

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF INCOME

(Unaudited; in millions, except per share amounts)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Net sales	\$ 2,637	\$ 2,476	\$ 10,116	\$ 9,390
Cost of sales	1,603	1,486	6,084	5,644
Gross margin	1,034	990	4,032	3,746
Operating expenses:				
Selling, general and administrative expenses	400	368	1,467	1,472
Research, development and engineering expenses	240	173	860	742
Amortization of purchased intangibles	22	18	75	64
Restructuring, impairment and other charges		(1)		77
Operating income	372	432	1,630	1,391
Equity in earnings of affiliated companies	213	165	361	284
Interest income	12	11	45	32
Interest expense	(43)	(37)	(155)	(159)
Translated earnings contract gain (loss), net	72	1,847	(121)	(448)
Gain on realignment of equity investment				2,676
Other expense, net	(60)	(14)	(103)	(84)
Income before income taxes	566	2,404	1,657	3,692
(Provision) benefit for income taxes	(1,978)	(832)	(2,154)	3
Net (loss) income attributable to Corning Incorporated	<u>\$ (1,412)</u>	<u>\$ 1,572</u>	<u>\$ (497)</u>	<u>\$ 3,695</u>
(Loss) earnings per common share attributable to Corning Incorporated:				
Basic	<u>\$ (1.66)</u>	<u>\$ 1.64</u>	<u>\$ (0.66)</u>	<u>\$ 3.53</u>
Diluted	<u>\$ (1.66)</u>	<u>\$ 1.47</u>	<u>\$ (0.66)</u>	<u>\$ 3.23</u>
Dividends declared per common share	<u>\$ 0.155</u>	<u>\$ 0.135</u>	<u>\$ 0.62</u>	<u>\$ 0.54</u>

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

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

	December 31,	
	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,317	\$ 5,291
Trade accounts receivable, net of doubtful accounts and allowances	1,807	1,481
Inventories, net of inventory reserves	1,712	1,471
Other current assets	991	805
Total current assets	8,827	9,048
Investments	340	336
Property, plant and equipment, net of accumulated depreciation	14,017	12,546
Goodwill, net	1,694	1,577
Other intangible assets, net	869	796
Deferred income taxes	798	2,325
Other assets	934	1,271
Total Assets	\$ 27,479	\$ 27,899
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt and short-term borrowings	\$ 379	\$ 256
Accounts payable	1,439	1,079
Other accrued liabilities	1,391	1,416
Total current liabilities	3,209	2,751
Long-term debt	4,749	3,646
Postretirement benefits other than pensions	708	737
Other liabilities	3,017	2,805
Total liabilities	11,683	9,939
Commitments and contingencies		
Shareholders' equity:		
Convertible preferred stock, Series A – Par value \$100 per share; Shares authorized 3,100; Shares issued: 2,300	2,300	2,300
Common stock – Par value \$0.50 per share; Shares authorized: 3.8 billion; Shares issued: 1,708 million and 1,691 million	854	846
Additional paid-in capital – common stock	14,057	13,695
Retained earnings	15,962	16,880
Treasury stock, at cost; shares held: 850 million and 765 million	(16,633)	(14,152)
Accumulated other comprehensive loss	(816)	(1,676)
Total Corning Incorporated shareholders' equity	15,724	17,893
Noncontrolling interests	72	67
Total equity	15,796	17,960
Total Liabilities and Equity	\$ 27,479	\$ 27,899

