CORNING INC /NY
Form DEF 14A
March 16, 2009

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 x 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))**

x 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):

x 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:

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

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(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):

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(4) Proposed maximum aggregate value of transaction:

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(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:

Corning Incorporated

One Riverfront Plaza

Corning, New York 14831

Notice of 2009 Annual Meeting of Shareholders

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 30, 2009 at 11:00 a.m. Eastern Time.** The annual meeting is open to all holders of our common shares. To attend the meeting, you will need to register upon arrival. We 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.

The principal business of the meeting will be:

1. To elect five directors, for a three-year term; and one director, for a one-year term;

2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009;

3. To consider the shareholder proposals described on pages 59 and 62 in the accompanying Proxy Statement, if presented at the meeting; and

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

Our Board recommends that you vote ***for*** Items 1 and 2 and ***against*** each of the shareholder proposals.

Pursuant to rules promulgated by the Securities and Exchange Commission, we have elected to provide access to our proxy materials both by sending you this full set of proxy materials, including a proxy card, and by notifying you of the availability of our proxy materials on the Internet. This Proxy Statement and our 2008 Annual Report are available at our web site at http://www.corning.com/2009_proxy, which does not have cookies that identify visitors to the site.

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the Annual Meeting, we urge you to vote and submit your proxy by the Internet, telephone or mail in order to ensure the presence of a quorum.

Registered shareholders may vote:

By Internet at **www.investorvote.com/glw**. This will require your 6-digit control number.

By telephone (from the United States and Canada only) at (800) 652-VOTE (8683).

By mail by completing, signing, dating and returning the enclosed proxy card in the postage paid envelope provided (see instructions on proxy card).

Beneficial holders: If your shares are held in the name of a bank, broker or other holder of record, follow the instructions you receive from the holder of record to vote your shares.

By order of the Board of Directors,

Denise A. Hauselt

Secretary and Assistant General Counsel

February 26, 2009

Important Notice Regarding the Availability of Proxy Materials for the Shareholder

Meeting April 30, 2009. Our Proxy Statement and 2008 Annual Report to Shareholders

are available at www.corning.com/2009_proxy

About the Meeting

Why Did You Send Me This Proxy Statement?

We sent this proxy statement and the enclosed proxy card to you because our Board of Directors is soliciting your proxy to vote at the 2009 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 16, 2009.

When Is The Annual Meeting?

The annual meeting will be held on Thursday, April 30, 2009, 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 five directors, for a three-year term; and one director, for a one-year term;
- To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009;
- To consider the shareholder proposals described on pages 59 and 62 in the accompanying Proxy Statement, if presented at the meeting; 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 ratification of the Board s appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009 and **AGAINST** each of the shareholder proposals.

Who Is Entitled To Vote?

You may vote if you owned our common shares as of the close of business on February 26, 2009, 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 4, 2009, we had 1,553,045,794 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, ***registered*** shareholders may vote shares in one of the following three ways:

- By Internet at **www.investorvote.com/glw**;

By telephone (from the United States and Canada only) at **1(800) 652-VOTE (8683)**; and

By mail by completing, signing, dating and returning the enclosed proxy card in the postage paid envelope provided (see instructions on proxy card).

Please refer to the proxy card for further instructions on voting by Internet or 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 Internet and telephone depends on the voting procedures used by your broker, as explained below under *How Do I Vote If My Broker Holds My Shares In Street Name ?*

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 Internet or telephone 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?

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. It does not include any shares held in a brokerage account in the name of your bank or broker (such shares are said to be held in street name).

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.

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 current 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 appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm are considered routine matters for this purpose, assuming that no contest arises as to any of these matters. The two shareholder proposals are not considered routine and your bank or broker will not be permitted to vote your shares unless proper voting instructions are received from you.

What If I Return My Proxy Card Or Vote By Internet Or Telephone 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 as follows:

- **FOR** the election of each of the director nominees;

- **FOR** the approval ratifying the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009; and

- **AGAINST** the shareholder proposals.

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?

The annual meeting is open to all holders of our common shares. To attend the meeting, you will need to register upon arrival. We 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 February 26, 2009, the record date for the meeting, 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.

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 Ratify The Appointment Of PricewaterhouseCoopers LLP As Our Independent Registered Public Accounting Firm?

Shareholder approval for the appointment of our independent registered public accounting firm 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 registered public accounting firm 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 consider the shareholders views in the future selection of Corning s auditors.

How Many Votes Are Needed To Approve The Adoption Of A Shareholder Proposal?

Approval of a Shareholder Proposal, if properly presented at the meeting, requires the affirmative vote of a majority of the shares present at the meeting in person or by proxy and entitled to vote.

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 2 (ratification of the appointment of our independent registered public accounting firm) are considered routine matters under the current New York Stock Exchange rules, so your bank or broker will have discretionary authority to vote your shares held in street name on those items. Proposals 3 and 4 are not considered routine matters, so your bank or broker will not have discretionary authority to vote your shares held in street name on those items. Abstentions and broker non-votes count for quorum purposes, but not for the voting of these proposals. 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.

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 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 $14,000 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 that you may 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, 2009, which we expect to file with the Securities and Exchange Commission (the SEC) on or before August 10, 2009.

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 2010 Annual Meeting of Shareholders, we must receive it at our principal office on or before November 16, 2009. 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 as set forth in our By-laws.

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 2010 Annual Meeting of Shareholders, under our current By-laws (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 2010 Annual Meeting of Shareholders, we must receive notice on or after December 31, 2009, and on or before January 30, 2010.

Can I Receive Electronic Delivery of Proxy Materials And Annual Reports?

Yes. This Proxy Statement and Corning s 2008 Annual Report are available on Corning s website at **www.corning.com**. Instead of receiving paper copies of next year s Proxy Statement and Annual Report in the mail, shareholders can elect to receive an e-mail message that will provide a link to these documents on the website. We may, at some point, use the SEC s new Notice and Access method of Proxy distribution. If we were to utilize that method, you would receive a notice in the mail about electronic or paper copies, and would then need to respond if you want paper copies mailed to you. By opting to access your proxy materials online, you will save us the cost of producing and mailing documents to you, reduce the amount of mail you receive and help preserve environmental resources. Corning s shareholders who have enrolled in the electronic proxy delivery service previously will receive their materials online this year. Shareholders of record may enroll in the electronic Proxy and Annual Report access service for future annual meetings by registering online at **www.computershare.com**. Beneficial or street name shareholders who wish to enroll in electronic access service may do so at **www.icsdelivery.com**.

Are You Householding For Shareholders Sharing The Same Address?

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 2008 Annual Report to multiple registered 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 2008 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. The same phone number 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.

PROPOSAL 1 Election of Directors

Corning s Board of Directors is divided into three classes. Each of Messrs. Flaws, Houghton, O Connor and Volanakis and Ms. Rieman were elected by Corning s shareholders on April 24, 2003, and their terms expire this year. Mr. Wrighton was appointed by Corning s Board of Directors on February 4, 2009, and is standing for election for the first time.

Each of Messrs. Flaws, O Connor, Volanakis and Wrighton and Ms. Rieman are standing for election for a three-year term. Mr. Houghton is standing for election for a one-year term because our Retirement Policy requires him to leave the Board at the annual meeting in April of 2010, upon reaching the directors mandatory retirement age of 74.

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 2012

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. Corning director since 2000. Age 60.

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. He retired in 1998. Mr. O Connor is a director of Smurfit-Stone Container Corporation, UAL Corporation, United Airlines and Armstrong World Industries, Inc. Corning director since 1984. Age 71.

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Deborah D. Rieman
Managing Director
Equus Management Company

Dr. Rieman has more than twenty-five years of experience in the software industry. Currently, she is Managing Director of Equus Management Company, 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 Keynote Systems. Corning director since 1999. Age 59.

Peter F. Volanakis
President and Chief Operating Officer
Corning Incorporated

Mr. Volanakis joined Corning in 1982 and subsequently held various marketing, development and commercial positions in several divisions. He 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, President, Corning Technologies in 2001, and became chief operating officer in 2005. Mr. Volanakis became president and chief operating officer on April 26, 2007. Mr. Volanakis is a director of Dow Corning Corporation and The Vanguard Group. Corning director since 2000. Age 53.

Mark S. Wrighton
Chancellor and Professor of Chemistry
Washington University in St. Louis

Since 1995, Dr, Wrighton has been Chancellor and Professor of Chemistry at Washington University in St. Louis, and serves as its chief executive officer. Before joining Washington University, he was a researcher and professor at the Massachusetts Institute of Technology, where he was Head of the Department of Chemistry from 1987 to 1990, and then University Provost from 1990 to 1995. Dr. Wrighton served as a Presidential appointee to the National Science Board from 2000 to 2006, and chaired that Board s audit and oversight committee during that time. Wrighton also is a past chair of the Association of American Universities, The Business Higher Education Forum, and the Consortium on Financing Higher Education, and continues as a member of these organizations. He also serves as a director of Cabot Corporation and Brooks Automation, Inc. Corning director since 2009. Age 59.

Nominee for Election for Term Expiring in 2010

James R. Houghton
Chairman Emeritus
Corning Incorporated

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 chairman and chief executive officer. He retired as our chief executive officer on April 28, 2005 but continued as chairman of the Board. Mr. Houghton stepped down as chairman in April 2007, but continued as a director of Corning. Mr. Houghton is a director of Exxon Mobil Corporation. He is a trustee of the Metropolitan Museum of Art, the Morgan Library and Museum and the Corning Museum of Glass, and a member of the Harvard Corporation. Corning director since 1969. Age 73.

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 2010

Robert F. Cummings, Jr.
Senior Managing Director
GSC Group, Inc.

Mr. Cummings joined GSC Group, Inc. in 2002 where he is a senior managing director. He began his business career in the investment banking division of Goldman, Sachs & Co. in 1973, and was a partner of the firm from 1986 until his retirement in 1998. He served as an advisory director at Goldman Sachs until 2002. Mr. Cummings is a director of GSC Capital Corp., GSC Investment Corp., Precision Partners Inc., and Viasystems Group, Inc. Corning director since 2006. Age 59.

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. Corning director since 1987. Age 70.

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., BBA Aviation plc, FPL Group, Inc. and Harris Corporation. Corning director since 2001. Age 61.

Wendell P. Weeks
Chairman and Chief Executive Officer
Corning Incorporated

Mr. Weeks joined Corning in 1983 and was named a vice president and deputy general manager of the Telecommunications Products division in 1995, vice president and general manager in 1996, senior vice president in 1997, senior vice president of Opto-Electronics in 1998, executive vice president in 1999, president, Corning Optical Communications in 2001, president and chief operating officer of Corning in 2002, and president and chief executive officer in 2005. He became chairman and chief executive officer on April 26, 2007. He is a director of Merck & Co. Inc. Corning director since 2000. Age 49.

Directors Whose Terms Expire in 2011

John Seely Brown
Retired Chief Scientist
Xerox Corporation

Dr. Brown served Xerox Corporation in various scientific research positions from 1978, until his retirement in 2002. In 1986, he was elected vice president in charge of advanced research and was 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 a visiting scholar and advisor to the Provost at the University of Southern California. He is also an independent co-chairman of Deloitte s Center for Edge Innovation. Dr. Brown is a director of Amazon Inc. and Varian Medical Inc. Corning director since 1996. Age 68.

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. Corning director since 1990. Age 69.

