

CORNING INC /NY
Form 8-K
January 28, 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) January 28, 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 January 28, 2008 regarding its financial results for the fourth quarter ended December 31, 2007 and its first 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 January 28, 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: January 28, 2008

By /s/

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

Exhibit 99

FOR RELEASE JANUARY 28, 2008

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Corning Announces Fourth-Quarter Results

Company anticipates strong first-quarter performance

CORNING, N.Y. Corning Incorporated (NYSE:GLW) today announced results for the fourth quarter and full year 2007, and its first-quarter 2008 guidance.

Fourth-Quarter Highlights

Sales reached \$1.58 billion, up 16% year over year.

Earnings per share were \$0.45. Excluding special items, earnings per share were \$0.40.*

Display Technologies glass volume increased 31% and Samsung Corning Precision Glass Co. Ltd.'s volume increased 38% year over year. Both had volume increases of more than 6% over the third quarter.

Telecommunications sales increased 6% year over year and, as expected, declined 9% sequentially. Year-over-year growth was 16%*, excluding the impact of the divestiture of the company's submarine cabling business in the second quarter.

First-Quarter Outlook Highlights

Sales are expected in the range of \$1.59 billion to \$1.62 billion, up more than 20% compared to first quarter last year.

Earnings per share, excluding special items, are expected in the range of \$0.41 to \$0.43*, about 50% higher than last year's first quarter.

Display LCD glass volume is expected to remain strong throughout the quarter, and increase about 45% year over year.

Full-Year Highlights

Sales increased 13% to \$5.86 billion.

Net income was \$2.15 billion, or \$1.34 per share. Excluding special items, net income was \$2.26 billion* or \$1.41 per share*, a 27% increase over 2006.

Display Technologies glass volume increased 38% year over year, and pricing declined only 11%. Volume at Samsung Corning Precision increased 39%, with pricing down 15%.

Environmental Technologies sales increased 23% year over year to \$757 million, with diesel product sales increasing more than 50%.

(more)

- 4 -

Corning Announces Fourth-Quarter Results

Page Two

Our strong fourth-quarter performance contributed to an outstanding year for Corning. Wendell P. Weeks, chairman and chief executive officer, said. We delivered all-time records in gross margin percent, net income, EPS and operating cash flow in 2007. Our 38% annual volume growth in display and continued leadership in developing innovative solutions such as EAGLE XG, Jade glass for advanced displays and Vita, an OLED sealing solution for the flat panel industry, were highlights of the year.

Additionally, we saw a greater than 50% increase in diesel product sales and a record level of automotive product sales in 2007. We also placed our first Epic Systems with pharmaceutical and research companies, and introduced ClearCurve, our revolutionary new ultra-bendable fiber solution.

Quarter Four Financial Comparisons

	Q4 2007	Q3 2007	% Change	Q4 2006	% Change
Net Sales in millions	\$ 1,582	\$ 1,553	2%	\$ 1,369	16%
Net Income in millions	\$ 717	\$ 617	16%	\$ 646	11%
GAAP EPS	\$ 0.45	\$ 0.38	18%	\$ 0.41	10%
Non-GAAP EPS*	\$ 0.40	\$ 0.38	5%	\$ 0.31	29%

Full-Year 2007 Financial Comparisons

	2007	2006	% Change
Net Sales in millions	\$ 5,860	\$ 5,174	13%
Net Income in millions	\$ 2,150	\$ 1,855	16%
GAAP EPS	\$ 1.34	\$ 1.16	16%
Non-GAAP EPS*	\$ 1.41	\$ 1.12	26%

*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.

Fourth-Quarter Segment Results

Fourth-quarter sales for Corning's Display Technologies segment were \$774 million, a 10% sequential increase, and a 25% increase over fourth-quarter 2006. The display segment results were positively influenced by continued strong global demand for LCD televisions and notebook computers and positive foreign exchange rate movements in the fourth quarter. Sequential price declines were moderate again this quarter.

(more)

- 5 -

Corning Announces Fourth-Quarter Results

Page Three

Telecommunications segment sales for the quarter were \$430 million, a 9% decline sequentially. The sequential decline was the result of normal seasonal slowdowns.

Environmental Technologies segment sales for the fourth quarter were \$189 million, a 5% sequential decline but a 22% increase over the fourth quarter of 2006. The environmental segment continued to have stronger-than-expected automotive products sales. Corning's Life Sciences segment sales were \$75 million for the quarter.

Corning's equity earnings from Dow Corning were \$83 million for the quarter, compared to \$81 million in the third quarter and \$83 million a year ago.

First-Quarter Outlook

We have good momentum in our display business heading into the first quarter, James B. Flaws, vice chairman and chief financial officer, said. We believe first-quarter panel maker inventory levels are lower this year than last year. We expect panel makers to maintain high utilization rates throughout the first quarter, which will drive continued strong glass demand. Looking forward, we anticipate the LCD glass supply and demand balance will remain tight throughout the year, absent the impact of any potential downturn in the economy.

Corning expects first-quarter sales to be in the range of \$1.59 billion to \$1.62 billion and earnings per share, before special items, in the range of \$0.41 to \$0.43*, compared to \$1.31 billion in sales and \$0.28* in earnings per share, excluding special items, in the first quarter of 2007.

