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,	
	2010	2009	2010	2009
Net sales	$ 1,765	$ 1,532	$ 6,632	$ 5,395
Cost of sales	998	883	3,583	3,302
Gross margin	767	649	3,049	2,093
Operating expenses:				
Selling, general and administrative expenses	284	244	1,015	881
Research, development and engineering expenses	166	145	603	563
Amortization of purchased intangibles	2	2	8	10
Restructuring, impairment and other (credits) and charges (Note 1)	(326)	53	(329)	228
Asbestos litigation (credit) charge (Note 2)	(8)	5	(49)	20
Operating income	649	200	1,801	391
Equity in earnings of affiliated companies (Note 3)	511	461	1,958	1,435
Interest income	3	3	11	19
Interest expense	(28)	(24)	(109)	(82)
Other income, net	54	64	184	171
Income before incomes taxes	1,189	704	3,845	1,934
(Provision) benefit for income taxes	(145)	36	(287)	74
Net income attributable to Corning Incorporated	$ 1,044	$ 740	$ 3,558	$ 2,008
Earnings per common share attributable to Corning Incorporated:				
Basic (Note 4)	$ 0.67	$ 0.48	$ 2.28	$ 1.30
Diluted (Note 4)	$ 0.66	$ 0.47	$ 2.25	$ 1.28
Dividends declared per common share	$ 0.05	$ 0.05	$ 0.20	$ 0.20

See accompanying notes to these financial statements.

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

	December 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 4,598	$ 2,541
Short-term investments, at fair value	1,752	1,042
Total cash, cash equivalents and short-term investments	6,350	3,583
Trade accounts receivable, net of doubtful accounts and allowances	973	753
Inventories	738	579
Deferred income taxes	431	235
Other current assets	367	371
Total current assets	8,859	5,521
Investments	4,372	3,992
Property, net of accumulated depreciation	8,943	7,995
Goodwill and other intangible assets, net	716	676
Deferred income taxes	2,790	2,982
Other assets	153	129
Total Assets	$ 25,833	$ 21,295
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	$ 57	$ 74
Accounts payable	798	550
Other accrued liabilities	1,131	915
Total current liabilities	1,986	1,539
Long-term debt	2,262	1,930
Postretirement benefits other than pensions	913	858
Other liabilities	1,246	1,373
Total liabilities	6,407	5,700
Commitments and contingencies		
Shareholders' equity:		
Common stock – Par value $0.50 per share; Shares authorized: 3.8 billion; Shares issued: 1,626 million and 1,617 million	813	808
Additional paid-in capital	12,865	12,707
Retained earnings	6,881	3,636
Treasury stock, at cost; Shares held: 65 million and 64 million	(1,227)	(1,207)
Accumulated other comprehensive income (loss)	43	(401)
Total Corning Incorporated shareholders' equity	19,375	15,543
Noncontrolling interests	51	52
Total equity	19,426	15,595
Total Liabilities and Equity	$ 25,833	$ 21,295

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,	
	2010	2009	2010	2009
Cash Flows from Operating Activities:				
Net income	$ 1,044	$ 740	$ 3,558	$ 2,008
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	222	196	846	782
Amortization of purchased intangibles	2	2	8	10
Asbestos litigation (credits) charges	(8)	5	(49)	20
Restructuring, impairment and other (credits) charges	(326)	53	(329)	228
Loss on retirement of debt			30	
Stock compensation charges	15	30	92	127
Earnings of affiliated companies less than (in excess of) dividends received	850	(145)	(246)	(680)
Deferred tax provision (benefit)	83	(49)	68	(218)
Restructuring payments	(8)	(18)	(66)	(89)
Cash received from settlement of insurance claims	259		259	
Credits issued against customer deposits	(7)	(46)	(83)	(253)
Employee benefit payments in excess of expense	(184)	(22)	(265)	(10)
Changes in certain working capital items:				
Trade accounts receivable	(100)	64	(162)	(201)
Inventories	(13)	34	(160)	238
Other current assets	17	3	42	16
Accounts payable and other current liabilities, net of restructuring payments	184	32	192	56
Other, net	62	34	100	43
Net cash provided by operating activities	2,092	913	3,835	2,077
Cash Flows from Investing Activities:				
Capital expenditures	(473)	(163)	(1,007)	(890)
Acquisitions of businesses, net of cash received	(63)		(63)	(410)
Net proceeds from sale or disposal of assets		6	1	21
Short-term investments – acquisitions	(768)	(496)	(2,768)	(1,372)
Short-term investments – liquidations	743	422	2,061	1,281
Other, net	1		7	
Net cash used in investing activities	(560)	(231)	(1,769)	(1,370)
Cash Flows from Financing Activities:				
Net repayments of short-term borrowings and current portion of long-term debt	(5)	(2)	(75)	(86)
Proceeds from issuance of long-term debt, net			689	346
Retirements of long-term debt, net	(100)		(364)	
Principal payments under capital lease obligations	(8)		(9)	(10)
Proceeds from issuance of common stock, net		2	15	20
Proceeds from the exercise of stock options	16	16	55	24
Dividends paid	(78)	(78)	(313)	(312)
Other, net				3
Net cash (used in) provided by financing activities	(175)	(62)	(2)	(15)
Effect of exchange rates on cash	(61)	(41)	(7)	(24)
Net increase in cash and cash equivalents	1,296	579	2,057	668
Cash and cash equivalents at beginning of period	3,302	1,962	2,541	1,873
Cash and cash equivalents at end of period	$ 4,598	$ 2,541	$ 4,598	$ 2,541

