

The business outlook improved more clearly than the prospective risk-adjusted stock return.

1 | KEY RESULTS VS. CONSENSUS

Metric	Reported	Consensus	vs. Cons.
Revenue	\$5.081 billion	\$5.02 billion	+1.2%
Net Income (vs. Year Ago)	\$795 million	\$585 million	+35.9%
Diluted EPS	91c	89c	+2.2%
SEGMENT REVENUE			
Optical Communications	\$2.379 billion	\$2.22 billion	+7.2%
Glass Innovations	\$1.506 billion	N/A	N/A
Automotive	\$470 million	\$464.4 million	+1.2%
Solar	\$436 million	N/A	N/A
Life Sciences and Emerging Growth Businesses	\$290 million	N/A	N/A

2 | GUIDANCE AND OUTLOOK

Q4 core sales guidance is \$5.2 billion to \$5.3 billion, with core EPS of \$0.96 to \$1.00 versus consensus of \$0.93. Optical should generate the majority of growth. Solar improvement is now gradual through 2027; management did not clearly reaffirm the prior end-2027 corporate-average margin objective. Display-glass price increases should not contribute materially in Q4. The \$30 billion 2028 and \$40 billion 2030 internal-plan aspirations were reiterated, not raised; optical scale-up acceleration remains expected in 2028.

3 | EARNINGS ANALYSIS

OPTICAL CARRIED THE BEAT. Optical revenue exceeded consensus by approximately \$159 million, while the rest of the company collectively missed the residual expectation by approximately \$98 million. Optical generated approximately 90% of consolidated revenue growth and more than 100% of core net income growth before offsets elsewhere. Faster adoption, premium products and realized pricing drove performance, not simply fiber volume. The sales milestone had already been previewed in September, limiting its novelty as an earnings catalyst.

QUALITY IMPROVED, WITH QUALIFICATIONS. Core operating margin rose to 22.7% from 19.6% a year earlier, supported by gross profitability and expense leverage. But below-segment effects represented approximately 28% of core net income growth. Management rejected unusual allocation changes without fully reconciling the \$59 million residual improvement, which should not be assumed to recur. Core currency methodology changed in April without recasting prior-year results. GAAP earnings improved materially too, but core comparisons are not fully constant-methodology comparisons.

SOLAR MISSED ITS MILESTONE. Sales were essentially unchanged sequentially and solar again lost \$7 million, despite July expectations of improving earnings beginning in Q3. Gradual improvement replaces a precise recovery commitment; this is not an explicit withdrawal or quantified guidance cut. Glass Innovations and Automotive also suffered deteriorating profitability. Optical margins may improve further, but startup costs and manufacturing learning limit extrapolation of exceptional incrementals. The Q4 earnings outlook remains principally an optical execution and consolidated leverage case.

ADJUSTED CASH NEEDS DISTINCTION. Adjusted free cash flow was \$661 million, versus \$516 million of operating cash flow less capital expenditure. The customer-deposit and government-incentive line was a \$70 million quarterly outflow, not a cash-generation boost. Capital expenditure reached \$545 million against an approximately \$2 billion full-year plan.

ADVANCES SHARE EXPANSION RISK. Customer advances fund the majority of non-maintenance investment but are returned through committed purchases, changing cash timing rather than lifetime revenue. Contractual protections were not quantified; customer funding reduces investment risk without eliminating manufacturing, counterparty or technology risk.

BETTER BUSINESS, CONSTRAINED RETURNS. Elevated valuation, increasing optical concentration and unresolved solar execution constrain prospective risk-adjusted stock returns despite the improved business outlook.

4 | KEY READ-THROUGHS

HIGH-DENSITY CONNECTIVITY CAPTURES MORE VALUE PER DEPLOYMENT
Amphenol (APH), Fujikura (5803) | Positive | Material
Gen AI product sales grew more than 100%, with new products generating more revenue per element of capacity. Denser AI clusters require more assemblies, connectors and termination systems; products saving space and installation time capture engineering value beyond fiber volume. Amphenol and Fujikura have verified optical-connectivity exposure, but Corning customer commitments cannot be transferred to competitors. Specialists benefit; commodity fiber capacity alone is insufficient.

ACTIVE OPTICS HAVE A CURRENT SCALE-OUT GROWTH ENGINE
Lumentum (LITE), Coherent (COHR) | Positive | Potentially substantial
Current scale-out deployments already support lasers, receivers, optical engines and transceivers; optical scale-up is an additional opportunity, not the sole justification for current growth. Management contrasted approximately 16 with approximately 160 fibers per GPU and reiterated acceleration in 2028. This validates optical functionality demand, not a 10x supplier revenue forecast or permanent protection for every existing module format. Co-packaged optics can redistribute value between modules, engines and external lasers.

EXISTING CONDUIT BECOMES MORE VALUABLE
Lumen (LUMN) | Positive | Material; moderate near-term earnings significance
Approximately 2x to 4x more fiber within existing conduit can expand sellable connectivity without proportionate civil-engineering expense. Lumen has a verified Corning relationship for its intercity network and Private Connectivity Fabric. The benefit is better utilization of existing rights-of-way and faster deployment, not an equivalent revenue multiplier. Construction, activation and recognition timing limit the near-term earnings implication. This validates deployment economics, not a new Lumen contract announcement.

PC REVENUE CAN RISE WHILE UNIT AND MARGIN ECONOMICS DETERIORATE
HP Inc. (HPQ) | Negative | Material
Notebook and handheld units fell approximately 20%, with memory prices suppressing affordability. Passing higher component costs through threatens volumes; absorbing them threatens margins. HP already reported Personal Systems revenue growth of 18% despite units falling 16% and a 4.6% operating margin. Corning extends the demand-pressure evidence, but HP raised its full-year outlook; this is not an automatic guidance cut. Watch subsequent pricing, procurement actions, channel inventory and margin recovery.