

Edgar Filing: CORNING INC /NY - Form 8-K

CORNING INC /NY
Form 8-K
April 24, 2003

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 24, 2003

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
(Former name or former address, if changed since last report)

Item 5. Other Events and Regulation FD Disclosure.

On April 22, 2003, Corning Incorporated issued a press release setting forth Corning's first quarter 2003 earnings. A copy of Corning's press release is filed herewith as Exhibit 99.1 and hereby incorporated by reference.

Item 7. Financial Statements and Exhibits.

(c) Exhibits

99.1 Press release dated April 22, 2003.

Edgar Filing: CORNING INC /NY - Form 8-K

Item 9. Regulation FD Disclosure.

On April 24, 2003, Corning Incorporated issued a press release relating to its annual meeting of shareholders and that press release is furnished herewith as Exhibit 99.2.

(c) Exhibits

99.2 Press release dated April 24, 2003.

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 24, 2003

By /s/ KATHERINE A. ASBECK

Katherine A. Asbeck
Senior Vice President and Controller

Exhibit 99.1

FOR RELEASE -- APRIL 22, 2003

Media Relations Contact:
Daniel F. Collins
(607) 974-4197
collinsdf@corning.com

Investor Relations Contact:
Kenneth C. Sofio
(607) 974-7705
sofiokc@corning.com

Corning Reports First-Quarter Results

Performance exceeds guidance
Continued strength seen in LCD market

CORNING, N.Y. -- Corning Incorporated (NYSE:GLW) today announced that its first-quarter results exceeded quarterly guidance and sales increased sequentially for the first time in two years. The company said sales were \$746 million and that it recorded a net loss of \$205 million or \$0.17 per share. This

Edgar Filing: CORNING INC /NY - Form 8-K

net loss includes \$201 million or \$0.17 per share of charges primarily related to the previously announced asbestos litigation settlement and restructuring and impairment charges.

James R. Houghton, chairman and chief executive officer, said, "We are extremely pleased with the improvement in our quarterly performance. Our results reflect stronger than expected demand for fiber and cable in Japan and the continued strength of our technologies businesses, particularly the Display Technologies and Environmental Technologies businesses." Houghton said that the company continues to focus on its goal of returning to profitability by the third quarter of this year. "We are seeing significant improvement in our gross margin and lower operating costs due to our restructuring efforts over the past year," he said.

Previously Announced Charges

Corning said its first-quarter results include net charges totaling \$345 million (\$201 million after-tax and minority interest) or \$0.17 per share. These include the following:

- . A previously announced charge of \$298 million (\$192 million after-tax) for asbestos litigation related to Pittsburgh Corning Corporation.
- . Net restructuring and impairment charges of \$51 million (\$12 million after-tax and minority interest) related to the previously announced decisions to shut down Corning Asahi Video (CAV) and the optical switching business, offset by adjustments to the company's existing restructuring reserves.
- . A net gain of \$4 million (\$3 million after-tax) related to the repurchase of debt using cash and common stock.

(more)

Corning Reports First-Quarter Results
Page Two

First-Quarter Operating Results

Sales for the quarter of \$746 million represent a sequential increase from fourth-quarter sales of \$736 million. Telecommunications segment sales were \$352 million, compared to fourth-quarter sales of \$363 million. Fiber volume increased approximately 15 percent sequentially due to stronger than expected demand in Japan and China, offset by continued softness in North America and Europe. Sequential price declines, as expected, were in the 10 to 15 percent range for the quarter.

Corning Technologies recorded first-quarter sales of \$388 million, an increase over fourth-quarter sales of \$367 million. Corning's display glass sales were fueled by strong demand for flat screen desktop monitors, the popularity of notebook computers and growing interest in liquid crystal display (LCD) televisions. Sequential quarterly display glass volume gains were about 10 percent and LCD glass pricing was stable. Corning's environmental products business experienced volume increases worldwide. Both of these businesses benefited from favorable exchange rates.

Corning's first-quarter results benefited from the initial recognition of \$17 million of equity earnings from Dow Corning Corporation. Corning's total equity earnings for the first quarter were \$59 million.

Edgar Filing: CORNING INC /NY - Form 8-K

Liquidity Update

Corning said that it ended the first quarter with \$1.85 billion in cash and short-term investments, a decline from \$2.1 billion at the end of last year. The decline was primarily due to the use of cash to retire debt. Operating cash flow included a \$191 million federal income tax refund.

