

CORNING INC /NY
Form 8-K
April 29, 2008
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) April 29, 2008

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))

Item 2.02. Results of Operations and Financial Condition

The Corning Incorporated press release dated April 29, 2008 regarding its financial results for the first quarter ended March 31, 2008 and its second quarter 2008 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 April 29, 2008, issued by Corning Incorporated.

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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: April 29, 2008

By /s/

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

Exhibit 99

FOR RELEASE APRIL 29, 2008

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Corning Reports Strong First-Quarter Earnings

Significant year-over-year growth

CORNING, N.Y. Corning Incorporated (NYSE:GLW) today announced results for the first quarter of 2008.

First-Quarter Highlights

Sales reached \$1.62 billion, up 24% year over year.

Earnings per share were \$0.64, including a \$327 million gain related to the pending Pittsburgh Corning Corporation bankruptcy proceeding.

Excluding the special item for the first quarter, earnings per share were \$0.44,* better than the company's guidance of \$0.41 to \$0.43, and up 57% from last year.

Display Technologies' glass volume increased 2% sequentially and 50% year over year. Samsung Corning Precision Glass Co. Ltd.'s (SCP) volume was flat sequentially and increased 46% year over year.

The company's sales and earnings comparisons benefited from the weakening U.S. dollar, primarily versus the Japanese yen.

Gross margin for the quarter was 52%, an all-time record for the company.

Second-Quarter Outlook Highlights

Sales are expected in the range of \$1.71 billion to \$1.75 billion, an increase of more than 20% compared to second quarter last year.

Earnings per share, excluding special items, are anticipated in the range of \$0.47 to \$0.50.*

Combined LCD glass volume for Corning's wholly owned business and Samsung Corning Precision is expected to increase 6% to 9% sequentially, with the wholly owned business up 2% to 5% and SCP up 8% to 13%.

Telecommunications sales are expected to be up more than 10% sequentially.

Wendell P. Weeks, chairman and chief executive officer, said, "This was a tremendously strong quarter for Corning. Display glass demand remains robust and we continue to operate our LCD glass substrate facilities at full capacity. The global consumer appetite for LCD televisions continues to grow." Weeks noted that very strong manufacturing performance in Corning's Display Technologies segment also contributed to the excellent first-quarter results.

**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.*

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Given the strength of LCD TV in the first quarter and our outlook for the remainder of the year, we now expect the global LCD glass market to grow at the upper end of the 25% to 30% range that we provided earlier this year, Weeks added.

Quarter One Financial Comparisons

	Q1 2008	Q4 2007	% Change	Q1 2007	% Change
Net Sales in millions	\$1,617	\$1,582	2%	\$1,307	24%
Net Income in millions	\$1,029	\$ 717	44%	\$ 327	215%
Non-GAAP Net Income in millions*	\$ 702	\$ 643	9%	\$ 452	55%
GAAP EPS	\$ 0.64	\$ 0.45	42%	\$ 0.20	220%
Non-GAAP EPS*	\$ 0.44	\$ 0.40	10%	\$ 0.28	57%

Overview of Business Segment Results

First-quarter sales for Corning's Display Technologies segment were \$829 million, a 7% sequential increase and a 58% increase over the first quarter 2007. The display segment results were positively impacted by a favorable U.S.-dollar-to-Japanese-yen exchange rate in the quarter. Price declines were consistent with previous quarters.

Telecommunications segment sales in the first quarter were \$421 million, a 2% sequential decline and a 4% decline from quarter one 2007. Strong optical fiber volume and higher fiber-to-the-premises sales were offset primarily by the slow start of several customer projects. Corning anticipates that some of these projects will begin in the second quarter. Excluding the impact of last year's divestiture of Corning's submarine cabling business, quarter one sales increased 3%* versus last year.

Environmental Technologies segment sales in the first quarter were \$197 million, a 4% sequential increase and a nearly 10% increase over the first quarter 2007.

Specialty Materials segment sales were \$83 million, about even with quarter one 2007 results. The Life Sciences segment had sales of \$81 million, a 10% sequential increase and a 7% increase from quarter one 2007.

Corning's equity earnings from Dow Corning were \$80 million in the first quarter, compared to \$84 million in the previous quarter and \$92 million a year ago. Dow Corning's results were impacted by higher raw material prices.

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Special Items

The company's first-quarter results included a non-cash credit of \$327 million pretax and after-tax related to the pending Pittsburgh Corning Corporation bankruptcy proceeding. As a result of significant progress made on negotiating a revised plan of reorganization, Corning reduced its estimated liability for the asbestos settlement from about \$1 billion to \$675 million.