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited; in millions)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Cash Flows from Operating Activities:				
Net (loss) income	(1,412)	1,572	(497)	3,695
Adjustments to reconcile net (loss) income to net cash provided by operating activities:				
Depreciation	284	287	1,083	1,131
Amortization of purchased intangibles	22	18	75	64
Restructuring, impairment and other charges		(1)		77
Equity in earnings of affiliated companies	(213)	(165)	(361)	(284)
Dividends received from affiliated companies	100	65	201	85
Deferred tax expense provision (benefit)	1,858	739	1,796	(308)
Customer incentives and deposits, net	100	185	100	185
Impairments and other disposal charges	80		80	
Translated earnings contract loss (gain)	(72)	(1,847)	121	448
Unrealized translation (gains) losses on transactions	(75)	178	(339)	1
Gain on realignment of equity investment				(2,676)
Changes in certain working capital items:				
Trade accounts receivable	(35)	78	(225)	(106)
Inventories	(4)	1	(170)	(68)
Other current assets	(63)	60	(172)	18
Accounts payable and other current liabilities	292	234	169	259
Other, net	26	24	143	16
Net cash provided by operating activities	<u>888</u>	<u>1,428</u>	<u>2,004</u>	<u>2,537</u>
Cash Flows from Investing Activities:				
Capital expenditures	(557)	(315)	(1,804)	(1,130)
Acquisitions of businesses, net of cash paid		(54)	(171)	(333)
Proceeds from sale of a business	14		14	
Cash received on realignment of equity investment				4,818
Proceeds from sale of assets to related party		42		42
Short-term investments – acquisitions				(20)
Short-term investments – liquidations			29	121
Realized gains on translated earnings contracts	71	55	270	201
Other, net	(20)	(22)	(48)	(37)
Net cash (used in) provided by investing activities	<u>(492)</u>	<u>(294)</u>	<u>(1,710)</u>	<u>3,662</u>
Cash Flows from Financing Activities:				
Net repayments of short-term borrowings and current portion of long-term debt	(252)		(252)	(85)
Proceeds from issuance of long-term debt	743		1,445	
Payments from issuance of commercial paper				(481)
Principal payments under capital lease obligations	(6)	(6)	(7)	(7)
Proceeds received for asset financing and related incentives, net		1		1
Payments of employee withholding tax on stock award	(2)	(2)	(16)	(16)
Proceeds from the exercise of stock options	34	52	309	138
Repurchases of common stock for treasury	(388)	(343)	(2,452)	(4,227)
Dividends paid	(158)	(152)	(651)	(645)
Net cash used in financing activities	<u>(29)</u>	<u>(450)</u>	<u>(1,624)</u>	<u>(5,322)</u>
Effect of exchange rates on cash	85	(214)	356	(86)
Net increase (decrease) in cash and cash equivalents	452	470	(974)	791
Cash and cash equivalents at beginning of year	3,865	4,821	5,291	4,500
Cash and cash equivalents at end of year	<u>4,317</u>	<u>5,291</u>	<u>4,317</u>	<u>5,291</u>

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
(Unaudited)

GAAP Earnings per Common Share

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

	Three Months Ended		Year ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Net (loss) income attributable to Corning Incorporated	\$ (1,412)	\$ 1,572	\$ (497)	\$ 3,695
Less: Series A convertible preferred stock dividend	24	24	98	98
Net (loss) income available to common stockholders – basic	(1,436)	1,548	(595)	3,597
Add: Series A convertible preferred stock dividend		24		98
Net (loss) income available to common stockholders - diluted	\$ (1,436)	\$ 1,572	\$ (595)	\$ 3,695
Weighted-average common shares outstanding - basic	863	942	895	1,020
Effect of dilutive securities:				
Stock options and other dilutive securities		10		9
Series A convertible preferred stock		115		115
Weighted-average common shares outstanding - diluted	863	1,067	895	1,144
Basic (loss) earnings per common share	\$ (1.66)	\$ 1.64	\$ (0.66)	\$ 3.53
Diluted (loss) earnings per common share	\$ (1.66)	\$ 1.47	\$ (0.66)	\$ 3.23

Core Earnings per Common Share

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

	Three Months Ended		Year ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Core earnings attributable to Corning Incorporated	\$ 485	\$ 534	\$ 1,756	\$ 1,774
Less: Series A convertible preferred stock dividend	24	24	98	98
Core earnings available to common stockholders - basic	461	510	1,658	1,676
Add: Series A convertible preferred stock dividend	24	24	98	98
Core earnings available to common stockholders - diluted	\$ 485	\$ 534	\$ 1,756	\$ 1,774
Weighted-average common shares outstanding - basic	863	942	895	1,020
Effect of dilutive securities:				
Stock options and other dilutive securities	11	10	11	9
Series A convertible preferred stock	115	115	115	115
Weighted-average common shares outstanding - diluted	989	1,067	1,021	1,144
Core basic earnings per common share	\$ 0.53	\$ 0.54	\$ 1.85	\$ 1.64
Core diluted earnings per common share	\$ 0.49	\$ 0.50	\$ 1.72	\$ 1.55

Use of Non-GAAP Financial Measures

CORE PERFORMANCE 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 that reporting core performance measures provides investors greater transparency to the information used by our management team to make financial and operational decisions. Corning has adopted the use of constant currency reporting for the Japanese yen and South Korean won, and uses an internally derived yen-to-dollar management rate of ¥99 and won-to-dollar management rate of ₩1,100. The Company believes that the use of constant currency reporting allows investors to understand our results without the volatility of currency fluctuations, and reflects the underlying economics of the translated earnings contract used to mitigate the impact of changes in currency exchange rates on our net sales and net income.

