

CORNING INC /NY  
Form DEF 14A  
March 01, 2005  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. \_\_)**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

.. Soliciting Material Pursuant to §240.14a-12

**Corning Incorporated**

---

(Name of Registrant as Specified In Its Charter)

---

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

---

(2) Aggregate number of securities to which transaction applies:

---

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

---

(4) Proposed maximum aggregate value of transaction:

---

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

---

(2) Form, Schedule or Registration Statement No.:

---

(3) Filing Party:

---

(4) Date Filed:

---

Table of Contents

**Notice of 2005  
Annual Meeting of Shareholders  
and Proxy Statement**

**Table of Contents**

**NOTICE OF 2005 ANNUAL MEETING**

**AND PROXY STATEMENT**

**TABLE OF CONTENTS**

**ABOUT THE MEETING**

3

Why Did You Send Me This Proxy Statement?

When Is The Annual Meeting?

What Am I Voting On?

How Do You Recommend That I Vote On These Items?

Who Is Entitled To Vote?

How Many Votes Do I Have?

How Do I Vote By Proxy Before The Meeting?

May I Vote My Shares In Person At The Meeting?

May I Change My Mind After I Vote?

What Shares Are Included On My Proxy Card?

How Do I Vote If I Participate In The Corning Investment Plan?

How Do I Vote If My Broker Holds My Shares In Street Name ?

Will My Shares Held In Street Name Be Voted If I Do Not Provide My Proxy?

What If I Return My Proxy Card Or Vote By Internet Or Phone But Do Not Specify How I Want To Vote?

What Does It Mean If I Received More Than One Proxy Card?

Who May Attend The Meeting?

May Shareholders Ask Questions At The Meeting?

How Many Shares Must Be Present To Hold The Meeting?

How Many Votes Are Needed To Elect Directors?

How Many Votes Are Needed To Approve The Adoption Of The 2005 Employee Equity Participation Program?

How Many Votes Are Needed To Ratify The Appointment Of PricewaterhouseCoopers LLP As Our Independent Auditors?

What Is A Broker Non-Vote ?

How Will Broker Non-Votes Be Treated?

How Will Abstentions Be Treated?

How Will Voting On Any Other Business Be Conducted?

Who Pays For The Solicitation Of Proxies?

How Can I Find The Voting Results Of The Meeting?

How Do I Submit A Shareholder Proposal For, Or Nominate A Director For Election At, Next Year's Annual Meeting?

Are You Household For Shareholders Sharing The Same Address?

**PROPOSAL 1 Election of Directors**

8

**Nominees For Election as Directors**

8

**Directors Continuing in Office**

9

**Matters Relating to Directors**

11

**Board Meetings**

**Compensation**

**Board Committees**

**Corporate Governance Matters**

14

**Corporate Governance Guidelines**

**Directors Independence**

**Table of Contents**

<u>Communications with Directors</u>	
<u>Audit Committee Financial Expert</u>	
<u>Executive Sessions of Non-Employee Directors</u>	
<u>Policy Regarding Directors Attendance at Annual Meetings</u>	
<u>Code of Ethics</u>	
<u>Security Ownership of Certain Beneficial Owners</u>	16
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	18
<u>Report of the Compensation Committee of the Board of Directors on Executive Compensation</u>	18
<u>Performance Graph</u>	24
<u>Executive Compensation</u>	25
<u>Summary Compensation Table</u>	
<u>Option/SAR grants in last fiscal year</u>	
<u>Aggregated Options/SAR Exercises in Last Fiscal Year and Fiscal Year-End Options/SAR Values</u>	
<u>Long Term Incentive Plans-Awards in Last Fiscal Year</u>	
<u>Pension Plan</u>	27
<u>Arrangements with Named Executive Officers</u>	29
<u>PROPOSAL 2 Approval Of The 2005 Employee Equity Participation Program</u>	30
<u>Equity Compensation Plan Information</u>	34
<u>Report of Audit Committee of the Board of Directors</u>	34
<u>Independent Auditors</u>	36
<u>Fees Paid to Independent Auditors</u>	
<u>Policy Regarding Audit Committee Pre-Approval of Audit and Permitted Non-audit Services of Independent Auditors</u>	
<u>PROPOSAL 3 Ratification of Appointment of Independent Auditors</u>	36
<u>Other Matters</u>	37
<u>Certain Business Relationships</u>	
<u>Incorporation by Reference</u>	
<u>Additional Information</u>	
<u>APPENDIX A</u>	A-1
<u>APPENDIX B</u>	B-1
<u>APPENDIX C</u>	C-1
<u>APPENDIX D</u>	D-1
<u>APPENDIX E</u>	E-1

