

News Release

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Corning Reports Second-Quarter 2018 Financial Results and Continued Progress on Strategy and Capital Allocation Framework

Company raises outlook for full-year 2018, expecting higher sales of \$11.3 billion and second-half capacity and margin expansion

CORNING, N.Y. — Corning Incorporated (NYSE: GLW) today announced results for its second-quarter 2018 ended June 30, 2018.

News Summary:

- Solid second-quarter results driven by year-over-year sales growth in each of the company's businesses
 - GAAP sales of \$2.7 billion, up 10% year over year
 - Core sales of \$2.8 billion, up 9% year over year
 - GAAP EPS of \$0.78 reflected a non-cash mark-to-market gain associated with the company's currency-hedging contracts
 - Core EPS of \$0.38
- On track to expand margins and reach approximately \$11.3 billion in full-year 2018 sales, up from prior guidance of approximately \$11 billion, and up 10% year over year. Specific contributors to the raised outlook for the full year include:
 - Strong market demand and successful ramping of capacity expansions
 - Optical Communications is now expected to grow by a high-teens percentage for the year versus prior guidance of 10%
 - Environmental Technologies is now expected to grow by a mid-teens percentage for the year versus prior guidance of 10%
 - Display Technologies continues to make advances toward stable returns; glass pricing continues to moderate; and ramp of new Gen 10.5 plant is on schedule
- Continued progress on Strategy and Capital Allocation Framework
 - Returned \$829 million to shareholders in second-quarter 2018, for a total of \$10.8 billion since the Framework's introduction
 - Completed the acquisition of 3M's Communication Markets Division
 - Introduced Corning® Gorilla® Glass 6 and other innovative products for Mobile Consumer Electronics on July 18

“As planned, we undertook a phase of intense operating and capital investment to meet committed demand and capture new opportunities. We have now reached an inflection point in which these investments are yielding clear benefits,” said Wendell P. Weeks, chairman, chief executive officer, and president. “As a result, we are on track to meet increased demand, grow sales, and significantly improve profitability in the third quarter and beyond. We now expect full-year sales to reach approximately \$11.3 billion.”

Strategy and Capital Allocation Framework Progress

Corning's Framework outlines the company's 2016-2019 leadership priorities. Under the Framework, Corning plans to deliver more than \$12.5 billion to shareholders while investing \$10 billion in growth opportunities. Since it was announced in October 2015, the company has returned \$10.8 billion to shareholders, including \$829 million in the second quarter.

"We continue to make excellent progress on our Framework objectives, keeping us on track to fully achieve our Strategy and Capital Allocation Framework goals," added Weeks.

Highlights of the company's progress:

- Completed the acquisition of 3M's Communication Markets Division
 - Extends the company's market reach and access to global customers
 - Expands Corning's Optical Communications product portfolio
 - Provides additional strength to the segment's already robust sales momentum
- Continued to add value to mobile consumer electronic devices with the launch of Corning Gorilla Glass 6 alongside related innovations; Gorilla Glass has been designed into more than 6 billion devices
- Sustained market leadership in gasoline particulate filters and advanced automotive innovation
 - Reached global production milestone of 1 million gasoline particulate filters and expanded investment in Hefei, China, as automakers prepare for upcoming regulations
 - Announced a finishing capacity investment for Corning Gorilla Glass for Automotive Interiors in Hefei, China
- Continued collaboration with Merck and Pfizer on Corning Valor Glass
 - Announced a high-volume manufacturing facility in Durham, North Carolina
 - Presented with Pfizer at the DCAT Sharp Sourcing conference
- Continued ramping production of the world's first Gen 10.5 glass at new Hefei facility on schedule and in tandem with BOE's panel production.

Corning is investing across its market-access platforms to capture short- and long-term sales growth opportunities:

- Reaching \$5 billion in sales by 2020 in Optical Communications
- Doubling sales over the next several years in Mobile Consumer Electronics
- Maintaining stable returns and winning new categories in Display
- Building a \$500 million GPF business and creating a new glass business in Automotive
- Growing the base and creating a significant pharmaceutical packaging business in Life Sciences Vessels

Second-Quarter 2018 Results and Comparisons
(In millions, except per-share amounts)

	Q2 2018	Q1 2018	% change	Q2 2017	% change
GAAP Net Sales	\$ 2,747	\$ 2,500	10%	\$ 2,497	10%
GAAP Net Income	\$ 738	\$ (589)	nm	\$ 439	68%
GAAP EPS	\$ 0.78	\$ (0.72)	nm	\$ 0.42	86%
Core Sales*	\$ 2,759	\$ 2,513	10%	\$ 2,527	9%
Core Earnings*	\$ 359	\$ 299	20%	\$ 400	(10%)
Core EPS*	\$ 0.38	\$ 0.31	23%	\$ 0.39	(3%)

*Core performance measures 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 website.

