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Morgan Stanley | RESEARCH

UPDATE

September 29, 2026 10:41 PM GMT

Corning Inc | North America

Another LTA Adds Strand of Strength to Optical Business

Recent LTAs, including the T announcement yesterday, reinforce robust demand for fiber and GLW's approach to investment backed by underlying LTAs. Stock movement to be driven by pace of capacity expansions and new margin accretive innovations, but we are encouraged by LTAs that add duration to buildout.

Recent deals add better long-term visibility; stock movement to be driven more by pacing of capacity additions/margins. New agreements across major carrier and DCI customers extend demand well beyond the current year, with AT&T committing more than $3B under a multi-year agreement in an announcement yesterday, Verizon securing more than 80M fiber miles through 2032 and a new NVDA-backed route supporting a meaningful portion of its 15,000 route-mile expansion through 2030 (Exhibit 1). While many of these agreements are with long standing existing customers, expanded commitments from existing customers also reinforce GLW's entrenched position across large network operators, giving us greater confidence in a return toward MSD Carrier growth as incremental capacity comes online. Appreciation past base case to our bull case is to be driven by the pace of capacity additions accelerating, with margin accretive innovations seeing more adoption.

Supply constraints and project timelines may drive an uneven growth profile. Recent 2Q results highlight how growth can shift within Optical Communications, with Enterprise up 65% y/y as AI-related demand from customers, including Meta, Amazon and NVDA, continues to ramp, while Carrier was roughly flat. Recent commitments from AT&T, Verizon, LUMN and a NVDA buildout partner give us confidence Carrier can revert toward management's MSD growth target, with the softer 2Q result looking more like a function of project timing rather than weaker underlying demand (after a very strong Q1). As both Enterprise and Carrier requirements build against a constrained supply base, quarterly growth could remain uneven until incremental fiber and connectivity capacity comes online.

Incremental margins to see some volatility as buildouts occur. In order to support optical business buildout, GLW is stepping up capex investments, with capex set to increase $800mm Y/Y. Start-up costs and higher depreciation are likely to weigh on incremental margins, as we saw in Q2, though we should start to see leverage by Q4 as capacity ramps (e.g. cycles of below average incremental margins for two quarters, above average incremental margins for two quarters). Relative to peers such as Fujikura, GLW appears to be monetizing tight supply more through long-term volume commitments than near-term price increases, limiting immediate pricing upside but improving demand visibility. Overall pricing discipline should support share retention as industry demand continues to grow, with margin leverage coming over time on increased innovations, particularly as the company

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Corning Inc (GLW.N, GLW UN)

Telecom & Networking Equipment | United States of America

Stock Rating	**Equal-weight**
Industry View	**In-Line**
Price target	**$165.00**
Shr price, close (Sep 29, 2026)	$158.71
Mkt cap, curr (mm)	$138,871
52-Week Range	$271.38-77.41

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
ModelWare EPS ($)	2.54	3.28	4.21	5.50
EPS ($)**	2.54	3.28	4.21	5.50
Prior EPS ($)**	-	-	-	-
P/E	34.5	48.4	37.7	28.8
EPS ($)§	2.52	3.29	4.34	5.91
Div yld (%)	1.3	0.8	0.8	0.8

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

QUARTERLY EPS ($)

Quarter	2025	2026e Prior	2026e Current	2027e Prior	2027e Current
Q1	0.54	-	0.70a	-	0.93
Q2	0.60	-	0.78a	-	1.01
Q3	0.67	-	0.89	-	1.12
Q4	0.72	-	0.91	-	1.16

