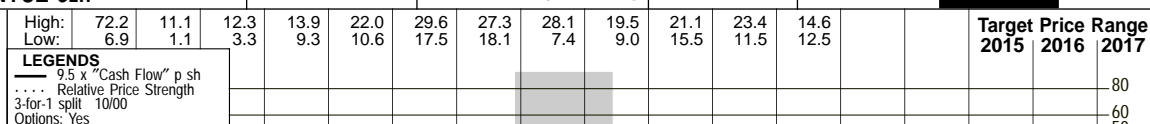


# CORNING INC. NYSE:GLW

RECENT PRICE **14.21** P/E RATIO **11.2** (Trailing: 8.0 Median: 17.0) RELATIVE P/E RATIO **0.71** DIV'D YLD **2.1%** **VALUE LINE**

**TIMELINESS** 3 Raised 1/27/12  
**SAFETY** 3 Raised 4/11/08  
**TECHNICAL** 3 Raised 3/30/12  
**BETA** 1.25 (1.00 = Market)



**2015-17 PROJECTIONS**  
 Price Gain Ann'l Total  
 High 30 (+110%) 23%  
 Low 20 (+40%) 11%

**Insider Decisions**

	M	J	J	A	S	O	N	D	J
to Buy	0	0	0	1	0	1	0	0	0
Options	2	0	0	1	0	0	0	3	0
to Sell	3	0	0	0	0	0	0	1	0

**Institutional Decisions**

	2Q2011	3Q2011	4Q2011
to Buy	373	357	349
to Sell	358	375	383
Hlds(000)	1236391	2223511	1140996

**LEGENDS**  
 - - - 9.5 x "Cash Flow" p sh  
 . . . Relative Price Strength  
 3-for-1 split 10/00  
 Options: Yes  
 Shaded areas indicate recessions

**Percent shares traded**  
 30  
 20  
 10

**% TOT. RETURN 2/12**  
 THIS STOCK VLARITH: INDEX  
 1 yr. -42.5 -0.4  
 3 yr. 28.6 163.8  
 5 yr. -32.9 31.7

1996	1997	1998	1999	2000	2001	2002	2003 <sup>P</sup>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
5.32	5.89	5.02	5.84	7.87	6.81	2.64	2.30	2.74	2.95	3.31	3.74	3.84	3.47	4.25	5.21	5.35	5.80	Revenues per sh	7.75
.92	1.09	.94	1.15	1.75	.90	.05	.47	.85	1.17	1.51	1.83	2.01	1.86	2.64	2.49	2.05	2.25	"Cash Flow" per sh	3.15
.50	.62	.50	.67	1.23	.17	d.33	.10	.45	.85	1.12	1.41	1.53	1.35	2.07	1.78	1.35	1.50	Earnings per sh <sup>A</sup>	2.25
.24	.24	.24	.24	.24	.12	--	--	--	--	--	.10	.20	.20	.20	.23	.30	.32	Div'ds Decl'd per sh	.50
.87	1.12	1.03	1.00	1.65	1.95	.30	.27	.61	1.00	.76	.80	1.24	.57	.65	1.61	1.75	1.75	Cap'l Spending per sh	1.95
1.38	1.78	2.14	3.01	11.50	5.88	3.79	4.01	2.65	3.61	4.63	6.06	8.68	10.01	12.41	13.91	15.00	16.25	Book Value per sh <sup>B</sup>	23.25
686.10	694.80	694.50	736.20	924.10	921.00	1197.0	1343.0	1408.0	1552.0	1565.0	1568.0	1548.0	1553.0	1561.0	1515.0	1500.0	1500.0	Common Shs Outst'g <sup>C</sup>	1550.0
24.7	25.4	24.3	33.8	58.1	NMF	--	77.3	26.0	19.0	20.7	16.7	12.9	10.8	8.8	9.8	8.8	9.8	Avg Ann'l P/E Ratio	12.0
1.55	1.46	1.26	1.93	3.78	NMF	--	4.41	1.37	1.01	1.12	.89	.78	.72	.56	.62	.62	.62	Relative P/E Ratio	.80
1.9%	1.5%	2.0%	1.1%	.3%	.6%	--	--	--	--	--	.4%	1.0%	1.4%	1.1%	1.3%	1.3%	1.3%	Avg Ann'l Div'd Yield	.8%