Net sales, equity in earnings of affiliated companies and net income are adjusted to exclude the impacts of changes in the Japanese yen and the South Korean won, gains and losses on our translated earnings contracts, acquisition-related costs, certain 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. Management's discussion and analysis on our reportable segments has also been adjusted for these items, as appropriate. These measures are not prepared in accordance with Generally Accepted Accounting Principles in the United States ("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 GAAP reporting measures. With respect to the Company's outlooks for future periods, it is not able to provide reconciliations for these non-GAAP measures because the Company does not forecast the movement of the Japanese yen and South Korean won against the U.S. dollar, or other items that do not reflect ongoing operations, nor does it forecast items that have not yet occurred or are out of the Company's control. As a result, the Company is unable to provide outlook information on a GAAP basis.

See "Use of Non-GAAP Financial Measures" for details on core performance measures. For a reconciliation of non-GAAP performance measures to their most directly comparable GAAP financial measure, please see "Reconciliation of Non-GAAP Measures" below.

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

- (1) **Constant-currency adjustments:**
Constant-yen: Because a significant portion of Display Technologies segment revenues and manufacturing costs are denominated in Japanese yen, management believes it is important to understand the impact on core earnings of translating yen into dollars. Presenting results on a constant-yen basis mitigates the translation impact of the Japanese yen, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and establish operational goals and forecasts. As of January 1, 2015, we use an internally derived management rate of ¥99, which is closely aligned to our current yen portfolio of foreign currency hedges, and have recast all periods presented based on this rate in order to effectively remove the impact of changes in the Japanese yen.
Constant-won: Because a significant portion of Corning Precision Materials' costs are denominated in Korean won, management believes it is important to understand the impact on core earnings from translating won into dollars. Presenting results on a constant-won basis mitigates the translation impact of the Korean won, and allows management to evaluate performance period over period, analyze underlying trends in our businesses, and establish operational goals and forecasts without the variability caused by the fluctuations caused by changes in the rate of this currency. We use an internally derived management rate of ₩1,100, which is consistent with historical prior period averages of the won.
- (2) Translation gain on Japanese yen-denominated debt: The gain on the translation of our Yen-denominated debt to U.S. dollars.
- (3) Translated earnings contract gain (loss): We have excluded the impact of the realized and unrealized gains and losses of our Japanese yen and South Korean won-denominated foreign currency hedges related to translated earnings, as well as the unrealized gains and losses of our euro, New Taiwan dollar and Chinese yuan-denominated foreign currency hedges related to translated earnings.
- (4) Acquisition-related costs: These expenses include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.
- (5) Discrete tax items and other tax-related adjustments: This represents the removal of discrete adjustments (e.g. changes in tax law and changes in judgment about the realizability of certain deferred tax assets) as well as other non-operational tax-related adjustments.
- (6) Litigation, regulatory and other legal matters: Includes amounts related to legal matters.
- (7) Restructuring, impairment and other charges: This amount includes restructuring, impairment and other charges, including goodwill impairment charges and other expenses and disposal costs not classified as restructuring expense.
- (8) 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.
- (9) Adjustments related to acquisitions: Includes fair value adjustments to the Corning Precision Materials indemnity asset related to contingent consideration, post-combination expenses and other acquisition and disposal adjustments.
- (10) Pension mark-to-market adjustment: Defined benefit pension mark-to-market gains and losses, which arise from changes in actuarial assumptions and the difference between actual and expected returns on plan assets and discount rates.
- (11) Gain on realignment of equity investment: Gain recorded upon the completion of the strategic realignment of our ownership interest in Dow Corning.
- (12) Taiwan power outage: Impact of the power outage that temporarily halted production at our Tainan, Taiwan manufacturing location in the second quarter of 2016. The impact includes asset write-offs and charges for facility repairs, offset somewhat by partial reimbursement through our insurance program.
- (13) Adjustments to remove the impact of the Tax Cuts and Job Act: Includes a provisional amount related to the one-time mandatory tax on unrepatriated foreign earnings, a provisional amount related to the remeasurement of U.S. deferred tax assets and liabilities, changes in valuation allowances as a result of the 2017 Tax Act, and adjustments for the elimination of foreign tax credits.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended December 31, 2017
(Unaudited; amounts in millions, except per share amounts)

