

Debt Issuances and Retirements

2018

In the second quarter of 2018, Corning issued three Japanese yen-denominated debt securities (the “Notes”), as follows:

- ¥10 billion 0.722% senior unsecured notes with a maturity of 7 years;
- ¥30.5 billion 1.043% senior unsecured notes with a maturity of 10 years; and
- ¥25 billion 1.219% senior unsecured notes with a maturity of 12 years.

The proceeds from the Notes were received in Japanese yen and converted to U.S. dollars on the date of issuance. The net proceeds received in U.S. dollars, after deducting offering expenses, were \$596 million. Payments of principle and interest on the Notes will be in Japanese yen, or should yen be unavailable due to circumstances beyond Corning’s control, a U.S. dollar equivalent. The net proceeds of \$596 million will be used for general corporate purposes.

In the fourth quarter of 2018, Corning issued three unsecured long-term notes as follows:

- \$50 million 4.70% senior unsecured notes with a maturity of 19 years;
- \$550 million 5.35% senior unsecured notes with a maturity of 30 years; and
- \$300 million 5.85% senior unsecured notes with a maturity of 50 years.

The net proceeds of \$889 million will be used for general corporate purposes. We can redeem these notes at any time, subject to certain terms and conditions.

In the fourth quarter of 2018, Corning redeemed \$250 million of 6.625% Notes due 2019, paying a nominal call premium. The bond redemption incurred an insignificant loss during the fourth quarter of 2018.

2017

In the third quarter of 2017, Corning issued three Japanese yen-denominated debt securities (the “Notes”), as follows:

- ¥21 billion 0.698% senior unsecured notes with a maturity of 7 years;
- ¥47 billion 0.992% senior unsecured notes with a maturity of 10 years; and
- ¥10 billion 1.583% senior unsecured notes with a maturity of 20 years.

The proceeds from these Notes were received in Japanese yen and converted to U.S. dollars on the date of issuance. The net proceeds received in U.S. dollars, after deducting offering expenses, was approximately \$700 million. Payments of principal and interest on the Notes will be in Japanese yen, or should yen be unavailable due to circumstances beyond Corning’s control, a U.S. dollar equivalent. The net proceeds of \$700 million were made available for general corporate purposes.

In the fourth quarter of 2017, Corning issued \$750 million of 4.375% senior unsecured notes that mature on November 15, 2057. The net proceeds of \$743 million will be used for general corporate purposes. We can redeem these notes at any time, subject to certain terms and conditions.

On a quarterly basis, Corning will recognize the transaction gains and losses resulting from changes in the JPY/USD exchange rate in the Other expense, net line of the Consolidated Statements of Income (Loss). Cash proceeds from the offerings and payments for debt issuance costs are disclosed as financing activities, and cash payments to bondholders for interest will be disclosed as operating activities, in the Consolidated Statements of Cash Flows.

11. Employee Retirement Plans

Defined Benefit Plans

We have defined benefit pension plans covering certain domestic and international employees. Our funding policy has been to contribute, as necessary, an amount in excess of the minimum requirements in order to achieve the Company’s long-term funding targets. In 2018, we made voluntary cash contributions to our domestic defined benefit pension plan and our international pension plans in the amount of \$105 million and \$12 million, respectively. In 2017, we made no voluntary cash contributions to our domestic defined benefit pension plan and \$29 million to our international pension plans. During 2019, we anticipate making cash contributions of \$75 million to our U.S. qualified pension plan and \$31 million to our international pension plans.

Corning offers postretirement plans that provide health care and life insurance benefits for retirees and eligible dependents. Certain employees may become eligible for such postretirement benefits upon reaching retirement age and service requirements. For current retirees (including surviving spouses) and active employees eligible for the salaried retiree medical program, we have placed a “cap” on the amount we will contribute toward retiree medical coverage in the future. The cap is equal to 120% of our 2005 contributions toward retiree medical benefits. Once our contributions toward salaried retiree medical costs reach this cap, impacted retirees will have to pay the excess amount in addition to their regular contributions for coverage. This cap was attained for post-65 retirees in 2008 and attained for pre-65 retirees in 2010. Furthermore, employees hired or rehired on or after January 1, 2007 will be eligible for Corning retiree medical benefits upon retirement; however, these employees will pay 100% of the cost.