In the first quarter, Corning used \$251 million for scheduled debt repayments and open market repurchases. In addition, Corning exchanged 6.5 million shares of Corning common stock for debt with an accreted value of \$43 million. Corning said that it might continue from time-to-time to retire its debt securities in open market, privately negotiated or other transactions. Corning ended the quarter with a debt-to-capital ratio of 45.6 percent, down from 46.7 percent from year-end.

Second-Quarter Outlook

Corning said that it expects second-quarter sales to be in the range of \$715 million to \$745 million. It also anticipates results in the range of a loss of \$0.02 per share to income of \$0.01 per share. These results exclude the impact of previously announced restructuring charges and any adjustments to the asbestos settlement reserve required by movement in Corning's stock price.

(more)

Corning Reports First-Quarter Results

Page Three

Corning expects continued strong performance from its LCD glass business, with sequential volume gains of about 10 percent and stable pricing. Second quarter fiber volumes are expected to decline sequentially by about 25 percent, driven by the seasonal slowdowns in Japan and the continued softness across the North American market.

Corning said it also continues to explore a number of options for its Photonic Technologies business and expects to reach a decision by mid-year.

James B. Flaws, vice chairman and chief financial officer, said, "Putting aside the strength of our fiber and cable business in Asia last quarter, we are not seeing a lift in our telecommunications businesses, but this does not surprise us. Global events, the long winter in North America and the overall malaise in the economy appear to be delaying any potential seasonal improvements in telecom sales. We anticipate that with normal seasonality in the Japanese fiber market, there will be a pick up in volume in the second half of the year.

Flaws said that the company has been closely monitoring external trends across all its markets and said, "While it is too early to tell, there are indications that a general economic slow down in North America may affect some of Corning's businesses such as Environmental Technologies where potential inventory corrections in the auto industry could dampen second-quarter sales. However, our plan to return to profitability is mostly dependent on strong performance of our display business and our own cost cutting actions. Our first-quarter performance on these fronts was strong and we remain optimistic that our profitability goal

Edgar Filing: CORNING INC /NY - Form 8-K

is achievable."

About Corning Incorporated

Established in 1851, Corning Incorporated (www.corning.com) creates leading-edge technologies that offer growth opportunities in markets that fuel the world's economy. Corning manufactures optical fiber, cable and photonic products in its Telecommunications segment. Corning's Technologies segment manufactures high-performance display glass, and products for the environmental, life sciences, and semiconductor markets.

First-Quarter Conference Call Information

The company will host a first quarter conference call at 8:30 a.m. ET on Wednesday, April 23, 2003. To access the call, dial (312) 470-0008. The password is Corning. The leader is Sofio. A replay of the call will begin at approximately 10:30 a.m. ET and will run through 5 p.m. ET, Wednesday, May 7, 2003. To listen, dial (402) 220-4617, no passcode required. To listen to a live audio webcast of the call at 8:30 a.m. on Wednesday, April 23, please go to our Web site and follow the instructions: http://www.corning.com/investor_relations. The webcast will be archived for 14 days following the call.

(more)

Corning Reports First-Quarter Results
Page Four

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 or fluctuations in global economic conditions; currency exchange rates; 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; capital spending by larger customers in the telecommunications industry and other business segments; the mix of sales between premium and non-premium products; possible disruption in commercial activities due to terrorist activity and armed conflict; ability to obtain financing and capital on commercially reasonable terms; acquisition and divestiture activities; the level of excess or obsolete inventory; the ability to enforce patents; product and components performance issues; and litigation. These and other 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.

###

Edgar Filing: CORNING INC /NY - Form 8-K

(Unaudited; in millions, except per share amounts)

	For the three months March 31,	
	2003	
Net sales	\$ 746	\$
Cost of sales	546	
	200	
Gross margin		
Operating expenses:		
Selling, general and administrative expenses	152	
Research, development and engineering expenses	93	
Amortization of purchased intangibles	9	
Restructuring, impairment and other charges and credits	51	
	(105)	
Operating loss		
Interest income	8	
Interest expense	(40)	
Asbestos settlement	(298)	
Gain on repurchases of debt, net of inducements	4	
Other expense, net	(14)	
	(445)	
Loss from continuing operations before income taxes		
Benefit for income taxes	(144)	
	(301)	
Loss from continuing operations before minority interests and equity earnings		
Minority interests	37	
Equity in earnings of associated companies	59	
	(205)	
Loss from continuing operations		
Income from discontinued operations, net of income taxes		
	(205)	
Net loss	\$ (205)	\$
	(0.17)	
Basic and diluted loss per common share from:		
Continuing operations	\$ (0.17)	\$
Discontinued operations		
	(0.17)	
Loss per common share	\$ (0.17)	\$
	1,200	
Shares used in computing per share amounts for basic and diluted loss per common share		