Second-Quarter 2008 Outlook

James B. Flaws, vice chairman and chief financial officer, said, "Global demand for LCD televisions and laptop computers remains strong going into the second quarter. We continue to closely monitor the U.S. retail market, but we have not seen any indication that the U.S. slowdown is impacting our LCD glass business."

Business Highlights

Combined LCD glass volume for Corning's wholly owned business and Samsung Corning Precision is expected to increase 6% to 9% sequentially, with the wholly owned business up 2% to 5% and SCP up 8% to 13%. Price declines in the quarter will again be moderate. Second-quarter sales are also expected to benefit from a weaker dollar.

Corning's Telecommunications segment sales are expected to increase more than 10% sequentially. Growth will be driven by significant fiber-to-the-premise demand from a number of customers, as well as the expected start up of several customer projects. Environmental Technologies segment sales are anticipated to be flat to up 5% in the quarter.

Specialty Materials segment sales are expected to increase about 20%. Sales in the Life Sciences segment are expected to be up slightly.

Equity earnings in total are expected to be up 10% to 15%. This includes Dow Corning Corporation earnings which are expected to increase in the range of 15% to 20% for the quarter.

Full-Year Outlook

Flaws noted that the company is increasing its capital spending plan for the year to \$1.8 to \$2.0 billion. This increase is driven primarily by the acceleration of LCD capacity in anticipation of a stronger display market, and growing demand for Corning's new Gorilla glass. Higher precious metals prices are also contributing to the increased capital spending. "Despite this increase, we still expect our free cash flow to be at least \$500 million* this year," Flaws said.

Flaws added that, due to the continued slowdown in the U.S. freight industry, Corning now expects domestic Class 8 truck engine production to come in at the lower end of its estimated range of 175,000 to 225,000 this year. As a result, Corning has adjusted its expectation for diesel product sales to grow 15% to 20% this year, versus its original expectation of at least 25%.

"Our first-quarter results have given us strong momentum heading into the second quarter," Flaws said. "Although cautious, we look forward to another excellent quarter for Corning."

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Upcoming Investor Meetings

Corning Incorporated Vice Chairman and Chief Financial Officer James B. Flaws will participate in an open investor luncheon in Dallas on May 1. Peter F. Volanakis, president and chief operating officer, will be presenting at the JP Morgan Technology Conference in Boston on May 19, and Wendell P. Weeks, chairman and chief executive officer, will be presenting at the Bernstein Strategic Decisions Conference in New York on May 29. On June 16 and 17, Flaws will be hosting open investor luncheons in Denver and Minneapolis. Investors interested in attending any of the luncheons should contact Corning's investor relations department for additional information.

First-Quarter Conference Call Information

The company will host a first-quarter conference call on Tuesday, April 29 at 8:30 a.m. EDT. To access the call, dial (210) 234-0004 approximately 10-15 minutes prior to the start of the call. The password is QUARTER ONE. The leader is SOFIO. To listen to a live audio webcast of the call, go to Corning's Web site at www.corning.com/investor_relations and follow the instructions. A replay of the call will begin at approximately 10:30 a.m. ET, and will run through 5 p.m. EDT, Tuesday, May 13. To listen, dial (203) 369-3844. 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 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 and accompanies this news release.

About Corning Incorporated

Corning Incorporated (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.

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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	
	March 31, 2008	2007
Net sales	\$ 1,617	\$ 1,307
Cost of sales	773	716
Gross margin	844	591
Operating expenses:		
Selling, general and administrative expenses	242	214
Research, development and engineering expenses	151	130
Amortization of purchased intangibles	2	3
Restructuring, impairment and other credits	(1)	
Asbestos settlement (credit) charge (Note 1)	(327)	110
Operating income	777	134
Interest income	30	37
Interest expense	(18)	(21)
Loss on repurchase of debt		(15)
Other income, net	1	32
Income before income taxes	790	167
Provision for income taxes	(66)	(56)
Income before minority interests and equity earnings	724	111
Minority interests	1	
Equity in earnings of affiliated companies, net of impairments	304	216
Net income	\$ 1,029	\$ 327
Basic earnings per common share (Note 2)	\$ 0.66	\$ 0.21
Diluted earnings per common share (Note 2)	\$ 0.64	\$ 0.20
Dividends declared per common share	\$ 0.05	

See accompanying notes to these financial statements.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

(Unaudited; in millions, except per share amounts)

	March 31, 2008	December 31, 2007
Assets		
Current assets:		