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, 2010							
Net sales	$ 750	$ 443	$ 232	$ 197	$ 140	$ 3	$ 1,765
Depreciation (1)	$ 127	$ 29	$ 28	$ 29	$ 8	$ 3	$ 224
Amortization of purchased intangibles					$ 2		$ 2
Research, development and engineering expenses (2)	$ 24	$ 31	$ 26	$ 26	$ 3	$ 34	$ 144
Restructuring, impairment and other credits (3)	$ (324)	$ (2)					$ (326)
Equity in earnings of affiliated companies (4)	$ 369	$ 2				$ 13	$ 384
Income tax (provision) benefit	$ (227)	$ (8)	$ (8)	$ (1)	$ (6)	$ 16	$ (234)
Net income (loss) (5)	$ 883	$ 18	$ 15	$ 2	$ 12	$ (29)	$ 901
Three months ended December 31, 2009							
Net sales	$ 717	$ 405	$ 181	$ 110	$ 117	$ 2	$ 1,532
Depreciation (1)	$ 120	$ 31	$ 24	$ 11	$ 7	$ 4	$ 197
Amortization of purchased intangibles		$ 2					$ 2
Research, development and engineering expenses (2)	$ 21	$ 26	$ 20	$ 18	$ 4	$ 35	$ 124
Restructuring, impairment and other charges	$ 2	$ 27	$ 6				$ 35
Equity in earnings of affiliated companies	$ 321	$ 1	$ 1			$ 1	$ 324
Income tax (provision) benefit	$ (95)	$ 5	$ (7)	$ 3	$ (5)	$ 13	$ (86)
Net income (loss) (5)	$ 619	$ (19)	$ 15	$ (6)	$ 10	$ (29)	$ 590
Year ended December 31, 2010							
Net sales	$ 3,011	$ 1,712	$ 816	$ 578	$ 508	$ 7	$ 6,632
Depreciation (1)	$ 513	$ 118	$ 105	$ 72	$ 32	$ 12	$ 852
Amortization of purchased intangibles		$ 1			$ 7		$ 8
Research, development and engineering expenses (2)	$ 90	$ 115	$ 96	$ 87	$ 16	$ 114	$ 518
Restructuring, impairment and other credits (3)	$ (324)	$ (3)		$ (2)			$ (329)
Equity in earnings of affiliated companies (4)	$ 1,452	$ 3	$ 5			$ 45	$ 1,505
Income tax (provision) benefit	$ (618)	$ (46)	$ (20)	$ 13	$ (30)	$ 50	$ (651)
Net income (loss) (5)	$ 2,990	$ 97	$ 42	$ (27)	$ 60	$ (75)	$ 3,087
Year ended December 31, 2009							
Net sales	$ 2,426	$ 1,677	$ 590	$ 331	$ 366	$ 5	$ 5,395
Depreciation (1)	$ 479	$ 130	$ 98	$ 46	$ 20	$ 13	$ 786
Amortization of purchased intangibles		$ 10					$ 10
Research, development and engineering expenses (2)	$ 81	$ 94	$ 107	$ 58	$ 12	$ 125	$ 477
Restructuring, impairment and other charges	$ 31	$ 42	$ 28	$ 17	$ 8	$ 4	$ 130
Equity in earnings (loss) of affiliated companies	$ 1,102	$ (3)	$ 7			$ 32	$ 1,138
Income tax (provision) benefit	$ (279)	$ (19)	$ 24	$ 28	$ (19)	$ 45	$ (220)
Net income (loss) (5)	$ 1,992	$ 19	$ (42)	$ (54)	$ 39	$ (80)	$ 1,874