e = Morgan Stanley Research estimates, a = Actual Company reported data

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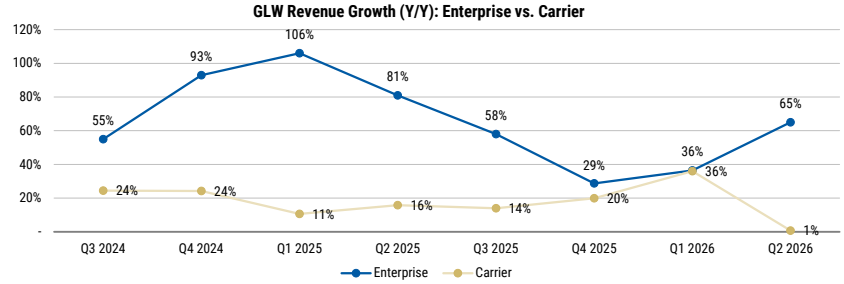
moves into Photonics.

Exhibit 1: Expanded agreements with existing customers reinforce GLW's longstanding relationships across major network operators

GLW Deal Announcements				
Customer	**Announcement Date**	**Value**	**Term**	**Scope**
AT&T	Sep 29, 2026	>$3B	Multi-year	Fiber + cable for FTTH build (60M locations by 2030)
Verizon	Sep 8, 2026	Multi-$B	2027–32	80M+ fiber miles (~13M/yr)
NVDA-backed builder	Aug 20, 2026	N/A	Through 2030	Share of ~20M fiber-mile AI long-haul build

Source: Company data, Morgan Stanley Research

Exhibit 2: AT&T, Verizon and Zayo deals should support growth inflection in the Carrier business should capacity expansion keep up



Source: Company data, Morgan Stanley Research

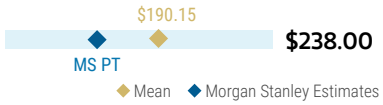
Risk Reward – Corning Inc (GLW.N)

Exp'd Margin Leverage and Scale-Up Opportunity Driving Stock Towards Bull Case

PRICE TARGET $165.00

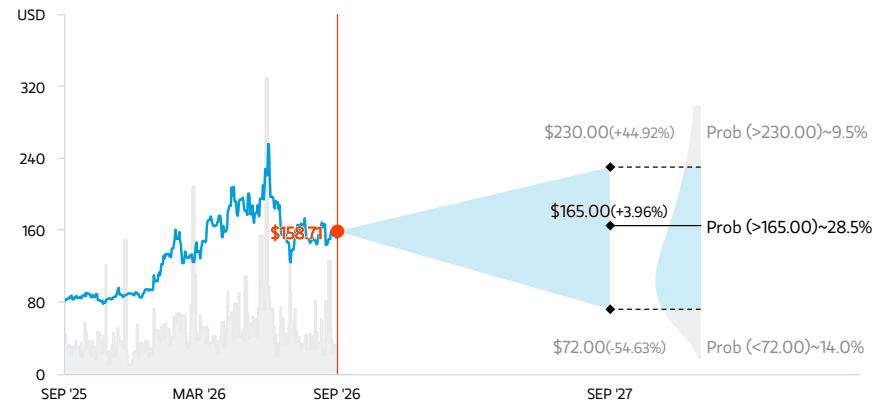
Our base case valuation reflects ~30x on FY28 Base Case earnings power of ~$5.50 Our multiple represents a premium to GLW's traditional trading range over the last 10 years given AI megatrend.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



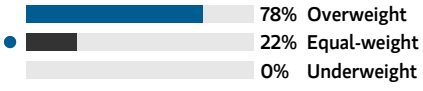
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 29 Sep 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

EQUAL-WEIGHT THESIS

- Display business, which generates majority of earnings, operates efficiently. Additional currency related price increases support margins.
- Optical business sees resumption in growth as carrier fiber deployments pick up, and also benefits from AI datacenter demand for fiber.
- Consumer businesses see slow recovery, particularly given weaker macro

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Pricing Power:	*Positive*
Secular Growth:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $230.00

~35x 28e MSe Bull Case Core EPS ($6.5)

Upside to estimates driven higher margins / CPO adoption than expected; solar margins improve meaningfully. Our Bull Case reflects meaningful upside to Springboard and greater recognition of Solar / CPO/photonics opportunity, with a greater pass through of margins as Solar overhang quickly dissipates, CPO adoption greater than expected. Also gives credit for upside from unknown US manufacturing project. Premium to historical trading range given AI opportunity.