**CAPITAL STRUCTURE as of 12/31/11**  
 Total Debt \$2391 mill. Due in 5 Yrs \$558.0 mill.  
 LT Debt \$2364 mill. LT Interest \$95.0 mill.  
 (Capital lease obligations are \$397 million)  
 (LT interest earned: about 25X)  
 Leases, Uncapitalized Annual rentals \$42.4 mill.  
 Pension Assets-12/11 \$2770 mill. Oblig. \$3224 mill.  
 Pfd Stock None  
 Common Stock 1,518,270,483 shs.  
 as of 1/31/12  
 MARKET CAP: \$21.6 billion (Large Cap)

3164.0	3090.0	3854.0	4579.0	5174.0	5860.0	5948.0	5395.0	6632.0	7890.0	8000	8700	Revenues (\$mill)	12000
.7%	12.5%	24.1%	28.0%	28.6%	31.7%	33.0%	26.3%	34.2%	35.5%	34.0%	35.0%	Operating Margin	36.5%
618.0	517.0	523.0	512.0	580.0	597.0	684.0	782.0	846.0	957.0	1000	1050	Depreciation (\$mill)	1200
d348.0	128.0	674.0	1299.0	1785.0	2267.0	2424.0	2114.0	3275.0	2820.0	2100	2315	Net Profit (\$mill)	3660
--	--	34.0%	18.3%	14.5%	10.4%	13.1%	3.1%	3.0%	12.9%	20.0%	20.0%	Income Tax Rate	20.0%
NMF	4.1%	17.5%	28.4%	34.5%	38.7%	40.8%	39.2%	49.4%	35.7%	26.3%	26.6%	Net Profit Margin	30.5%
2145.0	1141.0	945.0	1644.0	2479.0	2782.0	2567.0	3982.0	6873.0	6580.0	6610	6785	Working Cap'l (\$mill)	9900
3963.0	2668.0	2214.0	1789.0	1696.0	1514.0	1527.0	1930.0	2262.0	2364.0	2920	3400	Long-Term Debt (\$mill)	3600
4691.0	5464.0	3816.0	5609.0	7246.0	9496.0	13443	15543	19375	21078	22530	24395	Shr. Equity (\$mill)	36000
NMF	2.3%	12.1%	18.3%	20.4%	21.0%	16.4%	12.3%	15.4%	12.3%	8.5%	8.5%	Return on Total Cap'l	9.5%
NMF	2.3%	17.7%	23.2%	24.6%	23.9%	18.0%	13.6%	16.9%	13.4%	9.5%	9.5%	Return on Shr. Equity	10.0%
NMF	2.0%	17.9%	23.2%	24.6%	22.2%	15.7%	11.6%	15.3%	11.7%	7.5%	7.5%	Retained to Com Eq	8.0%
NMF	15%	1%	--	--	7%	13%	15%	10%	13%	21%	20%	All Div'ds to Net Prof	21%

**CURRENT POSITION**

	2009	2010	12/31/11
Cash Assets	3583.0	6350.0	5825.0
Receivables	753.0	973.0	1082.0
Inventory (LIFO)	579.0	738.0	975.0
Other	606.0	798.0	795.0
Current Assets	5521.0	8859.0	8677.0
Accts Payable	550.0	798.0	977.0
Debt Due	74.0	57.0	27.0
Other	915.0	1131.0	1093.0
Current Liab.	1539.0	1986.0	2097.0

**ANNUAL RATES**

Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11	
change (per sh)		'10-'11	
Revenues	-4.5%	7.5%	10.5%
"Cash Flow"	6.5%	14.5%	5.0%
Earnings	9.5%	16.5%	4.5%
Dividends	0.5%	--	15.5%
Book Value	6.0%	27.0%	11.5%