Kurt M. Landgraf
President and Chief Executive Officer
Educational Testing Service

Mr. Landgraf is president and chief executive officer of Educational Testing Service, a private non-profit educational testing and measurement organization, and joined ETS in that position in 2000. Prior to that, he was executive vice president and chief operating officer of E.I. Du Pont de Nemours and Company, where he previously held a number of senior leadership positions, including chief financial officer. Mr. Landgraf is also a director of ETS and Louisiana-Pacific Corporation. Corning director since 2007. Age 62.

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 Holcim, BNG (Bank for the Netherlands Municipalities) and RTL Group, a member of the international advisory committee of Citigroup 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, the International Bureau of Fiscal Documentation and the Trilateral Commission. Dr. Ruding is the chairman of the Center for European Policy Studies (CEPS), the chairman of the Netherlands National Museum Palace Het Loo and the chairman of the Advisory Council of the Amsterdam Institute of Finance. Corning director since 1995. Age 69.

Meetings and Committees of The Board

Board Meetings

The Board of Directors held 15 regularly scheduled meetings during 2008. All directors attended 75% or more of the meetings of the Board of Directors and of the Committees on which they serve.

Board Committees

In addition to an Executive Committee, which acts by delegation, Corning has five standing Board committees: Audit, Compensation, Corporate Relations, Finance and Nominating and Corporate Governance Committees. Each committee s written charter, as adopted by the Board of Directors, is available on Corning s website at *www.corning.com/investor_relations/corporate_governance/board_download_libarary.aspx.* Copies of each of the charters are also attached to this proxy statement as Appendix A, B, C, D and E, respectively.

The Audit Committee met eight times during 2008. The current members of the Audit Committee are Messrs. Landgraf (Chair), Cummings, Ruding, Wrighton and Ms. Rieman. 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 registered public accounting firm, internal auditors and management;
- Approves the appointment of Corning s independent registered public accounting firm;
- Reviews and discusses with the independent registered public accounting firm and the internal auditors the effectiveness of Corning s internal control over financial reporting, including disclosure controls;
- Reviews and discusses with management, the independent registered public accounting firm and the internal auditors the scope of the annual audit;
- Reviews the quarterly and annual financial statements and other reports provided to shareholders with management and the independent registered public accounting firm;
- Oversees the independent registered public accounting firm s qualifications, independence and performance;
- Reviews transactions between Corning and related persons that are required to be disclosed in our filings with the SEC; and
- Determines the appropriateness of and approves the fees for audit and permissible non-audit services to be provided by the independent registered public accounting firm.

The Compensation Committee met eight times during 2008. The current members of the Compensation Committee are Messrs. Smithburg (Chair), Brown, Gund and O Connor. The Compensation Committee:

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

Evaluates the CEO s performance in light of Corning s goals and objectives;

Determines and approves compensation for the CEO and other officers of Corning;

Reviews and approves employment, severance and change in control agreements for the CEO and other officers of Corning;

Recommends to the Board the compensation arrangements with non-employee directors;

Appoints committees to oversee Corning s equity compensation plans; and

Makes recommendations to the Board regarding non-equity incentive and equity incentive plans.

Compensation decisions for executives, including the Named Executive Officers, and the directors are reviewed and approved by the Compensation Committee. The Compensation Committee has administrative and/or oversight responsibility to compensate key executives effectively and in a manner consistent with our stated compensation strategy. The Compensation Committee has engaged an independent executive compensation expert from Hewitt Associates, an outside global human resources consulting firm, to conduct an annual review of its total compensation program for executives. The independent expert supports the Committee by providing data regarding market practices and makes recommendations for changes to plan designs and policies that are consistent with the Company s compensation philosophy.

The agenda for meetings of the Compensation Committee is determined by its Chairman with the Chief Administrative Officer and the Senior Vice President Global Compensation and Benefits. The Chief Executive Officer and the Chief Administrative Officer are invited to attend the Compensation Committee meetings, though they leave the room during discussions and deliberations of individual compensation actions affecting them personally. The Compensation Committee Chairman reports the Committee s recommendations on executive compensation to the Board. The Company s Global Compensation and Benefits department supports the Compensation Committee in its duties and, along with the Chief Executive Officer, may be delegated authority to fulfill certain administrative duties regarding the compensation programs. The Compensation Committee has authority under its charter to retain, approve fees for and terminate advisors, consultants and agents as it deems necessary to assist in the fulfillment of its responsibilities. The Compensation Committee reviews the total fees paid to Hewitt Associates by the Company to ensure that the independent compensation expert maintains his objectivity and independence when rendering advice to the Committee. For more information on the Compensation Committee, see Compensation Discussion and Analysis beginning on page 19.

The Corporate Relations Committee met five times during 2008. The current members of the Corporate Relations Committee are Ms. Rieman (Chair) and Messrs. Houghton, Landgraf and Wrighton. The Corporate Relations Committee focuses on the areas of employment policy, public policy and community relations in the context of the business strategy of Corning.

The Executive Committee met six times during 2008. The current members of the Executive Committee are Messrs. Weeks (Chair), Flaws and Volanakis. All other directors are alternate members of the Executive Committee. The Executive Committee serves primarily as a means of taking action requiring Board approval between regularly scheduled meetings of the Board. The Executive Committee is authorized to act for the full Board on matters other than those specifically reserved by New York law to the Board. In practice, the Executive Committee s actions are generally limited to matters such as the authorization of corporate credit facilities, borrowings and pricing of Corning s public offering of securities.

The Finance Committee met six times during 2008. The current members of the Finance Committee are Messrs. Ruding (Chair), Cummings, Flaws, Tookes and Volanakis. The Finance Committee:

- Monitors present and future capital requirements of Corning;
- Reviews all material transactions prior to execution;
- Reviews potentials mergers, acquisitions, divestitures and investments in third parties;
- Manages Corning s exposure to financial, economic or hazard risks;
- Monitors Corning s cash management plans and activities;
- Reviews Corning s tax position and strategy;
- Reviews and monitors Corning s credit rating; and
- Reviews funding actions for Corning s pension programs;

Reviews Corning s financial plans and other financial information that Corning uses in its analysis of internal decisions.

The Nominating and Corporate Governance Committee met five times during 2008. The current members of the Nominating and Corporate Governance Committee are Messrs. O Connor (Chair), Brown, Gund, Smithburg and Tookes. The Nominating and Corporate Governance Committee:

- Identifies individuals qualified to become Board members;
- Reviews candidates recommended by shareholders;
- Determines the criteria for selecting director nominees;
- Conducts inquiries into the background of director nominees;
- Recommends to the Board, director nominees to be proposed for election at the annual meeting of shareholders;
- Monitors significant developments in the regulation and practice of corporate governance;
- Develops and recommends to the Board corporate governance guidelines;
- Assists the Board in assessing the independence of Board members;
- Identifies Board members to be assigned to the various committees;
- Oversees and assists the Board in the review of the Board s performance, as well as the performance of the CEO and President and other executives;
- Establishes director retirement policies;
- Reviews, approves and ratifies transactions between Corning and related persons; and
- Reviews activities of Board members and senior executives for potential conflict of interest.

The process for electing director nominees entails making a preliminary assessment of each candidate based upon his/her resume and other biographical information, his/her willingness to serve and other background information. This information is then evaluated against the criteria set forth below, as well as the specific needs of Corning at that time. Based upon this preliminary assessment, candidates who appear to be the best fit are invited to participate in a series of interviews. At the conclusion of the process, if it is determined that the candidate will be a good fit, the Nominating and Corporate Governance Committee recommend the candidate to the Board for election at the next annual meeting. If the director nominee is a current Board member, the Nominating and Corporate Governance Committee also considers prior Corning Board performance and contributions. The Nominating and Corporate Governance Committee uses the same process for evaluating all candidates regardless of the source of the nomination.

The minimum qualifications and attributes that the Nominating and Corporate Governance Committee believes must be possessed by a director nominee may include:

- The ability to apply good business judgment;
- The ability to exercise his/her duties of loyalty and care;
- Proven leadership skills;
- Diversity of experience;
- High integrity and ethics;
- The ability to understand complex principles of business and finance;
- Scientific expertise; and
- Familiarity with national and international issues affecting businesses.

All of the director nominees are current elected members of the Board of Directors, except for Mr. Wrighton who was identified by the Chairman of the Nominating and Corporate Governance Committee, through the use of a search firm recommended by the Committee, and appointed by the Board of Directors. The Nominating and Corporate Governance Committee has in the past and may in the future engage the assistance of third parties to identify and evaluate potential director nominees, as it deems appropriate.

The Nominating and Corporate Governance Committee will consider candidates recommended by shareholders. If you wish to nominate a candidate, please forward the candidate s name and a detailed description of the candidate s qualification, a document indicating the candidate s willingness to serve and evidence of the nominating shareholder s ownership of Corning s shares to: Corporate Secretary, Corning Incorporated, One Riverfront Plaza, Corning, New York 14831. A shareholder wishing to nominate a candidate must also comply with the notice requirements described above under the question *How Do I Submit A Shareholder Proposal For, Or Nominate A Director For Election At, Next Year s Annual Meeting?*

Corporate Governance Matters

Corporate Governance Guidelines

Our business, property and affairs are managed by or, are under the direction of, the Board of Directors pursuant to New York Business Corporation Law and our By-laws. Members of the Board of Directors are kept informed of Corning s business through discussions with the Chairman and Chief Executive Officer, the Vice Chairman and Chief Financial Officer, the President and Chief Operating Officer and other key members of management, by reviewing materials provided to them and by participating in meetings of the Board of Directors and its committees.

The Board has adopted a set of Corporate Governance Guidelines that address the make-up and functioning of the Board. A copy of these guidelines is attached to this proxy statement as Appendix F and can also be viewed on our website at ***www.corning.com/investor_relations/corporate_governance/board_download_libarary.aspx.***

Director Independence

Our Corporate Governance Guidelines require that the Board of Directors make an annual determination regarding the independence of each of Corning s directors. The Board made these determinations on February 4, 2009, based on an annual evaluation performed by and recommendations made by the Nominating and Corporate Governance Committee. The Board of Directors has determined that Messrs. Brown, Cummings, Gund, Landgraf, O Connor, Ruding, Smithburg, Tookes and Wrighton and Ms. Rieman are independent within the meaning of the rules of the New York Stock Exchange, based on its application of the standards set forth in the Corporate Governance Guidelines. Specifically, the Board determined that they were independent because no relationship was identified that would automatically bar them from being characterized as independent, and any relationships identified were not so material as to impair their independence.

With respect to Mr. Landgraf, the Board considered the fact that Mr. Landgraf is a member of the Board of Directors of IKON Office Solutions, Inc., a company which sold less than $130,000 of products to Corning for each of fiscal years 2006, 2007 and 2008. In determining that this relationship was not material, the Board considered the fact that Mr. Landgraf s relationship arises only from his position as a director of IKON Office Solutions, Inc., that he has no material interest in any of the transactions between Corning and IKON Office Solutions, Inc., that he had no role in any such transactions, and that such a relationship would not bar independence under the NYSE Listing Standards or Corning s Director Qualification Standards.

With respect to Mr. Ruding, the Board considered the fact that Mr. Ruding previously was an executive officer at Citicorp and Citibank, N.A. Mr. Ruding retired from his executive positions at Citicorp and Citibank, N.A. in 2003. As a retiree, he serves on the international advisory committee of Citigroup and attends that committee s two meetings per year, for which he receives an annual retainer of approximately $50,000. In determining that this relationship was not material, the Board reviewed Corning s Director Qualification

Standards and all of the facts and circumstances of Mr. Ruding s relationship with Corning, including that Mr. Ruding is no longer employed by Citicorp or Citibank N.A. For the last three years, Citicorp services never approached a percentage that would bar independence under the NYSE Listing Standards or Corning s Director Qualification Standards.

