

News Release

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

Sales growth of 16%, significant margin expansion, and improved full-year outlook

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

News Summary:

- Excellent third-quarter results with year-over-year sales and profit growth in each of the company's businesses
 - GAAP and Core sales of \$3 billion, up 15% and 16% respectively year over year
 - GAAP EPS of \$0.67, up 72% year over year
 - Core EPS of \$0.51, up 28% year over year
- All businesses contributed to strong third-quarter growth and margin expansion
 - Highlights included year-over-year sales increases of 22% for Optical Communications; 19% for Environmental Technologies; and 23% for Specialty Materials
 - Display Technologies sales and profits grew year over year as glass pricing remained moderate, reaching the important milestone of a mid-single-digit percentage decline year-over-year, and the Gen 10.5 capacity ramp continued successfully
 - As expected, core gross margin expanded to 42%, a significant improvement over the first half of 2018 and last year; GAAP gross margin was 41%.
- Company now expects sales to exceed \$11.3 billion for the full year and 42% gross margin in the fourth quarter as strength continues in all businesses
- Returned an additional \$542 million to shareholders, raising total distributions to \$11.4 billion since the Strategy & Capital Allocation Framework was announced in October 2015

“We had an excellent quarter, with 16% sales growth and 28% EPS growth,” said Wendell P. Weeks, chairman, chief executive officer, and president. “These results demonstrate a step change in our earnings power created by investments in innovation and capacity. Our annualized sales run rate now exceeds \$12 billion, growth is accelerating, and our margins are expanding. Execution across the company is outstanding.”

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 the Framework was announced in October 2015, the company has returned \$11.4 billion to shareholders, including \$542 million in the third quarter.

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Corning continues to make excellent progress on its focused portfolio objectives, keeping the company on track to fully achieve its Strategy and Capital Allocation Framework goals. Highlights of the company's progress include:

- Increased customer commitments in Optical Communications that support accelerated capacity expansion and share growth; business continued to progress faster than expected toward goal of \$5 billion in annual sales by 2020
- Extended cover glass market leadership with successful launch and adoption of Corning® Gorilla® Glass 6, expanded use of Gorilla Glass for fronts and backs of devices, and innovations in wearables and other new device categories across the global mobile consumer electronics industry
- Sustained leadership in gasoline particulate filters and glass innovation to help auto manufacturers transform their industry
 - Successfully partnered with majority of leading automakers to equip vehicles with gasoline particulate filters to meet European regulations now in effect; announced supply agreement with Changan Automobile, one of the largest Chinese automakers, for gasoline particulate filters to meet upcoming China regulations
 - Strong alignment with efforts to make cars more connected, efficient, and autonomous resulted in increased pull for collaboration from leading OEMs, with Corning Gorilla Glass for Automotive having been awarded more than 50 platforms globally to date
- Increased shipments of Corning Valor® Glass threefold over last year as multiple customers pursue trials for certification of Valor Glass
- Delivered stable returns in Display: extended market leadership and exceeded display glass market growth with successful ramp of Gen 10.5 facility; pricing continued to improve and reached the important milestone of a mid-single-digit percentage decline year-over-year, and company expects its full-year 2019 price declines to further improve from 2018

Third-quarter 2018 Results and Comparisons

(In millions, except per-share amounts)

	Q3 2018	Q2 2018	% change	Q3 2017	% change
GAAP Net Sales	\$ 3,008	\$ 2,747	10%	\$ 2,607	15%
GAAP Net Income	\$ 625	\$ 738	(15%)	\$ 390	60%
GAAP EPS	\$ 0.67	\$ 0.78	(14%)	\$ 0.39	72%
Core Sales*	\$ 3,045	\$ 2,759	10%	\$ 2,635	16%
Core Earnings*	\$ 476	\$ 359	33%	\$ 403	18%
Core EPS*	\$ 0.51	\$ 0.38	34%	\$ 0.40	28%

*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

“In the third quarter, all businesses delivered excellent results, with year-over-year sales and profit growth in each. We expect very strong performance again for the fourth quarter and full year, and now expect to exceed

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\$11.3 billion in sales for 2018. Having passed an inflection point, we are gaining momentum and plan to build on that going forward,” said Tony Tripeny, senior vice president and chief financial officer. “Putting it all together, we are now seeing our four-year, \$10 billion, investment drive growth and extend our leadership. We are also rewarding investors by returning more than \$12.5 billion, which compounds the benefit of our future growth for long-term shareholders.”