Segment Results and Outlook

“Each of our businesses met or exceeded expectations for the second quarter. We now anticipate that 2018 will be even stronger than originally expected, with full-year sales up 10% to approximately \$11.3 billion, and margin expansion in the second half of 2018,” said Tony Tripeny, senior vice president and chief financial officer.

“Optical Communications, Specialty Materials, Environmental Technologies, and Life Sciences segments are all expected to continue to grow, and the pricing environment in Display Technologies is the best in more than a decade. Several of our largest capacity expansion projects have exited the start-up phase, and production and efficiency rates are climbing. We expect a step-change in sales and profitability in the third quarter, and we plan to build on that going forward.”

Display Technologies:

	Q2 2018	Q1 2018	% change	Q2 2017	% change
Net Sales	\$ 780	\$ 745	5%	\$ 777	0%
Net Income Before Tax	\$ 243	\$ 234	4%	\$ 285	(15%)
Net Income	\$ 192	\$ 185	4%	\$ 226	(15%)

Second-quarter Display Technologies net sales were \$780 million, up sequentially and year over year. The second-quarter pricing environment was the most favorable in more than a decade.

Corning expects to reach the important milestone of annual price declines improving to a mid-single digit percentage in the third quarter and the improvement trend to continue into 2019.

For the third-quarter and full-year 2018, Corning continues to expect that LCD glass market volume growth will be a mid-single-digit percentage, as television screen size growth continues. The company expects Corning's volume to grow faster than the market, driven by the Gen 10.5 ramp up in Hefei, China. Third-quarter sequential LCD glass price declines are expected to remain very moderate.

Optical Communications:

	Q2 2018	Q1 2018	% change	Q2 2017	% change
Net Sales	\$ 1,023	\$ 886	15%	\$ 882	16%
Net Income Before Tax	\$ 191	\$ 139	37%	\$ 163	17%
Net Income	\$ 150	\$ 109	38%	\$ 128	17%

Optical Communications second-quarter 2018 net sales were up 16% and exceeded \$1 billion. Net income was up 17% year over year. Sales growth was driven by data center and carrier customers.

Third-quarter sales are expected to be up approximately 25% year over year, including sales from the recently acquired 3M Communication Markets Division.

For full-year 2018, Optical Communications sales are now expected to increase by a high-teens percentage over last year, with organic growth improving to the low teens and an additional \$200 million from the acquisition.

Specialty Materials:

	Q2 2018	Q1 2018	% change	Q2 2017	% change
Net Sales	\$ 343	\$ 278	23%	\$ 337	2%
Net Income Before Tax	\$ 81	\$ 58	40%	\$ 89	(9%)
Net Income	\$ 64	\$ 46	39%	\$ 70	(9%)

Specialty Materials second-quarter 2018 net sales were \$343 million, up 2% year over year.

The company expects year-over-year sales growth in the third quarter of approximately 10%, driven by strong shipments of new innovative products.

Environmental Technologies:

	Q2 2018	Q1 2018	% change	Q2 2017	% change
Net Sales	\$ 317	\$ 322	(2%)	\$ 263	21%
Net Income Before Tax	\$ 68	\$ 66	3%	\$ 48	42%
Net Income	\$ 54	\$ 52	4%	\$ 38	42%

Environmental Technologies second-quarter 2018 net sales were up 21% to \$317 million, and net income increased 42% to \$54 million, compared with last year's second quarter. All products contributed to the growth.

This strong performance is expected to continue in the third quarter, with sales growth up by a high-teens percentage year over year. For full-year 2018, Environmental Technologies sales are now expected to be up by a mid-teens percentage over last year.

Life Sciences:

	Q2 2018	Q1 2018	% change	Q2 2017	% change
Net Sales	\$ 245	\$ 232	6%	\$ 221	11%
Net Income Before Tax	\$ 39	\$ 34	15%	\$ 28	39%
Net Income	\$ 31	\$ 27	15%	\$ 22	41%

In Life Sciences, second-quarter 2018 net sales increased 11%, and net income increased 41% year over year, as the business continued to outpace market growth. Third-quarter sales are expected to increase by a mid-single-digit percentage year over year. For full-year 2018, sales are expected to increase by a mid-to-high single-digit percentage.