With respect to Mr. Tookes, the Board considered the fact that, in February 2007, Mr. Tookes joined the Board of Directors of BBA Aviation plc, the parent company of Signature Flight Support, the company that provides aviation support services to Corning s planes. Mr. Tookes had no past connections with BBA Aviation plc. Going forward, the amount of business Corning does with Signature Flight Support is expected to be approximately $120,000 annually, which is not material. In determining that this relationship was not material, the Board considered the fact that Mr. Tookes relationship arises only from his position as a director of BBA Aviation plc, that he has no material interest in any of the transactions between Corning and Signature Flight Support, that he had no role in any such transactions, and that such a relationship would not bar independence under the NYSE Listing Standards or Corning s Director Qualification Standards.

With respect to Mr. Wrighton, the Board considered the fact that Mr. Wrighton is a member of the Board of Directors of Cabot Corporation, a company which sold less than $205,000 of products to Corning for each of fiscal years 2006, 2007 and 2008; and Brooks Automation, a company which sold less than $160,000 of products to Corning for each of fiscal years 2006, 2007 and 2008. Cabot Corporation s sales to and purchases from Dow Corning Corporation (DCC) were below $70 million for each of the last three fiscal years. DCC is 50% owned by each of Corning and The Dow Chemical Company, is not controlled by Corning, and has a separate board of directors. In determining that this relationship was not material, the Board considered the fact that Mr. Wrighton s relationship arises only from his position as a director of Cabot Corporation and Brooks Automation, that he has no material interest in any of the transactions between Corning and Cabot Corporation or Brooks Automation or DCC and Cabot Corporation, that he is not an officer or employee of these companies, that he had no role or financial interest in any decisions about any of these transactions, and that such a relationship would not bar independence under the NYSE Listing Standards or Corning s Director Qualification Standards.

The Board concluded that based on all of the relevant facts and circumstances, none of the above relationships constituted a material relationship with Corning that represents a potential conflict of interest or otherwise interferes with the exercise by any of these directors of his or her independent judgment from management of Corning.

The Board determined that Messrs. Flaws, Volanakis and Weeks were not independent because they are each executive officers of Corning. With respect to Mr. Houghton, the Board determined that he was not independent as he was the Chief Executive Officer of Corning until he retired in April 2005.

Each member of the Board s Audit, Compensation and Nominating and Corporate Governance Committees is independent within the meaning of the NYSE Listing Standards, Securities Exchange Act Rule 10A-3 and Corning s Director Qualification Standards.

Communications with Directors

Shareholders and interested parties may communicate concerns to any director, committee member or the Board by writing to the following address: Corning Incorporated Board of Directors, Corning Incorporated, One Riverfront Plaza, MP HQ E2 10, Corning, New York 14831 Attention: Corporate Secretary. Please specify to whom your correspondence should be directed. The Corporate Secretary has been instructed by the Board to promptly forward all correspondence (except advertising, spam, junk mail and other mass mailings, product inquiries and suggestions, resumes, surveys or any unduly hostile, threatening or illegal materials) to the relevant director, committee member or the full Board, as indicated in the correspondence.

Audit Committee Financial Expert

The Board of Directors has determined that three members of the Audit Committee: Robert F. Cummings, Jr., Kurt M. Landgraf, and H. Onno Ruding, qualify as Audit Committee Financial Experts.

Lead Director

Under our Corporate Governance Guidelines, our Board designates and utilizes a Lead Director, currently James J. O Connor. The Lead Director plays an important role in our corporate governance structure, including: presiding at all meetings of the Board at which the chairman is not present, including executive sessions of the independent directors; serving as liaison between the chairman and the independent directors; has the authority to call meetings of the independent directors; consults with the chairman on matters relating to Board performance and corporate governance; and, if requested by major shareholders, ensuring that he is available for consultation and direct communication. The Chairman consults with the Lead Director in advance of each Board meeting to obtain his approval for the meeting schedule and timing, for each agenda, and for the types of information to be sent to the Board.

Executive Sessions of Non-Employee Directors

Non-employee Board members meet without management present at each regularly scheduled Board meeting. Additional meetings may be called by the Lead Director in his discretion or at the request of the Board. The Lead Director, Mr. O Connor, presides over meetings of the non-employee directors.

Policy Regarding Directors Attendance at Annual Meetings

Our Corporate Governance Guidelines provide that each director will make every effort to attend the annual meeting of shareholders. All of our incumbent Board Members attended the 2008 Annual Meeting, with the exception of Mr. Wrighton who was appointed to the Board on February 4, 2009.

Related Party Policy and Procedures

Corning has adopted a written policy that addresses related party transactions requiring disclosure under Item 404 of Regulation S-K under the Securities Act. A related party of Corning includes:

- A director;
- A senior officer;
- An immediate family member of a director or senior officer;
- A shareholder who owns more than 5% of Corning s voting securities; and
- An entity in which a director, senior officer or a more than 5% shareholder has a substantial ownership interest.

Under the policy, all related party transactions must be reviewed by the General Counsel or other disinterested officer. Any transaction involving a director is also reviewed, approved or ratified by the Nominating and Corporate Governance Committee. Any transaction involving an executive officer is reviewed, approved or ratified by the Audit Committee. In order for any such transaction to be approved or ratified, the transaction must be shown to further the interest of the Company and have appropriate safeguards established.

All approved or ratified related party transactions shall be reported to the Audit Committee and the Nominating and Corporate Governance Committee (in those instances where such committee did not participate in the review, approval or ratification process).

Code of Ethics

Our Board of Directors has adopted the Code of Ethics for the Chief Executive Officer and Financial Executives and the Code of Conduct for Directors and Executive Officers, which supplements the Code of Conduct governing all employees and directors, which has been in existence for more than ten years. We refer to these documents collectively as the Code of Ethics . A copy of the Code of Ethics is attached to this proxy statement as Appendix G and is available on our website at *http://www.corning.com/investor_relations/corporate_governance/board_download_libarary.aspx.* We will disclose any amendments to, or waivers from, the Code of Ethics on our website within four business days of such determination. During 2008, no amendments to or waivers of the provisions of the Code of Ethics were made with respect to any of our directors or executive officers.

Security Ownership of Certain Beneficial Owners

Paragraphs (a) and (b) below set forth information about the beneficial ownership of Corning s Common Stock as of December 31, 2008. Unless otherwise indicated, the persons named have sole voting and investment power with respect to the shares listed.

(a) To the knowledge of management, the following owned more than 5% of Corning s outstanding shares of Common Stock:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
FMR Corp. 82 Devonshire Street Boston, Massachusetts 02109	155,979,717(1)	10.035%
Capital Research Global Investors 333 South Hope Street Los Angeles, CA 90071	85,261,900(2)	5.5%
Capital World Investors 333 South Hope Street Los Angeles, CA 90071	77,720,000(3)	5.0%

(1) Reflects shares beneficially owned by FMR LLC (FMR) according to a Schedule 13G/A filed by FMR with the SEC on January 12, 2009, reflecting ownership of shares as of December 31, 2008. Fidelity Management & Research Company (Fidelity), a wholly-owned subsidiary of FMR LLC (FMR) and an investment adviser, is the beneficial owner of 153,384,293 shares as a result of acting as investment adviser to various investment companies. The ownership of one investment company, Magellan Fund, amounted to 120,683,383 shares. Edward C. Johnson 3d (Johnson), chairman of FMR, and FMR, through its control of Fidelity, and the Fidelity Funds each has sole power to dispose of the 153,384,293 shares owned by the Fidelity Funds. Members of the Johnson family are the predominant owners, directly or through trusts, of Series B voting common shares of FMR, representing 49% of the voting power of FMR. The Johnson family group and all other Series B shareholders have entered into a shareholders voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders voting agreement, members of the Johnson family may be deemed to form a controlling group with respect to FMR. Neither FMR nor Johnson has the sole power to vote or direct the voting of the shares owned directly by Fidelity Funds, which power resides with the Fidelity Funds Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Fidelity Funds Boards of Trustees. Strategic Advisers, Inc. (SA), a wholly-owned subsidiary of FMR and an investment adviser, provides investment advisory services to individuals. As such, FMR s beneficial ownership includes 11,974 shares beneficially owned through SA. Pyramis Global Advisors, LLC (PGALLC), an

indirect wholly-owned subsidiary of FMR and an investment adviser, is the beneficial owner of 720,300 shares as a result of its serving as investment adviser to institutional accounts, non-U.S. mutual funds, or investment companies owning such shares. Johnson and FMR, through its control of PGALLC, each has sole dispositive power over 720,300 shares and sole power to vote or to direct the voting of 720,300 shares owned by institutional accounts or funds advised by PGALLC described above. Pyramis Global Advisors Trust Company (PGATC), an indirect wholly-owned subsidiary of FMR, is the beneficial owner of 1,293,264 shares as a result of its serving as investment manager of institutional accounts owning such shares. Johnson and FMR, through its control of PGATC, each has sole dispositive power over 1,293,264 shares and sole power to vote or to direct the voting of 1,271,624 shares owned by institutional accounts managed by PGATC described above. Fidelity International Limited (FIL), and various foreign-based subsidiaries provide investment advisory and management services to a number of non-U.S. investment companies and certain institutional investors. FIL, which is a qualified institution, is the beneficial owner of 569,886 shares. Partnerships controlled predominantly by members of the Johnson family, or trusts for their benefit, own shares of FIL voting stock with the right to cast approximately 47% of the total votes which may be cast by all holders of FIL voting stock. FMR and FIL are of the view that they are separate and independent corporate entities and that their Boards of Directors are generally composed of different individuals.

(2) Reflects shares beneficially owned by Capital Research Global Investors (CRGI), a division of Capital Research and Management Company, according to a Schedule 13G filed by CRGI with the SEC on February 13, 2009, reflecting ownership of shares as of December 31, 2008. CRGI, an investment advisor, has sole voting power with respect to 35,365,000 shares and sole dispositive power with respect to 85,216,900 shares. According to the Schedule 13G, CRGI beneficially owned 5.5% of our common stock as of December 31, 2008. CRGI disclaims beneficial ownership of these shares.

(3) Reflects shares beneficially owned by Capital World Investors (CWI), a division of Capital Research and Management Company, according to a Schedule 13G filed by CWI with the SEC on February 13, 2009, reflecting ownership of shares as of December 31, 2008. CWI, an investment advisor, has sole voting power with respect to 19,700,000 shares and sole dispositive power with respect to 77,720,000 shares. According to the Schedule 13G, Capital Research beneficially owned 5.0% of our common stock as of December 31, 2008. CWI disclaims beneficial ownership of these shares.

