

CORNING INC /NY  
Form 8-K  
October 24, 2007  
UNITED STATES

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

Date of Report: (Date of earliest event reported) October 24, 2007

**CORNING INCORPORATED**

(Exact name of registrant as specified in its charter)

New York  
(State or other jurisdiction  
of incorporation)

1-3247  
(Commission  
File Number)

16-0393470  
(I.R.S. Employer  
Identification No.)

One Riverfront Plaza, Corning, New York  
(Address of principal executive offices)

14831  
(Zip Code)

(607) 974-9000

(Registrant's telephone number, including area code)

N/A

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(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition**

The Corning Incorporated press release dated October 24, 2007 regarding its financial results for the third quarter ended September 30, 2007 and its fourth quarter 2007 earnings guidance is attached hereto as Exhibit 99.

The information in this report, being furnished pursuant to Item 2.02 of Form 8-K, shall not be deemed to be filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities of that Section, and is not incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibit

99 Press Release dated October 24, 2007, issued by Corning Incorporated.

- 2 -

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CORNING INCORPORATED  
Registrant

Date: October 24, 2007

By /s/

KATHERINE A. ASBECK  
Katherine A. Asbeck  
Senior Vice President - Finance

- 3 -

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**Exhibit 99**

**FOR RELEASE    OCTOBER 24, 2007**

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**Corning Reports Strong Third-Quarter Earnings**

CORNING, N.Y.    Corning Incorporated (NYSE:GLW) today announced results for the third quarter of 2007.

**Third-Quarter Highlights**

Sales reached \$1.55 billion, up 21% year-over-year.

Earnings per share (both GAAP and non-GAAP) were \$0.38, better than the company's guidance of \$0.34 to \$0.37 and significantly better than last year.

Display Technologies' glass volume increased 15% and Samsung Corning Precision's volume increased 14% compared to quarter two. Price declines in the quarter were in line with previous quarters.

Sequentially, telecommunications sales increased 8% (10%\* excluding the impact of the divestiture of the company's submarine cabling business in the second quarter).

**Fourth-Quarter Outlook Highlights**

Sales are expected in the range of \$1.50 billion to \$1.55 billion.

EPS is expected in the range of \$0.36 to \$0.38 before special items.\*

Display volume is expected to be up 2% to 5% sequentially, and consistent with the overall glass market growth.

Telecommunications sales are expected to decline about 10% sequentially, in line with normal seasonal patterns.

Wendell P. Weeks, chairman and chief executive officer, said, "Corning delivered a robust third quarter with excellent performance in our Display Technologies and Telecommunications segments. As we expected, telecommunications sales improved in the quarter."

**Quarter Three Financial Comparisons**

	Q3 2007	Q2 2007	% Change	Q3 2006	% Change
Net Sales	\$1,553	\$1,418	+10%	\$1,282	+21%
in millions					
Net Income	\$ 617	\$ 489	+26%	\$ 438	+41%

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in millions					
GAAP EPS	\$ 0.38	\$ 0.30	+26%	\$ 0.27	+41%
Non-GAAP EPS*	\$ 0.38	\$ 0.34	+12%	\$ 0.28	+36%

*\*These are non-GAAP financial measures. The reconciliation between GAAP and non-GAAP measures is provided in the tables following this news release, as well as on the company's investor relations website.*

(more)

- 4 -

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## Corning Reports Strong Third-Quarter Earnings

Page Two

### Overview of Business Segment Results

Third-quarter sales for Corning's Display Technologies segment were \$705 million, a 16% sequential increase, and a 39% increase over the third quarter 2006. The display segment results were also positively impacted by a favorable U.S.-dollar-to-Japanese-yen exchange rate in the quarter.

Telecommunications segment sales in the third quarter were \$472 million, an 8% sequential increase and a 4% increase over the third quarter 2006. Excluding the impact of the divestiture of the submarine cabling business, sales were up 10%\* over the second quarter and 13%\* over the third quarter 2006. The strong third-quarter performance was driven by growth throughout the segment, including increased demand for fiber-to-the-premises (FTTP) products and private network projects. During the third quarter, the company began shipments to a new European FTTP customer.

