

CORNING INC /NY  
Form DEFA14A  
April 01, 2013

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. \_\_)**

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

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Corning Incorporated**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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.. Fee paid previously with preliminary materials.

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Corning Incorporated is filing the attached additional materials in support of the Board of Directors' recommended vote at our 2013 Annual Shareholders Meeting.

Corning Incorporated 2013 Proxy Statement Matters

Proposal 1 Election of 12 directors for one-year term

ISS recommends FOR all 12 directors

Glass Lewis recommends FOR 10 of 12 directors

Ø Withhold James Flaws (policy against CFO on the Board)

Ø Withhold Robert Cummings (Corning uses JP Morgan)

Proposal 2 Advisory Vote to Approve Executive Compensation (the annual Say on Pay vote)

ISS recommends AGAINST

Glass Lewis recommends FOR

Proposal 3 Ratification of Independent Public Accounting Firm

ISS and Glass Lewis both recommend FOR

Who We Are

Corning has a distinctive identity

Corning is the world leader in specialty glass and ceramics

We invent, manufacture, and sell keystone components that enable high-technology systems

We have succeeded for more than 160 years through:

Sustained investment in R&D

Deep materials science and process engineering knowledge

A highly collaborative culture

Corporate Strategy

We've aligned our culture and leadership approach

Deliver near-term performance while investing for future growth

Drive operational excellence across all businesses and functions

Nurture early stage research and innovation

Select and pace promising projects

Decide when to place major investments on new products

Consistent leadership with deep understanding of our innovation recipe and business model

The Board of Directors is an important part of this leadership approach

The Board is an important part of our leadership approach

What's important?

Consistency over time

Diverse knowledge and experiences

Commitment to understanding Corning's technology

Judgment to make and support major investments

The Board is experienced, informed and independent

Financials and business updates at each meeting

Annual Strategy Review

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Half-day technology review session before each meeting

Provides input to management on key issues

Executive sessions at every meeting

### Executive Compensation Overview

CEO pay is 88% variable, Other NEO pay is 81% variable

Base salary adjustments modest and in line with adjustments for all salaried employees

Short term incentives for all NEOs are 100% tied to corporate financial performance (NPAT)

Long Term incentives are balanced between equity and cash, and performance and time-based retention

50% equity (RSUs, stock options) / 50% cash performance units

Cash performance units are based on a blend of EPS and Operating Cash Flow

Rigorous annual goal-setting process   payouts vary with performance

Key Messages about 2012 Performance

Corning is an innovation company, with a 160 year history of inventing technologies and starting new businesses. These technology businesses can experience volatility from time to time

In late 2011 and 2012, we had major market upheavals in two of our main businesses (Display and Solar)

Display experienced significant price declines (> 20%)

Dow Corning impacted by solar industry upheaval with price down over 50%

These were permanent industry resets and were communicated to investors. The Board approved a 2012 plan focused on

Stopping/mitigating decline in profitability in these two businesses

Accelerating growth in the other businesses

Extreme rigor in cost / cash management across the organization

Careful program choices

Our leadership delivered results better than the plan and bonuses paid out accordingly

Corning delivered record revenues and the 3<sup>rd</sup> highest profit in our history

Operating cash flow and our balance sheet are strong



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Cash bonus at 124% of target and LTI (cash performance units) at 117% of target

Flat TSR was disappointing but we have taken additional actions to deliver value to shareholders

Dividend increase (2 increases in last 18 month)

Share buy-back program (\$1.5 Billion in 2011/2012)

Our TSR was in line with or better than our two largest competitors in the display glass industry

2012 Performance impact on CEO Compensation

CEO pay is up 20% year over year

3% salary increase (in line with merit budget for all salaried employees)

Remainder driven by performance related pay coming off low 2011 payout

Short term cash bonus from 10% of target in 2011 to 124% of target in 2012,

Long term Cash Performance Units from 60% of target in 2011 to 117% of target in 2012

Our CEO is paid at or under median (actual reported pay for 2012 was at 80% of median for Company Peers, and 100% of median for ISS Peers) which is appropriate given our size and complexity

Our pay practices and philosophies are conservative

Both ISS and Corning take revenues and market cap into account to establish peer groups

Our Market Cap is top quartile (top 25%) and profitability is top-decile (top 10%) among the ISS peer group companies, even after the industry resets

Say on Pay

ISS acknowledges reset of Corning's profitability was real and communicated to shareholders in a timely and appropriate form. However, they believe that targeted pay should have been reduced.

Corning's Compensation Committee believes targeted pay is set by comparison to peers (ISS and Corning have overlapping peer groups)

Corning CEO targeted total direct compensation up 1% in 2012

CEO targeted pay at median for ISS peers

Corning's Board recommends a FOR vote on Say on Pay

The Board of Directors recommends that you vote FOR: the twelve nominees to the Board of Directors; the advisory vote to approve executive compensation; and the ratification of PricewaterhouseCoopers as our independent registered public accounting firm.