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,	
	2009	2008	2009	2008
Net sales	$ 1,479	$ 1,555	$ 3,863	$ 4,864
Cost of sales	880	820	2,419	2,433
Gross margin	599	735	1,444	2,431
Operating expenses:				
Selling, general and administrative expenses	219	220	637	722
Research, development and engineering expenses	131	160	418	474
Amortization of purchased intangibles	3	2	8	7
Restructuring, impairment and other charges and (credits) (Note 1)	10	(2)	175	(3)
Asbestos litigation charge (credit) (Note 2)	6	6	15	(312)
Operating income	230	349	191	1,543
Equity in earnings of affiliated companies	418	391	974	1,070
Interest income	4	22	16	74
Interest expense	(24)	(15)	(58)	(48)
Other-than-temporary impairment (OTTI) losses:				
Total OTTI losses	(11)		(25)	
Portion of OTTI losses recognized in other comprehensive income (before taxes)	10		23	
Net OTTI losses recognized in earnings	(1)		(2)	
Other income (expense), net	48	(30)	109	11
Income before income taxes	675	717	1,230	2,650
(Provision) benefit for income taxes	(32)	51	38	2,358
Net income attributable to Corning Incorporated	$ 643	$ 768	$ 1,268	$ 5,008
Earnings per common share attributable to Corning Incorporated:				
Basic (Note 3)	$ 0.41	$ 0.49	$ 0.82	$ 3.20
Diluted (Note 3)	$ 0.41	$ 0.49	$ 0.81	$ 3.15
Dividends declared per common share	$ 0.05	$ 0.05	$ 0.15	$ 0.15

See accompanying notes to these financial statements.

Certain amounts for 2008 were reclassified to conform to the 2009 presentation.

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

	September 30, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 1,962	$ 1,873
Short-term investments, at fair value	968	943
Total cash, cash equivalents and short-term investments	2,930	2,816
Trade accounts receivable, net of doubtful accounts and allowances	835	512
Inventories	618	798
Deferred income taxes	126	158
Other current assets	338	335
Total current assets	4,847	4,619
Investments	3,818	3,056
Property, net of accumulated depreciation	8,180	8,199
Goodwill and other intangible assets, net	680	305
Deferred income taxes	3,075	2,932
Other assets	147	145
Total Assets	$ 20,747	$ 19,256
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	$ 75	$ 78
Accounts payable	470	846
Other accrued liabilities	975	1,128
Total current liabilities	1,520	2,052
Long-term debt	1,945	1,527
Postretirement benefits other than pensions	768	784
Other liabilities	1,496	1,402
Total liabilities	5,729	5,765
Commitments and contingencies		
Shareholders' equity:		
Common stock – Par value $0.50 per share; Shares authorized: 3.8 billion; Shares issued: 1,614 million and 1,609 million	807	804
Additional paid-in capital	12,658	12,502
Retained earnings	2,974	1,940
Treasury stock, at cost; Shares held: 64 million and 61 million	(1,206)	(1,160)
Accumulated other comprehensive loss	(266)	(643)
Total Corning Incorporated shareholders' equity	14,967	13,443
Noncontrolling interests	51	48
Total equity	15,018	13,491
Total Liabilities and Equity	$ 20,747	$ 19,256

See accompanying notes to these financial statements.

Certain amounts for 2008 were reclassified to conform to the 2009 presentation.

