

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

	Three months ended March 31,	
	2015	2014
Net sales	\$ 2,265	\$ 2,289
Cost of sales	1,336	1,354
Gross margin	929	935
Operating expenses:		
Selling, general and administrative expenses	316	397
Research, development and engineering expenses	189	198
Amortization of purchased intangibles	12	8
Restructuring, impairment and other charges	—	17
Operating income	412	315
Equity in earnings of affiliated companies	94	86
Interest income	5	12
Interest expense	(30)	(30)
Transaction-related gain, net	—	74
Foreign currency transaction and hedge gain (loss), net	33	(6)
Other (expense) income, net	(21)	30
Income before income taxes	493	481
Provision for income taxes	(86)	(180)
Net income attributable to Corning Incorporated	\$ 407	\$ 301
Earnings per common share attributable to Corning Incorporated:		
Basic	\$ 0.30	\$ 0.21
Diluted	\$ 0.29	\$ 0.20
Dividends declared per common share (1)	\$ 0.00	\$ 0.10

(1) The first quarter 2015 dividend was declared on December 3, 2014.

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

	Three months ended	
	March 31,	
	2015	2014
Net income attributable to Corning Incorporated	\$ 407	\$ 301
Other comprehensive loss, net of tax:		
Foreign currency translation adjustments and other	(256)	(132)
Net unrealized gains on investments	1	13
Unamortized gains (losses) and prior service credits (costs) for postretirement benefit plans	1	9
Net unrealized gains (losses) on designated hedges	5	(4)
	(249)	(114)
Comprehensive income attributable to Corning Incorporated	\$ 158	\$ 187

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

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

	March 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,304	\$ 5,309
Short-term investments, at fair value	763	759
Total cash, cash equivalents and short-term investments	5,067	6,068
Trade accounts receivable, net of doubtful accounts and allowances	1,487	1,501
Inventories, net of inventory reserves	1,331	1,322
Deferred income taxes	262	248
Other current assets	1,091	1,099
Total current assets	9,238	10,238
Investments	1,764	1,801
Property, plant and equipment, net of accumulated depreciation	12,708	12,766
Goodwill, net	1,343	1,150
Other intangible assets, net	702	497
Deferred income taxes	1,883	1,889
Other assets	1,685	1,722
Total Assets	\$ 29,323	\$ 30,063
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	\$ 106	\$ 36
Accounts payable	872	997
Other accrued liabilities	917	1,291
Total current liabilities	1,895	2,324
Long-term debt	3,165	3,227
Postretirement benefits other than pensions	810	814
Other liabilities	2,081	2,046
Total liabilities	7,951	8,411
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: 1,679 million and 1,672 million	840	836
Additional paid-in capital – common stock	13,552	13,456
Retained earnings	13,405	13,021
Treasury stock, at cost; Shares held: 420 million and 398 million	(7,243)	(6,727)
Accumulated other comprehensive loss	(1,556)	(1,307)
Total Corning Incorporated shareholders' equity	21,298	21,579
Noncontrolling interests	74	73
Total equity	21,372	21,652
Total Liabilities and Equity	\$ 29,323	\$ 30,063

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

	Three months ended March 31,	
	2015	2014
Cash Flows from Operating Activities:		
Net income	\$ 407	\$ 301
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	279	289
Amortization of purchased intangibles	12	8
Restructuring, impairment and other charges		17
Stock compensation charges	10	15
Equity in earnings of affiliated companies	(94)	(86)
Dividends received from affiliated companies	48	1,610
Deferred tax (benefit) expense provision	(5)	22
Restructuring payments	(13)	(11)
Employee benefit payments in excess of expense	(6)	(17)
Gains on translated earnings contracts	(29)	(2)
Unrealized translation losses (gains) on transactions	298	(16)
Changes in certain working capital items:		
Trade accounts receivable	35	21
Inventories	(1)	(3)
Other current assets	(13)	28
Accounts payable and other current liabilities	(314)	(413)
Other, net	(13)	(26)
Net cash provided by operating activities	601	1,737
Cash Flows from Investing Activities:		
Capital expenditures	(333)	(246)
Acquisitions of business, net of cash (paid) received	(531)	66
Investment in unconsolidated entities		(109)
Proceeds from loan repayments from unconsolidated entities	4	5
Short-term investments – acquisitions	(284)	(445)
Short-term investments – liquidations	282	338
Realized gains on translated earnings contracts	149	89
Other, net		1
Net cash used in investing activities	(713)	(301)
Cash Flows from Financing Activities:		
Net repayments of short-term borrowings and current portion of long-term debt		(8)
Proceeds from issuance of commercial paper		418
Proceeds from issuance of preferred stock (1)		400
Payments from settlement of interest rate swap agreements	(9)	
Proceeds from the exercise of stock options	89	50
Repurchases of common stock for treasury	(477)	(1,901)
Dividends paid	(177)	(136)
Net cash used in financing activities	(574)	(1,177)
Effect of exchange rates on cash	(319)	5
Net (decrease) increase in cash and cash equivalents	(1,005)	264
Cash and cash equivalents at beginning of period	5,309	4,704
Cash and cash equivalents at end of period	\$ 4,304	\$ 4,968