(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 December 31, 2010, restructuring, impairment and other credits includes $324 million on the settlement of business interruption and property damage insurance claims in the Display Technologies segment resulting from earthquake activity near the Shizuoka, Japan facility and a power disruption at the Taichung, Taiwan facility in 2009.
(4) In the three months and year ended December 31, 2010, equity in earnings of affiliated companies includes a $61 million credit in the Display Technologies segment for our share of a revised Samsung Corning Precision tax holiday calculation agreed to by the Korean National Tax service.
(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,	
	2010	2009	2010	2009
Net income of reportable segments	$ 930	$ 619	$ 3,162	$ 1,954
Non-reportable segments	(29)	(29)	(75)	(80)
Unallocated amounts:				
Net financing costs (1)	(46)	(36)	(183)	(122)
Stock-based compensation expense	(15)	(30)	(92)	(127)
Exploratory research	(15)	(15)	(59)	(61)
Corporate contributions	(7)	(4)	(33)	(27)
Equity in earnings of affiliated companies, net of impairments (2)	127	137	453	297
Asbestos litigation (3)	8	(5)	49	(20)
Other corporate items (4)	91	103	336	194
Net income	$ 1,044	$ 740	$ 3,558	$ 2,008

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

(2) Equity in earnings of affiliated companies, net of impairments and taxes is primarily equity in earnings of Dow Corning Corporation which includes the following items:
- In the three months and year ended December 31, 2010, Corning recorded a $26 million credit for our share of a valuation allowance on foreign deferred tax assets. Corning also recorded a $16 million credit for our share of excess foreign tax credits from foreign dividends of Dow Corning Corporation.
- In the year ended December 31, 2010, a $21 million credit for our share of U.S. advanced energy manufacturing tax credits.
- In the three months and year ended December 31, 2009, a $29 million credit primarily for our share of excess foreign tax credits from foreign dividends at Dow Corning Corporation.
- In the year ended December 31, 2009, a charge of $29 million for our share of restructuring charges.

(3) In the three months and year ended December 31, 2010, Corning recorded a net credit of $8 million and a net credit of $49 million, respectively, to adjust the asbestos liability for the change in value of certain components of the modified PCC Plan. In the three months and year ended December 31, 2009, Corning recorded charges of $5 million and $20 million, respectively, to adjust the asbestos liability for the change in value of certain components of the amended PCC Plan and the estimated liability for non-PCC asbestos claims.

(4) Other corporate items include the tax impact of the unallocated amounts and the following significant items:
- In the year ended December 31, 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 three months and year ended December 31, 2009, Corning recorded a $58 million tax benefit which included the following items: a $10 million net valuation allowance due to a change in judgment about the realizability of U.S. and United Kingdom deferred tax assets in future years; a $41 million tax benefit to reflect a deferred tax asset associated with non-taxable Medicare subsidies; a $27 million U.S. tax credit for research and experimentation expenses.
- In the three months and year ended December 31, 2009, restructuring changes of $18 million ($12 million after-tax) and $98 million ($64 million after-tax), respectively.

1. Insurance Settlement

In the fourth quarter of 2010, we recorded $324 million ($206 million after-tax) on the settlement of business interruption and property damage insurance claims in the Display Technologies segment resulting from earthquake activity near the Shizuoka, Japan facility and a power disruption at the Taichung, Taiwan facility in 2009.

2. Asbestos Litigation

On March 28, 2003, Corning announced that it had reached agreement with the representatives of asbestos claimants for the settlement of all current and future asbestos claims against Corning and Pittsburgh Corning Corporation (PCC) which might arise from PCC products or operations (the 2003 Plan). On December 21, 2006, the Bankruptcy Court issued an order denying confirmation of the 2003 Plan. On January 29, 2009, a proposed plan of reorganization (the Amended PCC Plan) resolving issues raised by the Court in denying the confirmation of the 2003 Plan was filed with the Bankruptcy Court.