(b) The number of shares of Corning Common Stock owned by the directors and nominees for directors, by the chief executive officer, the chief financial officer and the three other most highly compensated executive officers (the Named Executive Officers) and by all directors and executive officers as a group, as of December 31, 2008, is as follows:

Name	Amount and Nature of Beneficial Ownership(1)(2)(3)	Percent of Class
Directors		
John S. Brown	123,642	
Robert F. Cummings, Jr.	59,076	
Gordon Gund	3,276,570(4)	
James R. Houghton	2,649,441(5)	
Kurt M. Landgraf	5,674	
James J. O Connor	149,635	
Deborah D. Rieman	105,355	
H. Onno Ruding	117,431	
William D. Smithburg	180,552	
Hansel E. Tookes II	58,355	

Name	Amount and Nature of Beneficial Ownership(1)(2)(3)	Percent of Class
Named Executive Officers		
(*also serve as directors)		
Wendell P. Weeks*	5,212,538	
Peter F. Volanakis*	3,313,980	
James B. Flaws*	2,387,438	
Joseph A. Miller, Jr.	863,939	
Kirk P. Gregg	1,869,955	
All Directors and Executive Officers as a Group (19 persons)	22,587,877(6)(7)	1.45%

(1) Includes shares of Common Stock, subject to forfeiture and restrictions on transfer, granted under Corning s Incentive Stock Plans as well as options to purchase shares of Common Stock exercisable within 60 days under Corning s Stock Option Plans. Messrs. Brown, Cummings, Gund, Houghton, Landgraf, O Connor, Ruding, Smithburg, Tookes, Weeks, Volanakis, Flaws, Miller and Gregg, and Ms. Rieman have the right to purchase 22,055; 2,703; 64,965; 2,179,318; 1,030; 17,933; 62,855; 64,965; 19,805; 4,444,445; 2,443,500; 1,785,384; 445,750; 1,480,676; and 62,855 shares, respectively, pursuant to such options. All directors and executive officers as a group hold options to purchase 15,024,917 such shares.

(2) Includes shares of Common Stock, subject to forfeiture and restrictions on transfer, issued under Corning s Restricted Stock Plans for Non-Employee Directors.

(3) Includes shares of Common Stock held by J. P. Morgan Chase & Co. as the trustee of Corning s Investment Plans for the benefit of the members of the group, who may instruct the trustee as to the voting of such shares. If no instructions are received, the trustee votes the shares in the same proportion as it votes the shares for which instructions were received. The power to dispose of shares of Common Stock is also restricted by the provisions of the Plans. The trustee holds for the benefit of Messrs. Weeks, Volanakis, Flaws, Miller and Gregg, and all directors and executive officers as a group the equivalent of 10,505; 0; 15,424; 1,427; and 8,784; shares of Common Stock, respectively. It also holds for the benefit of all employees who participate in the Plans the equivalent of 25,948,263 shares of Common Stock (being 1.67% of the Class).

(4) Includes 1,650,000 shares held by an irrevocable trust in which Mr. Gund has no pecuniary interest, but for which he is a trustee.

(5) Includes 255,259 shares held in trusts by Market Street Trust Company as a co-trustee for the benefit of Mr. Houghton, as income beneficiary. Does not include 2,415,561 shares held in trusts by Market Street Trust Company, as to which Mr. Houghton disclaims beneficial ownership. Market Street Trust Company is a limited purpose trust company controlled by the Houghton family, the directors of which include James R. Houghton and other Houghton family members.

(6) Does not include 686,740 shares owned by the spouses and minor children of certain executive officers and directors as to which such officers and directors disclaim beneficial ownership.

(7) As of December 31, 2008, none of our directors or executive officers had pledged any such shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Corning s directors and certain of its officers to file reports of their ownership of Corning Common Stock and of changes in such ownership with the SEC and the New York Stock Exchange. Regulations also require Corning to identify in this proxy statement any person subject to this requirement who failed to file any such report on a timely basis.

To Corning s knowledge, based solely on its review of the copies of such reports furnished to Corning and written representations from certain reporting persons, we believe that all of our officers, directors and greater than 10% shareholders complied with all Section 16(a) filing requirements applicable to them during the fiscal year ended December 31, 2008.

Compensation Discussion and Analysis

The Compensation Committee of the Board of Directors (the Committee), composed entirely of outside directors, is responsible to the Board of Directors and to our shareholders for executive compensation at Corning (we , us , Corning or the Company). The Committee sets the principles outlined in the Company s compensation philosophy, reviews and approves executive compensation levels (including cash compensation, equity incentives, benefits and perquisites for executive officers) and reports its actions to the Board of Directors for review and, as necessary, approval.

This Compensation Discussion and Analysis (CD&A) describes:

- how and why the Committee establishes executive compensation at Corning;
- the objectives of the various compensation programs; and
- how performance metrics are selected and evaluated for the various performance-based variable compensation programs.

After an Executive Summary of 2008 Performance and Results and a short introduction entitled Setting the Context For Compensation Philosophy , this CD&A has been prepared in a ***Question and Answer*** format in order to more easily address the following key questions:

1. What are the philosophy and objectives behind the Company s compensation programs?
2. What are the elements of compensation?
3. Why does the Company choose to pay each element?
4. How does each element of compensation fit into the Company s overall compensation objectives and affect the other elements?
5. What is the compensation program designed to reward?
6. How does the Company determine the amount (and when applicable, the formula) for each element?
7. Are there any anticipated changes in compensation practices that the Company intends to implement?

8. What are the Company s stock option grant practices?

Executive Summary of 2008 Performance and Results

Corning s 2008 performance was a tale of two halves. During the first half of 2008, Corning was tracking towards outstanding performance for the full year across a number of its compensation programs. As a result of the global financial crisis and recession, and the rapid fall-off in demand across most Corning businesses, Corning s 2008 financial performance was significantly affected. Although Corning did achieve some historical record financial results in 2008, the compensation plans were impacted dramatically by year-end.

2008 financial results fell significantly below the objectives established for Corning s 2008 cash bonus plan (Performance Incentive Plan) and long-term incentive plan (performance shares under the Corporate Performance Plan). Incentive compensation, based solely on corporate performance, represents 81% to 88% of the total direct compensation of each Named Executive Officer. As a result of the poor financial performance, compared to the goals established, actual compensation earned by the Named Executive Officers for 2008 fell approximately 75% below the target compensation opportunities established for each Named Executive Officer at the start of the year. This result is consistent with the intent and design of the Company s variable pay programs, which link actual pay directly to improved financial results, and result in significantly reduced compensation in years in which financial results do not meet expectations.

Recapping 2008 Actual Performance: The annual cash bonus under the 2008 Performance Incentive Plan (with a 0% to 200% opportunity) paid out at 25% of each Named Executive Officer s target opportunity, the 2008 GoalSharing Plan (with a 0% to 10% opportunity) paid out at 4.28% of each Named Executive Officer s base salary (or 85.6% of the 5% target), and the number of performance shares earned under the 2008 Corporate Performance Plan (with a 0% to 150% opportunity) were based on 16% of each Named Executive Officer s target opportunity.

Further details regarding 2008 performance can be found under Performance Metrics in Question #4 below.

While the Summary Compensation Table has been prepared in accordance with the SEC s rules, the Committee and the Company believe that the numbers reported in the Summary Compensation Table do not accurately reflect the significantly reduced level of compensation earned by each Named Executive Officer based on actual Company performance in 2008. This is primarily because the quantification of incentive compensation under the SEC s rules is based on amortized accounting expense rather than current economic value. The disclosed values of stock options and performance shares in the Summary Compensation Table are based on the accounting cost of awards covering multiple performance years and historical grant prices that are significantly higher than the current stock price. For example, stock options awarded in December 2007 and January-February, 2008 for the 2008 performance year were granted at exercise prices ranging from $23.37 to $24.92; the stock price must therefore recover to those price levels before these stock options begin to have any real value that may be realized by the executive.

Establishing 2008 Target Compensation. The Committee and the Company, while always cognizant of the accounting expense ascribed to various forms of equity awards, do not determine the respective amounts of equity compensation awards to various officers and other employees on the basis of the schedule of accounting expense recognition of such awards. Under the applicable SEC rules, however, the required disclosure (in the Summary Compensation Table) of awards with the same terms for Corning s Named Executive Officers may differ depending on the age of the individual and the date such grants were made. For example, Messrs. Flaws and Miller are both over age 55, so the accounting treatment of their equity awards (stock options and performance shares) differs from the accounting treatment of the awards for Messrs. Gregg, Volanakis and Weeks, all of whom are under the age of 55. Please see Additional Information to Assist in Understanding the Summary Compensation Table on page 40. In addition, in planning the total compensation for executives in 2008, the Committee followed its historical practice of awarding stock options in December 2007, January 2008 and February 2008, so that actual awards fall in two different calendar years.

In short, we believe that because of the particular methodology imposed by the SEC, the Summary Compensation Table:

Obscures the fact that the Committee made equity incentive awards to the Named Executive Officers for 2008 based on the estimated fair values of the awards at the time awards were approved and not on the accounting treatment of those awards;

Does not accurately communicate the strong correlation between pay and performance in Corning s compensation program design; and

Does not reflect how significantly 2008 total pay levels were reduced, due to actual financial performance.

In establishing pay for the 2008 performance year, the Committee approved the targeted total pay for each of the Named Executive Officers as follows:

Named Executive Officer	Base Salary	Cash Bonus Opportunity (at Target)	Target Value of Performance Shares	Target Fair Value of Stock Options	Total Direct Compensation (at Target)
Wendell P. Weeks	$ 1,030,000	$ 1,081,500	$ 3,000,000	$ 3,000,000	$ 8,111,500
Peter F. Volanakis	868,000	781,200	2,000,000	2,000,000	5,649,200
James B. Flaws	821,000	697,850	1,400,000	1,400,000	4,318,850
Joseph A. Miller, Jr.	610,000	488,000	1,150,000	1,150,000	3,398,000
Kirk P. Gregg	578,000	462,400	1,000,000	1,000,000	3,040,400

The total direct target compensation figures above are the most significant compensation elements that the Committee looked at as it sought to position (and order) the compensation for each Named Executive Officer in 2008. As described below, Base Salary is the only guaranteed component of the total pay package. Other compensation elements (e.g., cash bonus, performance shares and stock options) are variable and are earned only if the corporate financial performance goals for the year are met and, in the case of stock options, have value only if the stock price increases.

Impact of 2008 Financial Results on Pay: As described above, actual financial performance in 2008 fell far short of the target financial goals established for the year. Thus, even though Earnings Per Share, excluding special items, was up 9% in 2008 compared to 2007, these record results still fell significantly below the target financial objectives established at the start of the year, resulting in the award of cash bonuses under the 2008 Performance Incentive Plan at 25% of target (compared to 200% of target for achieving similar financial performance in 2007) and performance share awards under the 2008 Corporate Performance Plan at 16% of target (compared to 150% of target in 2007). Performance shares earned for 2008 performance remain restricted until they vest on February 1, 2011. The actual value derived by the executive from these shares will depend on the stock price in effect on that vesting date and could be more or less than the values indicated in the table below.

While the estimated binomial values of stock options as of the grant dates are indicated in the target compensation table above, the actual value that an executive may derive in the future from the exercise of these stock options, if any, cannot be estimated and could be more or less than the indicated binomial values. As indicated in the Outstanding Equity Awards at Fiscal Year-end table, almost all outstanding stock options are significantly underwater at this time and will require a significant recovery in Corning s stock price before they begin to have any real economic value for the Named Executive Officer.

Actual compensation earned for 2008 performance (using the December 31, 2008 NYSE closing price of $9.53 to value the performance shares and assuming a year-end value of $0 for underwater stock options) was down 75% to 80% for the year compared to the target compensation noted above as follows:

Named Executive Officer	Base Salary	Actual Cash Bonus (Earned for 2008 but Paid in 2009)	Year End Value of 2008 Performance Shares Earned	Year End Value of Stock Options	Total Direct Compensation (Actual)	Decline in Actual Total Direct Compensation Compared to Target Compensation
Wendell P. Weeks	$ 1,030,000	$ 301,584	$ 196,699	$ 0	$ 1,528,283	(81.2%)
Peter F. Volanakis	868,000	221,600	131,133	0	1,220,733	(78.4%)
James B. Flaws	821,000	199,339	91,488	0	1,111,827	(74.3%)
Joseph A. Miller, Jr.	610,000	140,483	74,715	0	825,198	(75.7%)
Kirk P. Gregg	578,000	133,113	65,566	0	776,679	(74.5%)

Due to the decline of Corning s performance at the end of 2008, Corning s Named Executive Officers, and all other global salaried employees, will not receive a base salary increase under the Company s 2009 Annual Salary Review process (generally conducted in January for the Executive Group and in April for all other global salaried employees).