(1) In the first quarter of 2014, Corning issued 1,900 shares of Preferred Stock to Samsung Display Co., Ltd. in connection with the acquisition of their equity interests in Samsung Corning Precision Materials Co., Ltd.. Corning also issued to Samsung Display an additional 400 shares of Preferred Stock at closing, for an issue price of \$400 million in cash.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
(Unaudited)

GAAP Earnings per Common Share

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

	Three months ended March 31,	
	2015	2014
Net income attributable to Corning Incorporated	\$ 407	\$ 301
Less: Series A convertible preferred stock dividend	(24)	(21)
Net income available to common stockholders – basic	383	280
Add: Series A convertible preferred stock dividend	24	
Net income available to common stockholders - diluted	\$ 407	\$ 280
Weighted-average common shares outstanding - basic	1,266	1,359
Effect of dilutive securities:		
Stock options and other dilutive securities	13	11
Series A convertible preferred stock	115	
Weighted-average common shares outstanding - diluted	1,394	1,370
Basic earnings per common share	\$ 0.30	\$ 0.21
Diluted earnings per common share	\$ 0.29	\$ 0.20

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 March 31,	
	2015	2014
Core net income attributable to Corning Incorporated	\$ 484	\$ 423
Less: Series A convertible preferred stock dividend	(24)	(21)
Core net income available to common stockholders - basic	460	402
Add: Series A convertible preferred stock dividend	24	21
Core net income available to common stockholders - diluted	\$ 484	\$ 423
Weighted-average common shares outstanding - basic	1,266	1,359
Effect of dilutive securities:		
Stock options and other dilutive securities	13	11
Series A convertible preferred stock	115	97
Weighted-average common shares outstanding - diluted	1,394	1,467
Core basic earnings per common share	\$ 0.36	\$ 0.30
Core diluted earnings per common share	\$ 0.35	\$ 0.29

Use of Non-GAAP Financial Measures

In managing the Company and assessing our financial performance, we supplement certain measures provided by our consolidated financial statements with measures adjusted to exclude certain items, to arrive at core performance measures. We believe reporting core performance measures provides investors greater transparency to the information used by our management team to make financial and operational decisions. Corning has adopted the use of constant currency reporting for the Japanese yen and Korean won, and uses an internally derived management rate which is aligned to our yen- and won-denominated portfolio of zero-cost collars and average rate forwards. In the first quarter of 2015, we changed the yen-to-dollar management rate from ¥93 to ¥99 to closely align with the yen-denominated hedges entered into for the years 2015 through 2017. Prior periods presented have been recast based on the new rate.

Net sales, equity in earnings of affiliated companies, and net income are adjusted to exclude the impacts of changes in the Japanese yen, the Korean won, the realized and unrealized impact of the yen-denominated purchased and zero-cost collars, average forward contracts and other yen-related transactions, the realized and unrealized impact of the won-denominated zero-cost collars, the unrealized impact of the euro-denominated zero-cost collars, acquisition-related costs, discrete tax items, restructuring and restructuring-related charges, certain litigation-related expenses, pension mark-to-market adjustments, and other items which do not reflect on-going operating results of the Company or our equity affiliates. These measures are not prepared in accordance with 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.

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 March 31, 2015, we used an internally derived management rate of ¥99, which is closely aligned to our current yen portfolio of zero-cost collars and average rate forwards, 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: Following the Acquisition of Samsung Corning Precision Materials and 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) Purchased and zero-cost collars and average forward contracts: We have excluded the impact of our yen-denominated purchased and zero-cost collars and average forward contracts for each period presented. We have also excluded the impact of our portfolio of Korean won-denominated zero-cost collars. By aligning an internally derived rate with our portfolio of purchased and zero-cost collars and average forward contracts, and excluding other yen-related transactions and the constant-currency adjustments, we have materially mitigated the impact of changes in the Japanese yen and Korean won. Additionally, beginning in the first quarter of 2015, the impact of the mark-to-market related to future

periods on our portfolio of euro-denominated zero-cost collars has been excluded.