Environmental Technologies segment sales in the third quarter were \$198 million, a 4% sequential increase and a 29% increase over the third quarter 2006. Corning's Life Sciences segment had sales of \$78 million, remaining even with last quarter, and 15% higher than a year ago.

Corning's equity earnings from Dow Corning were \$81 million in the third quarter, compared to \$88 million in the second quarter and \$78 million a year ago. Third-quarter equity earnings include a \$4 million nonrecurring tax charge.

The company's third-quarter results included two special items: a credit of \$16 million related to the Pittsburgh Corning Corporation settlement and \$18 million of restructuring charges in equity earnings from Samsung Corning Company, Ltd. Samsung Corning is Corning's 50-percent owned equity venture in Korea which manufactures glass panels and funnels for cathode ray tubes for conventional televisions and computer monitors.

### Fourth-Quarter 2007 Outlook

The overall display market appears healthy heading into the fourth quarter. Retail market indicators continue to point toward a strong consumer holiday buying season for electronic goods such as LCD televisions, laptop computers and flat screen monitors. We currently see no evidence of credit concerns in the U.S. impacting consumers' purchasing decisions, James B. Flaws, vice chairman and chief financial officer, said.

### *Business Segment Highlights*

Sequential LCD volume in both the company's wholly owned business and at Samsung Corning Precision is expected to increase in the range of 2% to 5%. Corning's wholly owned business is on track to increase volume 37% to 38% for the full year. To meet this level of demand, the company anticipates running its operations at full capacity in the fourth quarter. Sequential price declines are again expected to be in line with previous quarters. Corning is assuming a U.S.-dollar-to-Japanese-yen exchange rate of 116 for quarter four.

Corning's Telecommunications segment sales are expected to increase about 5% (about 15%\* excluding the impact of divestitures) versus the fourth quarter 2006, and are on track to grow about 3% (about 10%\* excluding the impact of divestitures) this year.

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**Corning Reports Strong Third-Quarter Earnings**

Page Three

Environmental Technologies segment sales are expected to decline about 10% sequentially, and increase about 15% versus the fourth quarter 2006.

Sales for the Life Sciences segment are expected to decline slightly on a sequential basis and be even with the fourth quarter 2006.

Compared to last year, we expect our fourth-quarter sales to be up about 10% to 13% and our EPS, before special items, to increase 16% to 22%.\* These fourth-quarter results will bring our full-year sales growth to about 12% and our full-year EPS growth, before special items, to at least 21%\* over 2006, bringing us another outstanding year of performance for Corning, Flaws said.

Looking forward to 2008, Flaws said that Corning's current view is that the LCD glass market will expand by at least 400 million square feet, driven primarily by the growth of LCD television demand. This square-footage growth is similar to that experienced in both 2006 and 2007. Corning intends to continue its current pricing strategy in 2008.

**Third-Quarter Conference Call Information**

The company will host a third-quarter conference call on October 24 at 8:30 a.m. EDT. To access the call, dial (210) 234-0000 approximately 10-15 minutes prior to the start of the call. The password is QUARTER THREE. The leader is SOFIO. To listen to a live audio webcast of the call, go to Corning's Web site at [http://www.corning.com/investor\\_relations](http://www.corning.com/investor_relations) and follow the instructions. A replay of the call will begin at approximately 10:30 a.m. EDT, and will run through 5 p.m. EST, Wednesday, November 7. To listen, dial (203) 369-1538. No pass code is required. The audio webcast will be archived for one year following the call.

**Presentation of Information in this News Release**

Non-GAAP financial measures are indicated with an ASTERISK and not in accordance with, or an alternative to, GAAP. Corning's non-GAAP net income and EPS measures exclude restructuring, impairment and other charges and adjustments to prior estimates for such charges. Additionally, the company's non-GAAP measures exclude adjustments to asbestos settlement reserves required by movements in Corning's common stock price, gains and losses arising from debt retirements, charges or credits arising from adjustments to the valuation allowance against deferred tax assets, equity method charges resulting from impairments of equity method investments or restructuring, impairment or other charges taken by equity method companies, and gains from discontinued operations. The company believes presenting non-GAAP net income and EPS measures is helpful to analyze financial performance without the impact of unusual items that may obscure trends in the company's underlying performance. These non-GAAP measures are reconciled on the company's Web site at [www.corning.com/investor\\_relations](http://www.corning.com/investor_relations) and accompanies this news release.