Business Highlights

First-quarter sales volume in the Display Technologies segment is expected to be consistent with the fourth quarter as both Corning and Samsung Corning Precision are expected to run at full capacity. Corning anticipates continued moderate sequential price declines.

First-quarter sales are also expected to benefit from a lower Japanese-yen-to-U.S.-dollar exchange rate.

Corning's Telecommunications segment sales are expected to increase about 5% sequentially.

Environmental Technologies segment sales are expected to increase about 5% sequentially due to strength in the European and Asian auto market and improved heavy-duty diesel product sales.

Sales in the Life Sciences segment are expected to be up slightly.

Equity earnings from Dow Corning Corporation are expected to decline 5% to 10% sequentially.

We feel good about our strong start to 2008, and believe we will have excellent first-quarter performance, Flaws said. As of today, we have not seen any significant impact from a potential slowing of the U.S. economy other than the slowdown in the trucking industry, which will negatively impact our diesel product sales. However, we are closely monitoring each of our businesses for any signs that would indicate a slowdown and will promptly notify investors of any significant change.

(more)

- 6 -

Corning Announces Fourth-Quarter Results

Page Four

Corning will hold its annual investor relations meeting in New York on Friday, Feb. 8 at the Mandarin Oriental Hotel. Attendees can register online at the company's investor relations web site. Company executives will also be presenting at the Goldman Sachs Technology Investment Symposium in Las Vegas on Feb. 26.

Fourth-Quarter Conference Call Information

The company will host a fourth-quarter conference call on Jan. 28 at 8:30 a.m. ET. To access the call, dial (210) 234-0060 approximately 10-15 minutes prior to the start of the call. The password is QUARTER FOUR. 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 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. ET, Monday, Feb. 11. To listen, dial (203) 369-2019. 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 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.

(more)

Corning Announces Fourth-Quarter Results

Page Five

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		Year ended	
	December 31,		December 31,	
	2007	2006	2007	2006
Net sales	\$ 1,582	\$ 1,369	\$ 5,860	\$ 5,174
Cost of sales	825	766	3,111	2,891
Gross margin	757	603	2,749	2,283
Operating expenses:				
Selling, general and administrative expense	257	222	912	857
Research, development and engineering expenses	153	138	565	517
Amortization of purchased intangibles	3	3	10	11
Restructuring, impairment and other (credits) and charges	(2)	41	(4)	54
Asbestos settlement charge (credit) (Note 1)	15	(139)	185	(2)
Operating income	331	338	1,081	846
Interest income	35	36	145	118
Interest expense	(20)	(20)	(82)	(76)
Loss on repurchases and retirement of debt, net			(15)	(11)
Other income, net	44	23	162	84
Income before income taxes	390	377	1,291	961
Benefit (provision) for income taxes (Note 2)	61		(80)	(55)
Income before minority interest and equity earnings	451	377	1,211	906
Minority interests	(1)	(3)	(3)	(11)
Equity in earnings of affiliated companies, net of impairments (Note 3)	267	272	942	960
Net income	\$ 717	\$ 646	\$ 2,150	\$ 1,855
Basic earnings per common share (Note 4)	\$ 0.46	\$ 0.42	\$ 1.37	\$ 1.20
Diluted earnings per common share (Note 4)	\$ 0.45	\$ 0.41	\$ 1.34	\$ 1.16
Dividends declared per common share	\$ 0.05		\$ 0.10	

See accompanying notes to these financial statements.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

(Unaudited; in millions, except per share amounts)

	December 31,	
	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$2,216	\$1,157
Short-term investments, at fair value	1,300	2,010
Total cash, cash equivalents and short-term investments	3,516	3,167
Trade accounts receivable, net	856	719
Inventories	631	639
Deferred income taxes	54	47
Other current assets	237	226
Total current assets	5,294	4,798
Investments	3,036	2,522
Property, net of accumulated depreciation	5,986	5,193
Goodwill and other intangible assets, net	308	316
Deferred income taxes	202	114
Other assets	389	122
Total Assets	\$15,215	\$13,065
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$23	\$20
Accounts payable	609	631
Other accrued liabilities	1,880	1,668
Total current liabilities	2,512	2,319
Long-term debt	1,514	1,696
Postretirement benefits other than pensions	744	739
Other liabilities	903	1,020
Total liabilities	5,673	5,774
Commitments and contingencies		
Minority interests	46	45
Shareholders' equity:		
Common stock - Par value \$0.50 per share; Shares authorized: 3.8 billion; Shares issued: 1,598 million and 1,582 million	799	791
Additional paid-in capital	12,281	12,008
Accumulated deficit	(3,002)	(4,992)
Treasury stock, at cost; Shares held: 30 million and 17 million	(492)	(201)
Accumulated other comprehensive loss	(90)	(360)
Total shareholders' equity	9,496	7,246
Total Liabilities and Shareholders' Equity	\$15,215	\$13,065

See accompanying notes to these financial statements.

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

- 11 -

CORNING INCORPORATED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited; in millions)

Three months ended		Year ended
Dec. 31,	Sept. 30,	December 31,
2007	2007	