- (3) Acquisition-related costs: These expenses include intangible amortization, inventory valuation adjustments and external acquisition-related deal costs.
- (4) Discrete tax items and other tax-related adjustments: This represents the removal of discrete adjustments attributable to 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. This item also includes the income tax effects of adjusting from GAAP earnings to core earnings.
- (5) Litigation, regulatory and other legal matters: Includes amounts related to the Pittsburgh Corning Corporation (PCC) asbestos litigation, adjustments to our estimated liability for environmental-related items and other legal matters.
- (6) Restructuring, impairment and other charges: This amount includes restructuring, impairment and other charges, as well as other expenses and disposal costs not classified as restructuring expense.
- (7) Liquidation of subsidiary: The partial impact of non-restructuring related items due to the decision to liquidate a consolidated subsidiary that is not significant.
- (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) Impacts from the Acquisition of Samsung Corning Precision Materials: Pre-acquisition gains and losses on previously held equity investment and other gains and losses related to the Acquisition, including post-combination expenses, fair value adjustments to the indemnity asset related to contingent consideration and the impact of the withholding tax on a dividend from Samsung Corning Precision Materials.
- (10) Post-combination expenses: Expenses which occurred after the completion of several small acquisitions in the first quarter of 2015.

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

Three Months Ended March 31, 2015

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

	Three months ended March 31, 2015					
	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate	Per share
As reported	\$ 2,265	\$ 94	\$ 493	\$ 407	17.4%	0.29
Constant-yen (1)	165		134	98		0.07
Purchased and zero-cost collars and average forward contracts (2)			(29)	(18)		(0.01)
Acquisition-related costs (3)			19	13		0.01
Discrete tax items and other tax-related adjustments (4)				11		0.01
Litigation, regulatory and other legal matters (5)			1	1		
Restructuring, impairment and other charges (6)			2	3		
Equity in earnings of affiliated companies (8)		(41)	(41)	(39)		(0.03)
Other items related to the Acquisition of Samsung Corning Precision Materials (9)			2	2		
Post-combination expenses (10)			9	6		
Core performance measures	\$ 2,430	\$ 53	\$ 590	\$ 484	18%	0.35

See Use 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 March 31, 2014

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

	Three months ended March 31, 2014					
	Net sales	Equity earnings	Income before income taxes	Net income	Effective tax rate	Per share
As reported	\$ 2,289	\$ 86	\$ 481	\$ 301	37.4%	0.20
Constant-yen (1) *	37		31	23		0.02
Purchased collars and average forward contracts (2)			(2)	(10)		(0.01)
Acquisition-related costs (3)			48	40		0.03
Discrete tax items and other tax-related adjustments (4)				21		0.01
Litigation, regulatory and other legal matters (5)			2	1		
Restructuring, impairment and other charges (6)			17	15		0.01
Liquidation of subsidiary (7)				(3)		
Equity in earnings of affiliated companies (8)		(25)	(25)	(24)		(0.02)
Gain on previously held equity investment (9)			(394)	(292)		(0.20)
Settlement of pre-existing contract (9)			320	320		0.22
Post-combination expenses related to the Acquisition of Samsung Corning Precision Materials (9)			72	55		0.04
Other items related to the Acquisition of Samsung Corning Precision Materials (9)			(24)	(24)		(0.02)
Core performance measures	\$ 2,326	\$ 61	\$ 526	\$ 423	19.6%	0.29

* In the first quarter of 2015, we changed the yen-to-dollar management rate from ¥93 to ¥99 to closely align with the yen-denominated hedges entered into for the years 2015 through 2017. Prior periods presented have been recast based on the new rate.

See Use 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 March 31, 2015 and 2014
(Unaudited; amounts in millions, except percentages)

	Three months ended March 31, 2015				Three months ended March 31, 2014			
	Net sales	Gross margin	Gross margin %	Selling, general and admin. expenses	Net sales	Gross margin	Gross margin %	Selling, general and admin. expenses
As reported	\$ 2,265	\$ 929	41%	\$ 316	\$ 2,289	\$ 935	41%	\$ 397
Constant-yen (1)*	165	137			37	31		
Purchased and zero-cost collars and average forward contracts (2)		(4)						
Acquisition-related costs (3)		2		(5)		30		(19)
Litigation, regulatory and other legal matters (5)				(1)				(2)
Restructuring, impairment and other charges (6)		4		2				
Impacts from the Acquisition of Samsung Corning Precision Materials (9)		1						(72)
Post-combination expenses (10)				(9)				
Core performance measures	\$ 2,430	\$ 1,069	44%	\$ 303	\$ 2,326	\$ 996	43%	\$ 304

* In the first quarter of 2015, we changed the yen-to-dollar management rate from ¥93 to ¥99 to closely align with the yen-denominated hedges entered into for the years 2015 through 2017. Prior periods presented have been recast based on the new rate.