Setting the Context for Compensation Philosophy

We believe that setting the context for compensation philosophy is critical to understanding how executive compensation is designed and administered at Corning. As used in this CD&A:

- The Named Executive Officers are the five officers of the Company listed in this proxy.

- The Officer Group is a group of approximately 50 corporate officers, assistant officers and other senior executives. All of the Named Executive Officers are part of the Officer Group.

- The Executive Group is a group of approximately the top 200 employees (in terms of responsibility and pay) in the Company. All of the Named Executive Officers and members of the Officer Group are members of the Executive Group.

Institutional Heritage and Strategic Framework: Corning is one of a handful of U.S. companies that has been in existence for over 150 years. We believe that our heritage and long-term success are due to our approach regarding the management and development of our key resource: our people. In addition, our strength in technology and process innovation is and will continue to be vital to our growth. Management and our Board of Directors have agreed to a Strategic Framework, supported by Annual Operating Priorities that set the management operating agenda each year.

Strategic Framework: The Strategic Framework is based on the following key principles:

- Growth through global innovation; and

- Financial stability and balance in order to successfully manage the volatility that is inherent in growing through innovation.

Corning frequently has long development cycles for major new technology innovations. Often, it can take 10 to 20 years of development before new technology becomes a major operating business (such as optical fiber, automotive substrates and glass substrates for liquid crystal displays). Patient investment over many years, team continuity, and a collaborative culture of teamwork across varied businesses are critical to our long-term success.

Our historical and ongoing investments in Research Development and Engineering demonstrate our commitment to innovation and creating long-term value by bringing new ideas to market, sometimes far into the future. This means that our management must constantly balance what is good for us today versus what is good for us tomorrow, thereby protecting the heritage of our 150+ year old institution while continuing to build long-term value through innovation.

Annual Operating Priorities: The Annual Operating Priorities define the key annual objectives to achieve our plan. In 2008, the priorities were:

- Protect financial health;

Improve profitability;

Invest in the future; and

Live the values.

These annual objectives are measured and monitored by looking at performance metrics (such as adjusted net profit after taxes), financial stability metrics (such as cashflow and investment grade ratings) and progress towards advancing the innovation portfolio and achieving other key milestones.

1. What are the philosophy and objectives behind the Company s compensation programs?

Executive Compensation Philosophy General Objectives

The goal of the Company s compensation program is to provide competitive and motivational compensation to ensure our success in attracting, developing and retaining our key executive, managerial and technical talent. Having and retaining the right talent is critical to supporting and achieving our Annual Operating Priorities.

The Committee believes that most of a senior executive s total compensation package should be based on objective measures of performance.

For the Named Executive Officers, this means that their variable compensation opportunities are based solely on corporate financial performance objectives.

For the other members of the Executive Group, this means that their variable compensation opportunities are based on objectives at the individual, business unit and corporate (*i.e.*, company-wide) levels.

Compensation Strategy Key Principles

The Committee s basic strategic compensation principles are as follows:

Provide a Competitive Base Salary: The Committee does not believe that all of a Named Executive Officer s annual compensation should be at risk. As a result, the Company pays a competitive base salary to each Named Executive Officer. For the CEO, this means that his base salary is established around the median of the market of the various executive compensation surveys that the Committee reviews (discussed below). As explained further herein, internal equity for the non-CEO Named Executive Officers is a more important consideration in establishing a base salary for these individuals than the external market. As a result, the base salaries of the non-CEO Named Executive Officers are positioned within the top quartile when reference is made to the various executive compensation surveys.

Variable Compensation Should Relate to Performance: Executive compensation should reward performance and contribution to both short-term and long-term financial performance and shareholder value. The corporate financial performance metrics utilized in 2008 for Company incentive plans (discussed in greater detail under *Performance Metrics* in questions 4 and 5 of this CD&A) are adjusted Net Profit After Tax (Adjusted NPAT , adjusted Earnings Per Share (Adjusted EPS) and adjusted Operating Cashflow (Adjusted Operating Cashflow). The annual cash bonus opportunities for the Named Executive Officers are based solely on corporate financial performance with no individual objectives used to calculate the variable compensation awards earned for these individuals.

Team-Based Management Approach: Corning uses a team-based management approach, so individual factors such as: an executive s role in the Company; professional experience; sustained performance; ability to take on additional responsibility; unique skills; and ability to meet strategic and financial objectives are important characteristics that result in an executive becoming a Named Executive Officer. However, once an executive reaches the Named Executive Officer level, corporate financial performance, not individual performance, is the key factor in determining the Named Executive Officer s actual compensation paid under the various performance-based plans. Once at the Named Executive Officer level, the Committee and, the CEO, with respect to the other Named Executive Officers use its subjective judgment of the Named Executive Officer s individual performance to determine, among other things, whether the Named Executive Officer should: remain in his current role, assume additional responsibility, or receive a base salary increase. But, the Committee does not establish personal objectives for the CEO or other Named Executive Officers.

Incentive Compensation Should be a Greater Part of Total Compensation For More Senior Positions: As our employees assume more responsibilities and have greater opportunity to enhance

Company performance and shareholder value, an increasing share of their total compensation package will be derived from variable incentive compensation (both long-term and short-term) which is contingent on achieving objectives producing improvement in business and/or corporate performance.

The Interests of Our Executive Group Should be Aligned with Shareholders: Through the use of stock option and performance share grants, as well as ownership guidelines, we align the long-term interests of our Executive Group with those of our shareholders. We balance the use of performance shares earned only when certain corporate financial performance goals are met with the use of stock options, which derive their value from an improvement in our share price.

We also believe stock ownership fosters commitment to long-term shareholder value and aligns the interests of our Executive Group with those of our shareholders. While Corning s Named Executive Officers have had significant holdings of Corning stock for many years, in 2007, the Committee formally approved executive stock ownership guidelines for Corning s Named Executive Officers to ensure that such executives retain meaningful ownership of Corning stock (discussed under Additional Information on page 36 of this CD&A).

Each of the Named Executive Officers held Corning stock, or had deferred compensation accounts with values based on the value of Corning stock, that exceeded these ownership guidelines when the Committee review was conducted in April 2008. The next regularly scheduled annual review will occur in April 2009.

We have established a policy that no member of the Officer Group or director may sell or buy publicly traded options on Corning securities, nor trade in any Corning stock derivatives. Additionally, these individuals may not engage in transactions in which he or she may profit from short-term speculative swings in the value of Corning stock utilizing short sales or put and call options.

How Corning Uses Executive Compensation Surveys

The Committee references executive compensation surveys as it seeks to position CEO pay around the median of the market. However, in establishing the pay for the non-CEO Named Executive Officers, the Committee does not seek to establish or target the pay of these individuals to any specific survey or benchmark level. Instead, the Committee uses its judgment to establish the total pay of these individuals in comparison to the CEO. This is done for the following reasons:

CEO Target Direct Compensation Should Be Competitive with the External Market: When it comes to CEO pay, we seek to be fair (to our CEO, our employees and our shareholders) and competitive. For Corning, a competitive CEO pay package means a targeted pay package that can be referenced to the external market and would fall solidly in the middle-range of those CEO surveys. The Committee seeks to ensure that the CEO is paid competitively by positioning the CEO s target total direct compensation (base salary + target cash bonuses + target long-term incentives) around the median of the market. With more than 85% of the CEO s total pay package consisting of variable compensation opportunities, actual corporate financial performance will determine how far above or below the median the CEO s actual compensation will be in any given year.

Compensation Should Encourage a Team-based Approach to Management: Given the experience and skills of the current non-CEO Named Executive Officers, the target total direct compensation (base salary + target cash bonuses + target long-term incentives) for the non-CEO Named Executive Officers is deliberately positioned closer to the CEO than at many other companies. The Committee believes this fosters the collaborative culture and decision-sharing approach of our senior management team. As a result, the target total direct compensation for the non-CEO Named Executive Officers is generally in the Top Quartile of the executive survey sources referenced by the Committee. However, the Committee believes this positioning is appropriate based upon the experience, skills, collaborative style of leadership and performance of these current Named Executive Officers. Actual corporate performance will determine how far above or below target each non-CEO Named Executive Officer s actual compensation will be in any given year.

Internal Pay Equity is a More Important Consideration Than External Benchmarks: Given our diversified businesses, the history of unique innovations behind our product offerings, and the global nature of our operations, we lack any pure peer companies against which the Committee is able to benchmark. As a result, external survey data cannot take the place of sound business judgment based on specific knowledge of Corning and its leaders. Part of Corning s success is derived from its investments in several equity companies. For example, Corning s share of the revenues from these equity companies (approximately $4.9 billion in 2008) is not consolidated into Corning s net sales. However, Corning s share of the equity earnings from these companies is included in Corning s net income. Thus, net sales alone do not completely reflect the size and complexity of Corning when compared to other companies. We look at general compensation surveys and proxy data from companies in a variety of manufacturing and service industries that are similar in size or have similar financial characteristics to Corning (the Comparator Companies found below). However, the information gleaned from these surveys and proxy data is used only as a reference point in the Committee s determination of establishing the targeted total pay of the Named Executive Officers. Such data is not used as a specific benchmark or to target a specific percentile of the market in establishing our non-CEO Named Executive Officer s compensation.

Comparator Companies

AGILENT TECHNOLOGIES INC	H. J. HEINZ COMPANY
AIR PRODUCTS & CHEMICALS INC /DE/	ITT CORP
ALLTEL CORP	MONSANTO CO /NEW/
AUTOMATIC DATA PROCESSING INC	PRAXAIR INC
AVON PRODUCTS INC	PRECISION CASTPARTS CORP
BAKER HUGHES INC	QUEST DIAGNOSTICS INC
BECTON DICKINSON & CO	ROHM & HAAS CO
BOSTON SCIENTIFIC CORP	SHERWIN WILLIAMS CO
CAMPBELL SOUP CO	STRYKER CORP
COVIDIEN LTD.	WRIGLEY WM JR CO
ECOLAB INC	

Company	Revenues ($MMs)	Net Income ($MMs)	Total Assets ($MMs)	1 Yr Total Shareholder Return	3 Yr Total Shareholder Return	FY End Mkt. Cap ($MMs)	Number of Full-Time Employees
25th Percentile	$ 6,704.9	$ 553.8	$ 6,474.0	1.0%	7.4%	$ 13,119.2	19,400
50th Percentile	$ 8,563.0	$ 660.0	$ 9,856.6	11.8%	14.0%	$ 16,870.1	27,500
75th Percentile	$ 9,402.0	$ 965.9	$ 12,983.0	19.6%	19.2%	$ 21,321.4	35,800
90th Percentile	$ 10,070.8	$ 1,161.7	$ 23,734.4	48.2%	28.7%	$ 30,723.6	43,500
MEAN	$ 8,126.0	$ 675.4	$ 11,926.4	13.4%	14.5%	$ 18,839.8	28,108
MINIMUM	$ 5,389.1	$ (495.0)	$ 4,722.8	-32.3%	-31.1%	$ 7,127.5	15,710
MAXIMUM	$ 10,428.2	$ 1,513.9	$ 32,135.5	51.5%	57.1%	$ 38,100.3	47,000
Focus Company							
CORNING	$ 5,860.0	$ 2,150.0	$ 15,215.0	28.8%	27.0%	$ 37,775.5	24,800

Notes to Comparator Companies Table

The Company currently participates in and uses three general executive compensation surveys for its Executive Group positions:

Mercer 2008 S&P 500 Executive Survey;

2008 Towers Perrin Executive Survey; and

2008 Radford Executive Survey.

In addition to the three general surveys, we also use proxy data obtained from service providers, such as Equilar, Inc., to review the actual compensation levels for the Named Executive Officers in a variety of manufacturing and service industries that are similar in size or have similar financial characteristics (looking at many factors such as revenues, net income, number of employees, market capitalization) to the Company (the Comparator Companies listed above).