**Table of Contents**

<u>APPENDIX F</u>	F-1
<u>APPENDIX G</u>	G-1
<u>APPENDIX H</u>	H-1
<u>APPENDIX I</u>	I-1

**Table of Contents**

Notice of 2005

Annual Meeting of Shareholders  
and Proxy Statement

**Notice of Annual Meeting**

**To Shareholders of Corning Incorporated:**

You are cordially invited to attend the Annual Meeting of Corning Incorporated which will be **held in The Corning Museum of Glass Auditorium, Corning, New York, on Thursday, April 28, 2005 at 11:00 o clock A.M.** The principal business of the meeting will be:

- (1) To elect four Directors for three-year terms;
- (2) To approve the adoption of the 2005 Employee Equity Participation Program;
- (3) To ratify the appointment of PricewaterhouseCoopers LLP as Corning's independent auditors for fiscal year ending December 31, 2005;  
and
- (4) To transact such other business as may properly come before the meeting.

Your vote is important to us. Please vote by one of the following methods whether or not you plan to attend the meeting:

Via the internet.

By telephone.

By (see instructions on proxy card) returning the enclosed proxy card.

By order of the Board of Directors.



Denise A. Hauselt

Secretary and Assistant General Counsel

Corning Incorporated

One Riverfront Plaza

Corning, New York 14831

March 1, 2005

**Table of Contents**

**About the Meeting**

***Why Did You Send Me This Proxy Statement?***

We sent you this proxy statement and the enclosed proxy card because our Board of Directors is soliciting your proxy to vote at the 2005 Annual Meeting of Shareholders. This proxy statement summarizes information concerning the matters to be presented at the meeting and related information that will help you make an informed vote at the meeting. This proxy statement and the accompanying proxy card are first being mailed to shareholders on or about March 8, 2005.

***When Is The Annual Meeting?***

The annual meeting will be held on Thursday, April 28, 2005, at 11:00 a.m., EST, at The Corning Museum of Glass Auditorium, Corning, New York.

***What Am I Voting On?***

At the annual meeting, you will be voting:

To elect four directors for three year terms;

To approve the adoption of the 2005 Employee Equity Participation Program;

To ratify the Board's appointment of PricewaterhouseCoopers LLP as our independent auditors for the fiscal year ending December 31, 2005; and

Any other matter, if any, as may properly come before the meeting and any adjournment or postponement of the annual meeting.

***How Do You Recommend That I Vote On These Items?***

The Board of Directors recommends that you vote **FOR** each of the director nominees, **FOR** the adoption of the 2005 Employee Equity Participation Program and **FOR** the ratification of the Board's appointment of PricewaterhouseCoopers LLP as our independent auditors for the

fiscal year ending December 31, 2005.

***Who Is Entitled To Vote?***

You may vote if you owned our common shares as of the close of business on March 1, 2005, the record date for the annual meeting.

***How Many Votes Do I Have?***

You are entitled to one vote for each common share you own. As of the close of business on February 2, 2005, we had 1,409,728,400 common shares outstanding. The shares held in our treasury are not considered outstanding and will not be voted or considered present at the meeting.

***How Do I Vote By Proxy Before The Meeting?***

Before the meeting, you may vote your shares in one of the following three ways:

By Internet at [www.computershare.com/us/proxy](http://www.computershare.com/us/proxy).

By Telephone (from the United States and Canada only) at 1(866) 516-0979.

By mail by completing, signing, dating and returning the enclosed proxy card in the postage paid envelope provided.

**Table of Contents**

**Please refer to the proxy card for further instructions on voting via the Internet and by Telephone.**

**Please use only one of the three ways to vote.**

Please follow the directions on your proxy card carefully. If you hold shares in the name of a broker, your ability to vote those shares by Telephone or via the Internet depends on the voting procedures used by your broker, as explained below under the question *How Do I Vote If My Broker Holds My Shares In Street Name?* The New York Business Corporation Law provides that a shareholder may appoint a proxy by electronic transmission, so we believe that the Telephone and Internet voting procedures available to shareholders are valid and consistent with the requirements of applicable law.