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

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Cash Flows from Operating Activities:				
Net income	$ 643	$ 768	$ 1,268	$ 5,008
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	227	164	586	483
Amortization of purchased intangibles	3	2	8	7
Asbestos litigation	6	6	15	(312)
Restructuring, impairment and other charges (credits)	10	(2)	175	(3)
Stock compensation charges	30	26	97	104
Loss on sale of business		14		14
Undistributed earnings of affiliated companies	(398)	(200)	(535)	(600)
Deferred tax benefit	(30)	(59)	(169)	(2,532)
Restructuring payments	(17)		(71)	(10)
Customer deposits, net of (credits) issued	(42)	(64)	(207)	(202)
Employee benefit payments (in excess of) less than expense	(22)	6	12	(31)
Changes in certain working capital items:				
Trade accounts receivable	16	95	(265)	50
Inventories	66	(56)	204	(129)
Other current assets	55	(19)	13	(71)
Accounts payable and other current liabilities, net of restructuring payments	45	(17)	24	(106)
Other, net	(60)	99	9	78
Net cash provided by operating activities	532	763	1,164	1,748
Cash Flows from Investing Activities:				
Capital expenditures	(236)	(291)	(727)	(1,155)
Acquisitions of businesses, net of cash received	(410)	(15)	(410)	(15)
Net proceeds from sale or disposal of assets		15	15	17
Short-term investments – acquisitions	(471)	(104)	(876)	(1,298)
Short-term investments – liquidations	343	750	859	1,890
Net cash (used in) provided by investing activities	(774)	355	(1,139)	(561)
Cash Flows from Financing Activities:				
Net repayments of short-term borrowings and current portion of long-term debt	(18)	(8)	(84)	(20)
Proceeds from issuance of long-term debt, net			346	
Principal payments under capital lease obligations	(1)		(10)	
Proceeds from issuance of common stock, net	6	4	18	19
Proceeds from exercise of stock options	4	5	8	79
Repurchase of common stock		(500)		(625)
Dividends paid	(78)	(77)	(234)	(235)
Other, net			3	
Net cash (used in) provided by financing activities	(87)	(576)	47	(782)
Effect of exchange rates on cash	57	(121)	17	(25)
Net (decrease) increase in cash and cash equivalents	(272)	421	89	380
Cash and cash equivalents at beginning of period	2,234	2,175	1,873	2,216
Cash and cash equivalents at end of period	$ 1,962	$ 2,596	$ 1,962	$ 2,596

Certain amounts for 2008 were reclassified to conform with the 2009 presentation.

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

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

	Display Technologies	Telecom-munications	Environmental Technologies	Specialty Materials	Life Sciences	All Other	Total
Three months ended September 30, 2009							
Net sales	$ 679	$ 450	$ 167	$ 90	$ 92	$ 1	$ 1,479
Depreciation (1)	$ 146	$ 35	$ 25	$ 13	$ 5	$ 3	$ 227
Amortization of purchased intangibles		$ 3					$ 3
Research, development and engineering expenses (2)	$ 19	$ 21	$ 30	$ 17	$ 3	$ 20	$ 110
Restructuring, impairment and other (credits) charges	$ (5)		$ 3	$ (1)	$ 1		$ (2)
Equity in earnings of affiliated companies	$ 317		$ 2			$ 3	$ 322
Income tax (provision) benefit	$ (83)	$ (11)	$ 3	$ 6	$ (6)	$ 7	$ (84)
Net income (loss) (3)	$ 600	$ 21	$ (4)	$ (11)	$ 12	$ (17)	$ 601
Three months ended September 30, 2008							
Net sales	$ 696	$ 496	$ 177	$ 101	$ 83	$ 2	$ 1,555
Depreciation (1)	$ 95	$ 30	$ 24	$ 9	$ 3	$ 3	$ 164
Amortization of purchased intangibles		$ 2					$ 2
Research, development and engineering expenses (2)	$ 30	$ 24	$ 29	$ 13	$ 2	$ 43	$ 141
Restructuring, impairment and other credits		$ (2)					$ (2)
Equity in earnings of affiliated companies	$ 264		$ 1			$ 13	$ 278
Income tax provision	$ (46)	$ (9)	$ (5)		$ (4)		$ (64)
Net income (loss) (3)	$ 635	$ 25	$ 15	$ (1)	$ 11	$ (54)	$ 631
Nine months ended September 30, 2009							
Net sales	$ 1,709	$ 1,272	$ 409	$ 221	$ 249	$ 3	$ 3,863
Depreciation (1)	$ 359	$ 99	$ 74	$ 35	$ 13	$ 9	$ 589
Amortization of purchased intangibles		$ 8					$ 8
Research, development and engineering expenses (2)	$ 60	$ 68	$ 87	$ 40	$ 8	$ 90	$ 353
Restructuring, impairment and other charges	$ 29	$ 15	$ 22	$ 17	$ 8	$ 4	$ 95
Equity in earnings (loss) of affiliated companies	$ 781	$ (4)	$ 6			$ 31	$ 814
Income tax (provision) benefit	$ (184)	$ (24)	$ 31	$ 25	$ (14)	$ 32	$ (134)
Net income (loss) (3)	$ 1,373	$ 38	$ (57)	$ (48)	$ 29	$ (51)	$ 1,284
Nine months ended September 30, 2008							
Net sales	$ 2,334	$ 1,394	$ 583	$ 288	$ 251	$ 14	$ 4,864
Depreciation (1)	$ 277	$ 88	$ 72	$ 24	$ 11	$ 9	$ 481
Amortization of purchased intangibles		$ 7					$ 7
Research, development and engineering expenses (2)	$ 83	$ 73	$ 94	$ 33	$ 6	$ 121	$ 410
Restructuring, impairment and other credits		$ (3)					$ (3)
Equity in earnings of affiliated companies	$ 718		$ 3			$ 54	$ 775
Income tax provision	$ (171)	$ (16)	$ (12)		$ (10)	$ (3)	$ (212)
Net income (loss) (3)	$ 1,999	$ 59	$ 56	$ (1)	$ 37	$ (118)	$ 2,032