	Three months ended December 31, 2017					
	Net sales	Equity earnings	Income before income taxes	Net (loss) income	Effective tax rate (a)	Per share
As reported	\$ 2,637	\$ 213	\$ 566	\$ (1,412)	349.5%	\$ (1.66)
Constant-yen (1)	102	1	88	75		0.09
Constant-won (1)			(1)	(1)		
Translated earnings contract gain (3)			(72)	(46)		(0.05)
Acquisition-related costs (4)			24	18		0.02
Discrete tax items and other tax-related adjustments (5)				99		0.11
Litigation, regulatory and other legal matters (6)						
Restructuring, impairment and other charges (7)			22	27		0.03
Equity in earnings of affiliated company (8)		(80)	(80)	(51)		(0.06)
Adjustments related to acquisitions (9)			15	16		0.02
Pension mark-to-market adjustment (10)			7	5		0.01
Adjustments to remove the impacts of the Tax Cuts and Job Act (13)				1,755		2.03
Core performance measures	\$ 2,739	\$ 134	\$ 569	\$ 485	14.8%	\$ 0.49

(a) Based upon statutory tax rates in the specific jurisdiction for each event.

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

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Year Ended December 31, 2017
(Unaudited; amounts in millions, except per share amounts)

	Year ended December 31, 2017					
	Net sales	Equity earnings	Income before taxes	Net (loss) income	Effective tax rate (a)	Per share
As reported	\$ 10,116	\$ 361	\$ 1,657	\$ (497)	130.0%	\$ (0.66)
Constant-yen (1)	396	3	354	276		0.31
Constant-won (1)	2		(21)	(16)		(0.02)
Translation gain on Japanese yen-denominated debt (2)			(14)	(9)		(0.01)
Translated earnings contract loss (gain) (3)			125	78		0.09
Acquisition-related costs (4)			84	59		0.07
Discrete tax items and other tax-related adjustments (5)				127		0.14
Litigation, regulatory and other legal matters (6)			(12)	(9)		(0.01)
Restructuring, impairment and other charges (7)			72	62		0.07
Equity in earnings of affiliated company (8)		(152)	(152)	(97)		(0.11)
Adjustments related to acquisitions (9)			10	13		0.01
Pension mark-to-market adjustment (10)			22	14		0.02
Adjustments to remove the impacts of the Tax Cuts and Job Act (13)				1,755		1.96
Core performance measures	\$ 10,514	\$ 212	\$ 2,125	\$ 1,756	17.4%	\$ 1.72

(a) Based upon statutory tax rates in the specific jurisdiction for each event.

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

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months Ended December 31, 2016
(Unaudited; amounts in millions, except per share amounts)

	Three months ended December 31, 2016					
	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate (a)	Per share
As reported	\$ 2,476	\$ 165	\$ 2,404	\$ 1,572	34.6%	\$ 1.47
Constant-yen (1)	74		68	58		0.05
Constant-won (1)	1		(11)	(8)		(0.01)
Translated earnings contract loss (3)			(1,847)	(1,165)		(1.09)
Acquisition-related costs (4)			18	12		0.01
Discrete tax items and other tax-related adjustments (5)				56		0.05
Restructuring, impairment and other charges (7)			68	47		0.04
Equity in earnings of affiliated company (8)		(53)	(53)	(33)		(0.03)
Adjustments related to acquisitions (9)			(4)	(4)		
Pension mark-to-market adjustment (10)			7	5		
Taiwan power outage (12)			(8)	(6)		(0.01)
Core performance measures	\$ 2,551	\$ 112	\$ 642	\$ 534	16.8%	\$ 0.50

(a) Based upon statutory tax rates in the specific jurisdiction for each event.

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

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Year Ended December 31, 2016
(Unaudited; amounts in millions, except per share amounts)

	Year ended December 31, 2016					
	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate (a)	Per share
As reported	\$ 9,390	\$ 284	\$ 3,692	\$ 3,695	0%	\$ 3.23
Constant-yen (1)	316	4	300	222		0.19
Constant-won (1)	4	(1)	(47)	(34)		(0.03)
Translated earnings contract loss (gain) (3)			448	282		0.25
Acquisition-related costs (4)			127	107		0.09
Discrete tax items and other tax-related adjustments (5)				(27)		(0.02)
Litigation, regulatory and other legal matters (6)			55	70		0.06
Restructuring, impairment and other charges (7)			199	138		0.12
Equity in earnings of affiliated company (8)		(37)	(37)	(18)		(0.02)
Adjustments related to acquisitions (9)			(49)	(42)		(0.04)
Pension mark-to-market adjustment (10)			67	44		0.04
Gain on realignment of equity investment (11)			(2,676)	(2,676)		(2.34)
Taiwan power outage (12)			17	13		0.01
Core performance measures	\$ 9,710	\$ 250	\$ 2,096	\$ 1,774	15.4%	\$ 1.55

(a) Based upon statutory tax rates in the specific jurisdiction for each event.