***May I Vote My Shares In Person At The Meeting?***

Yes. You may vote your shares at the meeting if you attend in person, even if you previously submitted a proxy card or voted by Internet or Telephone. Whether or not you plan to attend the meeting, however, we encourage you to vote your shares by proxy before the meeting.

***May I Change My Mind After I Vote?***

Yes. You may change your vote or revoke your proxy at any time before the polls close at the meeting. You may change your vote by:

signing another proxy card with a later date and returning it to Corning's Corporate Secretary at One Riverfront Plaza, Corning, NY 14831, prior to the meeting;

voting again by Telephone or via the Internet prior to the meeting; or

voting again at the meeting.

You also may revoke your proxy prior to the meeting without submitting any new vote by sending a written notice that you are withdrawing your vote to our Corporate Secretary at the address listed above.

***What Shares Are Included On My Proxy Card?***

## Edgar Filing: CORNING INC /NY - Form DEF 14A

Your proxy card includes shares held in your own name and shares held in any Corning plan. You may vote these shares by Internet, Telephone or mail, all as described on the enclosed proxy card.

### ***How Do I Vote If I Participate In The Corning Investment Plan?***

If you hold shares in the Corning Investment Plan, which includes shares held in the Corning Stock Fund in the 401(k) plan, these shares have been added to your other holdings on your proxy card. Your completed proxy card serves as voting instructions to the trustee of the plan. You may direct the trustee how to vote your plan shares by submitting your proxy vote for those shares, along with the rest of your shares, by Internet, Telephone or mail, all as described on the enclosed proxy card. If you do not instruct the trustee how to vote, your plan shares will be voted by the trustee in the same proportion that it votes shares in other plan accounts for which it did receive timely voting instructions.

### ***How Do I Vote If My Broker Holds My Shares In Street Name ?***

If your shares are held in a brokerage account in the name of your bank or broker (this is called *street name* ), those shares are not included in the total number of shares listed as owned by you on the enclosed proxy card. Instead, your bank or broker will send you directions on how to vote those shares.

**Table of Contents**

***Will My Shares Held In Street Name Be Voted If I Do Not Provide My Proxy?***

If your shares are held in the name of a brokerage firm, your shares might be voted even if you do not provide the brokerage firm with voting instructions. Under the rules of the New York Stock Exchange, on certain routine matters, brokerage firms have the discretionary authority to vote shares for which their customers do not provide voting instructions. The election of directors and the proposal to ratify the Board's appointment of PricewaterhouseCoopers LLP as our independent auditors are considered routine matters for this purpose, assuming that no contest arises as to any of these matters. The proposal to adopt the 2005 Employee Equity Participation Program is not considered a routine matter and your bank or broker will not be permitted to vote your shares unless proper voting instruction is received from you.

***What If I Return My Proxy Card Or Vote By Internet Or Phone But Do Not Specify How I Want To Vote?***

If you sign and return your proxy card or complete the Internet or Telephone voting procedures, but do not specify how you want to vote your shares, we will vote them:

**FOR** the election of each of the director nominees.

**FOR** the adoption of the 2005 Employee Equity Participation Program.

**FOR** the approval of the Board's appointment of PricewaterhouseCoopers LLP as our independent auditors for the fiscal year ending December 31, 2005.

If you participate in the Corning Investment Plan and do not submit timely voting instructions, the trustee of the plan will vote the shares in your plan account in the same proportion that it votes shares in other plan accounts for which it did receive timely voting instructions, as explained above under the question *How Do I Vote If I Participate In The Corning Investment Plan?*

***What Does It Mean If I Receive More Than One Proxy Card?***

If you received more than one proxy card, you have multiple accounts with your brokers or our transfer agent. Please vote all of these shares. We recommend that you contact your broker or our transfer agent to consolidate as many accounts as possible under the same name and address. You may contact our transfer agent, Computershare Investor Services, LLC, at 1-800-255-0461.

***Who May Attend The Meeting?***

## Edgar Filing: CORNING INC /NY - Form DEF 14A

The annual meeting is open to all holders of our common shares. To attend the meeting, you will need to register upon arrival. We also may check for your name on our shareholders list and ask you to produce valid identification. If your shares are held in street name by your broker or bank, you should bring your most recent brokerage account statement or other evidence of your share ownership. If we cannot verify that you own Corning shares, it is possible that you may not be admitted to the meeting.