Edgar Filing: CORNING INC /NY - Form 8-K

See Notes to Consolidated Financial Statements.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(In millions, except per share amounts)

	Unaudi March 2003 -----
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,177
Short-term investments, at fair value	-----
Total cash and short-term investments	1,844
Trade accounts receivable, net	45
Inventories	53
Deferred income taxes	31
Other accounts receivable	10
Prepaid expenses and other current assets	-----
Total current assets	3,483
Restricted cash and investments	-----
Investments	7
Property, net	3,500
Goodwill	1,700
Other intangible assets, net	20
Deferred income taxes	1,000
Other assets	20

Total Assets	\$ 10,983 =====
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities:	
Loans payable	\$ 10
Accounts payable	20
Other accrued liabilities	1,100

Total current liabilities	1,530
Long-term debt	3,700
Postretirement benefits other than pensions	60
Other liabilities	50
Commitments and contingencies	
Minority interests	

Edgar Filing: CORNING INC /NY - Form 8-K

Shareholders' equity:

Preferred stock - Par value \$100.00 per share; Shares authorized: 10 million
 Series C mandatory convertible preferred stock - Shares issued: 5.75 million;
 Shares outstanding: 1.55 million
 Common stock - Par value \$0.50 per share; Shares authorized: 3.8 billion;
 Shares issued: 1,267 million
 Additional paid-in capital
 Accumulated deficit
 Treasury stock, at cost: 61 million; 70 million
 Accumulated other comprehensive loss

Total shareholders' equity

Total Liabilities and Shareholders' Equity

1
6
9,6
(5,1
(6
(1

4,5

\$ 10,9
=====

Certain amounts for 2002 were reclassified to conform with 2003 classifications.

See Notes to Consolidated Financial Statements.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited; in millions)

Cash flows from operating activities:

Loss from continuing operations \$ (20)
 Adjustments to reconcile loss from continuing operations
 to net cash provided by (used in) operating activities:
 Amortization of purchased intangibles
 Depreciation 11
 Asbestos settlement 29
 Restructuring, impairment and other charges and credits 5
 Gain on repurchases of debt, net of inducements ()
 Undistributed earnings of associated companies
 Minority interests, net of dividends paid (3)
 Deferred tax benefit (17)
 Interest expense on convertible debentures
 Restructuring payments (9)
 Increases in restricted cash ()
 Income tax refund 19
 Changes in certain working capital items:
 Trade accounts receivable (1)
 Inventories
 Other current assets 1
 Accounts payable and other current liabilities, net of restructuring payments (11)
 Other, net (1)

Net cash provided by (used in) operating activities

For the t

2003

2

Edgar Filing: CORNING INC /NY - Form 8-K

Cash flows from investing activities:	
Capital expenditures	(5)
Net proceeds from sale of precision lens business	1
Net proceeds from sale or disposal of assets	(42)
Short-term investments - acquisitions	36
Short-term investments - liquidations	
Restricted investments - liquidations	
Other, net	
Net cash (used in) provided by investing activities	(8)
Cash flows from financing activities:	
Net repayments of loans payable	(6)
Proceeds from issuance of long-term debt	
Repayments of long-term debt	(18)
Proceeds from issuance of common stock, net	
Cash dividends paid to preferred shareholders	(
Net cash used in financing activities	(25)
Effect of exchange rates on cash	1
Cash used in continuing operations	(29)
Cash provided by discontinued operations	
Net decrease in cash and cash equivalents	(29)
Cash and cash equivalents at beginning of period	1,42
Cash and cash equivalents at end of period	\$ 1,12

Certain amounts for 2002 were reclassified to conform with 2003 classifications.