See Use 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 Ended March 31, 2015 and 2014
(Unaudited; amounts in millions, except percentages)

	Three months ended March 31, 2015		Three months ended March 31, 2014		% Increase/decrease	
	Net sales	Net income	Net sales	Net income	Net sales	Net income
As reported	\$ 808	\$ 294	\$ 929	\$ 209	(13)%	41%
Constant-yen (1) *	164	99	37	23		
Purchased and zero-cost collars and average forward contracts (2)		(99)		(56)		
Acquisition-related costs (3)				35		
Restructuring, impairment and other charges (6)				3		
Equity in earnings of affiliated companies (8)				6		
Impacts from the Acquisition of Samsung Corning Precision Materials (9)				63		
<hr/>						
Core performance measures	\$ 972	\$ 294	\$ 966	\$ 283	1%	4%

* In the first quarter of 2015, we changed the yen-to-dollar management rate from ¥93 to ¥99 to closely align with the yen-denominated hedges entered into for the years 2015 through 2017. Prior periods presented have been recast based on the new rate.

See Use 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 Ended March 31, 2015 and 2014

(Unaudited; amounts in millions, except percentages)

	Three months ended March 31, 2015		Three months ended March 31, 2014		% Increase/decrease	
	Net sales	Net income	Net sales	Net income	Net sales	Net income
As reported	\$ 697	\$ 57	\$ 593	\$ 27	18%	111%
Acquisition-related costs (3)		10		2		
Restructuring, impairment and other charges (6)		(1)		12		
Liquidation of subsidiary (7)				(2)		
Post-combination expenses (10)		6				
Core performance measures	\$ 697	\$ 72	\$ 593	\$ 39	18%	85%

See Use 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 Ended March 31, 2015 and 2014
(Unaudited; amounts in millions, except percentages)

	Three months ended March 31, 2015		Three months ended March 31, 2014		% Increase/decrease	
	Net sales	Net income	Net sales	Net income	Net sales	Net income
As reported and Core performance measures	\$ 282	\$ 48	\$ 275	\$ 43	3%	12%

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO GAAP
FINANCIAL MEASURE
Specialty Materials Segment
Three Months Ended March 31, 2015 and 2014
(Unaudited; amounts in millions, except percentages)

	Three months ended March 31, 2015		Three months ended March 31, 2014		% Increase/decrease	
	Net sales	Net income	Net sales	Net income	Net sales	Net income
As reported	\$ 272	\$ 38	\$ 261	\$ 31	4%	23%
Constant-yen (1) *		(1)		(1)		
Purchased and zero- cost collars and average forward contracts (2)				3		
Acquisition-related costs (3)		5		(1)		
Restructuring, impairment and other charges (6)		4				
Core performance measures	\$ 272	\$ 46	\$ 261	\$ 32	4%	44%

* In the first quarter of 2015, we changed the yen-to-dollar management rate from ¥93 to ¥99 to closely align with the yen-denominated hedges entered into for the years 2015 through 2017. Prior periods presented have been recast based on the new rate.

See Use 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 Ended March 31, 2015 and 2014

(Unaudited; amounts in millions, except percentages)

	Three months ended March 31, 2015		Three months ended March 31, 2014		% Increase/decrease	
	Net sales	Net income	Net sales	Net income	Net sales	Net income
As reported	\$ 197	\$ 16	\$ 210	\$ 17	(6)%	(6)%
Acquisition-related costs (3)		3		4		
Core performance measures	\$ 197	\$ 19	\$ 210	\$ 21	(6)%	(10)%

See Use 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
Dow Corning Corporation
Three Months Ended March 31, 2015 and 2014
(Unaudited; amounts in millions, except percentages)

	Three months ended March 31, 2015	Three months ended March 31, 2014	% Increase/ decrease
As reported	\$ 92	\$ 92	
Equity in earnings of affiliated companies (8)	(41)	(33)	
Core performance measures	\$ 51	\$ 59	(14)%

See Use 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 March 31, 2015 and 2014

(Unaudited; amounts in millions)

	Three months ended March 31, 2015	Three months ended March 31, 2014
Cash flows from operating activities	\$ 601	\$ 1,737
Less: Cash flows from investing activities	(713)	(301)
Plus: Short-term investments – acquisitions	284	445
Less: Short-term investments – liquidations	(282)	(338)
Free cash flow	\$ (110)	\$ 1,543