### ***May Shareholders Ask Questions At The Meeting?***

Yes. Our representatives will answer your questions of general interest at the end of the meeting. In order to give a greater number of shareholders the opportunity to ask questions, we may impose certain procedural requirements, such as limiting repetitive or follow-up questions.

### ***How Many Shares Must Be Present To Hold The Meeting?***

In order for us to conduct our meeting, a majority of our outstanding common shares as of March 1, 2005, must be present in person or by proxy at the meeting. This is called a quorum. Your shares are counted as present at the meeting if you attend the meeting and vote in person or if you properly return a proxy by Internet, Telephone or mail.

## **Table of Contents**

### ***How Many Votes Are Needed To Elect Directors?***

The director nominees receiving the highest number of FOR votes will be elected as directors. This number is called a plurality. Consequently, shares that are not voted, because you marked your proxy card to withhold authority for all or some nominees, or because you did not complete and return your proxy card, will have no impact on the election of directors.

### ***How Many Votes Are Needed To Approve The Adoption Of The 2005 Employee Equity Participation Program?***

Approval of the 2005 Employee Equity Participation Program requires the affirmative vote of a majority of the shares present at the meeting in person or by proxy and entitled to vote.

### ***How Many Votes Are Needed To Ratify The Appointment Of PricewaterhouseCoopers LLP As Our Independent Auditors?***

Shareholder approval for the appointment of our independent auditors is not required, but the Audit Committee and the Board are submitting the selection of PricewaterhouseCoopers LLP for ratification in order to obtain the views of our shareholders. The ratification of the appointment of PricewaterhouseCoopers LLP as Corning's independent auditors requires the affirmative vote of a majority of the shares present at the meeting in person or by proxy and entitled to vote. If the appointment of PricewaterhouseCoopers LLP is not ratified, the Audit Committee will reconsider its future selection.

### ***What Is A Broker Non-Vote ?***

If you own shares through a bank or broker in street name, you may instruct your bank or broker how to vote your shares. A broker non-vote occurs when you fail to provide your bank or broker with voting instructions and the bank or broker does not have the discretionary authority to vote your shares on a particular proposal because the proposal is not a routine matter under the New York Stock Exchange rules. As explained above under the question "Will My Shares Held In Street Name Be Voted If I Do Not Provide My Proxy?", Proposal 1 (election of directors) and Proposal 3 (ratification of the appointment of our independent auditors) are considered routine matters under the applicable rules, so your bank or broker will have discretionary authority to vote your shares held in street name on those items, whilst Proposal 2 (approval of the 2005 Employee Equity Participation Program) is not considered a routine matter, so your bank or broker will not have discretionary authority to vote your shares held in street name on that item. A broker non-vote may also occur if your broker fails to vote your shares for any reason.

### ***How Will Broker Non-Votes Be Treated?***

Broker non-votes will be treated as shares present for quorum purposes, but not entitled to vote, so they will have no effect on the outcome of any proposal.



***How Will Abstentions Be Treated?***

Abstentions will be treated as shares present for quorum purposes and entitled to vote, so they will have the effect as votes against a proposal.

***How Will Voting On Any Other Business Be Conducted?***

We have not received proper notice of, and are not aware of, any business to be transacted at the meeting other than as indicated in this proxy statement. If any other item or proposal properly comes before the meeting, the proxies received will be voted on those matters in accordance with the discretion of the proxy holders.

## **Table of Contents**

### ***Who Pays For The Solicitation Of Proxies?***

Our Board of Directors is making this solicitation of proxies on our behalf. We will pay the costs of the solicitation, including the costs for preparing, printing and mailing this proxy statement. We have hired Georgeson Shareholder Communications, Inc. to assist us in soliciting proxies. It may do so by telephone, in person or by other electronic communications. We anticipate paying Georgeson a fee of \$13,000 plus expenses, for these services. We also will reimburse brokers, nominees and fiduciaries for their costs in sending proxies and proxy materials to our shareholders so you can vote your shares. Our directors, officers and regular employees may supplement Georgeson's proxy solicitation efforts by contacting you by telephone or electronic communication or in person. We will not pay directors, officers or other regular employees any additional compensation for their proxy solicitation efforts.

### ***How Can I Find The Voting Results Of The Meeting?***

We will include the voting results in our Form 10-Q for the quarter ending June 30, 2005, which we expect to file with the Securities and Exchange Commission (SEC) on or before August 9, 2005.