In developing the general list of Comparator Companies for the 2008 Committee review, the Company identified publicly traded manufacturing and service companies that met the following general screening criteria:

- revenues in the range of $4 billion to $10.5 billion and median revenues of approximately $8.1 billion;
- more than 15,000 employees; and
- market capitalization above $6 billion.

In arriving at the list of twenty-one companies above we excluded all companies in industries markedly different from Corning such as banking, financial services, airlines, railroads and retail.

Role of the Compensation Committee

The role and responsibilities of the Committee are defined in the Committee Charter (refer to Appendix B attached to this proxy statement and summarized on page 10 of the proxy statement).

It is our practice that any and all compensation decisions affecting the Officer Group must be reviewed and approved by the Committee. In addition, each year the Committee engages an independent outside executive compensation consultant to comment on and/or conduct a review of items such as the following:

- the Company s executive compensation policies, practices and designs, to determine if changes should be considered or made for these programs;
- the mix of pay and targeted total compensation levels established for the Executive Group (with some reference to external benchmarks); and
- developing market trends.

The Committee selected an executive compensation expert from Hewitt Associates as its independent consultant. This selection was made without the input or influence of management. The Company paid Hewitt Associates approximately $24,000 for the services of the independent consultant during 2008.

During 2008, Hewitt Associates, as a firm, provided other non-executive compensation and benefit services to the Company, but the Hewitt executive compensation expert does not provide any other services to the Company. In 2008, Corning paid Hewitt approximately $284,000 for assistance in designing leadership development curriculums for Corning employees in China and Europe. Corning s Human Resources organization works with many global service providers and we do not believe that limited services provided by separate groups within Hewitt Associates, on discreet non-recurring projects for the benefit of Corning s general employee population, affects the independent advice that the Committee receives from its consultant related to executive compensation.

The Company has implemented a practice that any new work started with Hewitt Associates must be approved by the Compensation Committee in advance.

Role of Executive Management in the Executive Compensation Process

Corning s annual goals are set at the conclusion of the budget process each year. In June of each year, Corning s senior management reviews all of the long-range plans of each business unit as well as a consolidation of those plans into the long-range plan for the Company. Preliminary goals for the next year s plan are set based on management s judgment after considering the risks and variability embedded in the underlying business unit plans, economic trends related to the businesses and the overall economy, anticipated plan performance versus our strategic financial performance goals and external expectations for our performance.

Each year, Corning s senior management reviews the annual budget submitted for each business against the preliminary goals set earlier in the year and sets the overall budget for the Company for the following year. That budget is presented to the Board of Directors for its discussion and approval of the capital spending plan. Following the process below, the Committee receives management s recommendations for the compensation plan performance metrics and sets the final targets for the year.

Corning s Senior Vice President (SVP), Global Compensation and Benefits, working closely with other members of Corning s Human Resources, Legal and Finance departments, is responsible for designing and implementing executive compensation.

The SVP, Global Compensation and Benefits discusses with the Committee significant proposals or topics impacting executive compensation at the Company. Our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer may make suggestions to the SVP, Global Compensation and Benefits regarding agenda topics for Committee meetings. However, the Named Executive Officers do not recommend or suggest individual compensation actions that benefit them personally. The Committee also engages an independent compensation consultant to review and assess the recommended compensation plans, targeted total compensation and range of possible compensation opportunities based on actual performance for each of the Named Executive Officers. This consultant is present at the Committee s December meeting (at which total target compensation for all executives are reviewed and approved) and provides feedback and advice to the Committee before the compensation proposals for the Named Executive Officers are reviewed and approved.

Using the Company s strategic compensation principles, and based on direction from the Committee (and the CEO, regarding compensation for the other Named Executive Officers), the SVP, Global Compensation and Benefits formulates each element of the targeted total compensation recommendations for all of the Named Executive Officers. The SVP, Global Compensation and Benefits reviews the recommendations for each of the non-CEO Named Executive Officers with the CEO. The CEO may propose any adjustments he thinks appropriate prior to submission to the Committee. The recommendation for the CEO s compensation is not discussed or reviewed with the CEO prior to the Committee s review. No Named Executive Officers are present when the SVP, Global Compensation and Benefits reviews the CEO compensation recommendation with the Committee. The Committee solicits input from Hewitt s executive compensation expert and may make adjustments to the recommendation for any Named Executive Officer before giving its approval.

Committee members review and have the ability to adjust the proposals, as they deem appropriate in their sole discretion, before approving and presenting final recommendations to the Board of Directors for review and, as necessary, approval. For example, any changes to the targeted total compensation affecting the Executive Group or any significant changes in plan design or features are reviewed before the Committee meeting with one or more members of the Committee. After adjusting for any comments from Committee members, the proposed compensation actions are reviewed, discussed and approved by the Committee before being reported to the Board of Directors.

The CEO and Chief Administrative Officer are invited to attend Committee meetings, although they leave the room during discussions and deliberations of individual compensation actions affecting them personally. The Chief Financial Officer has only attended Special Committee meetings to review the CD&A; He is provided with a copy of the Committee meeting materials that are mailed in advance to all Committee members as well as a copy of the minutes prepared after the meeting.

2. What are the elements of compensation?

3. Why does the Company choose to pay each element? and

4. How does each element of compensation fit into the Company s overall compensation objectives and affect the other elements?

Different elements of the total pay package serve different objectives. A competitive base salary and benefits package is critical to attract and retain employees by providing them with a stable source of income and security over time. Annual cash bonuses that are variable and based on performance are designed to motivate and reward the Named Executive Officers (as well as other eligible employees) for making a positive impact in improving the Company s Adjusted NPAT. Long-term incentives, which also are variable, are linked directly to improvements in the Company s overall financial performance. By issuing equity as compensation (performance shares and stock options), the interests of our Named Executive Officers and other employees are aligned with those of all of our shareholders.

In developing annual cash bonus plans and grants of equity compensation, the Committee looks to deliver a market-competitive pay package each year, assuming the Company achieves its financial objectives. Historically, we have had both poor performance years with low or no bonus payments and underwater stock options that never realized any value, as well as strong performance years with above target bonus payouts and opportunities for wealth accumulation through equity incentives. Given the volatility inherent in Corning s business model of growing through innovation, the Committee does not believe it is appropriate to take into account an executive s existing stock holdings or past compensation in establishing competitive pay levels for the coming year.

For the Named Executive Officers, approximately 80% of the annual targeted total direct compensation package is variable pay (both annual cash bonus and long-term incentives) that is based on financial performance and shareholder returns. The specific elements of the total compensation package for the Named Executive Officers are described below.

Executive Compensation Program Design Mix of Pay

The elements of our executive compensation program are:

- Base salary;
- Annual cash bonuses (the two cash bonus plans are referred to as the Performance Incentive Plan and GoalSharing);
- The Corporate Performance Plan which consists of performance shares or performance share units linked to corporate financial performance and stock options;
- Limited (not annual) grants of time-based restricted stock to meet specific needs; and
- Employee benefits and perquisites.

Each element of the executive compensation program is important.

Direct Compensation

Base Salary: We pay a competitive base salary because the Committee does not believe that an executive s entire compensation package should be at risk. We adjusted the base salaries of the Named Executive Officers effective January 1, 2008. As there were no significant changes in roles for the Named Executive Officers in 2008, each Named Executive Officer, except for Mr. Volanakis, received an increase of approximately 4%, which was Corning s general salary increase for U.S. salaried employees in 2008. Mr. Volanakis received a salary increase of 7% at the recommendation of the Chairman and CEO in recognition of the Company s sustained multi-year record of strong operational performance.

Performance Incentive Plan (PIP): The Performance Incentive Plan is used to ensure that the Company s Named Executive Officers and other eligible employees have the opportunity to receive variable cash awards based on the Company s actual performance. Bonuses will be higher than target when the Company does well compared to the established targets and, bonuses will not be paid when the Company and/or individual fail to achieve the minimum targets established for the plan. For the Named Executive Officers, receipt of any cash bonus under the PIP is based solely on corporate financial performance. Each year, the Committee reviews and approves an annual cash bonus target for each member of the Executive Group (as a percentage of the executive s base salary) under the Company s Performance Incentive Plan. The annual bonus targets for the Named Executive Officers range from 75% to 100% of the Named Executive Officer s base salary (refer to Footnote (5) to the Summary Compensation Table). These bonus targets were not adjusted or changed in 2008. The Named Executive Officers may earn from 0% to 200% of their individual bonus target depending on actual corporate financial performance. For additional discussion of corporate financial performance, please see *Performance Metrics* below. Amounts earned under this plan are combined with the GoalSharing (described below) bonus and reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

The individual Named Executive Officer s cash bonus targets are determined by looking at (1) external equity by referring to the total cash opportunities in various external executive compensation surveys for the CEO and (2) internal equity within the Company for the non-CEO NEOs based on a subjective determination that considers factors such as the position, scope of responsibility, experience, skills and sustained results an executive delivers over time.

Performance Metrics

Under the Performance Incentive Plan in 2008, Adjusted NPAT is the financial metric used to determine the annual cash bonuses for the Named Executive Officers. The adjustments made to reported earnings in order to determine Adjusted NPAT for 2008 were approved by the Committee in advance and were similar to the adjustments in recent years. These adjustments are made in order to eliminate the potential windfall or penalty for non-recurring (and often non-cash) charges and gains. This allows the employees and executives of the Company to focus on improving operational performance while taking appropriate special actions whenever necessary to benefit the Company and its shareholders.

For example, based upon the Committee s review and approval at the beginning of the year, the following special items were excluded from the Adjusted NPAT calculation for 2008:

- One-time gains or charges from execution of financing activities (*e.g.*, issuances or retirement of debt or equity);
- Impact of the Pittsburgh Corning proposed settlement;
- Impact from discontinued operations;
- Restructuring and impairment charges and credits;
- Bankruptcy-related gains or charges at Dow Corning;
- Impact of required accounting changes that caused a variance from budget;
- Impact of the provision or reversal of valuation allowances against deferred tax assets; and
- Impact of fluctuations in foreign exchange rates for the Japanese Yen outside a range of 112 to 118 Yen per dollar.

The range of 2008 Performance Incentive Plan goals were established with the following considerations:

Minimum goal (0%) established by applying judgment based on both the 2007 actual results and the 2008 budget. If Adjusted NPAT did not exceed this goal in 2008, the Named Executive Officers would receive nothing (0%) under the Performance Incentive Plan.

Target goal (100%) established at 2008 budget for Adjusted NPAT. The adjusted budget number for 2008 was established as a 16.6% (or $360 million) improvement over the minimum goal. If Adjusted NPAT met this goal for 2008, the Named Executive Officers would receive 100% of their target awards under the Performance Incentive Plan.

