SENATOR BOB DOLE

CORNING CORPORATE POLICY GROUP

APRIL 3, 1992

*THANK YOU. IT'S A PLEASURE TO WELCOME YOU BACK TO WASHINGTON.

*ACTUALLY, I HAD TO THINK TWICE ABOUT ACCEPTING THIS INVITATION. AFTER ALL, I WAS

TOLD THAT YOUR SPEAKER LAST YEAR WAS WARREN RUDMAN. I DON'T WANT TO SAY THAT HIS APPEARANCE HERE LED TO HIS DECISION NOT TO RUN--BUT YOU CAN'T BE TOO CAREFUL.

*I WAS UP NEAR CORNING HEADQUARTERS LAST YEAR, WHEN I ATTENDED AN EVENT FOR AMO HOUGHTON.

*SPEAKING OF AMO, LET ME JUST SAT THAT I REGRET THAT CORNING ONLY HAD ONE CONGRESSMAN TO GIVE TO THEIR COUNTRY. HE IS DOING AN OUTSTANDING JOB--AND CONGRESS IS IN NEED OF MORE MEMBERS WITH HIS BUSINESS SENSE AND HIS COMMON SENSE.

LET ME JUST SPEND A FEW MINUTES THIS MORNING TALKING ABOUT SOME ISSUES OF CONCERN, AND THEN I'LL BE HAPPY TO TAKE A FEW QUESTIONS.

*IF THERE'S ONE WORD THAT CAN DESCRIBE WHAT'S GOING ON AROUND THE WORLD THIS YEAR...AND WHAT'S ON THE

MIND OF AMERICANS IT'S "CHANGE."

*AMERICANS ARE TIRED OF THE STATUS QUO. YOU SEE IT IN THE POLLS...YOU SEE IT IN PAUL TSONGAS...JERRY BROWN...AND ROSS PEROT. YOU SEE IT IN THE PRIMARY DEFEAT OF SENATOR DIXON OF ILLINOIS A FEW WEEKS AGO.

*WE HAD A RETREAT FOR REPUBLICAN SENATORS LAST WEEK, AND A POLLSTER LAID OUT THE FACTS FOR US. SHE ADVISED US THAT THE DESIRE FOR CHANGE IS SO GREAT, THAT IF YOU'RE CURRENTLY IN OFFICE...IF YOU'VE DONE A GOOD JOB...IF YOU'VE BROUGHT HOME THE BACON FOR YOUR

STATE...DON'T MENTION IT.

*AND ONCE THE FALL CAMPAIGN STARTS, I THINK YOU'LL SEE BOTH PRESIDENT BUSH AND THE DEMOCRAT CANDIDATE ARGUE OVER WHO STANDS FOR CHANGE.

*I MAY BE BIASED, BUT I THINK THE PRESIDENT MAKES THE BETTER CASE.

*THROUGHOUT THE PAST YEARS, HE HAS CONSTANTLY SENT NEW AND INNOVATIVE PROPOSALS UP TO CAPITOL HILL.

*HE WANTED TO CHANGE THE TAX CODE TO PROMOTE INVESTMENTS, JOBS, AND HOME OWNERSHIP.

*HE WANTS TO REFORM OUR PRODUCTS LIABILITY LAWS.

*HE WANTS TO CHANGE OUR CRIMINAL JUSTICE SYSTEM, SO IT'S TOUGHER ON CROOKS AND RAPISTS.

*HE WANTS TO REFORM OUR EDUCATIONAL SYSTEM.

*HE WANTS TO REFORM OUR CAMPAIGN FINANCE LAWS, SO

THAT POLITICAL ACTION COMMITTEES DON'T HAVE SO MUCH POWER, AND SO CHALLENGERS WILL HAVE A CHANCE.

*EACH AND EVERY PROPOSAL, HOWEVER, HAS BEEN BLOCKED BY THE DEMOCRATS WHO WANT TO MAINTAIN THE STATUS QUO.

*ONE EXAMPLE IS THEY'RE CAMPAIGN FINANCE PLAN WHICH THEY'RE GOING TO RAM THROUGH CONGRESS THIS WEEK. THEIR PLAN CALL FOR SPENDING LIMITATIONS, WHICH WILL ENSURE THAT CHALLENGERS CAN'T BEAT INCUMBENTS...AND IT CALLS FOR YOU--THE TAXPAYERS--TO

FUND CONGRESSIONAL CAMPAIGNS.

*THAT'S ONE CHANGE THAT AMERICANS CAN LIVE WITHOUT.

*ONE CHANGE THAT I BELIEVE IS ON THE HORIZON IS A CHANGE IN THE ECONOMY.

*I THINK ALL THE SIGNS ARE THERE FOR A RECOVERY--- CONSUMER AND CORPORATE

DEBTS ARE LOWER...EXPORTS ARE STRENGTHENING...MILD INFLATION...PERSONAL INCOME IS RISING...AND THE HOUSING MARKET IS BRIGHTER.

*PERHAPS THE BEST THING THAT CONGRESS CAN DO IS STAY OUT OF THE WAY.

*BEFORE CLOSING, LET ME END BY SPEAKING OF THE

CHANGES OCCURRING IN WHAT WAS ONCE THE SOVIET UNION.

*THE CHANGE FROM COMMUNISM TO DEMOCRACY IS ONE THAT AMERICA NEEDS TO SUPPORT. PRESIDENT BUSH HAD US DOWN TO THE WHITE HOUSE WEDNESDAY TO DISCUSS HIS NEW COMPREHENSIVE PLAN FOR

*NEEDLESS TO SAY, FOREIGN AID ISN'T POPULAR NOW. BUT AMERICANS NEED TO UNDERSTAND THAT AIDE TO RUSSIA ISN'T CHARITY...I SEE IT AS IN INSURANCE POLICY...DOING WHAT WE CAN TO ENSURE THAT DEMOCRACY DOESN'T FAIL.

*PRESIDENT NIXON PUT IT BEST A FEW WEEKS AGO. HE SAID THAT THE COLD WAR WAS A WAR OF IDEAS. COMMUNISM LOST. BUT FREEDOM HASN'T WON YET--IT'S ON TRIAL. AND IF FREEDOM DOESN'T WORK, THEN RUSSIA WILL LOOK FOR SOMETHING ELSE.

*IT MIGHT BE A DESPOT OR DICTATOR, IT MIGHT BE SOMETHING ELSE--BUT ONE THING FOR SURE IS THAT WILL BE WORSE THAN DEMOCRACY AND IT WILL BE BAD NEWS FOR AMERICA.

*IF, ON THE OTHER HAND, FREEDOM SUCCEEDS IN RUSSIA, THINK OF THE LESSONS IT WILL

OFFER TO OTHER COUNTRIES--CUBA AND CHINA FOR INSTANCE.

*THESE ARE CHANGING TIMES. THEY ARE EXCITING TIMES. AND MY HOPE IS THAT AT THE END OF THE YEAR, BOTH PRESIDENT BUSH AND PRESIDENT YELTSIN WILL HAVE RECEIVED MANDATES FOR THE

CHANGES THEY ARE

PROPOSING.

*THANK YOU. I'D BE HAPPY

TO TAKE YOUR QUESTIONS.

April 2, 1992

TO: Senator Dole/Kerry Tymchuk

FROM: Jim Wholey

SUBJECT: Corning Speech Talking Points - Communications

COMMUNICATIONS **(Corning's highest growth business segment is fiber optic cable - which Corning invented - used in new telephone and video infrastructure)**

* THIS GROUP IS PROBABLY MORE SOPHISTICATED THAN MOST ABOUT TELECOMMUNICATIONS MATTERS, GIVEN CORNING'S LEADING ROLE IN THE DEVELOPMENT AND MARKETING OF OPTICAL FIBER. SO I DON'T THINK I NEED GO INTO ANY LENGTHY DESCRIPTIONS OF THE PROMISE - FOR EDUCATION, FOR HEALTH CARE, FOR BUSINESS, AND FOR AMERICANS WITH DISABILITIES - THIS TECHNOLOGY HOLDS, AND HOW ESSENTIAL IT IS TO OUR FUTURE. I KNOW I'D JUST BE PREACHING TO THE CHOIR.

BUT I'M CONVINCED THAT FREEING UP THIS TECHNOLOGY FOR VARIOUS COMPETITIVE USES, AND VARIOUS COMPETING USERS, IS CRITICAL TO OUR CONTINUED ECONOMIC AND EDUCATIONAL DEVELOPMENT. THAT'S WHY I:

- AUTHORED AN AMENDMENT, ADOPTED IN THE SENATE-PASSED CABLE LEGISLATION, LIFTING THE RURAL EXEMPTION TO THE CABLE ACT'S CROSSOWNERSHIP RULES TO PERMIT LOCAL PHONE COMPANIES DIRECTLY TO COMPETE WITH CABLE MONOPOLIES IN UNDERSERVED RURAL AREAS OF UP TO 10,000 SUBSCRIBERS;

- TESTIFIED BEFORE THE SENATE COMMERCE COMMITTEE ON BEHALF OF S.1200, WHICH SEN. BURNS AND I COSPONSORED, TO PROVIDE INCENTIVES FOR PRIVATE DEVELOPMENT OF A NATIONAL FIBER OPTIC INFRASTRUCTURE FOR THE NEXT CENTURY; AND

- JUST TWO WEEKS AGO (WITH SENATOR BURNS) WROTE A LETTER TO THE PRESIDENT URGING THAT HIS ADMINISTRATION MORE AGGRESSIVELY PRESS FOR A PRO-DEVELOPMENT, DEREGULATORY TELECOMMUNICATIONS AGENDA AT THE FCC.

MY FRIEND SEN.INOUYE HAS INTRODUCED LEGISLATION (S. 2112) TO DELAY - FOR 12 YEARS - IMPLEMENTATION OF RECENT COURT DECISIONS PERMITTING PHONE COMPANIES INTO SOME OF THESE NEW LINES OF BUSINESS. RIGHT NOW, THERE DOESN'T SEEM TO BE A LOT OF MOMENTUM BEHIND THAT PROPOSAL, BUT THAT COULD CHANGE.

BUT WHATEVER WE DO IN THIS AREA, IT JUST SEEMS TO ME THAT THE ROLE OF CONGRESS SHOULD NOT BE TO ORGANIZE AGAINST THE FUTURE, BUT RATHER TO TRY TO ENSURE THAT AMERICA'S A PART OF IT, AND THAT IT BELONGS TO ALL AMERICANS.

TO: Senator Dole
FR: Kerry

RE: Corporate Policy Group

*This is a group of Corning executives who meet twice a year (once in Washington) for two days to discuss the company's performance, strategic direction, etc.

*Other speakers at their meetings include Dean Lester Thurow of MIT and Haynes Johnson of the Washington Post.

*A very informal off-the-record gathering. They just want your opinions on the issues of the day, and then a question and answer session.

*Enclosed talking points keep to the "change" theme that was in todays speech to the Oklahoma group.

*Also attached is a memo from Jim Wholey on telecommunications issues.

SPEAK

Corning Incorporated
HP CB 09 9
Corning, New York 14831
607.974.8190
fax 607.974.8830

Peter Booth
Senior Vice President
Strategy and Development

Friday - April 3
Press Club
Wash. D.C.
~~8:00~~ 9:00 a.m. breakfast
(can't do at a later time)

CORNING

February 10, 1992

Senator Robert Dole
Senate Hart Building
Room 141
Washington, DC 20510

Attention: Yvonne Hopkins

Dear Ms. Hopkins:

I believe that Amo Houghton has passed along to you our request that Senator Dole speak to the Corporate Policy Group (CPG) of Corning Incorporated at an 8:00 a.m. breakfast on Friday, April 3, 1992 at the Press Club in Washington.

The CPG consists of the senior officers of Corning, a total of 38 people, including James R. Houghton, the Chairman and Chief Executive Officer, and Roger G. Ackerman, the President and Chief Operating Officer. The group is predominately American, but it does include one Frenchman and one Englishman.

We meet twice a year (once in Washington) for two days to discuss the company's performance, strategic direction and important initiatives.

We are meeting in Washington because it is lovely in April and because we hope to bring an element of greater breadth to our discussions by contact with the nation's capitol. Last year, at a similar breakfast, we were honored to be addressed by Senator Rudman.

This year, we have engaged Dean Lester Thurow of MIT and Mr. Haynes Johnson of The Washington Post.

Hearing from Senator Dole would be a great treat for us. He is much admired, and I know that we are a philosophically congenial audience. He could speak about absolutely anything on his mind - budget battles, defense cuts, health care, education, trade, or the simple difficulties of laboring on as an elected representative and leader in the Congress.

2-21-92 Interim letter

347-2270

... w/ Alan Cors

We have in mind a talk of about 20 minutes, with a few minutes for questions. We would sit down for breakfast at 8:00 a.m., talk would begin around 8:30, and all would be over a few minutes before 9:00 a.m.

To give you a little more information about Corning, I enclose a copy of our Annual Report for 1990. If there is anything else I can add that might be helpful in determining whether or not the Senator could fit us into his extremely busy schedule, please do not hesitate to let me know. If it is not possible, please just say so, and we will understand.

Yours sincerely,

Peter Booth

SPEAK

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Yours sincerely,

Peter Booth

BOB DOLE
KANSAS

United States Senate

OFFICE OF THE REPUBLICAN LEADER

WASHINGTON, DC 20510-7020

March 23, 1992

Senator Dole,

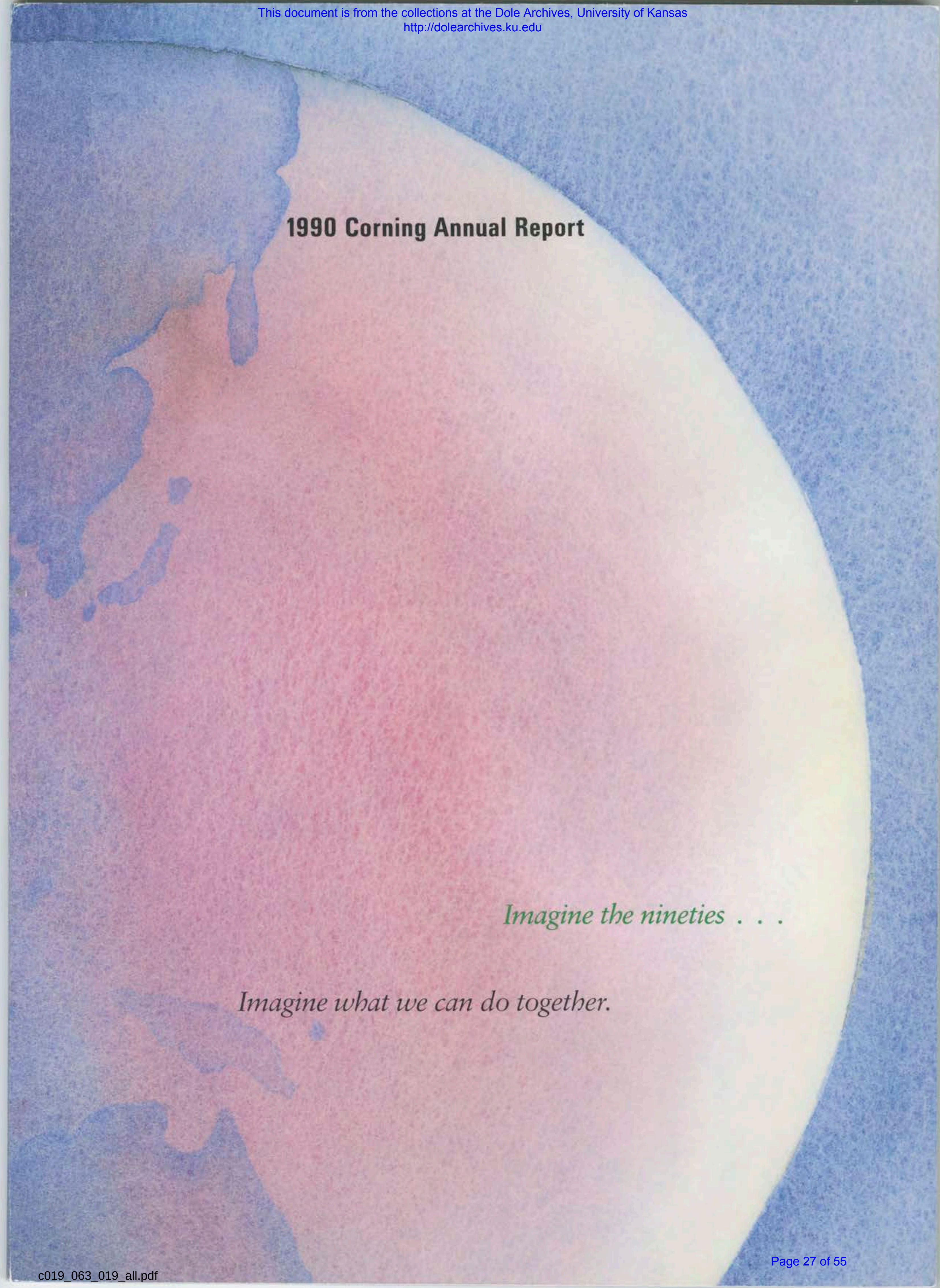
Alan Cors w/Corning Inc. was unable to move the breakfast to a later time. He said you could show up at 8:30 a.m. to speak - the breakfast is from 8:00-9:00 a.m. at the Press Club. Do you want to speak on Friday, April 3?