**QUARTERLY REVENUES (\$mill.)**

Calendar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2009	989	1395	1479	1532	5395
2010	1553	1712	1602	1765	6632
2011	1923	2005	2075	1887	7890
2012	1910	2000	2025	2065	8000
2013	2110	2150	2190	2250	8700

**EARNINGS PER SHARE <sup>A</sup>**

Calendar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2009	.10	.39	.42	.44	1.35
2010	.52	.58	.51	.46	2.07
2011	.47	.48	.51	.32	1.78
2012	.30	.30	.35	.40	1.35
2013	.35	.35	.40	.40	1.50

**QUARTERLY DIVIDENDS PAID<sup>B</sup>**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.05	.05	.05	.05	.20
2009	.05	.05	.05	.05	.20
2010	.05	.05	.05	.05	.20
2011	.05	.05	.05	.075	.23
2012	.075				

**BUSINESS:** Corning Inc. operates in five segments: Display Technologies (40% of '11 sales), glass substrates for liquid crystal displays; Telecommunications (26%), optical fiber/cable, hardware, equipment; Environmental Technologies (13%), emission-control substrates; Specialty Materials (14%), semiconductor optics; Life Sciences (7%), plastic labware, & Non-segment (less than 1%).

**Corning Inc. should remain a cash cow, but we are cutting our 2012 and 2013 estimates.** Corning spent over \$1 billion dollars in 2011 on share buybacks and dividends. It also plans to continue repurchasing if management believes GLW stock is undervalued. However, most glass display makers like Corning are cutting output by about 25% right now. Cost pressures caused by the maturation of the flat-panel television business bode ill for the company in the short term.  
**Corning foresees further double-digit drops in the first quarter in glass display prices affecting its biggest segment, Display Technologies.** Similarly, earnings from equity (Corning has a joint venture with Samsung in making displays) are expected to be significantly lower in the opening period. As a result, we cut our share-net target by 17%, to \$0.30. Also, Corning's relatively low tax rate should increase this year to more normal levels, from 15% to 20%. Revenues should rise to about \$8 billion, thanks to the company's other segments. As for the balance sheet, the company expects to increase its debt by about \$750 million worth of un-

secured notes. All told, 2012 results should be decidedly weaker than the healthy performance turned in in 2010 and 2011, as we now look for share net of \$1.35, \$0.40 less than our last estimate.  
**For 2013, we are introducing an earnings estimate of \$1.50, as the company works to improve profitability.** Weakness in Display Technologies should keep overall income restrained. Longer term, the company's other segments ought to make up for some of the softness in the display panel business, helping the rebound we envision. For the next 3 to 5 years, we especially like the Telecommunications segment's potential, which should benefit from more demand for fiber optics, as well as the prospects for the company's proprietary Gorilla Glass technology, a thin and resistant type of glass for mobile devices. All told, our share-net estimate for the 2015-2017 period is \$2.25.  
**Given our outlook, neutrally ranked Corning shares offer better-than-average capital appreciation,** but conservative investors should remain wary of softness in GLW's biggest segment.  
 Marek Mscichowski  
 April 6, 2012

(A) Avg. shs. outst. to '96; dil. thereafter. Excl. nonrecurring: '98, d4c; '99, 1c; '00, d77c; '01, d\$6.00; '02, d\$1.52; '03, d28c; '04, d\$2.02; '05, d47c; '06, 4c; '07, d7c; '08, \$1.79; '09, d7c; '10, 18c; Q2'11, d1c; Q3'11, 3c. Excl. disc. oper.: '96, d25c; '98, 9c; '00, 2c; '02, 46c; '04, 1c. 2008 earnings do not sum due to rounding. Next earnings report due early May. (B) Div'ds historically paid in late Mar., June, and Sept., and mid-Dec. (C) In mill., adj. for stock split. (D) 2002 revenues restated for disc. operation.