See Notes to Consolidated Financial Statements.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
 SEGMENT RESULTS
 (Unaudited; in millions)

	Telecom- munications	Technologies	Non-segme Other it
	-----	-----	-----
For the three months ended March 31, 2003			
Net sales	\$ 352	\$ 388	\$ 6
Research, development and engineering expenses	\$ 38	\$ 55	
Restructuring, impairment and other (credits) charges	\$ (9)	\$ 60	
Interest expense	\$ 21	\$ 19	
Benefit for income taxes	\$ (25)	\$ (7)	\$ (112)
Loss before minority interests and equity (losses)			

Edgar Filing: CORNING INC /NY - Form 8-K

earnings	\$ (60)	\$ (55)	\$ (186)
Minority interests		37	
Equity in (losses) earnings of associated companies	(3)	44	18
	-----	-----	-----
Net (loss) income	\$ (63)	\$ 26	\$ (168)
	=====	=====	=====
For the three months ended March 31, 2002			
Net sales	\$ 465	\$ 369	\$ 5
Research, development and engineering expenses	\$ 86	\$ 40	
Interest expense	\$ 32	\$ 16	
(Benefit) provision for income taxes	\$ (64)	\$ (1)	\$ 15
(Loss) income before minority interests and equity			
(losses) earnings	\$ (138)	\$ (4)	\$ 8
Minority interests		6	
Equity in (losses) earnings of associated companies	(4)	33	1
Income from discontinued operations			8
	-----	-----	-----
Net (loss) income	\$ (142)	\$ 35	\$ 17
	=====	=====	=====

Non-segment/other items net (loss) income is detailed below:

	Three months March 31,
	----- 2003 -----
Non-segment income (loss) and other (1)	\$ (12)
Interest income	8
Asbestos settlement	(298)
Gain on repurchases of debt, net of inducements	4
Benefit (provision) for income taxes	112
Equity in earnings of associated companies (2)	18
Income from discontinued operations	

Net (loss) income	\$ (168)
	=====

(1) Includes non-segment operations and other corporate activities.

(2) Includes amounts derived from corporate investments and activities, primarily Dow Corning Corporation - \$17 million.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Restructuring, Impairment and Other Charges and Credits

Edgar Filing: CORNING INC /NY - Form 8-K

In the first quarter of 2003, Corning recorded charges for the shut-down of the conventional video components business and the optical switching product line which were announced on April 15, 2003 and February 13, 2003, respectively. Corning also recorded credits related to the restructuring reserve discussed below.

Conventional video components business

Corning Asahi Video Products Company, a 51% owned consolidated subsidiary, (conventional video components business, or CAV), is a manufacturer of glass panels and funnels for use in conventional tube televisions and is reported in the Technologies segment.

On April 15, 2003, Corning announced that it had agreed with its partner to cease production. Corning impaired the long-lived assets of this business to estimated salvage value and recorded a charge of \$62 million, (\$19 million after-tax and minority interest). Restructuring costs are expected to be recorded in the second quarter and total \$80 million to \$110 million (\$20 million to \$35 million after-tax and minority interest). Corning expects the restructuring costs to require \$40 million to \$65 million in cash spending. Corning has agreed with its partner to a shared funding arrangement based on proportional partnership interests.

Optical Switching

Corning recorded a charge of \$17 million associated with the discontinuance of the optical switching product line in the photonic technologies business due to the downturn in the telecommunications industry. In addition to the first quarter charges, Corning expects to record charges of \$10 million in the second quarter for certain exit costs.

Impairment of Cost Investments

In the first quarter, Corning recorded a \$5 million (\$3 million after-tax) charge for other than temporary declines in certain investments accounted for under the cost method in the Telecommunications segment.

Credits

The current restructuring reserve continues to be evaluated as plans are being executed. As a result, there may be additional charges or reversals. In addition, since the restructuring program is an aggregation of many individual plans currently being executed, actual costs have differed from estimated amounts. During the first quarter, Corning recorded credits of \$33 million related to revised cost estimates of existing restructuring plans of which \$24 million related to employee separation and exit costs, while \$9 million related to adjustments to assumed salvage values of assets that were previously impaired.

2. Asbestos Settlement

On March 28, 2003, Corning announced that it had reached agreement with the representatives of asbestos claimants for the settlement of all current and future asbestos claims against Corning and Pittsburgh Corning Corporation (PCC), which might arise from PCC products or operations.

Edgar Filing: CORNING INC /NY - Form 8-K

The agreement is expected to be incorporated into a settlement fund as part of a reorganization plan for PCC. The plan will be submitted to the federal bankruptcy court in Pittsburgh for approval, and is subject to a favorable vote by 75 percent of the asbestos claimants voting on the PCC reorganization plan. Corning will make its contributions to the settlement trust under the agreement after the plan is approved and no longer subject to appeal. The approval process could take one year or longer.