(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) Effective January 1, 2009, we began providing U.S. income tax expense (or benefit) on U.S. earnings (losses) due to the change in our conclusion about the realizability of our U.S. deferred tax assets in 2008. As a result of the change in our tax position, we adjusted the allocation of taxes to our operating segments in 2009 to reflect this difference.
(4) 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 nine months ended September 30, 2008, net income of the Display Technologies segment included a $12 million litigation settlement charge. In the three and nine months ended September 30, 2008, net loss of the All Other segment included a $14 million loss on the sale of Corning's Steuben glass business.

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,	
	2009	2008	2009	2008
Net income of reportable segments	$ 618	$ 685	$ 1,335	$ 2,150
Non-reportable segments	(17)	(54)	(51)	(118)
Unallocated amounts:				
Net financing costs (1)	(35)	4	(86)	17
Stock-based compensation expense	(30)	(26)	(97)	(104)
Exploratory research	(15)	(17)	(46)	(52)
Corporate contributions	(8)	(8)	(23)	(26)
Equity in earnings of affiliated companies, net of impairments (2)	96	112	160	294
Asbestos litigation (3)	(6)	(6)	(15)	312
Other corporate items (4)	40	78	91	2,535
Net income	$ 643	$ 768	$ 1,268	$ 5,008

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

(2) Includes the equity earnings of Dow Corning Corporation. In the nine months ended September 30, 2009, equity earnings of affiliated companies, net of impairments includes a charge of $29 million representing restructuring charges at Dow Corning Corporation. In the three and nine months ended September 30, 2008, equity earnings of affiliated companies, net of impairments includes a charge of $18 million representing an other-than-temporary impairment of auction rate securities at Dow Corning.

(3) In the three and nine months ended September 30, 2009, Corning recorded charges of $6 million and $15 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. In the three and nine months ended September 30, 2008, Corning recorded charges of $6 million and $15 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. In the first quarter of 2008, Corning reduced its liability for asbestos litigation by $327 million as a result of the increase in the likelihood of a settlement under recently proposed terms and a corresponding decrease in the likelihood of a settlement under terms established in 2003.

(4) In the three and nine months ended September 30, 2009, other corporate items included $12 million ($8 million after-tax) and $80 million ($52 million after-tax) of restructuring charges, respectively. In the three months ended September 30, 2008, Corning released an additional $70 million of valuation allowance on our U.S. deferred tax assets as a result of a change in our estimate regarding 2008 U.S. taxable income. Also, in the three months ended September 30, 2008, Corning recorded a $43 million gain related to a favorable tax settlement with the Canadian Revenue Agency. In the three and nine months ended September 30, 2008, Corning recorded net losses of $39 million on short-term investments. In the nine months ended September 30, 2008, Corning recorded a $2.4 billion tax benefit from the release of a valuation allowance on U.S. tax benefits due to sustained profitability and positive future earnings projections for U.S. entities.

1. Restructuring

In the third quarter of 2009, we recorded a charge of $10 million ($7 million after-tax) which was comprised of severance costs for a restructuring plan in the Environmental Technologies segment and asset disposal costs in other segments.

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 10, 2008, some of the parties in the proceeding advised the Bankruptcy Court that they had made substantial progress on an amended plan of reorganization (the Amended PCC Plan) that resolved issues raised by the Court in denying the confirmation of the 2003 Plan.

As a result of progress in the parties' continuing negotiations, Corning believes the Amended PCC Plan now represents the most probable outcome of this matter and the probability that the 2003 plan will become effective has diminished. The proposed settlement 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. As a result, the estimated asbestos litigation liability is no longer impacted by movements in the value of Corning common stock. The Amended PCC Plan does not include 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 third quarter of 2009, we recorded charges of $6 million ($4 million after-tax) to adjust the asbestos litigation liability for the change in value of the components of the Amended PCC Plan.