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

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months and Year Ended December 31, 2017 and 2016
(Unaudited; amounts in millions)

	Three Months Ended December 31, 2017				Three Months Ended December 31, 2016			
	Gross Margin	Gross margin %	Selling, general and admin. expenses	Research, development and engineering expenses	Gross Margin	Gross margin %	Selling, general and admin. expenses	Research, development and engineering expenses
As reported	\$ 1,034	39%	\$ 400	\$ 240	\$ 990	40%	\$ 368	\$ 173
Constant-yen (1)	88				69			
Constant-won (1)					(10)			
Acquisition-related costs (4)			(3)					
Restructuring, impairment and other charges (7)			(9)		52		(15)	
Adjustments related to acquisitions (9)			7				4	
Pension mark-to-market adjustment (10)			(6)				(7)	
Taiwan power outage (12)					(7)			
Core performance measures	\$ 1,122	41%	\$ 389	\$ 240	\$ 1,094	43%	\$ 350	\$ 173

	Year ended December 31, 2017				Year ended December 31, 2016			
	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	\$ 4,032	40%	\$ 1,467	\$ 860	\$ 3,746	40%	\$ 1,472	\$ 742
Constant-yen (1)	351				299			
Constant-won (1)	(19)				(40)		1	1
Acquisition-related costs (4)	7		(3)		5		(55)	
Litigation, regulatory and other legal matters (6)			12				(52)	
Restructuring, impairment and other charges (7)	32		(17)		101		(19)	
Adjustments related to acquisitions (9)			13				49	
Pension mark-to-market adjustment (10)			(21)				(67)	
Taiwan power outage (12)					16			
Core performance measures	\$ 4,403	42%	\$ 1,451	\$ 860	\$ 4,127	43%	\$ 1,329	\$ 743

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

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Display Technologies Segment
Three Months and Year Ended December 31, 2017 and 2016
(Unaudited; amounts in millions)

	Three Months Ended December 31, 2017		Three Months Ended December 31, 2016	
	Net sales	Net income	Net sales	Net income
As reported	\$ 745	\$ 168	\$ 830	\$ 243
Constant-yen (1)	102	65	74	51
Constant-won (1)				(9)
Translated earnings contract gain (3)		(45)		(34)
Discrete tax items and other tax-related adjustments (5)		38		
Restructuring, impairment and other charges (7)				31
Adjustments related to acquisitions (9)		(5)		(4)
Pension mark-to-market adjustment (10)				1
Taiwan power outage (12)				(3)
Core performance measures	\$ 847	\$ 221	\$ 904	\$ 276

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Net sales	Net income	Net sales	Net income
As reported	\$ 2,997	\$ 831	\$ 3,238	\$ 935
Constant-yen (1)	395	260	316	222
Constant-won (1)	2	(12)	2	(33)
Translated earnings contract loss (3)		(169)		(127)
Discrete tax items and other tax-related adjustments (5)		38		
Litigation, regulatory and other legal matters (6)		(9)		
Restructuring, impairment and other charges (7)		13		44
Adjustments related to acquisitions (9)		(8)		(42)
Pension mark-to-market adjustment (10)				1
Taiwan power outage (12)				6
Core performance measures	\$ 3,394	\$ 944	\$ 3,556	\$ 1,006

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

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Optical Communications Segment
Three Months and Year Ended December 31, 2017 and 2016
(Unaudited; amounts in millions)

	Three Months Ended December 31, 2017		Three Months Ended December 31, 2016	
	Net sales	Net income	Net sales	Net income
As reported	\$ 928	\$ 56	\$ 819	\$ 67
Acquisition-related costs (4)		14		7
Restructuring, impairment and other charges (5)		12		12
Pension mark-to-market adjustment (10)		2		1
Core performance measures	\$ 928	\$ 84	\$ 819	\$ 87

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Net sales	Net income	Net sales	Net income
As reported	\$ 3,545	\$ 341	\$ 3,005	\$ 245
Acquisition-related costs (4)		39		23
Restructuring, impairment and other charges (7)		14		24
Pension mark-to-market adjustment (10)		2		5
Core performance measures	\$ 3,545	\$ 396	\$ 3,005	\$ 297