(more)



**Corning Reports Strong Third-Quarter Earnings**

Page Four

**About Corning Incorporated**

Corning Incorporated ([www.corning.com](http://www.corning.com)) is the world leader in specialty glass and ceramics. Drawing on more than 150 years of materials science and process engineering knowledge, Corning creates and makes keystone components that enable high-technology systems for consumer electronics, mobile emissions control, telecommunications and life sciences. Our products include glass substrates for LCD televisions, computer monitors and laptops; ceramic substrates and filters for mobile emission control systems; optical fiber, cable, hardware & equipment for telecommunications networks; optical biosensors for drug discovery; and other advanced optics and specialty glass solutions for a number of industries including semiconductor, aerospace, defense, astronomy and metrology.

**Forward-Looking and Cautionary Statements**

This press release contains forward-looking statements that involve a variety of business risks and other uncertainties that could cause actual results to differ materially. These risks and uncertainties include the possibility of changes in global economic and political conditions; currency fluctuations; product demand and industry capacity; competition; manufacturing efficiencies; cost reductions; availability of critical components and materials; new product commercialization; changes in the mix of sales between premium and non-premium products; new plant start-up costs; possible disruption in commercial activities due to terrorist activity, armed conflict, political instability or major health concerns; adequacy of insurance; equity company activities; acquisition and divestiture activities; the level of excess or obsolete inventory; the rate of technology change; the ability to enforce patents; product and components performance issues; stock price fluctuations; and adverse litigation or regulatory developments. Additional risk factors are identified in Corning's filings with the Securities and Exchange Commission. Forward-looking statements speak only as of the day that they are made, and Corning undertakes no obligation to update them in light of new information or future events.

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## CORNING INCORPORATED AND SUBSIDIARY COMPANIES

## CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited; in millions, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	2007	2006
Net sales	\$ 1,553	\$ 1,282	\$ 4,278	\$ 3,805
Cost of sales	811	716	2,286	2,125
Gross margin	742	566	1,992	1,680
Operating expenses:				
Selling, general and administrative expense	212	218	655	635
Research, development and engineering expenses	145	127	412	379
Amortization of purchased intangibles	2	2	7	8
Restructuring, impairment and other charges and (credits)		2	(2)	13
Asbestos settlement (credit) charge (Note 1)	(16)	13	170	137
Operating income	399	204	750	508
Interest income	38	32	110	82
Interest expense	(21)	(18)	(62)	(56)
Loss on repurchases and retirement of debt, net			(15)	(11)
Other income, net	29	27	118	61
Income before income taxes	445	245	901	584
Provision for income taxes	66	33	141	55
Income before minority interest and equity earnings	379	212	760	529
Minority interests	(1)	(6)	(2)	(8)
Equity in earnings of affiliated companies, net of impairments (Note 2)	239	232	675	688
Net income	\$ 617	\$ 438	\$ 1,433	\$ 1,209
Basic earnings per common share (Note 3)	\$ 0.39	\$ 0.28	\$ 0.91	\$ 0.78
Diluted earnings per common share (Note 3)	\$ 0.38	\$ 0.27	\$ 0.89	\$ 0.76
Dividends declared per common share	\$ 0.05		\$ 0.05	

See accompanying notes to these financial statements.

