

Standard and Poor's Information

Corning Inc

12-Apr-12 • NYSE Symbol **GLW** • In **S&P 500**

Business Summary

CORPORATE OVERVIEW. Corning (GLW) is a maker of high-technology fiber optics for the global telecom industry and high-performance glass components for the personal computer and television manufacturing industries. Results are reported in the following primary business segments: display technologies (40% of sales in 2011), telecommunications (26%), specialty materials (14%), environmental technologies (13%), and life sciences (8%).

PRIMARY BUSINESS DYNAMICS. The display technologies segment manufactures glass substrates for active matrix liquid crystal displays (LCDs), which are used primarily in notebook computers, flat panel desktop monitors and LCD televisions. Large substrates (Generation 5 and higher) allow LCD manufacturers to produce a greater number of larger panels from each substrate. The larger size leads to economies of scale for LCD manufacturers and has enabled lower display prices for consumers, which may continue in the future. During the second quarter of 2010, volumes rose more than 10% from a strong first quarter, but GLW experienced some pressure in the second half of 2010 as capacity utilization at key customers slowed. Strong demand helped support GLW's gross margin expansion in 2009 and the first half of 2010, but margins narrowed in the second half of 2010. In the first half of 2011, display sales declined 4%, hurt by temporary curtailment of LCD production by Sharp. However, while segment sales rose in the second half of 2011, there was

pressure at the LCD joint venture, hurting equity earnings.

The telecom segment produces optical fiber and cable, and hardware and equipment, including cable assemblies, fiber optic hardware and components. We believe demand for fiber-to-the-premise products in 2009 and 2010 was driven by demand from China and the U.S., while growth in 2011 came largely from new markets such as Australia. Revenues in this segment rose 21% in 2011.