_____ will speak at 8:00 a.m.

_____ will speak at 8:30 a.m.

_____ regret

Yvonne



1990 Corning Annual Report

Imagine the nineties . . .

Imagine what we can do together.

1990 Annual Report Contents

Corporate Profile

Corning Incorporated is an international corporation focused in four business segments: Specialty Materials, Communications, Laboratory Services and Consumer Products. Our headquarters in Corning, N.Y., links together a global network of businesses, subsidiaries and joint-venture companies. Through this network flows a wide variety of products, components and services that address many of today's most critical needs.

Consolidated Sales
Millions

Net Income
Millions

Return on Average Common Stockholders' Equity

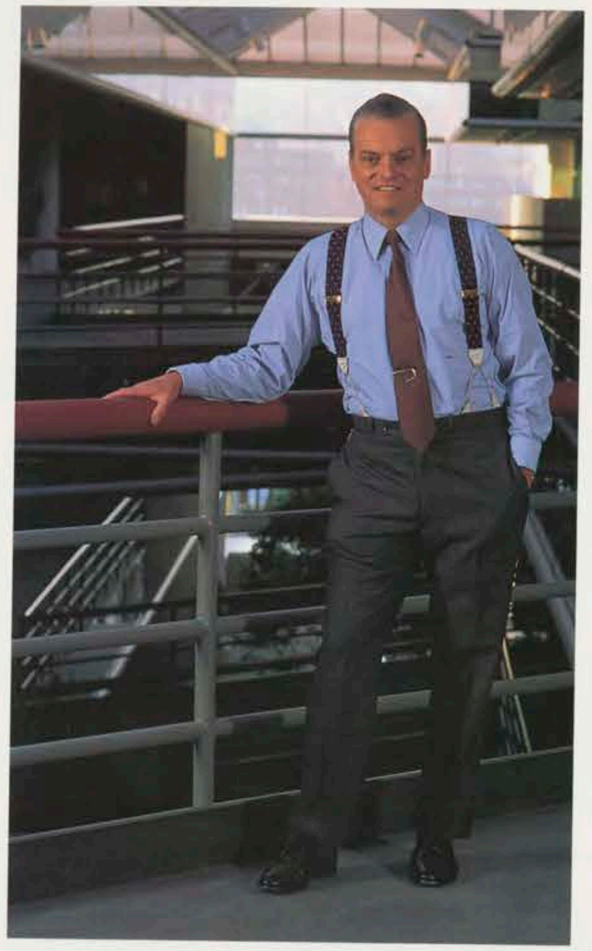
Earnings per Common Share

(Dollars in millions, except per-share amounts)	1990	1989	1988
For the Year:			
Net sales	$2,940.5	$2,439.2	$2,121.5
Net income (1)	292.0	261.0	210.7
Per Common Share:			
Net income (1)	$ 3.10	$ 2.80	$ 2.34
Dividends declared*	0.93	1.05	0.96
Supplemental Information:			
Equity companies:			
Net sales	$2,792.2	$3,226.3	$3,016.4
Corning's share of earnings	107.5	126.7	127.2

*Includes special dividend of $0.225 and $0.20 per common share in 1989 and 1988, respectively.
(1) Net income for the years presented includes the after-tax effect of certain unusual events as follows:

	1990	1989	1988
Non-operating gains	$29.2	$61.9	$ 96.8
Cumulative effect of accounting change			(83.9)
Tax benefit of loss carryforwards	2.9	1.6	2.2
Provision for restructuring costs		(45.0)	(19.1)
Net impact	$32.1	$18.5	$ (4.0)
Net impact per common share	$0.34	$0.19	$(0.04)

See Notes 3, 7 and 11 to Consolidated Financial Statements for further explanation of these items.
Per-share amounts have been adjusted for the 2-for-1 stock split effective January 17, 1989.



James R. Houghton, chairman of the board, photographed at the Decker Engineering Building, Corning's open-environment engineering and manufacturing headquarters in Corning, N.Y.

On this page in last year's annual report, I noted: "We entered the 1980s weighted with mature and cyclical businesses. We enter the *1990s* with our key businesses all in vigorously growing markets."

The merits of this new corporate profile were underscored in 1990. Despite a stalled U.S. economy and destabilized world energy prices, company earnings set a record for the sixth consecutive year.

Net income set a record of $292 million, 12 percent above the 1989 level. One-time events that affected net income are summarized in the financial highlights. The record stands, however, with or without these events.

Consolidated sales totaled $2.9 billion, 21 percent higher than in 1989. Even excluding the sales benefit we realized from the consolidation of Siecor Corporation, sales increased 11 percent.

Equity earnings were $107.5 million, 15 percent under the 1989 level. The biggest curb on equity earnings – and on overall corporate earnings – came from lower results at Samsung-Corning Company Ltd. in Korea. This joint venture was pressured by continuing unsettled conditions in its home market and in China.

Other than that, performance was excellent across the entire range of businesses and joint ventures, with outstanding contributions to earnings generated by:

- Optical fibers and optical cable, enjoying heavy global demand from telephone systems even as the industry moves quickly toward the next big breakthrough: multipurpose connections to homes, campuses, offices and factories.
- Laboratory services, now the company's fastest-growing business segment, paced by continued strong growth at MetPath Inc. (clinical-testing services) and G. H. Besselaar Associates (pharmaceutical development services).
- Automotive emission-control substrates, where demand is growing as worldwide pollution standards tighten, with Corning reaping the benefits of state-of-the-art manufacturing plants established in the U.S. and Europe in anticipation of the demand.

Strategic Themes

The company's performance today reflects not only the more dynamic mix of businesses, but also several other strategic themes sounded often in these pages. To review them briefly:

Joint ventures help to speed Corning technology into the marketplace. The classic example is the formation of Dow Corning Corporation to market the silicones created in a Corning laboratory. Contemporary examples include Siecor Corporation, formed with Siemens AG to manufacture the optical cable that encases optical fiber, and Corning Asahi Video Products Company, an alliance that joins the resources of two technically advanced companies to serve an ever-expanding video-display market.

Acquisitions widen existing technical or marketing advantages. The Laboratory Services segment – rooted in Corning's long experience as a laboratory-products supplier – was built with step-by-step acquisitions in the last decade, starting with MetPath in 1982. We added Hazleton Corporation (life-sciences testing and research) in 1987, G. H. Besselaar Associates in 1989, and Enseco Incorporated (environmental testing) in 1989.

Further expansion came in 1990 as MetPath acquired a clinical-testing laboratory on Long Island, N.Y., Hazleton Corporation acquired a molecular-testing laboratory in York, England, and Besselaar Associates acquired two internationally based pharmaceutical-testing companies.

Prime examples of building-by-acquisition in other segments include U.S. Precision Lens Inc., acquired in 1986, which widened our video-display capabilities, and two Consumer Products segment additions: Revere Ware Corporation (metal cookware), acquired in 1988, and Vitri GmbH (plastic microwave ovenware), acquired in 1989. These acquisitions improved product variety and distribution channels for the entire consumer lineup.

Technology is the historic core of Corning progress. We invest in research, development and engineering at a rate nearly double the U.S. industrial average, year-in, year-out. Among the results in 1990 were a tough new optical fiber that promotes local-loop installation, a thinner-walled automotive-emission substrate that improves catalytic action, a promising new glass-ceramic memory-disk, and Corning Ware cookware in fashionable new colors – a technical challenge that requires complex glass compositions and ceramming techniques.

A global network – Corning's internationally linked structure of businesses, subsidiaries and alliances – erases geographic boundaries to give customers everywhere ready access to the company's products, services and technical resources. A "1990 Outstanding Supplier" citation from the Sharp Corporation illustrates the point. This leading Japanese electronics customer saluted the quality of our liquid-crystal-display glass – a glass melted in our Harrodsburg, Ky., plant but finished in a Corning technical center in Shizuoka, Japan, for close coordination with customer requirements.

Other 1990 examples of the global reach include a joint venture (with the Samtel group) to build a TV-glass plant in India, and the highly successful introduction in Brazil of Visions top-of-the-range ware manufactured in that country.

Total Quality is a theme common to everything we do, from strategic planning to processing an invoice. There's a clear understanding at Corning that, in the merciless business world of the 1990s, quality is the only enduring competitive edge.

Corning's Management Committee on a visit to MetPath Inc., the company's clinical-testing subsidiary: from left: Roger G. Ackerman, president and chief operating officer; Van C. Campbell, vice chairman; Richard Dulude, vice chairman; E. Martin Gibson, chairman of Corning Lab Services Inc.; James R. Houghton, board chairman and chief executive officer; David A. Duke, vice chairman, and James E. Riesbeck, executive vice president. The Management Committee, which had been in place for most of the 1980s, was dissolved late in the year as the company reorganized its senior management team to better focus on the opportunities of the 1990s.

We're now taking the total-quality system that has served us so well since 1983 to a new plateau we call world-class quality. I invite you to read the details on pages 18 and 19 of this report.

I'll make only one additional point here. We can pursue ever-rising quality goals with confidence, thanks to the people of this company. I visit about 40 Corning locations a year and, as I look and listen, I discover anew at each stop the skills and dedication of our workforce. Corning's senior management applauds these women and men in each annual report and we do it once again here, with unreserved pride and enthusiasm.

Managing for the Future

At the end of the year we had a major reorganization. Since 1983 we had operated with a management-committee structure that served us well. As I looked at the opportunities for the 1990s, however, I felt that a different configuration would allow us to better focus on them.

The Laboratory Services group, our fastest growing segment, was organized as a wholly owned subsidiary – Corning Lab Services Inc. Its chairman, E. Martin Gibson, was the architect and builder of this sector in the 1980s. Its president is Andrew H. Baker, who has so ably led MetPath's growth.

Roger G. Ackerman was elected president and chief operating officer of Corning Incorporated. His business and technical skills will allow us to better coordinate our other three business segments which rely so heavily on the company's core technology.

Richard Dulude, who has built our optical communications business, was elected a vice chairman and will use his skills to focus on our consumer-housewares opportunities. The company's industrial glass and ceramic businesses were organized into three groups, each led by an executive vice president: Specialty Materials by Norman E. Garrity, Information Display by John W. Loose, and Opto-Electronics by Jan H. Suwinski.

During the 1980s, the management-committee structure answered the need for a carefully planned transformation of the company. With our new basic strengths in place and proving themselves, the need is for the sharpest possible focus on operations and on quick response to the opportunities of the 1990s. The new management structure is designed to meet that need.

The Year Ahead

Looking at 1991 is like peering into a clouded crystal ball. There are too many unanswerable questions about the U.S. economy, the world economy, and the course of international events. However, we have momentum, dynamic businesses and a proven ability to control costs. These factors lead me to guarded optimism for the year ahead.

The Global Imperatives

If we look farther ahead, predicting is easier. History and common sense tell us economic disruptions will run their course, while the deeper forces shaping the decade will remain. With that in mind, we chose as the theme of this report, "Imagine the nineties."

If you imagine them as we do, you see an era dominated by critical, worldwide demands – global imperatives such as environmental safety, health care and health protection, and creative use of materials.

The following pages explore seven such imperatives and the way Corning is linked directly to each one. As you read these pages, I believe you will find in them the same thing I do: a formula for consistent growth throughout the 1990s, and well beyond.

James R. Houghton

James R. Houghton
Chairman of the Board

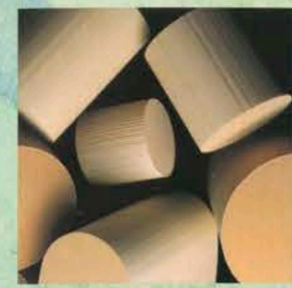
Protecting the Environment

The Clean Air Act of 1970 required U.S. automakers to meet emission-control standards for the first time. Corning played an essential role by developing the Celcor substrate, the ceramic core of catalytic converters. By the end of 1990, the company had produced more than 300 million units for automakers around the world.

Today, with environmental protection a critical worldwide priority, Corning is vitally involved on several fronts, from automotive and industrial emission-control to comprehensive environmental-testing services.

Expanding Celcor Markets

Left: A Celcor substrate is tested at the Porsche research and development center near Stuttgart, Germany. A vast new market is opening for Celcor products with the phasing-in of European emission standards; simultaneously, the U.S. market is reinforced by new clean air legislation of 1990. To meet demand, substrates are manufactured in three locations: Kaiserslautern, Germany; Erwin, N.Y., and Blacksburg, Va.



Thinner Walls, Better Catalytic Action

To produce the Celcor substrate, a unique extrusion-die process turns a specially formulated ceramic into a "honeycomb" with hundreds of cells per square inch. New substrates are made with a magnesium-aluminosilicate ceramic that makes possible new configurations of walls and cells. Improved engine performance, fuel efficiency and catalytic action are among the potential advantages.

Worldwide Environmental Testing

Enseco Incorporated, a part of Corning Lab Services Inc., is a leader in the worldwide testing of soil and water for contaminants. Enseco expanded its air-testing capabilities in 1990, worked with the Environmental Protection Agency (EPA) to develop new methods for measuring toxic chemicals in soil and water, and aided Corning's Science Products Division in developing a line of glassware for environmental laboratories. (Above: Prince William Sound, where Enseco testing services were used following the Exxon Valdez spill.)