### ***How Do I Submit A Shareholder Proposal For, Or Nominate A Director For Election At, Next Year's Annual Meeting?***

If you wish to submit a proposal to be included in our proxy statement for our 2006 Annual Meeting of Shareholders, we must receive it at our principal office on or before November 10, 2005. Please address your proposal to: Corporate Secretary, Corning Incorporated, One Riverfront Plaza, Corning, New York 14831.

We will not be required to include in our proxy statement a shareholder proposal that is received after that date or that otherwise does not meet the requirements for shareholder proposals established by the SEC or set forth in our bylaws.

If you miss the deadline for including a proposal in our printed proxy statement, or would like to nominate a director or bring other business before the 2006 Annual Meeting of Shareholders, under our current bylaws (which are subject to amendment at any time), you must notify our Corporate Secretary in writing not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. If the meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, then the notice shall be received no earlier than 120 days or later than 90 days prior to such annual meeting or the tenth day after public announcement is made with respect to the meeting. For our 2006 Annual Meeting of Shareholders, we must receive notice on or after December 30, 2005, and on or before January 29, 2006.

### ***Are You Householding For Shareholders Sharing The Same Address?***

## Edgar Filing: CORNING INC /NY - Form DEF 14A

Yes. The SEC's rules regarding the delivery to shareholders of proxy statements, annual reports, prospectuses and information statements permit us to deliver a single copy of these documents to an address shared by two or more of our shareholders. This method of delivery is referred to as householding, and can significantly reduce our printing and mailing costs. It also reduces the volume of mail you receive. This year, we are delivering only one proxy statement and 2004 Annual Report to multiple shareholders sharing an address, unless we receive instructions to the contrary from one or more of the shareholders. We will still be required, however, to send you and each other shareholder at your address an individual proxy voting card. If you nevertheless would like to receive more than one copy of this proxy statement and our 2004 Annual Report, we will promptly send you additional copies upon written or oral request directed to our transfer agent, Computershare Investor Services, LLC, toll free at 1-800-255-0461, or to our Corporate Secretary at Corning Incorporated, One Riverfront Plaza, Corning, New York 14831. The same phone number and address may be used to notify us that you wish to receive a separate annual report or proxy statement in the future, or to request delivery of a single copy of an annual report or proxy statement if you are receiving multiple copies.

**Table of Contents**

**PROPOSAL 1 Election of Directors**

Corning's Board of Directors is divided into three classes. Each of the nominees for the office of director, Messrs Brown, Gund, Hennessy and Ruding were elected by Corning's security holders on April 25, 2002. The terms of Messrs. Brown, Gund, Hennessy and Ruding expire this year. Each of the nominees has consented to being named in this proxy statement and to serve as a director if elected. If a nominee is not able to serve, proxy holders will vote your shares for the substitute nominee, unless you have withheld authority. No nominee now owns beneficially any of the securities (other than directors' qualifying shares) of any of Corning's subsidiary companies. We have included below certain information about the nominees for election as directors and the directors who will continue in office after the Annual Meeting.

**Nominees for Election as Directors**

**Nominees For Election For Terms Expiring in 2008**

**John Seely Brown**

**Retired Chief Scientist**

**Xerox Corporation**

Dr. Brown has served Xerox Corporation since 1978 in various scientific research positions, in 1986 being elected vice president in charge of advanced research and being director of the Palo Alto Research Center from 1990 to 2000. Dr. Brown was named chief scientist of Xerox in 1992, retiring in 2002. He is currently a visiting scholar at USC. Dr. Brown is a director of Amazon Inc., Polycom, Inc. and Varian Medical Inc. Director since 1996. Age 64.

**Gordon Gund**

**Chairman and Chief Executive Officer**

**Gund Investment Corporation**

Besides being the Chairman and CEO of Gund Investment Corporation which was founded in 1968, Mr. Gund is co-founder and Chairman of The Foundation Fighting Blindness. The Foundation Fighting Blindness is a national, non-profit organization dedicated to finding the causes, treatments and/or cures for retinitis pigmentosa, age-related macular degeneration, and allied retinal degenerative diseases. He is a director of the Kellogg Company. Director since 1990. Age 65.

**John M. Hennessy**

**Senior Advisor**

**Credit Suisse First Boston**

Mr. Hennessy became managing director of First Boston Corporation in 1974 after serving as Assistant Secretary of the U.S. Treasury (Presidential appointment). In 1989 he was elected chairman of the executive board and group chief executive officer of Credit Suisse First Boston. Mr. Hennessy retired from active employment from Credit Suisse First Boston at the end of 1996 but retains the role of Senior Advisor to the firm. He is on five non-profit boards of directors. Director since 1989. Age 68.