Upcoming Investor Events

On Aug. 29, Corning will attend the Jefferies 2018 Semiconductor, Hardware & Communications Infrastructure Summit in Chicago. And on Sept. 12, Corning will present at the Deutsche Bank Technology Conference in Las Vegas.

Second-Quarter Conference Call Information

The company will host its second-quarter conference call on Wednesday, July 25, at 8:30 a.m. EDT. To participate, please call toll free (800) 230-1766 or for international access call (612) 332-0228 approximately 10-15 minutes prior to the start of the call. The leader is Ann Nicholson. To listen to a live audio webcast of the call, go to Corning's investor relations website at investor.corning.com, click on "[Events and Presentations](#)" under the "News and Events" tab and select the second-quarter conference call. A webcast replay will be available 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 financial measures exclude the impact of items that are driven by general economic conditions and events that do not reflect the underlying fundamentals and trends in the company's operations. The company believes presenting non-GAAP financial measures assists in analyzing financial performance without the impact of items that may obscure trends in the company's underlying performance. Detailed reconciliations outlining the differences between these non-GAAP measures and the most directly comparable GAAP measure can be found on Corning's investor relations website at investor.corning.com, by clicking "[Quarterly Results](#)" under the "Financials" tab. These reconciliations also accompany this news release.

Caution Concerning Forward-Looking Statements

This press release contains "forward-looking statements" (within the meaning of the Private Securities Litigation Reform Act of 1995), which are based on current expectations and assumptions about Corning's financial results and business operations, that involve substantial risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties include: the effects of acquisitions, dispositions and other similar transactions by the Company, the effect of global business, financial, economic and political conditions; tariffs and import duties; currency fluctuations between the U.S. dollar and other currencies, primarily the Japanese yen, New Taiwan dollar, euro, Chinese yuan, and South Korean

won; product demand and industry capacity; competitive products and pricing; availability and costs of critical components and materials; new product development and commercialization; order activity and demand from major customers; the amount and timing of our cash flows and earnings and other conditions, which may affect our ability to pay our quarterly dividend at the planned level or to repurchase shares at planned levels; possible disruption in commercial activities due to terrorist activity, cyber-attack, armed conflict, political or financial instability, natural disasters, or major health concerns; unanticipated disruption to equipment, facilities, IT systems or operations; effect of regulatory and legal developments; ability to pace capital spending to anticipated levels of customer demand; rate of technology change; ability to enforce patents and protect intellectual property and trade secrets; adverse litigation; product and components performance issues; retention of key personnel; customer ability, most notably in the Display Technologies segment, to maintain profitable operations and obtain financing to fund their ongoing operations and manufacturing expansions and pay their receivables when due; loss of significant customers; changes in tax laws and regulations including the Tax Cuts and Jobs Act of 2017; and the potential impact of legislation, government regulations, and other government action and investigations.

For a complete listing of risks and other factors, please reference the risk factors and forward-looking statements described in our annual reports on Form 10-K and quarterly reports on Form 10-Q. 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.

Web Disclosure

In accordance with guidance provided by the SEC regarding the use of company websites and social media channels to disclose material information, Corning Incorporated (“Corning”) wishes to notify investors, media, and other interested parties that it uses its website (<http://www.corning.com/worldwide/en/about-us/news-events.html>) to publish important information about the company, including information that may be deemed material to investors, or supplemental to information contained in this or other press releases. The list of websites and social media channels that the company uses may be updated on Corning’s media and website from time to time. Corning encourages investors, media, and other interested parties to review the information Corning may publish through its website and social media channels as described above, in addition to the company’s SEC filings, press releases, conference calls, and webcasts.

About Corning Incorporated

Corning (www.corning.com) is one of the world's leading innovators in materials science, with a more than 165-year track record of life-changing inventions. Corning applies its unparalleled expertise in glass science, ceramic science, and optical physics along with its deep manufacturing and engineering capabilities to develop category-defining products that transform industries and enhance people's lives. Corning succeeds through sustained investment in RD&E, a unique combination of material and process innovation, and deep, trust-based relationships with customers who are global leaders in their industries.

Corning's capabilities are versatile and synergistic, which allows the company to evolve to meet changing market needs, while also helping our customers capture new opportunities in dynamic industries. Today, Corning's markets include optical communications, mobile consumer electronics, display technology, automotive, and life sciences vessels. Corning's industry-leading products include damage-resistant cover glass for mobile devices; precision glass for advanced displays; optical fiber, wireless technologies, and connectivity solutions for state-of-the-art communications networks; trusted products to accelerate drug discovery and delivery; and clean-air technologies for cars and trucks.

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