Corning's settlement will require the contribution, when the plan becomes effective, of Corning's equity interest in PCC, its one-half equity interest in Pittsburgh Corning Europe N.V. (PCE), a Belgian corporation, and 25 million shares of Corning common stock. Corning also will make cash payments with a current value of \$130 million over six years beginning in June 2005. In addition, Corning will assign insurance policy proceeds from its primary insurance and a portion of its excess insurance as part of the settlement. Corning recorded a charge of \$298 million (\$192 million after-tax) in the first quarter. The carrying value of Corning's stock in PCE and the fair value as of March 31, 2003, of 25 million shares of Corning common stock have been reflected in current liabilities. The remaining \$130 million, representing the net present value of the cash payments, discounted at 5.5%, is recorded in noncurrent liabilities. Any changes in the value of Corning's common stock contribution will need to be recognized in Corning's quarterly results through the date of contribution to the settlement trust.

3. Gain on Repurchases of Debt, Net of Inducements

During the first quarter of 2003, Corning repurchased and retired 298,500 zero coupon convertible debentures with an accreted value of \$231 million in exchange for cash of \$189 million in a series of open-market repurchases. Also in the first quarter Corning issued 6.5 million shares of treasury common stock in exchange for zero coupon convertible debentures with an accreted value of \$43 million. Corning recorded a net gain of \$4 million (\$3 million after-tax) associated with retirements of its zero coupon convertible debentures in the first quarter. The increase in equity due to the issuance of shares from treasury stock was \$77 million.

4. Income Tax

In the first quarter of 2003, the effective tax benefit rate excluding certain items such as restructuring, impairment, asbestos settlement and debt transactions was 30%.

CORNING INCORPORATED QUARTERLY SALES INFORMATION (In millions)

	2003			
	Q1	Q2	Q3	Q4
Telecommunications				
Fiber and cable	\$ 193	\$	\$	\$
Hardware and equipment	122			

Edgar Filing: CORNING INC /NY - Form 8-K

Photonic technologies	18			
Controls and connectors	19			
	-----	-----	-----	-----
Segment net sales	\$ 352	\$	\$	\$
	=====	=====	=====	=====
Technologies				
Display technologies	\$ 117	\$	\$	\$
Environmental	115			
Life sciences	73			
Conventional video components	25			
Other technologies businesses	58			
	-----	-----	-----	-----
Segment net sales	\$ 388	\$	\$	\$
	=====	=====	=====	=====
2002				
	-----	-----	-----	-----
	Q1	Q2	Q3	Q4
Telecommunications				
Fiber and cable	\$ 255	\$ 212	\$ 195	\$
Hardware and equipment	135	153	136	
Photonic technologies	36	39	17	
Controls and connectors	39	33	18	
	-----	-----	-----	-----
Segment net sales	\$ 465	\$ 437	\$ 366	\$
	=====	=====	=====	=====
Technologies				
Display technologies	\$ 93	\$ 102	\$ 106	\$
Environmental	94	102	102	
Life sciences	70	74	71	
Conventional video components	43	41	47	
Other technologies businesses	69	66	66	
	-----	-----	-----	-----
Segment net sales	\$ 369	\$ 385	\$ 392	\$
	=====	=====	=====	=====

The above supplemental information is intended to facilitate analysis of Corning's businesses.

Exhibit 99.2

Edgar Filing: CORNING INC /NY - Form 8-K

FOR RELEASE -- APRIL 24, 2003

Media Relations Contact:
Monica L. Ott
(607) 974-8769
ottml@corning.com

Investor Relations Contact:
Kenneth C. Sofio
(607) 974-7705
sofiokc@corning.com

Corning Chairman tells Shareholders:
"We are Succeeding"

After challenging time, sees a bright future for Corning

CORNING, N.Y. -- A year after returning to the helm, Corning Incorporated's (NYSE:GLW) Chairman and CEO, James R. Houghton, today told shareholders that the company is succeeding with its plan to return to profitability.

"Last year, I told you that we, as a company, were up to the challenge before us. I told you that we would focus our priorities in three very distinct areas; that we would dedicate all our energies toward preserving our financial health, toward returning to profitability, and toward investing in our future...I told you that in all these areas we would succeed. My friends, one year later, we are succeeding," Houghton said.