Environmentally Sound Manufacturing

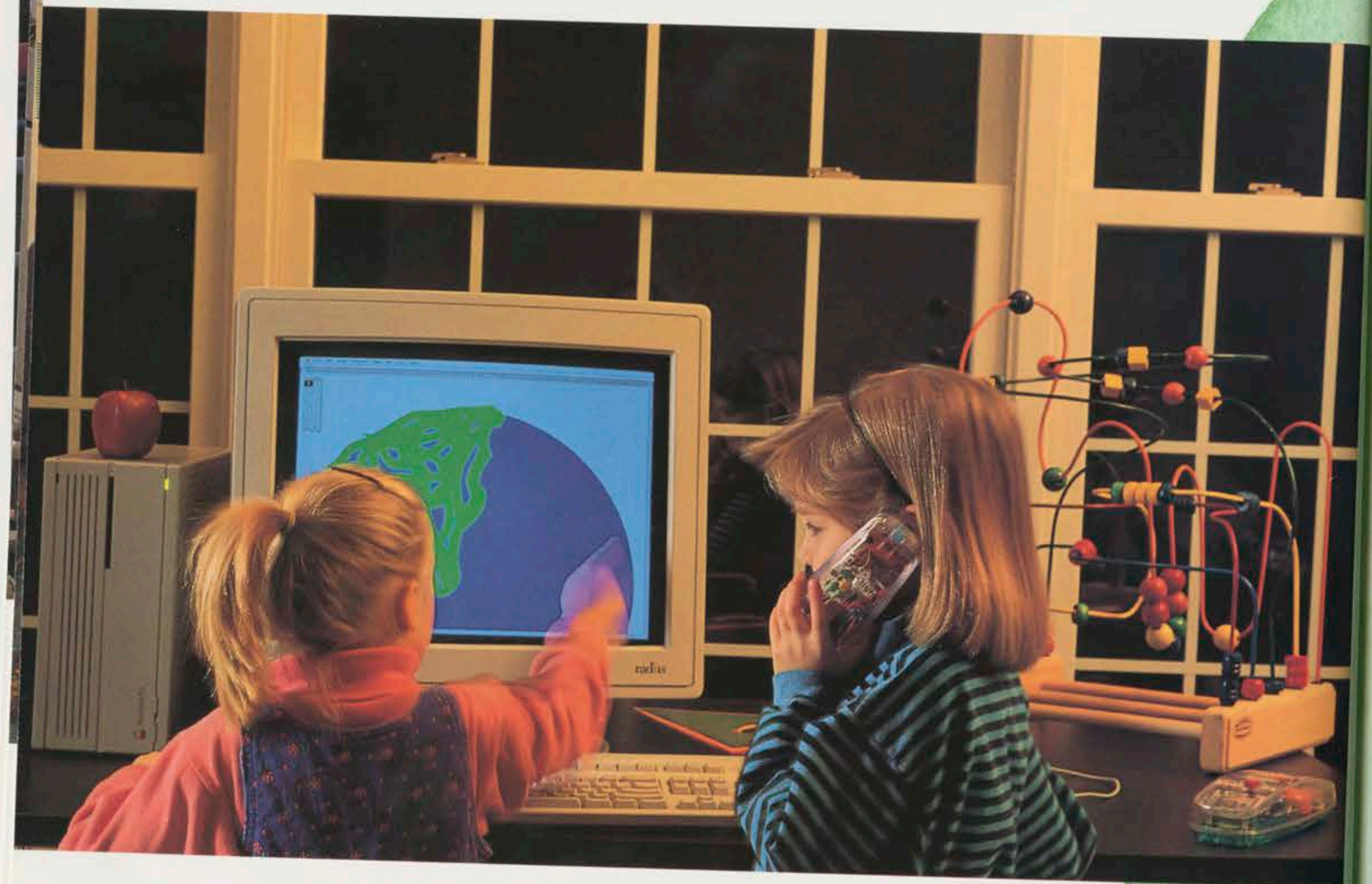
The Corning plant in Wilmington, N.C., is a winner of its state's Waste Management Award. Waste management, recycling and energy conservation are familiar practices at all Corning locations. The company has also developed an electric-melting technology for the glass industry that is energy-efficient and virtually pollution free.

Diesel Filters in Demand

New York City (above), Los Angeles and Munich were among the major cities that began programs in 1990 to curb diesel pollution by city bus fleets. The result was a surge in demand for Corning's diesel filter, a cellular-ceramic product developed in the 1980s and now poised for swift, worldwide growth.

Global Imperative:

Improved Communications



In the 20 years since Corning first demonstrated the commercial feasibility of transmitting light through long lengths of optical fibers, these filaments of glass have become the backbone of long-distance telephone networks, spanning oceans and continents. For a world increasingly reliant on communications – from video coverage of a World Cup soccer match to daily electronic financial transactions – no other system offers fiber's combination of speed, capacity and cost-effectiveness.

Today, the communications industry – and Corning – stand at the beginning of the next tidal wave of demand: optical-fiber connections directly to businesses and homes.

Coming: The Fiber-Connected Home

High-definition television with hundreds of channels to choose among, video phones, home shopping, home banking, security systems – these are the potential benefits of optical-fiber connections directly to the home. Such connections are multiplying in nation after nation, including the United States, with more than 50 current trial locations. (Pictured at left: young viewers enjoy the magic of an interactive, fiber-connected system.)

Campus Connection

Office buildings, manufacturing complexes and universities are among the growing number of customers for internal optical-fiber networks. Above: Case Western Reserve University, where a Corning fiber network will connect 7,000 locations (including dorm rooms) in 85 buildings. Case Western expects the system to provide "entirely new approaches to learning with interactive video, audio and data."

Cost-Saving Signal Splitter

This optical signal-splitter, developed at Corning's research center in Avon, France, can distribute light signals from one high-volume fiber to several homes, reducing the cost of fiber-to-home installation. Other Corning components for fiber systems include a new optical switch that minimizes distortion, and high-speed optical transmitters and receivers.

Protective Cable

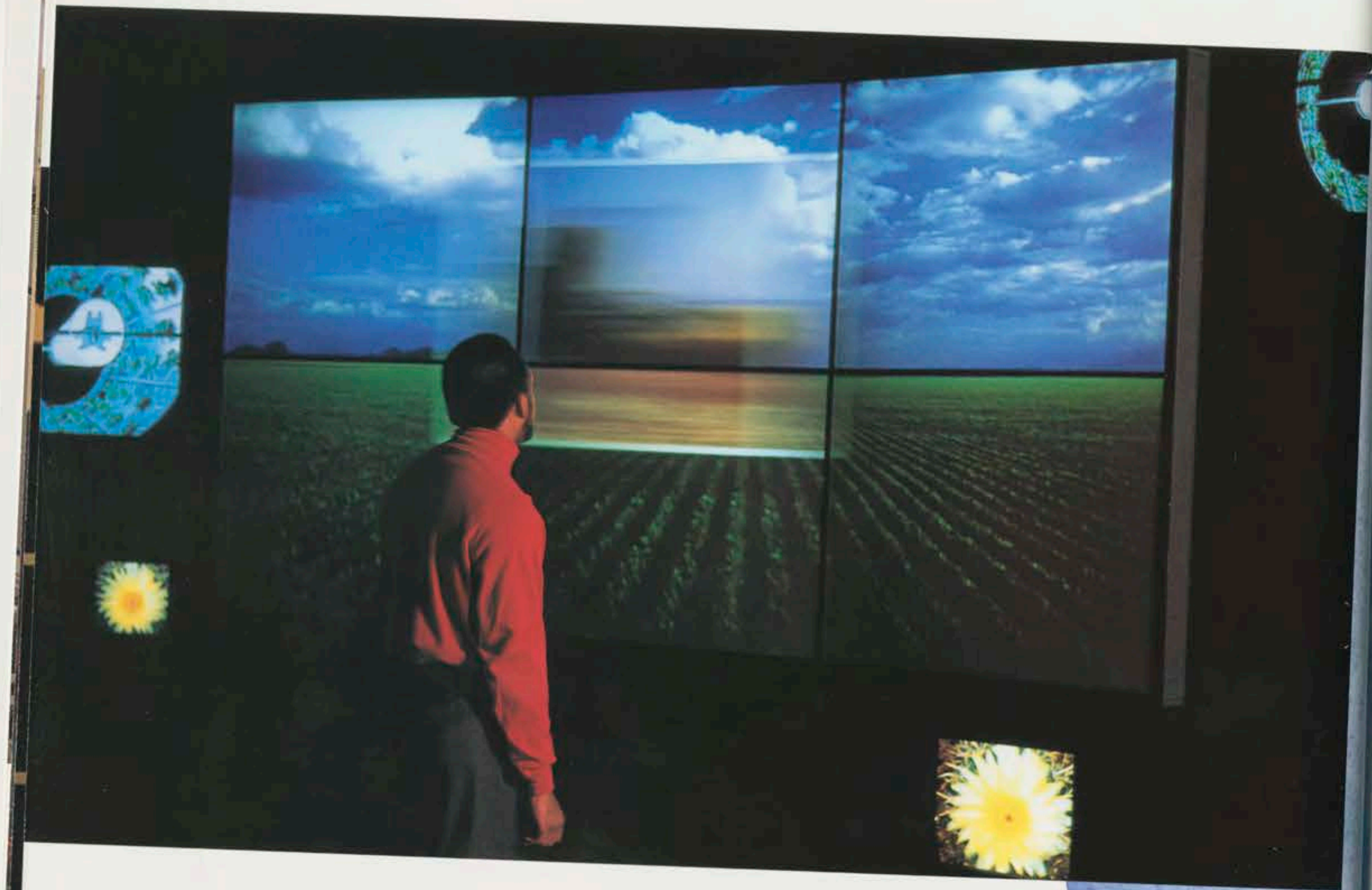
Optical cable – the protective sheath that encases optical fiber – is manufactured by Siecor Corporation, a joint venture of Corning and Siemens. Siecor also manufactures supporting components, including a time-saving cable connector introduced in 1990.

Putting Fiber to the Test

When it comes to optical fiber, Corning is its own toughest critic, performing 50 different mechanical, environmental and optical tests to assure consistent quality for customers. Corning technical standards are often instrumental in setting standards for the optical-fiber industry.

Global Imperative:

Information and Entertainment



Advances in communications such as optical fiber are driven by the ever-increasing human thirst for information and entertainment. Corning played a central role in one of the greatest information-entertainment advances: the company developed mass production of video glass in the late 1940s, making home-television affordable.

The flickering black-and-white novelty of those early years is now a marvel of vibrant color images and richly detailed information displays, and Corning's role has grown accordingly. Today's products include projection-TV lenses, liquid-crystal-display glass and computer memory disks, in addition to video glass.

New Memory-Disk Substrate

A computer memory-disk substrate, made of a new glass-ceramic material developed at Corning, makes possible extensive information storage – more than 100 typical paperback novels on a 3.5-inch disk, compared with 40 for conventional disks. The substrate is now in field tests with customers around the world.

Projection-TV Lenses: Marrying Glass and Plastic

The Sony projection-display (opposite) uses a lens system from U.S. Precision Lens Inc. (USPL), a Corning subsidiary. Sony presented USPL with an "Award of Excellence" in 1990. USPL's innovative systems, which combine aspheric plastic elements with spherical glass elements, have made the company the world's leading manufacturer of projection-TV lenses. USPL also creates lenses for applications that include high-definition TV, LED-projection displays, laser scanners and optical-fiber connectors. Major expansion has recently been completed at the company's manufacturing facilities in Cincinnati, Ohio.

Award-Winning Computer Integration

Computer-directed robotics at State College, Pa., demonstrate why this Corning Asahi video-glass plant was the 1990 winner of the LEAD Award, a highly regarded recognition given to the U.S. company that has best integrated computer-automation systems into its operation.

Time-Saving Simulation

Computer simulation of a new TV panel provides accurate, time-saving product design, helping State College to speed products into customers' hands. The plant, which covers half-a-million square feet, manufactures glass for screen sizes up to 32 inches.

The Expanding Liquid-Crystal-Display Market

Calculators, laptop computers and pocket-TVs are among the information-and-entertainment products that use liquid-crystal-display screens. Corning provides thin, flat, chemically stable glass for this steadily expanding market.

Global Imperative:

Health Care, Health Protection

The market knowledge gained by Corning as a long-time supplier of laboratory products through its Science Products Division led the company into laboratory *services* in the early 1980s. Beginning with the acquisition of MetPath Inc., Corning forged a combination of businesses linked to the worldwide call for better health-care and health-protection services.

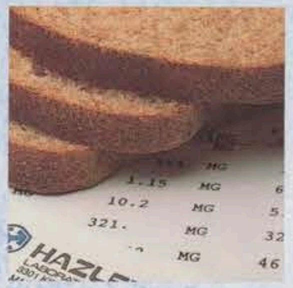
These businesses encompass clinical testing for physicians and hospitals (MetPath); biological and chemical testing for pharmaceutical, agricultural and chemical companies (Hazleton Corporation), and advanced clinical testing and evaluation of new pharmaceuticals (G. H. Besselaar Associates). These three businesses, together with Enseco Incorporated (see page 7), make up Corning Lab Services Inc., a free-standing, wholly owned Corning subsidiary established in 1990.

Chromosome Testing: New Clinical Opportunities

Chromosome testing, seen at left in a MetPath laboratory, offers new opportunities to determine risk of genetic diseases such as Down's Syndrome. MetPath performs more than 1,400 different clinical tests in all, providing quick response for clients through a network of regional laboratories. MetPath strengthened the network in 1990 by increasing its share in Unilab Corporation, a chain of western-U.S. laboratories, and by acquiring a major laboratory on Long Island, N.Y., and several smaller regional laboratories.

Testing for Compound Safety

While MetPath clinical testing supports medical care, Hazleton conducts biological and chemical tests to confirm compound safety. Seen above: testing of new pharmaceuticals at a Hazleton clinical facility in Leeds, England. Hazleton capabilities, which include toxicology, chemistry and genetically based research, were extended in 1990 by the acquisition of Microtest Ltd., a molecular-toxicology center in York, England.



'Partnering' Services from Hazleton

Food-processing, pharmaceutical, agricultural and chemical companies are among clients for Hazleton testing services, including a "partnering" service that helps clients to develop new compounds from initial research to commercial use. An expansion program doubled capacity at Hazleton's Madison, Wis., Toxicology and Chemistry Center in 1990.

Plastic for Genetic and Medical Research

Cells for tissue culture grow best on a plastic surface, so Corning's Science Products Division developed a line of plastic products now in wide demand by genetic-research laboratories and laboratories engaged in testing for diseases that include cancer, acquired immune deficiency syndrome (AIDS) and hepatitis.

Besselaar Associates Adds Locations

The acquisition of two international clinical research organizations in 1990 added locations in Europe, the U.S. and Japan to Besselaar Associates' worldwide network. Besselaar Associates' extensive resources help Corning Lab Services Inc. to offer wide-ranging support to the drug development process for the pharmaceutical industry.

Global Imperative:

Contemporary Lifestyles

Today's worldwide flow of information and entertainment has brought with it worldwide recognition of – and demand for – contemporary lifestyles. Up-to-date consumer housewares are an integral part of such lifestyles and Corning's response has been a revitalization of its traditional housewares lines, and a strengthening of international marketing and manufacturing. The results of this global reach in 1990 included a highly successful introduction of Visions top-of-the-range cookware in Brazil and the introduction of innovative new products in Europe.

Corning also operates two specialized consumer businesses: Steuben crystal and Serengeti sunglasses.

Computer Power, from Production Line to Store Display

In a marketplace where products must be updated constantly, computer-aided design (seen at left on a new Visions cookware item) and computer-aided manufacturing help Corning to move swiftly. Computer technology also assists package design, distribution and customer service. An exclusive Corning service offered to customers is a software program called Leaderset, a guide to the most productive use of shelf space for Corning products.

'Classic Black' Corning Ware

The year 1990 brought an eye-catching new color choice, "Classic Black" for Corning Ware cookware, along with two soft beige patterns, "Symphony" and "Forever Yours." The new looks were extended to other lines, including Pyrex mixing bowls in black-and-white sets and black-and-white decorations for Corelle dinnerware.