## CORNING INCORPORATED AND SUBSIDIARY COMPANIES

## CONSOLIDATED BALANCE SHEETS

(Unaudited; in millions, except per share amounts)

	September 30, 2007	December 31, 2006
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$1,878	\$1,157
Short-term investments, at fair value	1,451	2,010
Total cash, cash equivalents and short-term investments	3,329	3,167
Trade accounts receivable, net	874	719
Inventories	665	639
Deferred income taxes	37	47
Other current assets	221	226
Total current assets	5,126	4,798
Investments	2,932	2,522
Property, net of accumulated depreciation	5,602	5,193
Goodwill and other intangible assets, net	311	316
Deferred income taxes	92	114
Other assets	210	122
<b>Total Assets</b>	<b>\$14,273</b>	<b>\$13,065</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$21	\$20
Accounts payable	495	631
Other accrued liabilities	1,739	1,668
Total current liabilities	2,255	2,319
Long-term debt	1,460	1,696
Postretirement benefits other than pensions	714	739
Other liabilities	1,002	1,020
Total liabilities	5,431	5,774
Commitments and contingencies		
Minority interests	44	45
Shareholders' equity:		
Common stock - Par value \$0.50 per share; Shares authorized: 3.8 billion; Shares issued: 1,595 million and 1,582 million	797	791
Additional paid-in capital	12,218	12,008
Accumulated deficit	(3,641)	(4,992)
Treasury stock, at cost; Shares held: 24 million and 17 million	(363)	(201)
Accumulated other comprehensive loss	(213)	(360)
Total shareholders' equity	8,798	7,246
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$14,273</b>	<b>\$13,065</b>

See accompanying notes to these financial statements.

Certain amounts for 2006 were reclassified to conform with the 2007 presentation.

- 9 -

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## CORNING INCORPORATED AND SUBSIDIARY COMPANIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited; in millions)

	Three months ended		Nine months ended	
	Sept. 30,	June 30,	September 30,	2006
	2007	2007	2007	2006
<b>Cash Flows from Operating Activities:</b>				
Net income	\$ 617	\$ 489	\$ 1,433	\$ 1,209
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	147	149	446	430
Amortization of purchased intangibles	2	2	7	8
Asbestos settlement (credit) charge	(16)	76	170	137
Restructuring, impairment and other (credits) charges		(2)	(2)	13
Loss on repurchases and retirement of debt			15	11
Stock compensation charges	29	35	100	95
Gain on sale of business		(19)	(19)	
Undistributed earnings of affiliated companies	(159)	(101)	(327)	(384)
Deferred tax provision (benefit)	18		18	(64)
Restructuring payments	(10)	(9)	(30)	(9)
Customer deposits, net of (credits) issued	2	(33)	(64)	86
Employee benefit payments less than (in excess of) expense	10		(82)	26
Changes in certain working capital items:				
Trade accounts receivable	(50)	(79)	(157)	(119)
Inventories	31	(26)	(37)	(104)
Other current assets	63	(27)	(21)	(10)
Accounts payable and other current liabilities, net of restructuring payments	11	10	(100)	(181)
Other, net	(18)	10	(5)	31
<b>Net cash provided by operating activities</b>	<b>677</b>	<b>475</b>	<b>1,345</b>	<b>1,175</b>
<b>Cash Flows from Investing Activities:</b>				
Capital expenditures	(405)	(204)	(871)	(892)
Acquisitions of businesses, net of cash received		(4)	(4)	(16)
Net (payments) proceeds from sale or disposal of assets		(10)	(10)	11
Net increase in long-term investments and other long-term assets				(77)
Short-term investments acquisitions	(633)	(396)	(1,582)	(2,343)
Short-term investments liquidations	511	832	2,141	1,603
<b>Net cash (used in) provided by investing activities</b>	<b>(527)</b>	<b>218</b>	<b>(326)</b>	<b>(1,714)</b>
<b>Cash Flows from Financing Activities:</b>				
Net repayments of short-term borrowings and current portion of long-term debt	(8)	(2)	(18)	(14)
Proceeds from issuance of long-term debt, net				246
Retirements of long-term debt			(238)	(343)
Proceeds from issuance of common stock, net	4	9	17	20
Proceeds from the exercise of stock options	20	47	89	280
Repurchases of common stock	(125)		(125)	
Dividends paid	(79)		(79)	
Other, net	(2)		(2)	(12)
<b>Net cash (used in) provided by financing activities</b>	<b>(190)</b>	<b>54</b>	<b>(356)</b>	<b>177</b>
Effect of exchange rates on cash	44	4	58	(1)
Net increase (decrease) in cash and cash equivalents	4	751	721	(363)
Cash and cash equivalents at beginning of period	1,874	1,123	1,157	1,342
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,878</b>	<b>\$ 1,874</b>	<b>\$ 1,878</b>	<b>\$ 979</b>