Display Technologies:

	Q3 2018	Q2 2018	% change	Q3 2017	% change
Net Sales	\$ 852	\$ 780	9%	\$ 795	7%
Net Income Before Tax	\$ 275	\$ 243	13%	\$ 267	3%
Net Income	\$ 218	\$ 192	14%	\$ 211	3%

Third-quarter Display Technologies net sales were \$852 million and net income was \$218 million, both up sequentially and year over year. Corning reached the important milestone of annual display glass price declines improving to a mid-single digit percentage in the third quarter. The company expects the pricing improvement trend to continue in the fourth quarter, and expects its full-year 2019 price declines to further improve from 2018.

Corning expects fourth-quarter display glass market volume to grow by a low-single-digit percentage sequentially, and full-year glass market volume growth of a mid-single-digit percentage, as television screen size growth continues. The company expects its display glass volume to grow faster than the market in the fourth quarter and the full year, driven by the Gen 10.5 ramp up.

Optical Communications:

	Q3 2018	Q2 2018	% change	Q3 2017	% change
Net Sales	\$ 1,117	\$ 1,023	9%	\$ 917	22%
Net Income Before Tax	\$ 214	\$ 191	12%	\$ 167	28%
Net Income	\$ 168	\$ 150	12%	\$ 132	27%

Optical Communications third-quarter net sales were up 22% year over year and exceeded \$1 billion for the second consecutive quarter. Sales growth was driven by strong demand from both data center and carrier customers, and the acquisition of 3M’s Communication Markets Division. Net income was up 27% year over year, as capital investments yielded clear benefits.

Strong growth is expected to continue in the fourth quarter, as additional capacity ramps, and the company supplies large projects underway at multiple customers in both the carrier and data center businesses. Fourth quarter sales are expected to be up by a low-single digit percentage sequentially, resulting in year-over-year sales growth slightly better than the third quarter. For full-year 2018, sales are expected to increase by a high-

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teens percentage over last year, with organic growth in the low teens and approximately \$200 million in sales from the acquisition of 3M's Communication Markets Division.

Specialty Materials:

	Q3 2018	Q2 2018	% change	Q3 2017	% change
Net Sales	\$ 459	\$ 343	34%	\$ 373	23%
Net Income Before Tax	\$ 147	\$ 81	81%	\$ 108	36%
Net Income	\$ 116	\$ 64	81%	\$ 86	35%

In Specialty Materials, third-quarter net sales were \$459 million, up 23% year over year and ahead of company expectations, driven by strong pull for glass innovations. Net income was \$116 million, up 35% year over year.

Fourth-quarter sales are expected to be consistent with the fourth quarter of 2017, which was Specialty Materials' highest sales quarter last year. For the full year, Specialty Materials sales are expected to grow by a mid-single digit percentage year over year, after an exceptionally strong year of 25% growth in 2017.

Environmental Technologies:

	Q3 2018	Q2 2018	% change	Q3 2017	% change
Net Sales	\$ 331	\$ 317	4%	\$ 277	19%
Net Income Before Tax	\$ 76	\$ 68	12%	\$ 51	49%
Net Income	\$ 60	\$ 54	11%	\$ 40	50%

Environmental Technologies third-quarter net sales were \$331 million, up 19% year over year. Third-quarter net income grew more than sales. Results benefited from volume growth in all product categories as well as strong performance in manufacturing operations.

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

Life Sciences:

	Q3 2018	Q2 2018	% change	Q3 2017	% change
Net Sales	\$ 231	\$ 245	(6%)	\$ 223	4%
Net Income Before Tax	\$ 38	\$ 39	(3%)	\$ 32	19%
Net Income	\$ 30	\$ 31	(3%)	\$ 25	20%

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In Life Sciences, third-quarter 2018 net sales increased 4% and net income grew 20% year over year.

Fourth-quarter sales are expected to grow by a low-to-mid single digit percentage year over year. For the full-year 2018, sales are expected to grow by a mid-to-high single digit percentage over last year, continuing to outpace overall market growth.

Upcoming Investor Events

On Nov. 27, Corning will attend the Credit Suisse Technology, Media, and Telecom Conference in Scottsdale. And, on Dec. 6 Corning will attend the Barclays Global Technology, Media and Telecommunications Conference in San Francisco.

Third-Quarter Conference Call Information

The company will host its third-quarter conference call on Tuesday, Oct. 23, at 8:30 a.m. EDT. To participate, please call toll free (800) 230-1074 or for international access call (612) 234-9960 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 third-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

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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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