Serengeti: Style and Substance

Serengeti sunglasses, designed to aid vision during driving and sports activities, are noted for their high style. But behind the style is the substance of a precision-engineered product, winner of an annual Industrial Design Magazine Award for the second time in 1990. New sales growth is expected for Serengeti sunglasses following their 1990 introduction in Europe.

European Newcomer: Vitri Corning

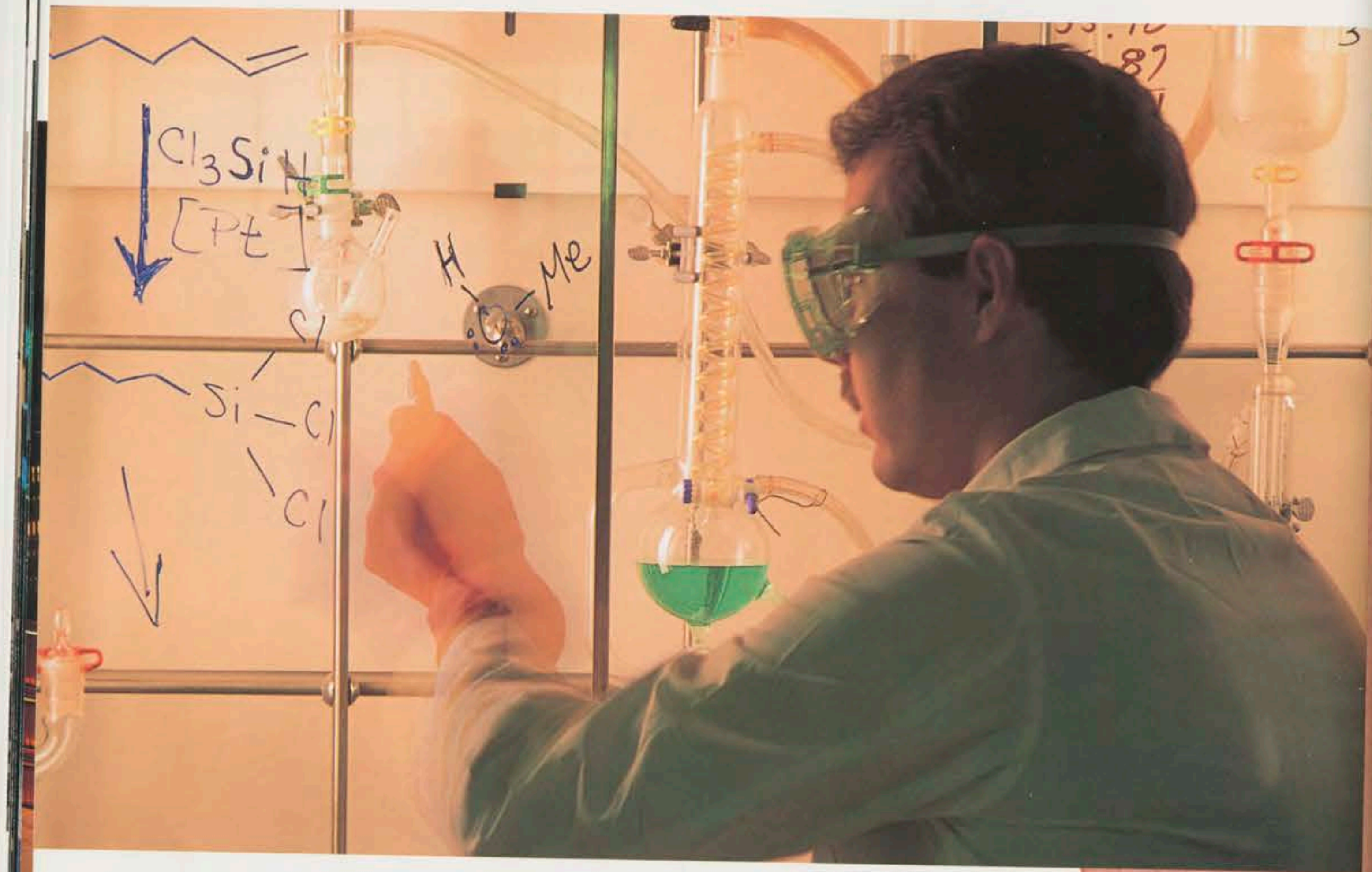
Corning acquired the respected German company, Vitri, in 1989. Now called Vitri Corning, the company makes plastic microwave cookware under the Micro Dur brand name. Among Vitri Corning's 1990 introductions are casseroles made of a new plastic material that easily handles the extremes of temperature from freezer to microwave oven.

Steuben: Reaching a New Generation

Since 1933 Steuben crystal has earned a unique reputation for design, artistry and meticulous hand-crafting. Steuben introduced 46 new designs in 1990, ranging from the traditional items Steuben is noted for to striking contemporary designs aimed at a new generation of customers for fine crystal.

Global Imperative:

Creative Use of Materials



The products in this report all share a common characteristic: they represent Corning's historic expertise with materials.

In part, basic product development is involved, such as transforming silica glass into optical-fiber communications systems. And in part, it's a matter of re-thinking products already on the market – adding a plastic coating to labware, for example, to make it shatter-resistant, or modifying the manufacturing process for industrial molten-metal filters to reduce materials-waste by 40 percent.

On a planet with limited resources and growing needs, such creative use of materials is crucial. These two pages offer an additional sampling of the ways Corning and its associated companies are answering the challenge.

Versatile Silicones from Dow Corning

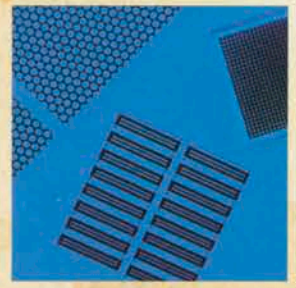
Dow Corning completed a long-range manufacturing-capacity expansion in 1990 and opened major new technology centers in Midland, Mich. (at left), and in Yamakita, Japan. The company – Corning's largest joint venture – produces more than 4,200 silicone and silicone-related products. Derived from quartz, silicones are turned into fluids, rubber, sealants, resins and chemical compounds, and are used by every major world industry.

High-Index Photochromic Glass

Corning has long been the world's leading manufacturer of ophthalmic glass, clear and photochromic. The newest advance is photochromic glass with a high refractive index (a measurement of the bending of light), introduced in both the U.S. and Europe in 1990. High-index glass makes possible comfortably thin and lightweight lenses.

A Ceramic that Filters Molten Metal

The strength, heat-resistance and cellular structure of ceramic filters from Corning make them ideal for removing impurities from molten metal. More than 100 million filters have been sold to foundries worldwide. Customer trials began in 1990 on a new filter developed for molten steel.



Microlens 'Bubbles'

A Corning-developed process raises lenses like rows of bubbles on a sheet of light-sensitive glass. The lenses can be made as small as 50 microns in diameter, less than the thickness of a human hair. Already in use in autofocus cameras, the tiny lenses are now in development for facsimile machines, photocopiers and LED printers.

Precision-Forming Headlamp Lenses

For aerodynamic headlamp lenses, heat-resistant glass is pressed into an intricate maze of grooves and ridges with tolerances measured by the thousandth-of-an-inch. A new and radically smaller lens, developed in 1990 with General Motors Corp.'s Inland Fisher Guide Division, appears on the 1991 Pontiac Grand Prix, and is scheduled for several other GM models.

Quality, Diversity, Values

At Corning, a total-quality system launched in 1983 has brought the company to the point of measuring defects in parts per million, receiving customer quality awards by the hundreds and earning a place among only 24 companies selected by the U.S. government to assist federal agencies in quality training.

These are gratifying signposts as Corning sets out for the next quality plateau, world-class quality. In the 1989 Baldrige Awards, the U.S. competition that applies world-class standards, Corning's Telecommunications Products Division was a finalist, but not a winner.

The men and women of Corning are committed to reaching world-class level – a total-quality way of life that dictates relentless self-assessment, non-stop process improvement and a focus on customers so intense, requirements are anticipated, not merely met.

Teams that Manage Themselves

Empowering the workforce is a key to world-class quality. Seen on the facing page: a highly trained team of line operators at the cellular-ceramics plant in Erwin, N.Y. The team is responsible for its own scheduling, maintenance, product output and quality assurance.

Quality and Diversity

There's only one root source for quality: the workforce, and the workforce is changing. Global immigration patterns and evolving social attitudes are bringing new diversity to plants, laboratories and offices. In the U.S., for example, 80 percent of the incoming work-force between now and the year 2000 will be women, minorities and immigrants.

Corning's response to a changing population was praised in a *New York Times* front-page article which stated the company "is engaged in one of corporate America's most ambitious experiments in cultural engineering." The article pointed to such steps as mandatory courses and workshops designed to break through racist and sexist attitudes, assigning of "coaches" to help new black and women employees, active programs for training and promotion of these employees, and consistently clear messages of commitment from management.

The Times commented, "All big companies, Corning included, still have a long way to go," but went on to note that Corning is "well above the levels of most companies" in the percentage of women and black employees, and that the company has shown a dramatic improvement in its retention of such employees since 1987.

Quality and Values

If welcoming diversity is a matter of business pragmatism, it's also a reflection of a basic company value, The Individual, which states in part, "Each employee must have the opportunity to participate fully, to grow professionally, and to develop to his or her highest potential."

There are seven corporate values in all, the other six being Quality, Integrity, Performance, Leadership, Technology and Independence. The values are defined by Corning as "a set of enduring beliefs" with Quality, the first value, "the guiding principle of our business life."

Facing the Issues

At a workshop on gender issues, candid discussion helps to break through stereotypes and promote understanding.

Segment Highlights**

	Revenues			Income before Tax		
(In millions)	**1990**	1989	1988	**1990**	1989	1988
Specialty Materials	**$ 700.3**	$ 672.3	$ 652.1	**$119.3**	$110.5*	$109.3
Communications (1)	**782.9**	503.4	363.4	**143.9**	93.4*	50.2*
Laboratory Services	**730.8**	580.8	491.2	**124.8**	99.2	69.3
Consumer Products	**726.5**	682.7	614.8	**83.2**	40.2*	72.2
Total Segments	**2,940.5**	2,439.2	2,121.5	**471.2**	343.3	301.0
Royalty, interest and dividend income	**39.9**	29.6	30.8	**39.9**	29.6	30.8
Non-operating gains	**69.2**	107.1	149.2	**69.2**	107.1	149.2
Interest expense				**(54.0)**	(44.5)	(41.0)
Other, including Corporate R&D				**(198.2)**	(181.7)	(169.4)
Total	**$3,049.6**	$2,575.9	$2,301.5	**$328.1**	$253.8	$270.6

*The impact of restructuring was included in determining segment income before tax as follows: 1989–Specialty Materials $7.8 million, Communications $13.2 million, and Consumer Products $32.3 million; 1988–Communications $25.9 million.

**Reference is made to the Financial Review and the Information by Industry Segment (See Note 4 to Consolidated Financial Statements), which includes descriptions of and additional information on industry segments.

(1) In the first quarter 1990, Corning began to consolidate the results of Siecor Corporation, formerly an unconsolidated affiliate.

1990 Segment Revenues

Years Ended December 30, 1990, December 31, 1989, and January 1, 1989 (In millions, except per-share amounts)	**1990**	1989	1988
Revenues			
Net sales	**$2,940.5**	$2,439.2	$2,121.5
Royalty, interest and dividend income	**39.9**	29.6	30.8
Non-operating gains	**69.2**	107.1	149.2
	3,049.6	2,575.9	2,301.5
Deductions			
Cost of sales	**1,925.7**	1,600.9	1,405.2
Selling, general and administrative expenses	**581.8**	491.8	438.6
Research and development expenses	**124.5**	109.6	95.2
Provision for restructuring costs		54.4	32.0
Interest expense	**54.0**	44.5	41.0
Other, net	**35.5**	20.9	18.9
Income before taxes on income	**328.1**	253.8	270.6
Taxes on income	**136.1**	116.9	103.2
Income before equity earnings and minority interest	**192.0**	136.9	167.4
Equity in earnings of associated companies	**107.5**	126.7	127.2
Minority interest in earnings of subsidiaries	**(10.4)**	(4.2)	(2.2)
Income before Extraordinary Credit and Cumulative Effect of Change in Accounting Method (per common share, $3.07/1990; $2.79/1989; $3.25/1988)	**289.1**	259.4	292.4
Tax benefit of loss carryforwards	**2.9**	1.6	2.2
Cumulative effect on prior years, net of applicable income taxes, of change in method of accounting for post-retirement medical benefits (to January 3, 1988; per common share, $0.93/1988)			(83.9)
Net Income (per common share, $3.10/1990; $2.80/1989; $2.34/1988)	**$ 292.0**	$ 261.0	$ 210.7

Per-share amounts have been adjusted for the 2-for-1 stock split effective January 17, 1989.

Except for the cumulative effect, the change in method of accounting for post-retirement medical benefits did not have a material effect on Income before Extraordinary Credit in the year of adoption. Pro forma net income for 1988, assuming the change in accounting had been applied retroactively, was $294.6 million (per common share, $3.27).

See Notes to Consolidated Financial Statements beginning on page 30.

(In millions, except shares and per-share amounts)	1990	1989
Assets		
Current Assets		
Cash	$ 67.5	$ 36.5
Short-term investments, at cost, which approximates market value	65.5	316.3
Accounts receivable, net of doubtful accounts and allowances–$41.6/1990; $32.0/1989	527.2	452.4
Inventories	314.5	238.5
Deferred taxes on income and other current assets	123.2	125.6
Total current assets	1,097.9	1,169.3
Investments		
Associated companies, at equity	779.7	803.5
Others, at cost	24.8	22.5
Plant and Equipment, at Cost, Net of Accumulated Depreciation	1,351.8	1,160.6
Other Assets	257.8	204.8
Total Assets	$3,512.0	$3,360.7
Liabilities and Stockholders' Equity		
Current Liabilities		
Loans payable	$ 52.8	$ 40.4
Accounts payable	191.5	158.6
Other accrued liabilities	395.2	483.0
Total current liabilities	639.5	682.0
Other Liabilities	205.9	212.5
Loans Payable Beyond One Year	611.2	624.5
Deferred Taxes on Income and Deferred Investment Credits	72.8	53.1
Minority Interest in Subsidiary Companies	101.6	45.8
Convertible Preferred Stock	30.7	31.6
Common Stockholders' Equity		
Common stock, including excess over par value and other capital–Par value $1 per share; authorized–300,000,000 shares. Shares outstanding: 1990–91,854,768; 1989–94,217,332; (net of cost of 12,278,710 and 8,544,422 shares of common stock in treasury)	139.6	255.5
Retained earnings	1,640.6	1,436.4
Cumulative translation adjustment	70.1	19.3
Total common stockholders' equity	1,850.3	1,711.2
Total Liabilities and Stockholders' Equity	$3,512.0	$3,360.7

See Notes to Consolidated Financial Statements beginning on page 30.