BASE CASE $165.00

~30x 28e Base Case Earning Power

Continues to see upside to optical demand; CPO material by 2028. GLW remains well exposed to various LT secular trends, with fiber pass through to margins being slightly better than expected. In this scenario, FY28e core EPS seen at $5.50. Our multiple represents a premium to GLW's traditional trading range over the last 10 years given accelerated growth and AI opportunity.

BEAR CASE $72.00

~16x Bear Case 28e EPS ($4.5)

Slowdown in AI spending. Broadly speaking, growth challenged given macro headwinds, particularly in consumer exposed businesses; AI spend curtailed as bottlenecks or spending caution emerges. In this scenario, FY28e core EPS seen at $4.5. Multiple of 16x is closer to GLW's average trading range since 2010.

Risk Reward – Corning Inc (GLW.N)

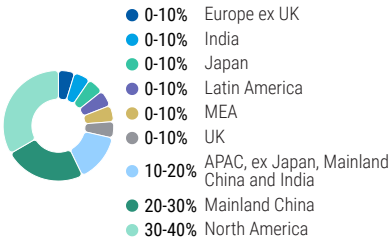
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Total Revenue ($, mm)	15,629	18,398	21,907	26,689
Gross Margin (%)	36.0	36.9	38.1	38.6
Free Cash Flow ($, mm)	1,413	1,796	1,378	1,534
EPS Growth Y/Y (Non-GAAP) (%)	29.0	29.3	28.5	30.6

INVESTMENT DRIVERS

- Optical fiber deployments from service providers
- Consumer spending (mobile devices, TVs)
- Incremental adoption of core technologies (glass, ceramics, optical physics) across more end markets / verticals (i.e. auto glass)

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

5/5 **BEST**	24 Month Horizon	5/5 **MOST**	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Acceleration in AI capex data points continue
- Margins improve on fiber business as enter more into data center opportunity
- CPO adoption greater than expected
- Solar overhang on wafers quickly dissipates

RISKS TO DOWNSIDE

- Delay in fiber deployment / AI plans
- Alternatives to CPO found in scale-up
- Macro disruption challenges pricing / margins, cash flow generation
- Pricing discipline dissipates in display

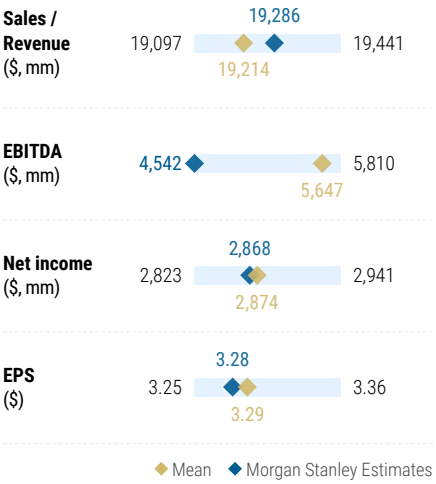
OWNERSHIP POSITIONING

Inst. Owners, % Active	53.6%
HF Sector Long/Short Ratio	2.2x
HF Sector Net Exposure	30.6%