Maximum goal (200% of target) established at a further 7.6% (or $192 million) improvement to the target goal for 2008. If Adjusted NPAT met or exceeded this goal for 2008, the Named Executive Officers would receive 200% of their targets award under the Performance Incentive Plan.

The actual scale of Adjusted NPAT used in 2008 was as follows:

	Adjusted NPAT (in millions)	Performance Incentive Plan Payout
	$ 2,725	200%
	$ 2,668	150%
	$ 2,597	110%
TARGET	**$ 2,533**	**100%**
	$ 2,469	90%
	$ 2,328	50%
	$ 2,173	0%

Actual Adjusted NPAT for 2008 of $2,251 million fell significantly below target expectations with actual results achieved at 25% of target.

GoalSharing Plan: Almost all of our global hourly and salaried employees are eligible to participate in an annual GoalSharing Plan. This variable pay plan generally provides eligible employees an opportunity to earn from 0% to 10% of their annual base salary, based on the actual achievement of specified business performance objectives established annually for these plans. This common program design provides an incentive for driving continuous improvement across all of our businesses and functions by motivating all employees to achieve the business objectives that support the Annual Operating Priorities and reinforces our team-based culture.

Our Named Executive Officers are also eligible for awards of 0% to 10% of base salary under the GoalSharing Plan. The Named Executive Officers receive cash bonuses equal to the weighted average percentage of all payouts (the maximum payout being 10%) earned by employees under the GoalSharing plans multiplied by the Named Executive Officer s base salary. The corporate average payout for 2008 was 4.28%. Amounts earned under this plan are reported along with the Performance Incentive Plan bonus in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

Corporate Performance Plan: We award long-term equity incentives annually to the Executive Group under our Corporate Performance Plan at the December Committee meeting. These awards represent the largest component of the total pay package for the Named Executive Officers. We use a mix of performance shares (performance share units starting in 2009), linked solely to corporate financial performance (refer to Performance Metrics in question 5 of this CD&A), and stock options to reward and encourage long-term performance. While not a significant change for plan participants, the Committee approved the change from performance shares to performance share units effective with the 2009 Corporate Performance Plan in order to: a) modify the previous performance share design by ensuring that dividends would not be paid on performance share units until they were actually earned at the end of the performance period and b) to provide a more efficient compensation design for international locations.

Under the Corporate Performance plan in 2008, approximately 50% of the total targeted value of long-term incentives was awarded through performance shares. The targeted long-term incentive value for the CEO is determined by applying Committee judgment after referring to the median target total direct compensation (base salary + target bonuses + target long-term incentives) of the various executive compensation surveys we look at and subtracting our CEO s base salary and target bonuses from that total. Targeted long-term incentive values for the non-CEO Named Executive Officers are then established by using judgment to establish the desired internal pay equity in comparison to the CEO, subject to the Company achieving the required targeted financial performance. The remaining 50% of the targeted value was awarded by the grant of stock options. We believe that the balance of performance shares and stock options support the goals of improving financial performance (*e.g.*, earnings and cashflow), as well as achieving long-term improvements in shareholder value. The targeted value of performance shares is converted to share awards at the fair market value of stock on the date of grant. Each executive may ultimately earn more or less than the initial target value depending on (1) the actual corporate financial performance and (2) the change in stock price between the date of grant and (a) the date the performance share award vests or (b) the stock option vests and the executive exercises the stock option.

Awards of performance shares may range from 0% to 150% of the target award provided to each executive based on the Company s actual annual results compared to the predetermined annual financial goals set by the Committee. Given the high level of uncertainty associated with growing through innovation and the volatility of the markets we operate in, we have difficulty in setting multiple year goals in advance. As a result, we use a one-year performance period for calculating the number of performance shares that can be earned under the Corporate Performance Plan. After the one-year performance period, shares earned are subject to a two-year vesting period and are subject to stock price fluctuations during that time. This two-year vesting period assists the Company in retaining its critical talent, since the performance shares are subject to forfeiture provisions during the vesting period (except for termination of employment resulting from death, disability or retirement or other exigent circumstances as determined by the Committee).

Performance Share Awards: For 2008, performance share awards under the Corporate Performance Plan were based upon two equally weighted goals: (1) Adjusted EPS and (2) Adjusted Operating Cashflow. Adjusted EPS is earnings per share excluding the special items discussed above for Adjusted NPAT. Although many adjustments tend to be non-cash items, Adjusted Operating Cashflow would exclude special items that impacted operating cashflow. The minimum, target, and maximum levels for Adjusted EPS and Adjusted Operating Cashflow for the 2008 Corporate Performance Plan were as follows:

	Adjusted EPS	**Performance Shares Payout**	**Adjusted Operating Cashflow (in millions)**
	$ 1.705	150%	$ 2,428
TARGET	**$ 1.585**	**100%**	**$ 2,356**
	$ 1.360	0%	$ 2,140

Two goals were selected because it is important to the long-term success of the Company to focus attention on generating cash, in addition to improving Adjusted EPS. Both the Company and the Committee believe that these metrics are appropriate for motivating and rewarding behavior that leads to improvement in operating performance and focuses on the Company s total results.

Actual results for 2008, at $1.42 of Adjusted EPS (32% of target) and $2,056 million of Adjusted Operating Cashflow (0% of target), were significantly below target expectations under the Plan. As a result, only 16% of the target shares were earned for 2008 performance.

We believe that equity incentives are preferable to cash in a long-term plan design for several reasons:

- Equity incentives are a common form of pay in publicly traded companies we use these incentives to enable us to remain competitive in attracting and retaining executives to the Company;
- The ultimate value of performance shares and stock options is impacted by share price gains or losses, thus linking our executive s returns to the returns experienced by all of our shareholders during these performance and vesting periods;
- Once vested, stock options provide flexibility for the executive in deciding when to exercise the option and recognize taxable income; and
- Equity incentives provide an opportunity for executives to increase share ownership in the Company.

Employee Benefits: Our Named Executive Officers are eligible for the same employee benefit plans in which all other eligible U.S. salaried employees participate. These plans include medical, dental, life insurance, disability and qualified defined benefit and defined contribution retirement plans. We also maintain nonqualified defined benefit and defined contribution retirement plans with the same general plan features and benefits as our qualified retirement plans for all U.S. salaried employees affected by tax law compensation, contribution and/or deduction limits. Corning does not fund these nonqualified plans, so these accounts are held as unsecured liabilities of the Company.

Perquisites and Other Benefits: In addition to the standard benefits available to all eligible U.S. salaried employees, the Named Executive Officers are eligible for the following additional perquisites and other benefits:

- *Executive Supplemental Pension Plan (ESPP)* We maintain a nonqualified executive supplemental pension plan for approximately 30 active members of the Officer Group including all of the Named Executive Officers. The Committee does not engage in a wealth creation analysis, and long-term incentives do not impact these retirement benefits. For additional details of the benefits and plan features of the ESPP, please refer to the section entitled Retirement Plans in this proxy statement.

We maintain an ESPP for the following reasons:

  - To reward and retain the long-service individuals that are so critical to understanding and executing Corning s growing through innovation strategy. Most participants under the plan retire from Corning with more than 20 to 30 years of service, and the Company believes that long service with the Company is a vital ingredient that has contributed and will continue to contribute to Corning s long-term success.
  - To provide a reliable and competitive retirement benefit that is independent of other forms of compensation. Given the inherent volatility of performance-based awards and equity incentives, the Company believes that providing a reliable, competitive form of retirement income (independent of other elements of compensation) to participants under this plan is consistent with its focus of balancing short and long-term interests while growing through innovation.

While we seek to maintain well-funded qualified retirement plans, we do not fund our nonqualified benefit plans.

- *Executive Allowance Program* In 2008, we provided the Named Executive Officers with an annual executive allowance that could be used only for limited personal aircraft rights on corporate aircraft, and home security. Professional services, such as tax preparation services, estate planning and financial counseling, are *not* eligible for payment or reimbursement under this plan. The Named

Executive Officer is responsible for all taxes on any imputed income resulting from this program.

We closely monitor total business and personal usage on our planes and seek to keep all personal usage at a low percentage of total usage. The Committee believes that a well-managed program of limited personal aircraft rights, particularly given the limited commercial flight options available in the

Corning, New York area, provides an extremely important benefit at a reasonable cost to the Company. The Committee believes this helps Corning attract and retain its senior executive talent while also enabling our Named Executive Officers to continue to conveniently and safely conduct and discuss business operations even while travelling for personal reasons. For additional details, refer to the footnote relating to All Other Compensation included with the Summary Compensation Table.

Executive Severance Agreement We have entered into severance agreements with each Named Executive Officer. The severance agreements provide clarity for both the Company and the executive if the executive is fired. By having an agreement in place, we intend to avoid the uncertainty, negotiations and potential litigation that may otherwise occur at the time of termination. The agreements are competitive with market practices at many other large companies and are helpful in retaining senior executives. Additional details can be found under Arrangements with Named Executive Officers .

Executive Change in Control Agreement Corning has over a 150-year history as an independent company. Given the uniqueness of Corning, including the importance of understanding our technology and processes, the Committee believes that it is in the best interests of shareholders, employees and the communities in which the Company operates to ensure an orderly process if a change-in-control of the Company were to occur. The Committee believes that it is important to prevent the loss of key management personnel (who would be difficult to replace) that may occur in connection with a potential or actual change-in-control of the Company. We have thus provided each Named Executive Officer with change-in-control agreements (separate from the severance agreements described above). The change-in-control agreements generally have a double trigger severance provision (i.e. the executive s employment must be terminated following a change-in-control) and a golden parachute excise tax gross-up provision. Additional details about the specific agreements can be found under Arrangements with Named Executive Officers .

These severance and change in control agreements are intended to provide stability to the Company and the Named Executive Officers at critical times. The Company considers these agreements necessary to attract and retain senior executives, and the terms of these agreements are not a part of the annual compensation determination for our Named Executive Officers. Effective for all executive severance agreements and change-in-control agreements entered into after July 21, 2004, the Committee and the Board of Directors approved a policy to limit benefits that may be provided to an executive under any new agreement to 2.99 times the executive s annual compensation of base salary plus target bonus (the Overall Limit). All of the Named Executive Officers executed severance and change-in-control agreements prior to July 21, 2004 and, are not affected by the Overall Limit.

Time-Based Restricted Stock: We grant time-based restricted stock (shares of restricted stock not linked to performance) occasionally for purposes of recognition or for special retention situations. While the Named Executive Officers did not receive any time based restricted stock awards in 2006 or 2007, shares were awarded to three of the Named Executive Officers in 2008. On March 12, 2008, a special Compensation Committee meeting was held to review and approve special retention grants of restricted stock for Messrs. Volanakis, Flaws and Miller (as listed in the Grants of Plan-Based Awards table). These awards were made to assist with the goal of pushing out the planned retirement dates of these officers by at least three years. Unvested shares of restricted stock awarded for this purpose will be forfeited if the Named Executive Officer retires before the scheduled vesting dates.

5. What is the compensation program designed to reward?

As described above, to attract and retain our highly skilled executives, we pay a competitive base salary. Over the long-term, we seek to sustain and improve the Company s financial performance (*e.g.*, profitability and cashflow). However, growing through innovation is not always predictable there may be individual years where our growth rate is expected to slow down, flatten or even fall. Our performance-based variable compensation programs reward financial performance compared to the budget established for the year. Setting goals in any one year requires management and Committee judgment. These goals (and the adjustments from reported earnings) are approved by the Committee and communicated to plan participants in February of each year.