Years Ended December 30, 1990, December 31, 1989, and January 1, 1989 (In millions)	1990	1989	1988
Cash flows from operating activities:			
Income before extraordinary credit and cumulative effect of change in accounting method	$289.1	$259.4	$292.4
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	211.2	171.3	153.9
Equity in earnings of associated companies in excess of dividends received	(47.8)	(60.3)	(79.1)
Gains on issuance of affiliated companies' stock			(22.2)
Gains on disposition of properties and investments	(67.8)	(85.1)	(131.5)
Provision for restructuring costs		54.4	32.0
Other	32.4	(0.7)	36.0
Changes in operating assets and liabilities:			
Accounts and notes receivable	(35.0)	(39.1)	(31.4)
Inventory	(40.4)	(1.9)	(24.7)
Deferred taxes and other current assets	11.3	(2.5)	(0.5)
Current liabilities	(102.4)	74.0	(52.3)
Net cash provided by operating activities	250.6	369.5	172.6
Cash flows from investing activities:			
Additions to plant and equipment	(261.4)	(317.9)	(258.6)
Acquisitions of businesses	(49.7)	(41.0)	(112.7)
Net proceeds from disposition of properties and investments	154.5	209.7	229.3
Increase in long-term investments	(20.2)	(37.1)	(23.5)
Other, net	(23.6)	2.1	(1.9)
Net cash used in investing activities	(200.4)	(184.2)	(167.4)
Cash flows from financing activities:			
Proceeds from issuance of loans	13.3	146.0	80.2
Repayments of loans	(27.4)	(13.0)	(5.6)
Proceeds from issuance of preferred stock		31.7	
Proceeds from issuance of common stock	8.7	10.2	4.1
Repurchases of common stock	(162.8)	(67.1)	(112.4)
Payment of dividends	(108.4)	(92.8)	(67.5)
Net cash (used in) provided by financing activities	(276.6)	15.0	(101.2)
Effect of exchange rates on cash	6.6	(4.0)	(2.9)
Net change in cash and cash equivalents	(219.8)	196.3	(98.9)
Cash and cash equivalents at beginning of year	352.8	156.5	255.4
Cash and cash equivalents at end of year	$133.0	$352.8	$156.5

See Notes to Consolidated Financial Statements beginning on page 30.

Corning posted its sixth consecutive year of record earnings in 1990, despite sharply lower equity in earnings of associated companies. Consolidated sales rose 21% from 1989, on the strength of continued volume gains in the Communications and Laboratory Services segments. These segments have led consolidated sales growth during the past three years. The Specialty Materials segment also made a solid contribution to sales growth during the three-year period, while the pace of growth in the Consumer Products segment slowed in 1990. Adjusted for the consolidation of Siecor Corporation, formerly an unconsolidated affiliate, 1990 consolidated sales increased 11%.

Income growth in consolidated operations in 1990 was also led by the Communications and Laboratory Services segments, although all segments made positive contributions to the earnings trend. Earnings gains occurred principally as a result of increased volume, improved manufacturing efficiencies and effective cost-control programs. Acquisitions, the translation impact of a weaker U.S. dollar and the benefits of previous restructuring programs also contributed to the earnings improvement.

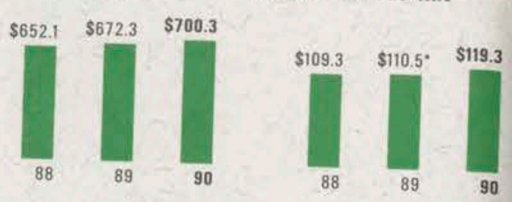
Equity earnings dropped significantly from 1989 and the record earnings of 1988. The 1990 decline was primarily due to sharply lower earnings at Samsung-Corning Company Ltd. in Korea where unfavorable currency movements, unsettled conditions in Korea and losses from developing businesses adversely affected financial performance.

Although 1990, 1989 and 1988 included significant non-operating gains, and 1989 and 1988 included restructuring provisions, net income, including or excluding these events, rose steadily in the last three years. A more detailed analysis of results is provided in the following discussions.

Industry Segments

Corning's products and services in the following discussions are grouped into four industry segments: Specialty Materials, Communications, Laboratory Services and Consumer Products. The sales and earnings of equity affiliates are discussed in terms of these same four industry segments. All allocable costs are included in each segment. Certain costs, primarily corporate costs and costs of corporate research and development projects that are designed to benefit a broad range of products and processes which cross industry-segment lines, are reported separately.

Specialty Materials
(In millions)



*Includes a restructuring provision of $7.8 million in 1989.

	1990	1989	1988
Equity companies			
Net sales	$2,102.5	$2,029.6	$1,925.6
Corning's share of earnings	87.9	87.2	82.0

Consolidated operations: Consolidated sales in this segment have risen in each of the last three years. Income before tax in 1990 improved over the previous two years, although 1989 results included a restructuring provision.

The sales growth was primarily attributable to the increasing volume of worldwide sales of Celcor ceramic substrates, which are integral components of automobile emission-control systems. The expanding demand for pollution-control devices in Europe, as a result of new European Economic Community legislation mandating the use of such devices, was a primary contributor to this year's sales growth. However, sales growth was partially offset by reduced demand for vehicles in North America due to softening economic conditions. Earnings in this business improved slightly in 1990 as a result of the volume growth and improved manufacturing performance after the start-up of a new manufacturing facility in Blacksburg, Va., in 1989. The weakening U.S. dollar also had a positive effect on reported sales and earnings in 1990. Costs associated with start-up of the new facility and inefficiencies caused by operating at capacity in North America decreased earnings in 1988 and early 1989.

Extensions of the cellular-ceramic technology have also been employed in new products, such as filters used in the pollution-control devices of diesel engines and filters designed to purify molten metals. These businesses continued to grow in 1990.

Sales in the lighting business grew in 1990, after modest declines in 1989 and 1988, on higher volume of sealed beam and industrial lighting components. Earnings rose strongly in 1990 as a result of the increased volume and in 1989 and in 1988 due to the benefits of previous restructuring programs.

Sales and earnings in the optical-products business declined in 1990, following increased sales and stable earnings in the previous two years. Sales volume fell primarily as a result of inventory consolidations in the industry, although the sales decline was somewhat offset by favorable effects of translation of international sales to a weaker U.S. dollar. Manufacturing inefficiencies and lower volume were primary contributors to the earnings decline.

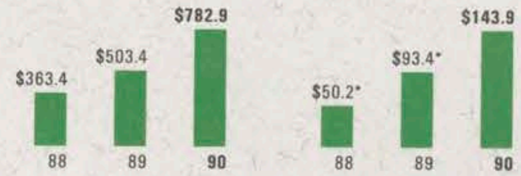
Sales and earnings in Corning's science-products business have improved over the past three years.

Equity companies: Dow Corning Corporation, a leading producer of silicones and related products, is Corning's largest equity company. Dow Corning's sales and earnings have increased in each of the past three years as a result of continued worldwide demand for silicone-based products and tight cost control.

Sales and equity earnings at Corning's other equity companies in this segment declined slightly in 1990 after increasing in 1989 and 1988. This decline occurred primarily as a result of Corning's sale of substantially all of its interest in Iwaki Glass Company Ltd. of Japan during 1990.

Outlook: Due to a recessionary economic environment in the U.S., 1991 results are difficult to predict. However, Corning expects consolidated sales and earnings in 1991 to remain stable, due to its global market positions. Growth is anticipated for the science-products and diesel-filter businesses. Results in the automotive substrates and lighting businesses are expected to remain close to 1990 levels, due to increasing softness in the U.S. automotive industry offset by continued growth in the European markets. Dow Corning is expected to continue to lead the growth in sales and earnings of equity companies in this segment.

Communications
(In millions)



*Includes restructuring provision of $13.2 million and $25.9 million in 1989 and 1988, respectively.

	1990	1989	1988
Equity companies			
Net sales	$536.4	$764.8	$736.9
Corning's share of earnings	18.5	35.8	41.8

Consolidated operations: Consolidated sales and earnings rose significantly in 1990. This performance followed a significant increase in 1989 sales and earnings compared with low 1988 results caused by the 1987 disposition of the electronic-components business and 1988 restructuring provisions. Adjusted for the consolidation of Siecor Corporation, segment sales rose 11% during 1990 on the strength of volume growth in the optical-fiber and optical-cable businesses.

Worldwide demand for optical-fiber and optical-cable continued to expand in 1990 as in 1989, generating significantly higher sales and earnings. This growth is predominantly due to increased use of fiber-optic cable in the feeder portions of telephone networks, as well as the growing use of fiber in cable-television systems. In response to continued market growth, Corning plans to invest in excess of $100 million to increase its optical-fiber manufacturing capacity in Wilmington, N.C., by more than 50 percent. Earnings improvements in each of the last three years resulted from increased volume, partially offset by continued price reductions.

In 1988 Corning transferred its North American video-display business to Corning Asahi Video Products Company, a majority-owned partnership with Asahi Glass America Inc. Sales in this business in 1990 were approximately level with 1989 as a result of the retail environment for television which weakened substantially in the second half of the year. This performance followed a significant increase in 1989 sales due to increased manufacturing capacity and market growth. Earnings in the business declined slightly in 1990, after increases the previous two years, as a result of a shift in product mix and spending on new product development.

U.S. Precision Lens Inc. reported earnings growth on increased sales in 1990, following two years of strong sales and earnings growth. Continued growth in the projection-television market, particularly during the second half of the year, led to the sales gains. Earnings were affected by the addition of new manufacturing capacity and equipment in early 1990.

Included in this segment are several developing businesses such as memory disks for computer applications, optical components to bring optical fiber to the home and liquid-crystal-display (LCD) glass. These businesses are in various stages of product development and commercialization. These developing businesses produced losses throughout the three-year period, although to a lesser extent in 1990, from the continued high rate of spending on research, development and engineering.

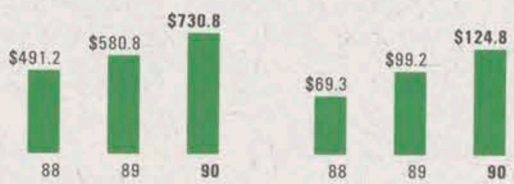
Equity companies: Samsung-Corning Company Ltd. produces glass panels and funnels in Korea for video-display bulbs. Samsung-Corning's 1990 sales increased following a decline in 1989 and substantial growth in 1988. However, earnings declined significantly from 1989, following a substantial increase in 1988. This earnings performance reflected price declines, caused by market weakness and unfavorable currency movements, and manufacturing inefficiencies. In addition, Samsung-Corning's profitability was affected by the start-up of operations in various developing businesses which produced losses in 1990.

Adjusted for the consolidation of Siecor Corporation, sales and earnings at Corning's other equity companies in this segment, particularly the foreign optical-fiber ventures, increased in 1990. Volume gains, combined with the favorable effects of translation to a weaker U.S. dollar, contributed to the improvements. This performance follows increased sales and earnings in 1989, compared with stable results in 1988.

Outlook: Segment performance is expected to improve in 1991. Sales and earnings in the optical-fiber and optical-cable businesses are expected to remain strong. Sales and earnings from the video-display businesses are expected to improve in 1991. Developing businesses are forecasted to produce losses during the next year but at reduced levels. Samsung-Corning's performance is also expected to improve as its markets slowly recover; however, gains will be partially offset by continuing losses in developing businesses.

Laboratory Services
(In millions)

Consolidated sales — Income before tax



	1990	1989	1988
Equity companies			
Net sales	$70.5	$318.3	$304.8
Corning's share of (loss) earnings	(1.2)	1.8	4.0

Consolidated operations: Consolidated sales and earnings in this segment increased significantly in each of the last three years, with MetPath Inc., Corning's clinical-testing subsidiary, continuing to lead the sales and earnings growth. Strategic acquisitions have played an important role in segment growth during the three-year period.

MetPath reported strong growth in sales and earnings in 1990, continuing the pattern of gains in 1989 and 1988. MetPath's volume rose significantly during 1990, which combined with tight cost controls and improved quality of service to generate the increased earnings. In order to continue this level of future growth, MetPath plans a major expansion of its Teterboro, N.J., laboratory facility both as a national esoteric testing center and to serve customers in the metropolitan New York and New Jersey area.

MetPath's growth has resulted from the success of its regional market approach and its history of successful acquisitions. In addition to the acquisitions of several small, local laboratories during the year, MetPath acquired Community Clinical Laboratories on Long Island, N.Y., for approximately $21 million in the fourth quarter 1990. In addition, at year end 1989 MetPath acquired the eastern operations of Central Diagnostic Laboratories (CDL). The western operations of CDL were acquired by Unilab Corporation, MetPath's primary equity venture.

Hazleton Corporation, Corning's life-science laboratory-services company, experienced slight sales growth in 1990, although earnings fell modestly due to a series of isolated operating and supply problems. These results followed increases in sales and earnings in 1989 and 1988.

G. H. Besselaar Associates, acquired in the first quarter 1989, is a leader in providing clinical research and development services to the international pharmaceutical industry. Growing demand for these services, combined with the integration of two small 1990 acquisitions of pharmaceutical research and clinical studies organizations, contributed to Besselaar Associates' significantly increased sales and earnings in 1990.

Enseco Incorporated, acquired in the second quarter 1989, is a leading network of environmental-testing laboratories. While 1990 included a full year of operations compared with 1989 post-acquisition partial-year results, 1990 volume did not reach expected levels. This trend reflected lower volume and competitive pricing in the environmental-testing industry and the incremental volume and income derived in 1989 from the Exxon Valdez spill. These market conditions directly affected Enseco's operations in 1990, as operating results declined significantly.

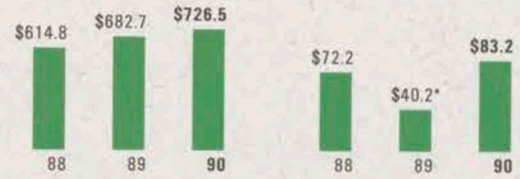
Equity companies: The composition of equity companies in this segment has changed significantly since 1989. In December 1989 Corning sold its 50% interest in Ciba Corning Diagnostics Corp. (CCD), a producer of diagnostic medical instruments. Equity earnings in 1989 included a full year of CCD earnings.

In 1990 MetPath purchased an additional equity interest in Unilab Corporation, an equity affiliate, to increase its total equity interest to 22.5%. MetPath recorded equity losses in Unilab in 1990 based on its relative equity ownership level during the year. Subsequent to year end, MetPath invested approximately $65 million to increase its equity interest in Unilab to approximately 49% and to contribute to the financing of Unilab's acquisition of Roche Biomedical Laboratories Inc.'s western U.S. laboratories.

Outlook: Corning expects sales growth and earnings improvement in each of its laboratory-services businesses. Market growth in clinical testing is expected to continue to be strong, while the life-sciences laboratory services and environmental-testing markets are expected to improve in 1991. Acquisitions continue to be evaluated as a means to enhance the growth strategy of this segment.

Consumer Products
(In millions)

Consolidated sales — Income before tax



*Includes a restructuring provision of $32.3 million in 1989.

	1990	1989	1988
Equity companies			
Net sales	$82.8	$113.6	$49.1
Corning's share of earnings (loss)	2.3	1.9	(0.6)

Consolidated operations: Consolidated sales in the Consumer Products segment increased in each of the last three years. Earnings improved in 1990 over the previous two years, although 1989 included the effect of a significant restructuring provision.

Sales volume in the U.S. declined slightly in 1990, principally as a result of turmoil in the U.S. retail markets and declining Visions cookware volume. In addition, the overall softness in European consumer markets continued, although volume improved in the fourth quarter. The impact on sales was somewhat offset by the favorable effects of a weaker U.S. dollar. Volume in the Latin America and Asia-Pacific area rose in 1990 as a result of increased sales in Brazil from the launch of Visions cookware, partially offset by declines in the Far East.

Segment earnings in 1990 benefited from the results of volume gains in most product areas, fixed-cost reductions, manufacturing efficiencies and incremental volume from the launch of Visions cookware in Brazil. These gains were partially offset by the effects of lower volume in the U.S. and Far East and shifts in product mix.

Sales of Corning Ware cookware contributed significantly to 1990 sales gains after reporting strong improvements in 1989 and 1988. The volume gains also led to modest earnings growth in 1990, after strong results in 1989 and 1988.

Corelle dinnerware also reported 1990 sales gains following strong growth in 1989 and improvement in 1988. Earnings in this business also improved slightly in 1990 compared with solid improvement in the previous two years. Continued success in new product and decoration introductions has been a major contributor to increased volume in both of these businesses.