3. Weighted Average Shares Outstanding

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

	Three months ended September 30,		Three months ended
	2009	2008	June 30, 2009
Basic	1,550	1,558	1,550
Diluted	1,569	1,578	1,567
Diluted used for non-GAAP measures	1,569	1,578	1,567

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

	2009			
	Three Months Ended			Nine Months Ended
	March 31	June 30	Sept. 30	Sept. 30
Display Technologies	$ 357	$ 673	$ 679	$ 1,709
Telecommunications				
Fiber and cable	192	235	251	678
Hardware and equipment	193	202	199	594
	385	437	450	1,272
Environmental Technologies				
Automotive	64	85	103	252
Diesel	46	47	64	157
	110	132	167	409
Specialty Materials	60	71	90	221
Life Sciences	76	81	92	249
Other	1	1	1	3
Total	$ 989	$ 1,395	$ 1,479	$ 3,863

	2008				
	Q1	Q2	Q3	Q4	Total
Display Technologies	$ 829	$ 809	$ 696	$ 390	$ 2,724
Telecommunications					
Fiber and cable	214	248	258	200	920
Hardware and equipment	207	229	238	205	879
	421	477	496	405	1,799
Environmental Technologies					
Automotive	137	132	112	77	458
Diesel	60	77	65	51	253
	197	209	177	128	711
Specialty Materials	83	104	101	84	372
Life Sciences	81	87	83	75	326
Other	6	6	2	2	16
Total	$ 1,617	$ 1,692	$ 1,555	$ 1,084	$ 5,948

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, 2009
(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 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	$ 0.42	$ 691	$ 654
Special items:			
Restructuring charges (a)	(0.01)	(10)	(7)
Asbestos litigation (b)	–	(6)	(4)
Total EPS and net income	$ 0.41	$ 675	$ 643

(a) In the third quarter of 2009, Corning recorded a charge of $10 million ($7 million after-tax), which was comprised of severance costs for a restructuring plan in the Environmental Technologies segment and asset disposal costs in other segments.

(b) In the third quarter of 2009, Corning recorded a charge of $6 million ($4 million after-tax) to adjust the asbestos liability for change in value of the components of the Amended PCC Plan.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO
GAAP FINANCIAL MEASURE
Three Months Ended June 30, 2009
(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 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	$ 0.39	$ 612	$ 614
Special items:			
Asbestos litigation (a)	–	(5)	(3)
Total EPS and net income	$ 0.39	$ 607	$ 611

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

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO
GAAP FINANCIAL MEASURE
Three Months Ended September 30, 2008
(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 2008 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	$ 385	$ 732
Special items:			
Asbestos settlement (a)	–	(6)	(6)
Available-for-sale securities (b)	(0.02)	(39)	(39)
Loss on sale of business (c)	(0.01)	(14)	(14)
Valuation allowance release (d)	0.04	–	70
Tax revenue settlement (e)	0.03	–	43
Equity in earnings of affiliated companies (f)	(0.01)	–	(18)
Total EPS and net income	$ 0.49	$ 326	$ 768

(a) In the third quarter of 2008, Corning recorded a charge of $6 million 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.

(b) In the third quarter of 2008, Corning recorded net losses of $39 million on certain available-for-sale securities included in cash and short-term investments.

(c) In the third quarter of 2008, Corning incurred a $14 million loss on the sale of a business.

(d) In the third quarter of 2008, Corning recorded a valuation allowance release of $70 million resulting from a change in our estimate of current-year U.S. taxable income.

(e) In the third quarter of 2008, Corning recorded a $43 million gain related to a favorable tax settlement with the Canadian Revenue Agency.

(f) In the third quarter of 2008, equity earnings of affiliated companies included an $18 million charge for our share of an other-than-temporary impairment of auction rate securities at Dow Corning Corporation.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE TO
GAAP FINANCIAL MEASURE
Three Months Ended September 30, 2009
(Unaudited; amounts in millions)

Corning's free cash flow financial measure for the three months ended September 30, 2009 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, 2009	Nine months ended September 30, 2009
Cash flows from operating activities	$ 532	$ 1,164
Less: Cash flows from investing activities	(774)	(1,139)
Plus: Short-term investments – acquisitions	471	876
Less: Short-term investments – liquidations	(343)	(859)
Free cash flow	$ (114)	$ 42