As a result, Corning believes the Amended PCC Plan, modified as indicated below, now represents the most probable outcome of this matter and expects that the Amended PCC Plan will be confirmed by the Court. Corning believes the 2003 Plan no longer serves as the basis for the Company's best estimate of liability. The proposed arrangement under the Amended PCC Plan requires Corning to contribute its equity interest in PCC and Pittsburgh Corning Europe, N.V. (PCE) and to contribute a fixed series of cash payments recorded at present value. Corning will have the option to contribute shares rather than cash, but the liability is fixed by dollar value and not number of shares. The Amended PCC Plan does not include certain non-PCC asbestos claims that may be or have been raised against Corning. Corning has recorded an additional amount for such claims in its estimated asbestos litigation liability. In the first quarter of 2010, documents were filed with the Bankruptcy Court modifying the Amended PCC Plan by reducing the amount of cash expected to be contributed by Corning under the Amended PCC Plan in return for Corning relinquishing its claim for reimbursement of its payments and contributions under the Amended Plan from certain insurance carriers involved in the proceedings.

In the fourth quarter of 2010, we recorded a net credit of $8 million ($5 million after-tax) to adjust the asbestos litigation liability for the change in value of the components of the modified PCC Plan.

3. Equity in Earnings of Affiliated Companies

In the fourth quarter of 2010, equity in earnings of affiliated companies included credits related to Dow Corning Corporation of $26 million ($24 million after-tax) for our share of a release of valuation allowance on foreign deferred tax assets, and $16 million ($15 million after-tax) for our share of excess foreign tax credits from foreign dividends. Equity in earnings also includes a $61 million ($61 million after-tax) credit for our share of a revised Samsung Corning Precision tax holiday calculation agreed to by the Korean National Tax Service.

4. Weighted Average Shares Outstanding

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

	Three months ended December 31,		Year ended December 31,	
	2010	**2009**	**2010**	**2009**
Basic	1,560	1,552	1,558	1,550
Diluted	1,584	1,576	1,581	1,568
Diluted used for non-GAAP measures	1,584	1,576	1,581	1,568

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

	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2010 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
Other	1	2	1	3	7
Total	$ 1,553	$ 1,712	$ 1,602	$ 1,765	$ 6,632

	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2009 Total
Display Technologies	$ 357	$ 673	$ 679	$ 717	$ 2,426
Telecommunications					
Fiber and cable	192	235	251	231	909
Hardware and equipment	193	202	199	174	768
	385	437	450	405	1,677
Environmental Technologies					
Automotive	64	85	103	108	360
Diesel	46	47	64	73	230
	110	132	167	181	590
Specialty Materials	60	71	90	110	331
Life Sciences	76	81	92	117	366
Other	1	1	1	2	5
Total	$ 989	$ 1,395	$ 1,479	$ 1,532	$ 5,395

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, 2010
(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 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	$ 0.46	$ 754	$ 733
Special items:			
Insurance settlement (a)	0.13	324	206
Asbestos settlement (b)	–	8	5
Equity in earnings of affiliated companies (c)	0.07	103	100
Total EPS and net income	$ 0.66	$ 1,189	$ 1,044

(a) In the fourth quarter of 2010, Corning recorded $324 million ($206 million after-tax) on the settlement of business interruption and property damage insurance claims in the Display Technologies segment resulting from earthquake activity near the Shizuoka, Japan facility and a power disruption at the Taichung, Taiwan facility in 2009.

(b) In the fourth quarter of 2010, Corning recorded a net credit of $8 million ($5 million after-tax) to adjust the asbestos liability for the change in value of the components of the modified PCC Plan.

(c) In the fourth quarter of 2010, equity in earnings of affiliated companies included a credit of $26 million ($24 million after-tax) for our share of a release of valuation allowance on foreign deferred tax assets, a $16 million ($15 million after-tax) credit for our share of excess foreign tax credits from foreign dividends and a $61 million credit for our share of a revised Samsung Corning Precision tax holiday calculation agreed to by the Korean National Tax Service.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended December 31, 2009
(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 2009 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	$ 0.44	$ 733	$ 696
Special items:			
Restructuring, impairment, and other charges (a)	(0.03)	(53)	(38)
Asbestos settlement (b)	–	(5)	(3)
Equity in earnings of affiliated companies (c)	0.02	29	27
Provision for income taxes (d)	0.04	–	58
Total EPS and net income	$ 0.47	$ 704	$ 740

(a) In the fourth quarter of 2009, Corning recorded a charge of $53 million ($38 million after-tax) as part of the Company's corporate-wide restructuring plan in response to lower sales in 2009.

(b) In the fourth quarter of 2009, Corning recorded a charge of $5 million ($3 million after-tax) to adjust the asbestos liability for the change in value of certain components of the Amended PCC Plan and the estimated liability for non-PCC asbestos claims.