Sales and earnings of the Pyrex line improved in 1990 over weak 1989 results, following a strong 1988, primarily due to the benefits of previous restructuring programs. In 1989 Corning established a $32.3 million provision for restructuring, primarily resulting from its decision to exit certain Pyrex tableware businesses in Europe.

Visions cookware volume in the U.S., Europe and Far East markets, although improved in the second half of 1990, remained slightly behind 1989 levels. Visions cookware's 1989 results were well behind the strong gains reported in 1988. However, production of Visions cookware in Brazil, which commenced in early 1990, generated strong incremental sales and earnings growth which helped to offset the effects of continuing softness in worldwide demand. The business remained profitable in 1990, although earnings declined slightly following the sales trend.

Sales and earnings of Revere Ware products improved in 1990 as a result of solid demand, manufacturing efficiencies and lower raw materials and other production costs. Corning acquired Revere in 1988 in an acquisition accounted for as a purchase.

In December 1989 Corning acquired Vitri GmbH, a manufacturer of plastic consumer housewares in Germany. This company, now called Vitri Corning, made a positive contribution to sales in 1990, although earnings fell below expectations.

Sales and earnings in the Serengeti sunglass product lines declined in 1990 due to inventory reductions by customers, after two years of strong increases.

Equity companies: In 1989 Corning acquired a 23% interest in Cristalleria Artistica La Piana S.p.A., an Italian manufacturer of crystal stemware, which contributed positively to equity earnings in 1990.

Also in 1989, Corning dissolved Crown Corning Limited, a 50%-owned Australian company. Corning retained its consumer-product lines in Australia as a wholly owned company.

Outlook: Due to significant uncertainties in the current worldwide economic environment and to financial difficulties being experienced by many retail customers in the U.S., 1991 sales and earnings in the Consumer Products segment are expected to remain close to 1990 levels.

Other Revenues and Deductions

Non-operating gains: In 1990 Corning recognized non-operating gains totaling $69.2 million ($29.2 million after tax) related to a number of transactions and events. A gain of $51.1 million ($19.4 million after tax) was recorded on the sale of substantially all of Corning's interest in Iwaki Glass Company Ltd. of Japan. Corning also recognized a gain of $7.7 million ($5.1 million after tax) on the disposition of half of its interest in Genentech Inc. in conjunction with a merger of Genentech with Roche Holdings Inc. In addition, Corning recorded a gain of $6.2 million ($2.1 million after tax) on the sale of its investment in Genencor Inc. Early in 1990 Corning sold an additional 3.2% interest in Corning Asahi Video Products Company to Asahi Glass America Inc. and recognized a gain of $4.2 million ($2.6 million after tax) on the transaction.

In 1989 Corning recognized $107.1 million ($61.9 million after tax) in non-operating gains. A gain of $75.7 million ($41.0 million after tax) was recorded on the sale of Corning's 50% interest in Ciba Corning Diagnostics Corp. to Ciba-Geigy. Corning also recorded a $21.7 million gain ($13.7 million after tax), related to patent infringement matters in the optical-fiber business. In addition, a gain of $5.6 million ($4.6 million after tax) was recognized on the sale of certain real estate in Canada. Early in 1989 Corning sold an additional 3.2% interest in Corning Asahi Video Products Company to Asahi Glass and recognized a gain of $4.1 million ($2.6 million after tax) on the transaction.

In 1988 Corning recognized non-operating gains totaling $149.2 million ($96.8 million after tax). In connection with a terminated tender offer, Corning sold 3,000,000 shares of International Clinical Laboratories stock to SmithKline Beckman Corporation and recognized a gain of $30 million ($19.8 million after tax) on the sale. Corning also recorded a gain of $22.2 million from the sale of previously unissued stock of equity companies. The amount included $21.5 million resulting from a public offering in Japan of previously unissued Iwaki Glass Company Ltd. stock. Also in 1988 a gain of $60.3 million ($36.6 million after tax) was realized from the sale of 5,000,000 shares of Iwaki stock sold in conjunction with the public offering. In addition, Corning sold its investment in Corning Japan Inc., whose primary asset was a research lab in Tokyo, and recorded a gain of $18.3 million ($12.1 million after tax). A gain of $18.4 million ($6.1 million after tax) was recorded upon the formation of Corning Asahi Video Products Company in 1988.

Provisions for restructuring: In 1989 Corning recorded a $54.4 million provision for restructuring related to a decision to reposition certain businesses and facilities. The majority of this charge pertained to operations in the Consumer Products ($32.3 million), Communications ($13.2 million) and Specialty Materials ($7.8 million) segments.

In 1988 Corning provided $32 million to revise estimates of previously established restructuring reserves related to consolidating and repositioning certain manufacturing operations, primarily in the Communications segment ($25.9 million).

Taxes

The 1990 effective tax rate was 41% compared with 46% in 1989 and 38% in 1988. The 1990 rate was higher than the U.S. statutory rate primarily due to foreign tax rates in excess of U.S. rates, certain losses from foreign and domestic start-up operations which will not generate tax benefits until future years, and the effects of certain non-operating gains and state income taxes. Note 11 to the Consolidated Financial Statements reconciles the effective tax rate to the statutory rate and explains the relationship of expense to taxes currently payable. Corning recorded small amounts in all periods presented related to the continued benefit of tax loss carryforwards.

In the fourth quarter 1990, Corning recognized a net tax benefit of $7.0 million from adjustments of income taxes on foreign operations for 1990 and prior years.

The Financial Accounting Standards Board (FASB) issued Statement No. 96 "Accounting for Income Taxes," which requires significant changes in income-tax accounting methods. The FASB is expected to delay implementation until 1993. Due to the complexities of the calculations that will be required to implement the statement, the effect on Corning's financial statements is not known nor reasonably estimable at this time.

Cumulative Effect of Change in Accounting Method

In 1988 Corning recorded an after-tax charge of $83.9 million to reflect the change in method of accounting for post-retirement medical benefits for current retirees and their beneficiaries. Except for the cumulative effect, this change did not have a material effect on operating results for the years presented. (See Note 6 to the Consolidated Financial Statements.)

In the fourth quarter 1990, the Financial Accounting Standards Board issued Statement No. 106, "Employers' Accounting for Post-retirement Benefits Other Than Pensions," which requires that the actuarially determined cost of post-retirement health-care and other benefits be accrued over the service period of the covered population. Implementation is required no later than the first quarter of 1993. Corning is assessing the Statement's requirements and has not yet estimated the impact of implementation. However, the charge which will be required at the time of implementation would exclude the cost related to the obligation for current retirees' benefits which have already been accrued. (See Note 3 to the Consolidated Financial Statements.)

Liquidity and Capital Resources

Corning's working capital decreased slightly to $458.4 million at the end of 1990 from $487.3 million at the end of 1989. The decrease in working capital resulted primarily from the reduction in cash and cash equivalents from the significantly higher 1989 level which reflected the proceeds from the sale of Ciba Corning Diagnostics Corp. and the issuance of $100 million of debt in the third quarter 1989. The ratio of current assets to current liabilities was 1.7 at the end of 1990, unchanged from the end of 1989.

Corning's working capital position is reinforced by available bank credit lines of $225 million and the ability to issue up to $125 million of debt under existing shelf-registration statements filed with the Securities and Exchange Commission. Corning's strong balance sheet and resultant financial flexibility provide the company with ready access to funds to meet seasonal working capital requirements, capital expenditures, acquisitions and other longer-term growth opportunities.

Corning's ratio of long-term debt to total capital was 24% at the end of 1990 compared with 26% at the end of 1989. The 1989 ratio was higher due to the issuance of $100 million of 8¾% debt in the third quarter of 1989. (See Note 9 to the Consolidated Financial Statements.)

During 1989 Corning issued 316,822 shares of Series B Convertible Preferred Stock for $31.7 million. Cumulative dividends are paid at the rate of 8% per annum. This stock was sold entirely to the trustee of Corning's existing employee investment plans based upon directions from plan participants. (See Note 12 to the Consolidated Financial Statements.)

Cash Flows

Cash flows from operations in 1990 declined from 1989 following an increase from 1988. This resulted from the comparatively high level of tax payments and investments in non-cash working capital during 1990 and 1988.

Cash used in investing activities in 1990 rose slightly as a result of reduced proceeds on the disposition of assets, partially offset by reduced capital expenditures. Capital expenditures were $261 million in 1990, $318 million in 1989 and $259 million in 1988. Capital additions in 1990 decreased significantly from 1989 due to completion of the expansion of manufacturing facilities for cellular-ceramic products in Virginia and New York, television bulbs in Pennsylvania, Visions cookware in Brazil and the construction of a precision flat-glass manufacturing facility and research center in Japan. In 1991 capital expenditures are expected to increase as a result of planned expansions of the Wilmington, N.C., optical-fiber manufacturing facility and MetPath Inc.'s Teterboro, N.J., laboratory facility.

In 1990 cash was used in financing activities primarily to fund the repurchase of Corning common stock and the payment of shareholder dividends, consistent with the uses of cash in financing activities in 1988. In 1989 financing activities generated positive cash flows due to increased borrowings and the issuance of preferred stock partially offset by cash used for dividends and the repurchase of common stock.

Dividends paid to common shareholders in 1990 totaled $108.4 million, compared with $92.8 million in 1989 and $67.5 million in 1988. The higher 1990 payment resulted from a $0.225 per-share special year-end dividend declared in 1989. Dividends paid in 1989 also included a $0.20 per-share special year-end dividend declared in 1988.

In 1990 Corning repurchased 3,627,400 shares of its common stock pursuant to a systematic plan authorized by the Board of Directors. This activity is designed to provide shares for Corning's various employee-benefit programs.

Environment

Corning has been named by the Environmental Protection Agency under the Superfund Act, or by state governments under similar state laws, as a potentially responsible party for 29 hazardous waste sites. Under the Superfund Act, all parties who may have contributed any waste to a hazardous waste site, identified by such Agency, are jointly and severally liable for the cost of cleanup unless the Agency agrees otherwise. It is Corning's policy to accrue for its estimated liability based on expert analysis and continual monitoring by both internal and external consultants. Corning has accrued for its estimated liability with respect to each of these sites.

Effects of Inflation

Amounts reflected in the financial statements do not provide for the effect of inflation on operations or financial position. The expenses and asset values, specifically those related to long-lived assets, reflect historical cost and do not necessarily represent replacement cost or charges to operations based on replacement cost. Corning's operations are designed to provide funds from operations which would be sufficient along with other sources to replace fixed assets as necessary. Net income would be significantly lower than reported in the Consolidated Statements of Income if the effects of inflation were reflected by charging operations for replacement costs.

1. Summary of Significant Accounting Policies

Principles of Consolidation

Corning operates on a fiscal year ending on the Sunday nearest December 31. The three most recent fiscal years ended on December 30, 1990, December 31, 1989, and January 1, 1989, each of which included 52 weeks.

The consolidated financial statements include the accounts of all significant subsidiary companies. All significant intercompany accounts and transactions are eliminated. Major subsidiaries are consolidated at dates up to one month earlier than the consolidated balance sheet dates.

The equity method of accounting is used for investments in associated companies in which Corning's interest is from 20 to 50 percent.

Effective with the first quarter 1990, Corning began to consolidate the results of Siecor Corporation, formerly an unconsolidated affiliate, into its financial statements. Siecor, which primarily manufactures passive optical transmission equipment, is a venture with Siemens AG of Germany. The consolidation occurred as a result of revisions to the Shareholders' Agreement between Corning and Siemens AG. Financial data presented for previous periods have not been restated to reflect the consolidation of Siecor. The consolidation is not material to financial position or the results of operations for the periods presented and had no effect on previously reported net income or earnings per share amounts, which included Siecor on an equity basis.

Translation of Foreign Currencies

Except for subsidiaries operating in hyperinflationary economies, balance sheet accounts are translated at current exchange rates and income statement accounts are translated at average exchange rates for the year. Translation gains and losses are accumulated in a separate component of Stockholders' Equity. Foreign currency transaction gains and losses affecting cash flows are included in current earnings.

Non-monetary assets and liabilities of subsidiaries operating in hyperinflationary economies are translated at historical rates while monetary assets and liabilities are translated at current rates. The impact of rate changes is included in current earnings.

Inventories

Inventories are valued at the lower of cost or market. The LIFO (last-in, first-out) method of determining cost is used for a substantial portion of inventories for which LIFO costing would be appropriate. Minor inventories, supplies and the inventories of subsidiaries operating in hyperinflationary economies are valued using the FIFO (first-in, first-out) method.

Property and Depreciation

Land, buildings and equipment are recorded at cost. Depreciation is based on estimated useful lives of properties, using straight-line and accelerated methods.

Cash and Cash Equivalents

Highly liquid debt instruments purchased with maturities of three months or less are considered cash equivalents.

Goodwill and Other Intangible Assets

Investment costs in excess of the fair value of net assets acquired are amortized over appropriate periods not exceeding 40 years. Other intangible assets are recorded at cost and amortized over periods not exceeding 15 years.

Foreign Exchange Contracts

Corning enters into forward foreign exchange contracts as hedges against identifiable foreign currency commitments. Gains and losses on these contracts are deferred and included in the measurement of the related foreign currency transactions. Gains and losses on foreign currency contracts which are not designated as hedges of foreign currency commitments are included in determining net income.

Taxes on Income

Taxes on income shown in Corning's Consolidated Statements of Income is computed on the basis of the revenues and expenses shown in those statements at applicable tax rates. Deferred income taxes are provided for timing differences in the recognition of revenues and expenses for tax and financial reporting purposes.

Corning and its subsidiaries and associated companies provide income taxes on their earnings at applicable rates. Additional income taxes which would be payable by Corning upon remittance of subsidiaries' and associated companies' earnings to the parent company are provided to the extent that remittance is anticipated.

The Financial Accounting Standards Board (FASB) issued Statement No. 96 which requires significant changes in income-tax accounting methods. The FASB is expected to delay implementation until 1993. Due to the complexities of the calculations that will be required to implement the statement, the effect on Corning's financial statements is not known nor reasonably estimable at this time.

Pension Plans and Retirement Plans

Corning has pension plans covering the majority of North American employees and certain employees in foreign countries. The costs accrued for these plans have been determined utilizing the provisions of FASB Statement No. 87. (See Note 6.)

The company provides certain health-care benefits for retired employees. The estimated cost of such benefits is actuarially determined and accrued at the time of retirement. (See Notes 3 and 6.) The company also provides certain life-insurance benefits to retired employees which are expensed as paid.

In the fourth quarter 1990, the FASB issued Statement No. 106 which requires that the actuarially determined cost of post-retirement health-care and other benefits be accrued over the service period of the covered population. Implementation is required no later than the first quarter of 1993. Corning is assessing the statement's requirements and has not yet estimated the impact of implementation. However, the charge which will be required at the time of implementation would exclude the cost related to the obligation for current retirees' benefits which have already been accrued. (See Note 3.)

Earnings Per Common Share

Earnings per common share are computed by dividing net income less dividends on preferred stock by the weighted average number of common shares outstanding. Dividends on preferred stock were \$2.5 million in 1990 and \$0.6 million in 1989. The weighted average shares outstanding (in thousands) were 93,451 in 1990, 92,940 in 1989 and 89,944 in 1988. Common stock equivalents are not considered as they would not result in material dilution.

2. Business Combinations

In the fourth quarter 1990, MetPath acquired Community Clinical Laboratories for approximately \$21 million. This acquisition was accounted for as a purchase. Accordingly, the operating results of this business were included in the consolidated financial statements from the date of acquisition.