Houghton's remarks were part of his annual address to more than 500 shareholders assembled for the company's annual meeting in Corning, N.Y. He thanked the audience for their confidence and support in the company and presaged Corning's promising future, "As the economy recovers and the business world begins to look around to see who's still standing, they'll see Corning because we have continued to believe we had a future and we have taken steps so it will be a bright one."

Financial health and profitability

Houghton pointed out that the company's first-quarter results were break even, excluding one-time charges, "and our first quarter operating cash flow was positive." He praised management's efforts at reducing costs and eliminating slightly more than \$1 billion in debt over the past 15 months.

(more)

Corning Chairman tells Shareholders: "We are Succeeding"
Page Two

The chairman also outlined the company's progress toward its goal of returning to operating profitability, highlighting its broad and diverse business portfolio as a source of strength. "The two keys to our return to profitability will be the cost reduction from last year's restructuring and the momentum from businesses in what we call our Corning Technologies segment," he said. In

Edgar Filing: CORNING INC /NY - Form 8-K

particular, Houghton noted that the liquid-crystal display business, which creates the glass used in flat panel desktop computers, notebook computers and the new LCD televisions are beginning to revolutionize the communications industry. Houghton also said Corning's environmental products business is well positioned for continued global growth in both the automotive and diesel markets.

Houghton reaffirmed Corning's commitment to optical communications and said that the company expects growth of its telecommunications business to return over time.

He also told shareholders that the company is monitoring external trends across all of its markets, "...the timing of our recovery is affected, in great measure, by how the economy recovers in the wake of the war in Iraq. If world events continue to put a drain on consumer confidence, on our business expansions and on the general economy, both here and around the world, we will be affected too."

Investing in the future

Houghton reminded shareholders of the company's continued commitment to innovation, "And while we have dealt with our current day business challenges, we have continued to keep a steady eye on our future...today we are broadening our presence in exciting industries where we are already leaders." Among the areas he highlighted were new ways of making flat panel glass, new technologies in the diesel emission control market, new properties for producing optical fiber and improved processes to enable new generations of drug discovery.

Looking ahead Houghton said that while the company may continue to face challenging times, it will not change its three focus areas. "We firmly believe in the plan we have charted for ourselves and we will pursue it relentlessly, because it will pay off."

In other business, shareholders re-elected the following directors: James B. Flaws, vice chairman and chief financial officer, Corning Incorporated; James R. Houghton, chairman and chief executive officer, Corning Incorporated; Jeremy R. Knowles, Amory Houghton professor of chemistry and biochemistry, Harvard University; James J. O'Connor, retired chairman of the board and chief executive officer, Unicom Corporation; Deborah D. Rieman, retired president and chief executive officer, Check Point Software Technologies, Incorporated; and Peter F. Volanakis, president of Corning Technologies, Corning Incorporated.

(more)

Corning Chairman tells Shareholders: "We are Succeeding"
Page Three

Shareholders also approved the 2003 variable compensation plan, which is designed to provide a competitive incentive opportunity to attract and retain key executives; the 2003 equity plan for non-employee directors, which is designed to assist Corning in attracting and retaining highly qualified board members; and the amendment of the 2000 employee equity participation program,

Edgar Filing: CORNING INC /NY - Form 8-K

which permits employees to obtain equity ownership in Corning.

About Corning Incorporated

Established in 1851, Corning Incorporated (www.corning.com) creates leading-edge technologies that offer growth opportunities in markets that fuel the world's economy. Corning manufactures optical fiber, cable and photonic products in its Telecommunications segment. Corning's Technologies segment manufactures high-performance display glass, and products for the environmental, life sciences, and semiconductor markets.

Webcast Information

The company will host a live audio webcast of the 2003 annual meeting of shareholders in Corning, N.Y., available from 11 a.m. to 12:15 p.m. ET, April 24, 2003. To access the webcast, go to <http://www.corning.com> and click on the webcast icon. No password or registration is required. The webcast will be archived on the Web site for 14 days after the broadcast.

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 or fluctuations in global economic conditions; currency exchange rates; 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; capital spending by larger customers in the telecommunications industry and other business segments; the mix of sales between premium and non-premium products; possible disruption in commercial activities due to terrorist activity and armed conflict; ability to obtain financing and capital on commercially reasonable terms; acquisition and divestiture activities; the level of excess or obsolete inventory; the ability to enforce patents; product and components performance issues; and litigation. These and other 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.

###