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MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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(as of August 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1555	42%	450	48%	29%	767	44%
Equal-weight/Hold	1577	43%	395	42%	25%	770	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	559	15%	93	10%	17%	216	12%
Total	3,694		939			1754	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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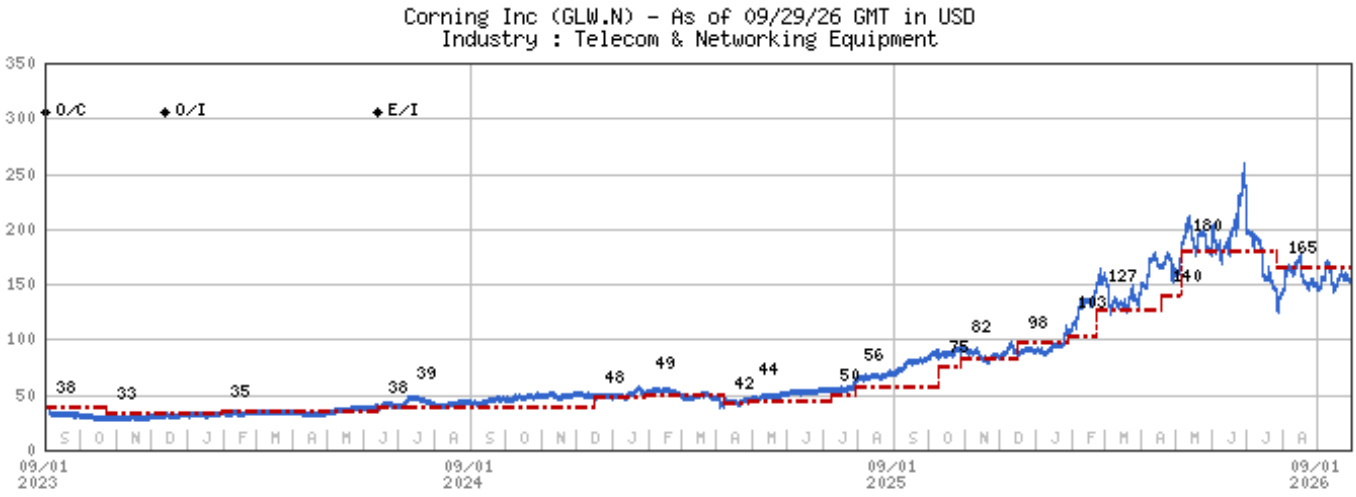
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 9/1/21 : E/I; 4/12/22 : E/C; 6/9/23 : O/C; 12/13/23 : O/I; 6/13/24 : E/I

Price Target History: 7/27/21 : 42; 10/26/21 : 40; 10/11/22 : 36; 12/13/22 : 35; 6/9/23 : 38; 10/24/23 : 33; 1/30/24 : 35; 6/13/24 : 38; 7/8/24 : 39; 12/17/24 : 48; 1/29/25 : 49; 4/8/25 : 42; 4/29/25 : 44; 7/8/25 : 50; 7/29/25 : 56; 10/10/25 : 75; 10/28/25 : 82; 12/17/25 : 98; 1/28/26 : 103; 2/23/26 : 127; 4/19/26 : 140; 5/7/26 : 180; 7/28/26 : 165

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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INDUSTRY COVERAGE: Telecom & Networking Equipment

COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/29/2026)
Meta A Marshall		
Arista Networks (ANET.N)	O (10/31/2023)	$202.86
Axon Enterprise Inc (AXON.O)	O (12/03/2024)	$419.58
Ciena Corporation (CIEN.N)	E (10/10/2025)	$354.92
Cisco Systems Inc (CSCO.O)	O (04/08/2024)	$106.94
Coherent Corp (COHR.N)	E (12/13/2023)	$292.21
Corning Inc (GLW.N)	E (06/13/2024)	$158.71
F5 Inc (FFIV.O)	E (04/12/2022)	$438.07
Keysight Technologies Inc (KEYS.N)	O (07/13/2026)	$360.65
Lumentum Holdings Inc (LITE.O)	E (05/12/2021)	$973.49
Motorola Solutions Inc (MSI.N)	O (12/17/2025)	$446.12
Zebra Technologies Corporation (ZBRA.O)	E (12/02/2024)	$375.97

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* Historical prices are not split adjusted.

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