In the fourth quarter 1989, Corning acquired the assets of the eastern operations of Central Diagnostic Laboratories for approximately \$36 million. Also in 1989, Corning acquired Vitri GmbH for approximately \$15 million. Vitri is a German manufacturer of plastic consumer housewares. These acquisitions were accounted for as purchases and, accordingly, the operating results of these businesses were included in the consolidated financial statements from the date of acquisition.

In the second quarter 1989, Corning acquired all the common stock of Enseco Incorporated in exchange for approximately 3.7 million shares of Corning common stock. Enseco is a leading U.S. network of environmental laboratories. In the first quarter 1989, Corning acquired all the common stock of G. H. Besselaar Associates in exchange for approximately 1.5 million shares of Corning common stock. Besselaar Associates is a worldwide market leader in providing clinical research and development services to the international pharmaceutical and medical device industries. These transactions were accounted for as poolings of interests. Corning's consolidated financial statements have not been restated since the mergers were not material to Corning's operations or financial position.

Effective June 22, 1988, Corning purchased the assets of Revere Ware Inc., a manufacturer of stainless steel cookware, for approximately \$106 million. The business combination was accounted for as a purchase. Accordingly, the operating results of Revere were included in the consolidated financial statements from the date of acquisition. The excess of the purchase price over net identifiable assets acquired is included in other assets and is being amortized over 40 years.

3. Accounting Change

In 1988 Corning changed its method of accounting for post-retirement health-care benefits to reflect its obligation to current retirees. Under the new method, the actuarially determined cost of retirees' future health-care benefits is accrued at the time of retirement. The effect of any plan amendments or actuarial gains and losses is deferred and amortized over the expected remaining period of coverage. Previously the company expensed the cost of providing such benefits as paid. The \$83.9 million (\$0.93 per share) cumulative effect on prior years (to January 3, 1988) of the change (after reduction of a \$49.9 million tax benefit) is included in 1988 net income. Except for the cumulative effect, this change did not have a material effect on operating results for the periods presented.

4. Information by Industry Segment

Information about the company's operations in different industry segments is summarized below:

	Specialty Materials	Communications	Laboratory Services	Consumer Products	Other, including Corporate R&D	Total
Operations:						
Revenues:						
1990	**$ 700.3**	**$782.9**	**$730.8**	**$726.5**	**$ 109.1**	**$3,049.6**
1989	672.3	503.4	580.8	682.7	136.7	2,575.9
1988	652.1	363.4	491.2	614.8	180.0	2,301.5
Income before tax:						
1990	**$ 119.3**	**$143.9**	**$124.8**	**$ 83.2**	**$(143.1)**	**$ 328.1**
1989	110.5*	93.4*	99.2	40.2*	(89.5)	253.8
1988	109.3	50.2*	69.3	72.2	(30.4)	270.6
Assets:						
Operating assets:						
1990	**$ 504.5**	**$625.8**	**$523.7**	**$561.8**	**$ 516.5**	**$2,732.3**
1989	447.1	390.7	420.0	517.2	782.2	2,557.2
1988	420.8	356.2	289.7	462.6	562.7	2,092.0
Capital expenditures:						
1990	**$ 44.0**	**$ 77.0**	**$ 56.8**	**$ 52.4**	**$ 31.2**	**$ 261.4**
1989	58.0	103.9	37.9	83.1	35.0	317.9
1988	67.3	65.0	32.1	66.7	27.5	258.6
Depreciation and amortization:						
1990	**$ 43.8**	**$ 55.7**	**$ 37.9**	**$ 47.0**	**$ 26.8**	**$ 211.2**
1989	35.6	40.2	26.8	44.4	24.3	171.3
1988	34.1	37.6	25.2	33.1	23.9	153.9
Equity Investments:						
Investment in associated companies, at equity:						
1990	**$ 580.8**	**$157.0**	**$ 21.7**	**$ 20.2**		**$ 779.7**
1989	573.4	204.2	10.2	15.7		803.5
1988	539.5	185.5	75.9	5.0		805.9
Equity company sales:						
1990	**$2,102.5**	**$536.4**	**$ 70.5**	**$ 82.8**		**$2,792.2**
1989	2,029.6	764.8	318.3	113.6		3,226.3
1988	1,925.6	736.9	304.8	49.1		3,016.4
Equity company net income (loss):						
1990	**$ 177.1**	**$ 52.8**	**$ (4.8)**	**$ 11.5**		**$ 236.6**
1989	184.3	91.8	5.2	9.5		290.8
1988	166.8	100.2	8.5	(1.2)		274.3
Corning's share in net income (loss):						
1990	**$ 87.9**	**$ 18.5**	**$ (1.2)**	**$ 2.3**		**$ 107.5**
1989	87.2	35.8	1.8	1.9		126.7
1988	82.0	41.8	4.0	(0.6)		127.2

*The impact of restructuring was included in determining segment income before tax as follows: 1989 – Specialty Materials $7.8 million, Communications $13.2 million, and Consumer Products $32.3 million; 1988 – Communications $25.9 million.

Miscellaneous income and expense amounts have not been allocated to industry segments but are included in "Other, including Corporate R&D" to allow reconciliation to the amounts reported in the Consolidated Statements of Income. Since corporate research and development projects are designed to benefit a broad range of products and processes which cross industry-segment lines, certain of these costs are not identifiable with an industry segment. Equity-company operations are included by industry segment due to the significance of equity-company results to Corning's operations.

5. Investments

Of the total investments accounted for by the equity method, Dow Corning Corporation, a 50%-owned manufacturer of silicones, with operations substantially in the United States and Europe, represented $499.2 million and $436.1 million at year end 1990 and 1989, respectively. Samsung-Corning Company Ltd., a 50%-owned manufacturer of video-display bulbs in South Korea, represented $108.0 and $116.6 million at year end 1990 and 1989, respectively.

The financial position and results of operations of Dow Corning Corporation, Samsung-Corning Company Ltd. and Corning's combined equity-basis companies are summarized below.

	1990			1989			1988	
	Dow Corning Corp.	Samsung-Corning Co. Ltd.	Total Equity Companies	Dow Corning Corp.	Samsung-Corning Co. Ltd.	Total Equity Companies	Dow Corning Corp.	Total Equity Companies
Net sales	**$1,718.3**	**$393.8**	**$2,792.2**	$1,574.5	$338.2	$3,226.3	$1,476.8	$3,016.4
Income from operations	**261.5**	**73.2**	**441.4**	259.5	105.6	510.7	229.1	456.6
Net income	**170.0**	**7.8**	**236.6**	162.8	52.0	290.8	150.5	274.3
Corning's equity in net income*	**$ 82.7**	**$ 4.0**	**$ 107.5**	$ 79.1	$ 23.9	$ 126.7	$ 73.2	$ 127.2
Current assets	**$ 713.2**	**$195.9**	**$1,170.5**	$ 617.1	$202.9	$1,288.0	$ 627.3	$1,430.5
Non-current assets	**1,209.2**	**623.4**	**2,169.7**	1,061.0	581.7	2,209.1	901.5	1,795.9
Current liabilities	**$ 394.1**	**$198.9**	**$ 697.9**	$ 286.5	$227.9	$ 769.3	$ 294.1	$ 757.8
Non-current liabilities	**529.9**	**404.4**	**1,122.9**	519.5	323.5	1,044.8	438.4	862.4

*Equity in earnings of associated companies shown above and in the Consolidated Statements of Income are net of amounts recorded for income tax. (See Note 11.)

The following is presented for all equity-basis companies and for investments carried at cost:

	1990	1989	1988
Equity in undistributed earnings of equity-basis companies included in retained earnings	**$607.8**	$586.8	$517.3
Dividends received from equity-basis companies	**59.7**	66.4	48.1
Excess of quoted market value over cost-basis investments	**6.6**	10.0	12.1

6. Employee Retirement Plans

Pension Information

Corning has defined-benefit pension plans covering the majority of domestic employees and certain employees in foreign countries. Corning's funding policy has been to contribute annually an amount determined jointly by the company and its consulting actuaries, which provides for the current cost and amortization of prior service cost over a 30-year period.

The funded status of Corning's pension plans as of year end is as follows:

	Over-Funded Plans		Under-Funded Plans	
	1990	1989	1990	1989
Vested benefits	$651.7	$584.5	$23.0	$24.2
Non-vested benefits	55.1	48.6	1.9	1.9
Accumulated benefit obligation	$706.8	$633.1	$24.9	$26.1
Present value of projected benefit obligation	$749.3	$670.8	$36.0	$35.6
Current fair market value of plan assets	(874.9)	(868.6)	(14.8)	(16.0)
Unrecognized transition gain	26.8	25.2	(3.4)	(3.9)
Unrecognized prior service cost	(79.4)	(41.5)	(5.5)	(0.1)
Other unrecognized net experience gains	84.2	140.2	(4.6)	(0.4)
Change in actuarial assumptions	61.3	61.3	1.9	1.9
Recorded pension (asset) liability	$ (32.7)	$ (12.6)	$ 9.6	$17.1

Plan assets are comprised principally of publicly traded debt and equity securities.

The unrecognized transition gain, unrecognized prior service cost, net experience gains and change in actuarial assumptions are amortized to pension expense over the remaining service life of plan participants.

The economic assumptions reflect those of the principal North American plan. Assumptions of other plans are not significantly different.

Following are the components of pension expense for the company's defined-benefit pension plans:

	1990	1989	1988
Present value of benefits earned during the year	$16.6	$ 14.4	$12.2
Interest cost on projected benefit obligation	64.4	59.7	52.1
Actual return on plan assets	(21.4)	(139.0)	(88.8)
Net amortization and deferral	(48.4)	75.7	36.3
Net pension expense for the year	$11.2	$ 10.8	$11.8
Economic assumptions:			
Discount rate	9%	9%	9%
Average annual increase in compensation	6%	6%	6%
Long-term return on plan assets	9%	9%	9%

Total consolidated pension expense, including defined-contribution pension plans, was $22.7 million in 1990, $15.6 million in 1989 and $20.1 million in 1988.

Post-Retirement Health Care and Life Insurance Benefits

The company and its subsidiaries provide certain health care and life insurance benefits for current retirees. A substantial number of the company's employees, including some employees in foreign countries, may become eligible for such benefits upon reaching retirement age.

In 1988 Corning changed its method of accounting for post-retirement health-care benefits. (See Note 3.) Under the current method, $20.0 million, $18.1 million and $22.0 million were expensed in 1990, 1989 and 1988, respectively.

7. Supplemental Income Statement Data

	1990	1989	1988
Depreciation expense	$192.5	$161.4	$143.0
Interest expense incurred	$ 58.6	$ 53.0	$ 43.9
Capitalized interest amortization	5.9	4.5	4.6
Interest capitalized	(10.5)	(13.0)	(7.5)
Interest expense, net	$ 54.0	$ 44.5	$ 41.0
Interest paid	$ 61.2	$ 49.5	$ 44.7

Non-Operating Gains

In 1990 Corning recognized a gain of $51.1 million ($19.4 million after tax) on the sale of substantially all its investment in Iwaki Glass Company Ltd.

In 1990 Corning disposed of half of its interest in Genentech Inc. in conjunction with a merger of Genentech with Roche Holdings Inc., a subsidiary of R. Hoffman - La Roche AG. A gain of $7.7 million ($5.1 million after tax) was recognized on the transaction.

Corning recognized a gain of $6.2 million ($2.1 million after tax) during 1990 on the sale of its investment in Genencor Inc.

In both 1990 and 1989 Corning sold a 3.2% interest in Corning Asahi Video Products Company. Corning recognized gains of $4.2 million ($2.6 million after tax) in 1990 and $4.1 million ($2.6 million after tax) in 1989 on the transactions.

In 1989 a 50% interest in Ciba Corning Diagnostics Corp. was sold to Ciba-Geigy. Corning recorded a gain on the sale of $75.7 million ($41.0 million after tax).

In 1989 a gain of $21.7 million ($13.7 million after tax) was recognized related to patent infringement matters in the optical-fiber business.

Corning recognized a gain of $5.6 million ($4.6 million after tax) in 1989 upon the sale of certain real estate in Canada.

Included in 1988 was a gain of $18.4 million ($6.1 million after tax) relating to the formation of Corning Asahi Video Products Company, a joint venture initially 67%-owned. Corning contributed the net assets of its North American video-display business to the partnership and Asahi contributed cash and technology.

In 1988 the company recorded a gain of $22.2 million upon the sale of previously unissued stock of equity affiliates. The sale effectively decreased Corning's ownership of these affiliates. Of this amount, $21.5 million resulted from a public offering in Japan of previously unissued Iwaki Glass Company Ltd. stock. In conjunction with the 1988 public offering of Iwaki stock, Corning sold 5,000,000 of its shares. Corning recorded a gain of $60.3 million ($36.6 million after tax) on the sale.

Corning recognized a gain of $18.3 million ($12.1 million after tax) upon the 1988 sale of its investment in Corning Japan Inc. Corning Japan's primary asset was a research facility in Tokyo.

In 1988 a gain of $30.0 million ($19.8 million after tax) was realized upon the sale of 3,000,000 shares of International Clinical Laboratories Inc. stock to SmithKline Beckman Corporation.

Provision for Restructuring Costs

In the fourth quarter 1989, Corning provided $54.4 million ($45.0 million after tax) for the repositioning of certain businesses and facilities. The provision relates primarily to consumer-product operations worldwide, and to certain other operations in Europe.

In the fourth quarter 1988, Corning provided $32.0 million ($19.1 million after tax) to revise estimates of previously established restructuring reserves related to consolidating and repositioning certain manufacturing operations.

Other, Net

Net gains included in Other, net resulting from the disposition of properties and other assets were $9.0 million in 1990, $8.0 million in 1989 and $6.4 million in 1988.

8. Supplemental Balance Sheet Data

Inventories	Year End 1990	1989
Finished goods	$176.4	$155.0
Work in process	108.4	86.7
Raw materials and accessories	68.7	44.3
Supplies and packing materials	65.6	57.2
Total inventories valued at current cost	419.1	343.2
Reduction to LIFO valuation	(104.6)	(104.7)
	$314.5	$238.5

In 1990, 1989 and 1988, certain inventory quantities were reduced, resulting in liquidations of LIFO inventory quantities carried at lower costs prevailing in prior years. The effect was to increase net income by $5.9 million ($0.06 per share), $3.4 million ($0.04 per share) and $6.1 million ($0.07 per share) in 1990, 1989 and 1988, respectively.

Property, Plant and Equipment	Year End 1990	1989
Land	$ 44.3	$ 35.7
Buildings	556.5	473.4
Equipment	2,042.1	1,725.8
	2,642.9	2,234.9
Accumulated depreciation	(1,291.1)	(1,074.3)
	$1,351.8	$1,160.6

Other Assets	1990	1989
Goodwill and other intangible assets	$ 252.6	$ 191.1
Accumulated amortization	(57.5)	(42.4)
Other assets	62.7	56.1
	$ 257.8	$ 204.8

Other Accrued Liabilities	1990	1989
Dividends	$ 23.6	$ 43.2
Taxes on income	69.2	128.7
Wages and employee benefits	128.1	119.6
Costs of business restructuring	13.7	48.0
Other liabilities	160.6	143.5
	$ 395.2	$ 483.0

Included in other long-term liabilities is $131.6 million and $131.0 million in 1990 and 1989, respectively, for post-retirement medical benefits for current retirees and $16.4 million and $25.1 million in 1990 and 1989, respectively, for business restructuring programs.