(c) In the fourth quarter of 2009, equity in earnings of affiliated companies included a credit of $29 million ($27 million after-tax) primarily for Corning's share of excess foreign tax credits from foreign dividends at Dow Corning Corporation.

(d) In the fourth quarter of 2009, Corning recorded a $58 million tax benefit which included the following items: a $27 million U.S. tax credit for research and experimentation expenses; a $41 million tax benefit to reflect a deferred tax asset associated with a non-taxable Medicare subsidy; and a $10 million valuation allowance due to a change in judgment about the realizability of U.S. and U.K. deferred tax assets in future years.

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
Year Ended December 31, 2010
(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, 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	$ 2.07	$ 3,376	$ 3,276
Special items:			
Restructuring, impairment and other charges (a)	–	2	1
Insurance settlement (b)	0.13	324	206
Asbestos settlement (c)	0.02	49	30
Equity in earnings of affiliated companies (d)	0.08	124	120
Loss on repurchase of debt (e)	(0.01)	(30)	(19)
Provision for income taxes (f)	(0.04)	–	(56)
Total EPS and net income	$ 2.25	$ 3,845	$ 3,558

(a) In 2010, Corning recorded a credit of $2 million ($1 million after-tax) for adjustments to restructuring reserves.

(b) In 2010, Corning recorded $324 million ($206 million after-tax) on the settlement of business interruption and property damage insurance claims in the Display Technologies segment resulting from earthquake activity near the Shizuoka, Japan facility and a power disruption at the Taichung, Taiwan facility in 2009.

(c) In 2010, Corning recorded a net credit of $49 million ($30 million after-tax) to adjust the asbestos liability for change in value of the components of the modified PCC Plan.

(d) In 2010, equity in earnings of affiliated companies included a credit of $21 million ($20 million after-tax) primarily for Corning's share of advanced energy manufacturing tax credits at Dow Corning Corporation. Also, included is a credit of $26 million ($24 million after-tax) for our share of a release of valuation allowance on foreign deferred tax assets, a $16 million ($15 million after-tax) credit for our share of excess foreign tax credits from foreign dividends at Dow Corning Corporation and a $61 million credit for our share of a revised Samsung Corning Precision tax holiday calculation agreed to by the Korean National Tax Service.

(e) In 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.

(f) In 2010, Corning recorded a $56 million tax charge from the reversal of the deferred tax asset associated with a Medicare subsidy.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Year Ended December 31, 2009
(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, 2009 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 (Loss) Before Income Taxes	Net Income (Loss)
Earnings per share (EPS) and net income, excluding special items	$ 1.35	$ 2,182	$ 2,113
Special items:			
Restructuring, impairment and other charges (a)	(0.10)	(228)	(151)
Asbestos settlement (b)	(0.01)	(20)	(12)
Equity in earnings of affiliated companies (c)	–	–	–
Provision for income taxes (d)	0.04	–	58
Total EPS and net income	$ 1.28	$ 1,934	$ 2,008

(a) In 2009, Corning recorded a charge of $228 million ($151 million after-tax) as part of the Company's corporate-wide restructuring plan in response to lower sales in 2009.

(b) In 2009, Corning recorded a charge of $20 million ($12 million after-tax) to adjust the asbestos liability for change in value of the components of the Amended PCC Plan and the estimated liability for non-PCC asbestos claims.

(c) In 2009, equity in earnings of affiliated companies included a charge of $29 million ($27 million after-tax) for our share of restructuring charges and a credit of $29 million ($27 million after-tax) primarily for our share of excess foreign tax credits from foreign dividends at Dow Corning Corporation.

(d) In 2009, Corning recorded a $58 million tax benefit which included the following items: a $27 million U.S. tax credit for research and experimentation expenses; a $41 million tax benefit to reflect a deferred tax asset associated with a non-taxable Medicare subsidy; and a $10 million valuation allowance due to a change in judgment about the realizability of U.S. and U.K. deferred tax assets in future years.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months and Year Ended December 31, 2010
(Unaudited; amounts in millions)

Corning's free cash flow financial measure for the three months and year ended December 31, 2010 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 measure.

	Three months ended December 31, 2010	**Year ended December 31, 2010**
Cash flows from operating activities	$2,092	$3,835
Less: Cash flows from investing activities	(560)	(1,769)
Plus: Short-term investments – acquisitions	768	2,768
Less: Short-term investments – liquidations	(743)	(2,061)
Free cash flow	$1,557	$2,773