6. How does the Company determine the amount (and when applicable, the formula) for each element?

As described above, our SVP, Global Compensation and Benefits, and the Committee refer to executive compensation surveys and proxy data to reference the external market for pay practices and pay levels. Our Named Executive Officers total direct compensation targets are established by: (1) referring to the broader external market for the median executive compensation for the CEO; and, more importantly, (2) the Committee s subjective determination of the desired internal ranking of the Named Executive Officer s position and his level of responsibilities. We seek to position the CEO s targeted total compensation around the median of the market for CEO compensation. To encourage our collaborative, team-based management approach, and based on their experience and performance, we seek to position these particular non-CEO Named Executive Officers targeted total compensation closer to the CEO s compensation than do many other companies. As a result, the Committee finds that the targeted pay for the non-CEO Named Executive Officers is typically positioned in the top quartile when compared to the external market. Given Corning s objectives and the experience of each individual, the Committee believes this positioning is appropriate for these particular non-CEO Named Executive Officers.

Given our use of performance-based compensation (annual cash bonuses and performance shares), actual pay positioning in any year may be above or below this initial targeted position depending on actual performance compared to the established objectives. The value derived from vested stock options depends on the increase in Corning s stock price, if any, from the date of grant to the date of exercise by the executive.

7. Are there any anticipated changes in compensation practices that the Company intends to implement?

The current compensation objectives, plan designs and features have been in place for several years. Our programs and objectives are frequently reviewed and assessed and changes are made as necessary or required to meet changing Company objectives or satisfy changing legal and/or regulatory requirements.

For example, as discussed in question #4 above, the Company changed from using performance shares to performance share units in the design of its long-term incentive plan starting with awards made for the 2009 performance year.

Due to the decline of Corning s performance at the end of 2008, none of Corning s Named Executive Officers, nor any of our other global salaried employees, will receive an increase in base salary under Corning s 2009 Annual Salary Review process (generally conduced in January for the Executive Group and in April for all other global salaried employees). Currently, we do not anticipate making other significant changes to our total executive compensation program in 2009.

8. What are the Company s stock option grant practices?

At regularly scheduled meetings, the Committee approves any and all stock options awarded to the Officer Group and most of the stock options awarded to employees generally. In 2008, approximately 1.6% of the total stock options awarded to employees were reload options that are granted in accordance with the provisions of stock options awarded prior to February 28, 2003. The option reload feature was eliminated from all stock option grants on or after February 28, 2003. Please refer to footnote 1 associated with the Option Exercise and Shares Vested table.

The Committee has delegated limited authority to Corning s Executive Vice President and Chief Administrative Officer to make the following limited grants of stock options and/or restricted stock:

- Stock option grants to new-hire non-executive employees, awarded on the first business day of the month following the employee s date of hire at the closing price in effect on that grant date. There were 71,000 stock options (or less than 0.7% of all stock options awarded) awarded to new hire employees under this process in 2008.

Stock option and/or restricted stock grants for purposes of special recognition, retention, or other reasons throughout the year. These grants require two authorized signatures and are awarded on the date the SVP, Global Compensation and Benefits and the Executive Vice President and Chief Administrative Officer sign the approval of the award (or at a fixed date in the future as specified at the time of approval). For calendar year 2008, this delegated authority was limited to 250,000 total stock options (with an individual limit of 20,000 stock options) and 100,000 total shares of restricted stock (with an individual limit of 10,000 shares).

The Committee must review all such grants authorized under this process at each regularly scheduled Committee meeting. The Executive Vice President and Chief Administrative Officer cannot make any grants to any member of the Officer Group. Actual grants approved under this limited delegated authority totaled 31,785 stock options and 18,500 restricted shares in 2008 (or below 0.5% of all such grants awarded by the Company in 2008).

At its December meeting, the Committee approves annual awards of stock options to the Executive Group under the Corporate Performance Plan. The timing of these awards coincides with the communication of other compensation actions for these executives. For example, base salary increases awarded under the annual salary review for the Executive Group are generally effective in January of each year. The Committee determines and approves the Corporate Performance Plan awards to the Executive Group at its December meeting. The awards have staggered grant dates: 1/3 of the total option grant awarded at the December Committee meeting, 1/3 of the total option grant awarded on the first day the New York Stock Exchange is open in January and 1/3 of the total option grant awarded on the first day the New York Stock Exchange is open in February.

For the past six years, the Committee has staggered the grants of stock options to the Executive Group to avoid basing awards on a single grant date. The Committee believes that this practice is fair and equitable to both the Company and the Executive Group given the historical volatility of Corning s stock price. Over the past six years, the grant date prices in January and February have been both higher and lower than the December grant date price.

The Committee approved the following changes to Corning s stock option grant practices and terms and conditions in 2008:

Change to the grant timing of non-executive stock options in 2008. Previously, the annual stock option grants to non-executives were approved and awarded at the Committee s April meeting. The approval of annual grants for non-executives was moved up to December, so that non-executives grant dates are the same as the executives grant dates, to align the two grant processes and provide equal treatment for both executives and non-executives.

Stock option grants approved in December for executives (and, non-executives, starting in December 2008) were awarded 1/3 in December, 1/3 in January and 1/3 in February (as described above) instead of 1/2 in December, 1/4 in January and 1/4 in February. This change was made in order to have three equal grants.

Effective with all stock option grants made on or after December 3, 2008, any employee, age 55 or older, must continue to be actively employed for a period of 12 months after the grant date to earn the entire stock option award. If an employee retires within 12 months of a stock option grant date, then the option award will be pro-rated for actual time worked between the grant date and the employee s retirement date. Unearned stock options under this provision are forfeited and canceled. This change was made in order to provide a mechanism to automatically pro-rate annual awards in the event an employee retires earlier than anticipated.

While most stock options are now approved at the December Committee meeting, other stock option grants for purposes of recognition, retention or other special reasons may occur at any scheduled Committee meeting during the year.

We use the New York Stock Exchange closing price of Corning stock on the date of grant as the grant price of the stock options.

Additional Information

Reload Stock Options

The reload feature is no longer included in any Corning option grants made on or after February 28, 2003.

Limits on Severance and Change-in-Control Payments

Effective for all executive severance agreements and executive change-in-control agreements entered into after July 21, 2004, the Committee approved a policy to limit benefits that may be provided to an executive under any new agreement to 2.99 times the executive s annual compensation of base salary plus target bonus (the Overall Limit). All of the Named Executive Officers are parties to executive severance and change-in-control agreements executed prior to July 21, 2004 and, therefore, are not affected by the Overall Limit.

Clawback Policy

In 2007, the Board adopted a policy that gives the Compensation Committee the sole and absolute discretion to make retroactive adjustments to any cash or equity based incentive compensation paid to certain Executive Officers and other key employees where such payment was based upon the achievement of certain financial results that were subsequently the subject of a restatement. Based on its review and judgment, the Committee may seek to recover any amount that it determines was received inappropriately by these individuals.

Stock Ownership Guidelines

The Named Executive Officers and Non-employee directors are subject to stock ownership guidelines. The ownership guidelines are as follows:

- CEO = 5x annual base salary;
- Named Executive Officers other than the CEO = 3x annual base salary; and
- Non-employee directors = 5x annual cash retainer.

Compensation Deductibility

As a matter of practice, the Committee intends to set performance-based goals annually under the Company s various variable compensation plans and to deduct compensation paid under these plans and gains realized from stock options to the extent consistent with the provisions of Section 162(m) of the Internal Revenue Code of 1986, as amended. However, the Committee may conclude that paying non-deductible compensation (such as some time-based restricted stock) is consistent with our shareholder s best interests for certain events. Corning s current performance-based incentive plans (including the annual cash bonuses paid under the Performance Incentive Plan and stock options and performance shares awarded under the Corporate Performance Plan) are operated in compliance with Section 162(m) to ensure that compensation paid under those programs is deductible.

Accounting Treatment

In designing our total compensation and benefit programs, we review the accounting implications of our decisions. We seek to deliver cost-effective compensation and benefit programs that meet both the needs of the Company and our employees.

Compensation Committee Report

We have reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on our review and discussions with management, we recommend to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and in our Annual Report on Form 10-K for the year ended December 31, 2008.

The Compensation Committee:

William D. Smithburg, Chairman

John Seely Brown

Gordon Gund

James J. O Connor

Executive Compensation

The following tables and charts show, for 2008, the compensation paid by Corning to the Named Executive Officers. Based on the historical fair value of equity awards granted to Named Executive Officers and the base salary of the Named Executive Officers, Salary accounted for approximately 12% to 19% of the total direct target compensation of the Named Executive Officers while incentive compensation accounted for approximately 81% to 88% of the total direct target compensation of the Named Executive Officers.

Summary Compensation Table

(a)	(b)	(c)	(d)	(e)(1)	(f)(2)	(g)(4)	(h)(5)	(i)(6)	(j)
Named Executive Officer	**Year**	**Salary ($)**	**Bonus ($)**	**Stock Awards ($)**	**Option Awards ($)**	**Non-Equity Incentive Plan Compensation ($)**	**Change in Pension Value And Nonqualified Deferred Compensation Earnings ($)**	**All Other Compensation ($)**	**Total ($)**
Wendell P. Weeks	2008	$ 1,030,000	$ 0	$ 2,895,648	$ 2,934,386	$ 301,584	$ 3,072,230	$ 397,905	$ 10,631,753
	2007	990,000	0	3,492,214	2,370,369	2,049,498	2,476,663	209,122	11,587,866
Chairman and	2006	952,000	0	2,618,216	2,543,438	1,972,068	3,024,680	178,492	11,288,894
Chief Executive Officer									
Peter F. Volanakis	2008	868,000	0	3,141,045	2,041,903	221,600	2,760,512	209,027	9,242,087
President and	2007	811,000	0	2,409,689	1,682,327	1,435,632	2,127,658	189,902	8,656,208
	2006	780,000	0	1,795,274	1,827,295	1,381,770	3,671,800	186,175	9,642,314
Chief Operating Officer									
James B. Flaws	2008	821,000	0	2,553,276	763,042(3)	199,339	3,007,546	198,747	7,542,950
Vice Chairman and	2007	789,000	0	3,427,611	1,761,414	1,317,788	2,446,777	187,551	9,930,141
	2006	759,000	0	1,795,338	2,075,474	1,268,669	2,148,228	218,448	8,265,157
Chief Financial Officer									
Joseph A. Miller, Jr.	2008	610,000	0	1,569,490	628,932(3)	140,483	569,997	91,277	3,610,179
Executive Vice President	2007	586,000	0	2,542,187	1,188,788	920,137	439,193	87,170	5,763,475
	2006	563,000	0	1,244,606	1,577,505	884,755	599,474	111,337	4,980,677
and Chief Technology									
Officer									
Kirk P. Gregg	2008	578,000	0	1,069,238	1,541,666	133,113	1,466,114	113,782	4,901,913
Executive Vice President	2007	556,000	0	1,410,623	1,328,437	873,031	1,023,438	107,333	5,298,862
	2006	535,000	0	1,189,361	1,367,808	840,753	1,475,708	139,122	5,547,752
and Chief Administrative									
Officer									

(1) The amounts in column (e) reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008, in accordance with FAS 123(R) of awards of restricted stock and performance shares granted pursuant to the Corning Corporate Performance Plan and thus may include amounts from awards granted in and prior to 2008. Assumptions used in the calculation of these amounts are included in footnote 18 to the Company s audited financial statements for the fiscal year ended December 31, 2008 included in the Company s Annual Report on Form 10-K filed with the SEC on February 24, 2009. This same method was used for the fiscal years ended December 31, 2006 and 2007. There can be no assurance that the FAS 123(R) amounts will ever be realized.