11	$ (5)	$ 13	$ (12)	$ 696
Nine months ended September 30, 2011							
Net sales	$ 2,365	$ 1,582	$ 764	$ 836	$ 452	$ 4	$ 6,003
Depreciation (1)	$ 378	$ 91	$ 79	$ 120	$ 25	$ 8	$ 701
Amortization of purchased intangibles		$ 5			$ 5		$ 10
Research, development and engineering expenses (2)	$ 73	$ 90	$ 73	$ 100	$ 12	$ 68	$ 416
Equity in earnings of affiliated companies	$ 835	$ 4	$ 1	$ 13		$ 13	$ 866
Income tax (provision) benefit	$ (375)	$ (71)	$ (44)	$ (28)	$ (24)	$ 28	$ (514)
Net income (loss) (3)	$ 1,857	$ 169	$ 93	$ 69	$ 51	$ (52)	$ 2,187
Nine months ended September 30, 2010							
Net sales	$ 2,261	$ 1,269	$ 584	$ 381	$ 368	$ 4	$ 4,867
Depreciation (1)	$ 386	$ 89	$ 77	$ 43	$ 24	$ 9	$ 628
Amortization of purchased intangibles		$ 1			$ 5		$ 6
Research, development and engineering expenses (2)	$ 66	$ 84	$ 70	$ 61	$ 13	$ 80	$ 374
Restructuring, impairment and other credits		$ (1)		$ (2)			$ (3)
Equity in earnings of affiliated companies	$ 1,083	$ 1	$ 5			$ 32	$ 1,121
Income tax (provision) benefit	$ (391)	$ (38)	$ (12)	$ 14	$ (24)	$ 34	$ (417)
Net income (loss) (3)	$ 2,107	$ 79	$ 27	$ (29)	$ 48	$ (46)	$ 2,186

(1) Depreciation expense for Corning's reportable segments includes an allocation of depreciation of corporate property not specifically identifiable to a segment.

(2) Research, development, and engineering expense includes direct project spending which is identifiable to a segment.

(3) Many of Corning's administrative and staff functions are performed on a centralized basis. Where practicable, Corning charges these expenses to segments based upon the extent to which each business uses a centralized function. Other staff functions, such as corporate finance, human resources and legal are allocated to segments, primarily as a percentage of sales. In the three and nine months ended September 30, 2011, the Telecommunications segment included a credit of $22 million on the reduction in a contingent liability associated with an acquisition recorded in the first quarter of 2011.

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Net income of reportable segments	$ 766	$ 708	$ 2,239	$ 2,232
Non-reportable segments	(17)	(12)	(52)	(46)
Unallocated amounts:				
Net financing costs (1)	(47)	(47)	(146)	(137)
Stock-based compensation expense	(21)	(22)	(66)	(77)
Exploratory research	(23)	(15)	(59)	(44)
Corporate contributions	(6)	(7)	(38)	(26)
Equity in earnings of affiliated companies, net of impairments (2)	93	101	284	326
Asbestos settlement (3)	(5)	(6)	(15)	41
Other corporate items (4)	71	85	167	245
Net income	$ 811	$ 785	$ 2,314	$ 2,514

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

(2) Primarily represents the equity earnings of Dow Corning Corporation. In the nine months ended September 30, 2010, equity earnings of affiliated companies, net of impairments, includes a credit of $21 million for our share of U.S. advanced energy manufacturing tax credits at Dow Corning Corporation.

(3) In the three and nine months ended September 30, 2011, Corning recorded a charge of $5 million and $15 million, respectively, to adjust the asbestos liability for the change in value of the components of the Amended PCC Plan. In the three and nine months ended September 30, 2010, Corning recorded a charge of $6 million and a net credit of $41 million, respectively, primarily to reflect the change in the terms of the proposed asbestos settlement.

(4) In the three months ended September 30, 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. In the three months ended September 30, 2010, Corning recorded a loss of $30 million ($19 million after-tax) from the repurchase of $126 million principal amount of our 6.2% senior unsecured notes due March 15, 2016 and $100 million principal amount of our 5.9% senior unsecured notes due March 15, 2014. In the nine months ended September 30, 2010, other corporate items included a tax charge of $56 million from the reversal of the deferred tax asset associated with a Medicare subsidy.

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

1. Contingent Liability

In the third quarter of 2011, we recognized a credit of $22 million resulting from a reduction in a contingent liability associated with an acquisition recorded in the first quarter of 2011.

