

CORNING INC /NY
Form 10-Q
July 27, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 1-3247

CORNING INCORPORATED

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of incorporation or organization)

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)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes

No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer	Accelerated filer	..
Non-accelerated filer	Smaller reporting company	..

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of July 15, 2016
Corning's Common Stock, \$0.50 par value per share	1,036,877,161 shares

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CORNING INCORPORATED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited; in millions, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Net sales	\$ 2,360	\$ 2,343	\$ 4,407	\$ 4,608
Cost of sales	1,409	1,368	2,692	2,704
Gross margin	951	975	1,715	1,904
Operating expenses:				
Selling, general and administrative expenses	499	337	802	653
Research, development and engineering expenses	192	191	382	380
Amortization of purchased intangibles	15	16	29	28
Restructuring, impairment and other charges	(2)		78	
Operating income	247	431	424	843
Equity in earnings of affiliated companies	41	62	100	156
Interest income	6	5	12	10
Interest expense	(40)	(33)	(81)	(63)
Translated earnings contract (loss) gain, net	(1,201)	162	(2,058)	191
Gain on realignment of equity investment	2,676		2,676	
Other expense, net	(26)	(21)	(42)	(38)
Income before income taxes	1,703	606	1,031	1,099
Benefit (provision) for income taxes (Note 5)	504	(110)	808	(196)
Net income attributable to Corning Incorporated	\$ 2,207	\$ 496	\$ 1,839	\$ 903
Earnings per common share attributable to Corning Incorporated:				
Basic (Note 6)	\$ 2.06	\$ 0.38	\$ 1.66	\$ 0.68
Diluted (Note 6)	\$ 1.87	\$ 0.36	\$ 1.53	\$ 0.65
Dividends declared per common share (1)	\$ 0.135	\$ 0.12	\$ 0.27	\$ 0.12

(1) The first quarter 2015 dividend was declared on December 3, 2014.

The accompanying notes are an integral part of these consolidated financial statements.

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CORNING INCORPORATED AND SUBSIDIARY COMPANIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Unaudited; in millions)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Net income attributable to Corning Incorporated	\$ 2,207	\$ 496	\$ 1,839	\$ 903
Foreign currency translation adjustments and other	196	(40)	624	(296)
Net unrealized (losses) gains on investments	(1)		(3)	1
Unamortized gains (losses) and prior service credits (costs) for postretirement benefit plans	265	5	265	