## CORNING INCORPORATED AND SUBSIDIARY COMPANIES

## SEGMENT RESULTS

(Unaudited; in millions)

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

	Display Technologies	Telecom- munications	Environmental Technologies	Life Sciences	All Other	Total
<b>Three months ended September 30, 2007</b>						
Net sales	\$ 705	\$ 472	\$ 198	\$ 78	\$ 100	\$ 1,553
Depreciation (1)	\$ 81	\$ 29	\$ 23	\$ 4	\$ 8	\$ 145
Amortization of purchased intangibles		\$ 2				\$ 2
Research, development and engineering expenses (2)	\$ 34	\$ 20	\$ 32	\$ 14	\$ 11	\$ 111
Income tax provision	\$ (38)	\$ (22)	\$ (9)	\$ (1)		\$ (70)
Earnings (loss) before minority interest and equity earnings (loss) (3)	\$ 380	\$ 27	\$ 14	\$ 1	\$ (6)	\$ 416
Minority interests		\$ (1)				\$ (1)
Equity in earnings (loss) of affiliated companies	\$ 160	\$ 1			\$ (8)	\$ 153
Net income (loss)	\$ 540	\$ 27	\$ 14	\$ 1	\$ (14)	\$ 568
<b>Three months ended September 30, 2006</b>						
Net sales	\$ 506	\$ 456	\$ 153	\$ 68	\$ 99	\$ 1,282
Depreciation (1)	\$ 69	\$ 36	\$ 19	\$ 5	\$ 9	\$ 138
Amortization of purchased intangibles		\$ 2				\$ 2
Research, development and engineering expenses (2)	\$ 30	\$ 20	\$ 30	\$ 12	\$ 9	\$ 101
Restructuring, impairment and other charges and (credits) (before-tax and minority interest)		\$ (3)		\$ 3	\$ 2	\$ 2
Income tax provision	\$ (22)	\$ (11)	\$ (3)		\$ (1)	\$ (37)
Earnings (loss) before minority interest and equity earnings (3)	\$ 257	\$ 24	\$ 7	\$ (8)	\$ (1)	\$ 279
Minority interests		\$ (5)			\$ (1)	\$ (6)
Equity in earnings of affiliated companies (4)	\$ 138	\$ 1			\$ 9	\$ 148
Net income (loss)	\$ 395	\$ 20	\$ 7	\$ (8)	\$ 7	\$ 421
<b>Nine months ended September 30, 2007</b>						
Net sales	\$ 1,839	\$ 1,349	\$ 568	\$ 232	\$ 290	\$ 4,278
Depreciation (1)	\$ 241	\$ 94	\$ 66	\$ 14	\$ 25	\$ 440
Amortization of purchased intangibles		\$ 7				\$ 7
Research, development and engineering expenses (2)	\$ 89	\$ 60	\$ 93	\$ 39	\$ 33	\$ 314
Restructuring, impairment and other charges and (credits) (before-tax and minority interest)		\$ (2)				\$ (2)
Income tax provision	\$ (90)	\$ (44)	\$ (17)	\$ (1)		\$ (152)
Earnings (loss) before minority interest and equity earnings (3)	\$ 1,001	\$ 94	\$ 36	\$ 1	\$ (10)	\$ 1,122
Minority interests		\$ (1)			\$ (1)	\$ (2)
Equity in earnings (loss) of affiliated companies	\$ 405	\$ 3	\$ 1		\$ (5)	\$ 404
Net income (loss)	\$ 1,406	\$ 96	\$ 37	\$ 1	\$ (16)	\$ 1,524
<b>Nine months ended September 30, 2006</b>						
Net sales	\$ 1,514	\$ 1,325	\$ 460	\$ 215	\$ 291	\$ 3,805
Depreciation (1)	\$ 199					