**Table of Contents**

**H. Onno Ruding**

**Retired Vice Chairman**

**Citicorp and Citibank, N.A.**

Dr. Ruding has served private firms and the public (serving as Minister of Finance of The Netherlands from 1982-1989) in various financial positions, serving as a director of Citicorp and Citibank, N.A. from 1990 and 1998, respectively, to September 30, 2003 and vice chairman of Citicorp and Citibank, N.A. from 1992 to September 30, 2003. Dr. Ruding retired from active employment from Citicorp and Citibank, N.A. on September 30, 2003. Dr. Ruding is also a director of Alcan, Holcim, BNG (Bank for the Netherlands Municipalities) and RTL Group, a member of the international advisory committees of Robeco, Citigroup, the Federation of Korean Industries and the Federal Reserve Bank of New York and a member of UNIAPAC, the Committee for European Monetary Union, the Pontifical Council Justice and Peace, the European Advisory Board of the American-European Community Association, and the International Bureau of Fiscal Documentation and the Trilateral Commission. Dr. Ruding is the chairman of the Center for European Policy Studies (CEPS) and the chairman of the Advisory Council of the Amsterdam Institute of Finance. Director since 1995. Age 65.

**The Board of Directors recommends a vote FOR the election of each of the director nominees.**

**Directors Continuing in Office**

**Directors Whose Terms Expire in 2007**

**Jeremy R. Knowles**

**Amory Houghton Professor of Chemistry**

**And Biochemistry Harvard University**

Dr. Knowles is a current faculty member of Harvard University. Dr. Knowles, a distinguished chemist, joined the Harvard faculty from Oxford University in 1974. He became the Amory Houghton Professor of Chemistry and Biochemistry in 1979 and was appointed dean of the Faculty of Arts and Sciences in 1991. He stepped down as dean in 2002. Dr. Knowles is a Fellow of the Royal Society, the American Academy of Arts and Sciences, and the American Philosophical Society, and a Foreign Associate of the National Academy of Sciences. He also serves as a trustee of the Howard Hughes Medical Institute. Director since 2002. Age 69.

**Eugene C. Sit**

**Chairman Chief Executive Officer and Chief Investment Officer**

**Sit Investment Associates, Inc.**

## Edgar Filing: CORNING INC /NY - Form DEF 14A

Mr. Sit is a Chartered Financial Analyst and a Certified Public Accountant. He founded Sit Investment Associates (SIA) in 1981, and his prior business experience included serving as the Chief Executive Officer and Chief Investment Officer for American Express Financial Advisors Inc., formerly known as IDS Advisory. Mr. Sit currently serves as a director of Smurfit-Stone Container Corporation, and as chairman and director for the various companies of SIA. He has been actively involved as a trustee and officer in several educational, professional and community organizations, and he currently serves as a trustee of Carleton College, is on the Honorary Council of The Minnesota Historical Society, and is a member of the Advisory Council of the Carlson School of Management, International Programs, and is on the Dean's Board of Visitors for the Medical School of the University of Minnesota. Director since 2004. Age 66.

### **William D. Smithburg**

#### **Retired Chairman, President and**

#### **Chief Executive Officer**

#### **The Quaker Oats Company**

Mr. Smithburg joined Quaker Oats in 1966, being elected president in 1979, chief executive officer in 1981 and chairman in 1983. He also served as president from November 1990 to January 1993 and from November 1995 to November 1997 when he retired. Mr. Smithburg is a director of Abbott Laboratories, Northern Trust Corporation, and Smurfit-Stone Container Corporation. Director since 1987. Age 66.

**Table of Contents**

**Hansel E. Tookes II**

**Retired Chairman and Chief Executive Officer**

**Raytheon Aircraft Company**

Mr. Tookes retired from Raytheon Company in December 2002. Since joining Raytheon in 1999 he has served as president of Raytheon International, chairman and chief executive officer of Raytheon Aircraft and executive vice president of Raytheon Company. From 1980 to 1999 Mr. Tookes served United Technologies Corporation as president of Pratt and Whitney's Large Military Engines Group and in a variety of other leadership positions. He is a director of Ryder Systems Inc. and a member of the National Academies Aeronautics and Space Engineering Board. Director since 2001. Age 57.