2. 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 third quarter of 2011, we recorded a charge of $5 million ($3 million after-tax) to adjust the asbestos litigation liability for the change in value of the components to be contributed by Corning under this PCC Plan.

3. Provision for Income Taxes

In the third quarter of 2011, we recorded a $26 million net tax benefit related to prior year foreign tax credits and other tax adjustments.

4. Weighted Average Shares Outstanding

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

	Three months ended September 30,		Three months ended
	2011	**2010**	**June 30, 2011**
Basic	1,569	1,557	1,568
Diluted	1,588	1,580	1,591
Diluted used for non-GAAP measures	1,588	1,580	1,591

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

	2011			
	Q1	Q2	Q3	Nine Months Ended Sept. 30
Display Technologies	$ 790	$ 760	$ 815	$ 2,365
Telecommunications				
Fiber and cable	248	265	276	789
Hardware and equipment	226	283	284	793
	474	548	560	1,582
Environmental Technologies				
Automotive	123	121	119	363
Diesel	136	137	128	401
	259	258	247	764
Specialty Materials	254	283	299	836
Life Sciences	144	155	153	452
All Other	2	1	1	4
Total	$ 1,923	$ 2,005	$ 2,075	$ 6,003

	2010				
	Q1	Q2	Q3	Q4	Total
Display Technologies	$ 782	$ 834	$ 645	$ 750	$ 3,011
Telecommunications					
Fiber and cable	190	227	232	229	878
Hardware and equipment	174	214	232	214	834
	364	441	464	443	1,712
Environmental Technologies					
Automotive	117	109	119	117	462
Diesel	75	75	89	115	354
	192	184	208	232	816
Specialty Materials	96	126	159	197	578
Life Sciences	118	125	125	140	508
All Other	1	2	1	3	7
Total	$ 1,553	$ 1,712	$ 1,602	$ 1,765	$ 6,632

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

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended September 30, 2011
(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 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	$ 0.48	$ 904	$ 766
Special items:			
Contingent liability (a)	0.01	22	22
Asbestos settlement (b)		(5)	(3)
Provision for income taxes (c)	0.02		26
Total EPS and net income	$ 0.51	$ 921	$ 811

(a) In the third quarter of 2011, Corning recognized a credit of $22 million resulting from a reduction to a contingent liability associated with an acquisition recorded in the first quarter of 2011.

(b) In the third quarter of 2011, 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.

(c) In the third quarter of 2011, Corning recorded a $26 million net tax benefit related to prior year foreign tax credits and other tax adjustments.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended June 30, 2011
(Unaudited; amounts in millions, except per share amounts)

Corning's net income and earnings per share (EPS) excluding special items for the second quarter of 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	$ 0.48	$ 883	$ 758
Special items:			
Asbestos settlement (a)	–	(5)	(3)
Total EPS and net income	$ 0.47	$ 878	$ 755

(a) In the second quarter of 2011, Corning recorded a charge of $5 million ($3 million after-tax) to adjust the asbestos liability for the change in value of the components of the Modified PCC Plan.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended September 30, 2010
(Unaudited; amounts in millions, except per share amounts)

Corning's net income and earnings per share (EPS) excluding special items for the third quarter of 2010 are non-GAAP financial measures within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP net income and EPS is helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between these non-GAAP measures and the directly related GAAP measures.

	Per Share	Income Before Income Taxes	Net Income
Earnings per share (EPS) and net income, excluding special items	$ 0.51	$ 835	$ 808
Special items:			
Asbestos settlement (a)		(6)	(4)
Loss on repurchase of debt (b)	(0.01)	(30)	(19)
Total EPS and net income	$ 0.50	$ 799	$ 785

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

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

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

Corning's free cash flow financial measure for the three months ended September 30, 2011 is a non-GAAP financial measure within the meaning of Regulation G of the Securities and Exchange Commission. Non-GAAP financial measures are not in accordance with, or an alternative to, generally accepted accounting principles (GAAP). The company believes presenting non-GAAP financial measures are helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. A detailed reconciliation is provided below outlining the differences between this non-GAAP measure and the directly related GAAP measures.

	Three months ended September 30, 2011	Nine months ended September 30, 2011
Cash flows from operating activities	$ 913	$ 2,032
Less: Cash flows from investing activities	(418)	(1,580)
Plus: Short-term investments – acquisitions	348	2,193
Less: Short-term investments – liquidations	(574)	(2,426)
Free cash flow	$ 269	$ 219