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

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Environmental Technologies Segment
Three Months and Year Ended December 31, 2017 and 2016
(Unaudited; amounts in millions)

	Three Months Ended December 31, 2017		Three Months Ended December 31, 2016	
	Net sales	Net income	Net sales	Net income
As reported	\$ 291	\$ 30	\$ 245	\$ 27
Restructuring, impairment and other charges (7)		6		
Core performance measures	\$ 291	\$ 36	\$ 245	\$ 27

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Net sales	Net income	Net sales	Net income
As reported	\$ 1,106	\$ 127	\$ 1,032	\$ 133
Restructuring, impairment and other charges (7)		12		3
Core performance measures	\$ 1,106	\$ 139	\$ 1,032	\$ 136

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

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Specialty Materials Segment
Three Months and Year Ended December 31, 2017
(Unaudited; amounts in millions)

	Three Months Ended December 31, 2017		Three Months Ended December 31, 2016	
	Net sales	Net income	Net sales	Net income
As reported	\$ 393	\$ 73	\$ 336	\$ 68
Constant-won (1)				(1)
Restructuring, impairment and other charges (7)				1
Taiwan power outage (12)				(3)
Core performance measures	\$ 393	\$ 73	\$ 336	\$ 65

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Net sales	Net income	Net sales	Net income
As reported	\$ 1,403	\$ 249	\$ 1,124	\$ 174
Constant-yen (1)				(1)
Constant-won (1)		(1)		(2)
Restructuring, impairment and other charges (7)		2		15
Taiwan power outage (12)				3
Core performance measures	\$ 1,403	\$ 250	\$ 1,124	\$ 189

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

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Life Sciences Segment
Three Months and Year Ended December 31, 2017 and 2016
(Unaudited; amounts in millions)

	Three Months Ended December 31, 2017		Three Months Ended December 31, 2016	
	Net sales	Net income	Net sales	Net income
As reported	\$ 225	\$ 16	\$ 206	\$ 13
Acquisition-related costs (4)		3		3
Restructuring, impairment and other charges (7)				1
Pension mark-to-market (10)		1		
Core performance measures	\$ 225	\$ 20	\$ 206	\$ 17

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Net sales	Net income	Net sales	Net income
As reported	\$ 879	\$ 64	\$ 839	\$ 58
Acquisition-related costs (4)		13		12
Restructuring, impairment and other charges (7)		2		7
Pension mark-to-market (10)		1		
Core performance measures	\$ 879	\$ 80	\$ 839	\$ 77

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

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

Equity in Earnings of Affiliated Companies
Three Months and Year Ended December 31, 2017 and 2016
(Unaudited; amounts in millions)

	Three Months Ended December 31, 2017			Three Months Ended December 31, 2016			
	Hemlock Semiconductor	Other	Total equity earnings	Dow Corning	Hemlock Semiconductor	Other	Total equity earnings
As reported	\$ 213		\$ 213		\$ 168	\$ (3)	\$ 165
Constant-yen (1)	1		1				
Equity in earnings of affiliated companies (8)	(80)		(80)		(58)	5	(53)
Core Performance Measures	\$ 134		\$ 134		\$ 110	\$ 2	\$ 112
	Year Ended December 31, 2017			Year Ended December 31, 2016			
	Hemlock Semiconductor	Other	Total equity earnings	Dow Corning	Hemlock Semiconductor	Other	Total equity earnings
As reported	\$ 352	\$ 9	\$ 361	\$ 82	\$ 212	\$ (10)	\$ 284
Constant-yen (1)	1	2	3			4	4
Constant-won (1)						(1)	(1)
Equity in earnings of affiliated companies (8)	(152)		(152)	16	(58)	5	(37)
Core Performance Measures	\$ 201	\$ 11	\$ 212	\$ 98	\$ 154	\$ (2)	\$ 250

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

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP FINANCIAL MEASURE
Three Months and Year Ended December 31, 2017 and 2016
(Unaudited; amounts in millions)

	Three months ended		Year ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Cash flows from operating activities	\$ 888	\$ 1,428	\$ 2,004	\$ 2,537
Realized gains on translated earnings contracts	71	55	270	201
Translation gains (losses) on cash balances	75	(138)	342	10
Other	1	1	4	49
Adjusted cash flows from operating activities	\$ 1,035	\$ 1,346	\$ 2,620	\$ 2,797