**Wendell P. Weeks\***

**President and Chief Operating Officer**

**Corning Incorporated**

Mr. Weeks joined Corning in 1983 and was named a vice president and deputy general manager of the Opto-Electronics Components Business in 1995, vice president and general manager Telecommunications Products in 1996, senior vice president in 1997, senior vice president of Opto-Electronics in 1998, executive vice president of Optical Communications in 1999, president, Corning Optical Technologies in 2001 and to his present position in 2002. Mr. Weeks will become president and chief executive officer on April 28, 2005. Mr. Weeks is a director of Merck & Co., Inc. Director since 2000. Age 45.

**Directors Whose Terms Will Expire in 2006**

**James B. Flaws\***

**Vice Chairman and Chief Financial Officer**

**Corning Incorporated**

Mr. Flaws joined Corning in 1973 and served in a variety of controller and business management positions. He was named assistant treasurer in 1993, vice president and controller in 1997, vice president of finance and treasurer later in 1997, senior vice president and chief financial officer in December 1997, executive vice president and chief financial officer in 1999 and to his present position in 2002. Mr. Flaws is a director of Dow Corning Corporation. Director since 2000. Age 56.

**James R. Houghton\***

**Chairman and Chief Executive Officer**

**Corning Incorporated**



## Edgar Filing: CORNING INC /NY - Form DEF 14A

Mr. Houghton joined Corning in 1962. He was elected a vice president of Corning and general manager of the Consumer Products Division in 1968, vice chairman in 1971, chairman of the executive committee and chief strategic officer in 1980 and chairman and chief executive officer in April 1983, retiring in April 1996. Mr. Houghton was the non-executive Chairman of the Board of Corning from June 2001 to April 2002. Mr. Houghton came out of retirement in April 2002 when he was elected to his present position. Mr. Houghton will retire as our chief executive officer effective April 28, 2005. He will continue as chairman of the Board. Mr. Houghton is a director of Metropolitan Life Insurance Company and Exxon Mobil Corporation. He is a trustee of the Metropolitan Museum of Art, the Pierpont Morgan Library and the Corning Museum of Glass and a member of the Harvard Corporation. Director since 1969. Age 69.

### **James J. O Connor**

#### **Retired Chairman of the Board and**

#### **Chief Executive Officer**

#### **Unicom Corporation**

Mr. O Connor joined Commonwealth Edison Company in 1963. He became president in 1977, a director in 1978 and chairman and chief executive officer in 1980. In 1994 he was also named chairman and chief executive officer of Unicom Corporation, which then became the parent company of Commonwealth Edison Company, retiring in 1998. Mr. O Connor is a director of Smurfit-Stone Container Corporation, UAL Corporation, United Airlines and Trizec Properties, Inc. Director since 1984. Age 67.

**Table of Contents**

**Deborah D. Rieman**

**Retired President and Chief Executive Officer**

**Check Point Software Technologies, Incorporated**

Dr. Rieman has more than twenty-five years of experience in the software industry. She currently manages a private investment fund. From 1995 to 1999, she served as president and chief executive officer of Check Point Software Technologies, Incorporated. Dr. Rieman is a director of Arbinet Inc., Keynote Systems, Kintera Inc. and Tumbleweed Communications, Inc. Director since 1999. Age 55.

**Peter F. Volanakis\***

**President**

**Corning Technologies**

**Corning Incorporated**

Mr. Volanakis joined Corning in 1982 and was named managing director, Corning GmbH in 1992, executive vice president of CCS Holding, Inc., formerly known as Siecor Corporation, in 1995, senior vice president of advanced display products in 1997, executive vice president of Display Technologies and Life Sciences in 1999 and to his present position in 2001. Mr. Volanakis will become chief operating officer of Corning Incorporated on April 28, 2005. Mr. Volanakis is a director of Dow Corning Corporation, Samsung Corning Co., Ltd., and Samsung Corning Precision Glass Co., Ltd. Director since 2000. Age 49.

\* Member of the Executive Committee

Alternate member of the Executive Committee

**Matters Relating to Directors**

***Board Meetings***

The Board of Directors held 10 regularly scheduled and two special meetings during 2004. All directors attended at least 75% of all meetings of the Board of Directors and the committees on which they serve.

***Compensation***

## Edgar Filing: CORNING INC /NY - Form DEF 14A

During 2004, Corning paid to non-employee directors:

an annual retainer of \$30,000; and

\$1,200 for each meeting attended.

Chairmen of committees received an additional retainer ranging from \$7,000 to \$10,000 depending upon the committee chaired. Mr. O Connor received \$10,000 of additional compensation for his services as Lead Director during 2004.

Directors may defer any portion of their compensation. Amounts deferred shall be paid only in cash and while deferred may be allocated to (i) an account earning interest, compounded quarterly, at the rate equal to the greater of the prime rate of Citibank, N.A. at the end of each calendar quarter or the rate of return for the stable value fund under Corning's Investment Plans, (ii) an account based upon the market value of our common stock from time to time, or (iii) a combination of such accounts. At December 31, 2004, eight directors had elected to defer compensation.

During 2004, Corning issued to each non-employee director 3,336 shares of Common Stock under the 2003 Equity Plan for Non-Employee Directors. These shares are subject to forfeiture and certain restrictions on transfer. In addition, Corning granted to each non-employee director options covering 5,132 shares of Common Stock under the 2003 Equity Plan for Non-Employee Directors. These options vest ratably over a three-year period and expire on February 3, 2014.

## **Table of Contents**

Corning has a Directors Charitable Giving Program funded by insurance policies on the lives of the directors. In 2004, Corning paid a total of \$422,426 in premiums on such policies. Upon the death of a director, Corning will donate \$1,250,000 (on behalf of a non-employee director) and \$1,000,000 (on behalf of an employee director) to one or more qualified charitable organizations recommended by such director and approved by Corning. The directors derive no financial benefit from the Program as all charitable deductions and cash surrender value of life insurance policies accrue solely to Corning. Generally, one must be a director for five years to participate in the Program. Messrs. Brown, Gund, Hennessy, Houghton, O Connor, Ruding and Smithburg and Ms. Rieman are eligible to participate in the program.

Corning has purchased insurance from XL Specialty Insurance Company, Zurich Insurance Company, Twin City Insurance Company, ACE Bermuda Ltd., XL Insurance (Bermuda) Ltd. and Chubb Atlantic Indemnity Company, providing for reimbursement of its directors and officers for costs and expenses incurred by them in actions brought against them in connection with their actions as directors or officers, including actions as fiduciaries under the Employee Retirement Income Security Act of 1974, as amended. The insurance coverage, which expires in August 2005, costs \$5 million on an annual basis, and will be paid by Corning. Corning also purchases insurance from Zurich Insurance Company, AXIS Federal Insurance Company and Arch covering plan fiduciary s actions as fiduciaries under the Employee Retirement Income Security Act of 1974, as amended. This insurance coverage expires in October 2005, costs \$735,000 on an annual basis, and will be paid by Corning.

## ***Board Committees***

In addition to an Executive Committee, which acts by delegation, Corning has six standing Board committees: Audit, Compensation, Finance, Nominating and Corporate Governance, Pension, and Corporate Relations Committees. Each standing committee s written charter, as adopted by the Board of Directors, is available on Corning s website at [www.corning.com/inside\\_corning/corporate\\_governance/downloads.aspx](http://www.corning.com/inside_corning/corporate_governance/downloads.aspx). Copies of each of the charters are also attached to this proxy statement as Appendix A, B, C, D, E and F, respectively.

The Audit Committee met 12 times during 2004. The current members of the Audit Committee are Ms. Rieman and Messrs. Ruding, Smithburg and Tookes. The Audit Committee:

Assists the Board of Directors in its oversight of (i) the integrity of Corning s financial statements, (ii) the internal auditors performance, and (iii) Corning s compliance with legal and regulatory requirements;

Meets in executive sessions with the independent auditors, internal auditors and management;

Approves the appointment of Corning s independent auditors;

Reviews and discusses with the independent auditors and the internal auditors the effectiveness of Corning s internal control over financial reporting, including disclosure controls;

Reviews and discusses with management, the independent auditors and the internal auditors the scope of the annual audit;

## Edgar Filing: CORNING INC /NY - Form DEF 14A

Reviews the quarterly and annual financial statements and other reports provided to shareholders with management and the independent auditors;

Oversees the independent auditors' qualifications, independence and performance; and

Determines the appropriateness of and approves the fees for audit and permissible non-audit services to be provided by the independent auditors.

The Compensation Committee met eight times during 2004. The current members of the Compensation Committee are Messrs. Brown, Gund, O'Connor and Smithburg. The Compensation Committee:

Reviews Corning's goals and objectives with respect to executive compensation;