9. Loans Payable Beyond One Year

	Year End 1990	1989
Notes, 8⅜%, due 1996	$ 74.9	$ 74.9
Sinking fund debentures, 7¾%, due 1998	25.0	25.0
Notes, 7.78%, due 1998	38.8	42.8
Notes, 8¾%, due 1999	99.8	99.7
Debentures, 8¼%, due 2002	75.0	75.0
Convertible subordinated debentures, 6½%, due 2006	11.4	15.4
Debentures, 7%, due 2007	51.7	51.0
Industrial revenue bonds, average rate 7.4%, due through 2008	44.2	44.7
Debentures, 8⅞%, due 2016	74.4	74.4
Other notes payable, average rate 7.1%, due through 2011	116.0	121.6
	$611.2	$624.5

At December 30, 1990, the 7% Debentures, due 2007, are net of unamortized discount of $48.3 million.

The 6½% Convertible Subordinated Debentures are convertible into Corning common stock at anytime at a conversion rate of 39.7308 shares of common stock for each $1,000 principal amount of debentures, subject to adjustment for certain events. The debentures are redeemable through a sinking fund, requiring mandatory annual payments of $2.25 million commencing in 1996. In 1990 $4.0 million of the debentures were converted into Corning common stock.

In 1989 Corning issued $100 million of 8¾% Notes, due in 1999. Net proceeds were 99.213% of par. The proceeds of this issuance were used to provide for working capital and capital spending.

Bank revolving-credit agreements in effect at December 30, 1990, provided for Corning to borrow up to $225 million and for certain subsidiaries to borrow up to $133 million. At the end of 1990, no borrowings were outstanding under these agreements. The revolving-credit agreements provide for borrowing of U.S. dollars and Eurocurrency at various rates. Corning has the ability to issue up to $125 million of debt through a public offering under existing shelf-registration statements filed with the Securities and Exchange Commission.

Loans payable in 1991 are presented as current liabilities in the 1990 Consolidated Balance Sheet. At December 30, 1990, loans payable beyond one year become payable as follows:

1992	1993	1994	1995	1996	1997-2016
$21.3	$18.5	$21.8	$20.3	$93.9	$435.4

10. Commitments and Guarantees

Rental expense was $59.6 million in 1990, $48.0 million in 1989 and $40.2 million in 1988. Minimum rental commitments under leases outstanding at December 30, 1990, are:

1991	1992	1993	1994	1995	1996-2013
$51.0	$41.6	$31.9	$23.0	$14.2	$30.4

The ability of certain subsidiaries and associated companies to transfer funds is limited by provisions of certain loan agreements and foreign government regulations. At December 30, 1990, the amount subject to such restrictions for consolidated subsidiaries approximated $123 million. While this amount is legally restricted, it does not result in operational difficulties since Corning has generally permitted subsidiaries to retain a majority of generated funds to support their growth programs.

At December 30, 1990, guaranteed loans of equity affiliates amounted to $14.6 million. At December 30, 1990, Corning had contingent liabilities of $41 million under various standby and commercial letters of credit, which have been issued on the company's behalf by financial institutions as guarantees of Corning's performance under contracts to third parties.

At December 30, 1990, Corning had forward foreign currency contracts designated as hedges, which will mature at various dates in 1991, to purchase $38.3 million in foreign currency ($27.8 million U.S. dollar contracts held by foreign subsidiaries, 4.2 million pounds sterling and 3.6 million deutsche marks at the year-end spot rates) and to sell $9.6 million in foreign currency (4.2 million pounds sterling and 200 million yen at the year-end spot rates).

11. Taxes on Income

Income before taxes on income was derived from the following sources:

	1990	1989	1988
U.S. companies	$255.3	$231.3	$274.8
Non-U.S. companies	75.2	20.8	(2.8)
Intercompany eliminations	(2.4)	1.7	(1.4)
Income before taxes on income	$328.1	$253.8	$270.6
Taxes on income	$136.1	$116.9	$103.2

A reconciliation between the statutory federal income-tax rate and the effective income-tax rate is as follows:

	1990	1989*	1988*
Statutory U.S. federal income-tax rate	34.0%	34.0%	34.0%
Effect of non-U.S. operations	(2.6)	5.6	3.7
Interest on taxes net of federal benefit		2.4	(2.7)
State income taxes net of federal benefit	3.1	2.0	0.8
Tax on net gains	5.0	2.3	(0.2)
Other	2.0	(0.3)	2.5
Effective income-tax rate	41.5%	46.0%	38.1%

*Certain amounts have been reclassified for comparative purposes.

Corning provides income taxes on the earnings of subsidiaries and associated companies to the extent they are currently taxable or expected to be remitted. Taxes have not been provided on $783 million of accumulated unremitted earnings ($501 million related to U.S. equity companies) which are expected to remain invested indefinitely. It is estimated that the income taxes payable if these earnings were remitted would be $81.0 million at December 30, 1990.

At December 30, 1990, Corning and subsidiaries had book tax-loss carryforwards aggregating $81.6 million, the tax benefits of which are available to reduce future income-tax provisions, subject to certain limitations.

In addition to "Taxes on income" shown in the Consolidated Statements of Income, taxes were provided on the cumulative effect of the change in accounting method and on Corning's equity in earnings of associated companies. Benefits related to tax carryforwards were also recorded. The tax provision on the cumulative effect on prior years of the change in accounting method in 1988 was calculated at 37%.

Total payments for taxes on income were $187.8 million, $62.9 million and $100.5 million during 1990, 1989 and 1988, respectively.

The current and deferred portions of the income-tax provision reported in the Consolidated Statements of Income are derived as follows:

	1990	1989	1988
Taxes on income	$136.1	$116.9	$103.2
Tax provision on cumulative effect of accounting change			(49.9)
Tax provision on equity in earnings of associated companies	8.7	9.2	5.5
Tax benefit of carryforwards	(2.9)	(1.6)	(2.2)
Net tax provision	141.9	124.5	56.6
Less timing differences:			
Pensions	10.6	6.3	3.5
Accrued expenses	0.5	(22.1)	11.0
Depreciation	12.4	13.6	4.1
Inventories	(2.2)	0.4	(0.1)
Employee benefits	(5.7)	(9.7)	(51.6)
Investments	0.2	0.2	(1.2)
Alternative minimum tax			12.5
Other	9.3	(8.1)	2.9
Deferred tax provision (benefit)	25.1	(19.4)	(18.9)
Current tax provision	$116.8	$143.9	$ 75.5

In the fourth quarter 1990, Corning recognized a net tax benefit of $7.0 million from adjustments of income taxes on foreign operations for 1990 and prior years.

Components of the current and deferred income-tax provisions are:

	1990	1989	1988
Current:			
U.S. federal	$ 82.7	$111.4	$ 54.7
State and municipal	13.8	8.3	8.9
Foreign	20.3	24.2	11.9
	$116.8	$143.9	$ 75.5
Deferred:			
U.S. federal	$ 13.9	$ (23.3)	$ (15.1)
State and municipal	2.2		(5.3)
Foreign	9.0	3.9	1.5
	$ 25.1	$ (19.4)	$ (18.9)

The current portion of deferred income-tax benefits included in current assets in the Consolidated Balance Sheets as of December 30, 1990, and December 31, 1989, was $90.4 million and $95.9 million, respectively.

12. Convertible Preferred Stock

Corning has 10,000,000 authorized shares of Corning Series Preferred Stock, par value $100 per share. Of the authorized shares, 600,000 shares have been designated Series A Junior Participating Preferred Stock of which no shares have been issued. During 1989 Corning issued 316,822 shares designated as Series B Convertible Preferred Stock for $31.7 million. At year-end 1990 and 1989, 307,122 and 315,799 shares were outstanding, respectively.

Each Series B share is convertible into two shares of Corning common stock and has voting rights equivalent to two common shares. Cumulative cash dividends are paid at the rate of 8% per annum.

The Series B Stock was sold entirely to the trustee of Corning's existing employee investment plans, based upon the directions from plan participants. Participants may cause Corning to redeem the shares at 100% of par upon reaching age 55 or later, retirement, termination of employment or in certain cases of financial hardship.

The Series B shares are redeemable by Corning at $108 per share reduced annually on October 1, commencing 1990, by $1 per share to a minimum of $100. Prior to October 1, 1992, Corning may redeem only if the common stock exceeds certain market values.

13. Common Stockholders' Equity

(In millions, except shares and per-share amounts)	Common Stock Shares (000's)	Common Stock $1 Par Value	Excess Over Par Value	Other Capital	Treasury Stock	Retained Earnings	Cumulative Translation Adjustment	Total
Balance, January 3, 1988	47,706	$238.5	$ 55.7	$(24.6)	$(112.6)	$1,324.3	$54.4	$1,535.7
Net income						210.7		210.7
ESOP			7.2	(50.0)	42.8			
Other stock transactions, net	161	0.9	3.6	5.0	(105.5)	(0.7)		(96.7)
Adjustment for 2-for-1 stock split	47,867	239.3	(66.5)			(172.8)		
Dividends declared						(86.0)		(86.0)
Translation adjustments							(3.0)	(3.0)
Balance, January 1, 1989	95,734	478.7	0.0	(69.6)	(175.3)	1,275.5	51.4	1,560.7
Net income						261.0		261.0
Other stock transactions, net	7,028	16.0	61.4	10.3	(66.0)	0.2		21.9
Adjustment for decrease in par value		(391.9)	391.9					
Dividends declared						(100.3)		(100.3)
Translation adjustments							(32.1)	(32.1)
Balance, December 31, 1989	102,762	102.8	453.3	(59.3)	(241.3)	1,436.4	19.3	1,711.2
Net income						292.0		292.0
Other stock transactions, net	1,371	1.3	51.7	(8.7)	(160.2)			(115.9)
Dividends declared						(87.8)		(87.8)
Translation adjustments							50.8	50.8
Balance, December 30, 1990	104,133	$104.1	$505.0	$(68.0)	$(401.5)	$1,640.6	$70.1	$1,850.3

On April 27, 1989, the stockholders approved an amendment to the Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 180,000,000 to 300,000,000 and to decrease the par value of common stock from $5 to $1 per share. An amount equal to $4 per share was transferred from the common stock account to common excess over par to reflect the reduced par value.

On December 7, 1988, the Board of Directors approved a two-for-one split of Corning's common stock, effective on January 17, 1989. All weighted average share and per-share figures for the current and prior periods presented in the consolidated financial statements and notes thereto reflect the additional shares issued in the split. Additionally, an amount equal to the $5 par value of the additional common shares has been transferred from common excess over par value and retained earnings to common stock. Stock Option Plan, Equity Purchase Plan and Incentive Stock Plan data have also been retroactively adjusted to reflect the split.

Cash dividends declared per common share were $0.93, $1.05 and $0.96, in 1990, 1989 and 1988, respectively. In 1989 Corning issued 5.2 million shares of common stock for pooling-of-interests business combinations (see Note 2).

In 1986 Corning declared a dividend distribution of preferred share purchase rights. The rights are exercisable only upon occurrence of certain events and automatically trade with the common stock. Each right will represent the right to purchase one one-hundredth of a share of Series A Junior Participating Preferred Stock upon the occurrence of such events. The preferred share purchase rights expire July 15, 1996.

In 1989 the Board of Directors approved an amendment to the Preferred Share Purchase Rights Plan. The amendment provides that in the event a person or group acquires 20% or more of Corning's outstanding common stock, holders of Corning common stock will be able to purchase additional shares at a 50% discount.

14. Stock Compensation Plans

Corning has three common stock plans for officers and certain employees: the Stock Option Plan, the Equity Purchase Plan and the Incentive Stock Plan.

The 1989 Employee Equity Participation Program, which covers 4,400,000 shares of common stock plus options granted in substitution for options held by employees of acquired companies, and the 1986 Divisional Incentive Stock Plan, which covers 300,000 shares, were adopted in April 1989 and April 1986, respectively. These and predecessor plans provide the authorization for Corning's three common stock plans. No future awards or grants may be made under the previously existing plans except for currently outstanding rights. At December 30, 1990, 3,211,989 shares were available for sale or grant under the above plans. Purchase in the open market of up to 6,900,000 shares for issuance under these and predecessor plans has been authorized; 3,627,400 shares were purchased during the year.

Proceeds from the sale of stock under these plans are added to capital stock accounts. Compensation expense is recorded for awards of shares or share rights over the period earned. These plans resulted in $24.2 million of expense in 1990, $22.4 million in 1989 and $5.2 million in 1988.

Stock Option Plan

Non-qualified and incentive stock options to purchase unissued shares at the market price on the grant date become exercisable in installments from one to two years from the grant date; non-qualified and incentive stock options are exercisable for 10 years from the grant date.

Transactions for the three years ended December 30, 1990, were:

	Option Price Per Share	Shares Optioned
Options outstanding January 3, 1988	$ 8.91 - $27.78	2,073,152
Granted	$26.63	101,000
Exercised	$ 9.89 - $23.47	(284,528)
Terminated	$26.63	(1,000)
Options outstanding January 1, 1989	$ 8.91 - $27.78	1,888,624
Granted	$11.94 - $41.88	2,344,389
Exercised	$ 8.91 - $26.63	(667,524)
Terminated	$23.47 - $26.63	(11,000)
Options outstanding December 31, 1989	$ 8.91 - $41.88	3,554,489
Granted	$42.50 - $45.88	335,250
Exercised	$ 8.91 - $35.82	(564,214)
Terminated	$11.33 - $45.88	(11,002)
Options outstanding December 30, 1990	$ 8.91 - $45.88	3,314,523

Options exercisable at year end were 1,337,290 in 1990 and 1,542,187 in 1989. Share and per-share amounts have been adjusted for the 2-for-1 stock split effective January 17, 1989.

Limited stock appreciation rights covering options ranging from $15.97 to $27.78 are exercisable only on the occurrence of certain events. A total of 18,000 of these tandem rights were outstanding at December 30, 1990.

Equity Purchase Plan

Under the Equity Purchase Plan, shares were sold to certain employees at book value and must be repurchased by the company at book value or converted to equivalent unrestricted shares. At December 30, 1990, a total of 1,010,100 shares were outstanding under this plan. No shares will be sold under this plan in the future.

Incentive Stock Plans

The Incentive Stock Plan and the Divisional Incentive Stock Plan permit stock grants, either determined by specific performance goals or issued directly, in most instances subject to the possibility of forfeiture, without cash consideration. The Divisional Incentive Stock Plan is not available to officers of the company.

In 1990, 655,157 grants were made under these plans. At December 30, 1990, there were outstanding incentive rights covering 3,000 shares which may be issued in future years depending on the achievement of specific measurable performance goals. A total of 444,230 shares issued in prior years remain subject to forfeiture at December 30, 1990.

15. Employee Stock Ownership Plan

In 1988 Corning established an employee stock ownership plan (ESOP) within its existing employee investment plans. To fund the plan Corning borrowed $50 million and loaned the proceeds to the ESOP. The ESOP used the proceeds to purchase 1,977,600 treasury shares. Corning's receivable from the ESOP was $40.9 million and $44.7 million at the end of 1990 and 1989, respectively, and is classified as a reduction in Common Stockholders' Equity.

Corning is obligated to make monthly contributions to the plan sufficient to enable the ESOP to repay its loan, including interest. These contributions are classified as expense at the time they are made.

Contributions to the ESOP were $5.3 million in 1990 and 1989. Dividends on unallocated shares reduced contribution requirements by $1.9 million in 1990 and 1989.

16. International Activities

Information by geographic area is presented below on a source basis, with exports shown in their area of origin, and research and development expenses and restructuring provisions shown in the area where the activity was performed. Other revenues, interest expense and miscellaneous income and expense are included with Unallocated Amounts to allow a reconciliation to amounts reported in the Consolidated Statements of Income. Transfers between areas are accounted for at prices approximating prices to unaffiliated customers.

	United States	Europe	Latin America, Asia-Pacific and Canada	Eliminations and Unallocated Amounts	Consolidated
1990					
Revenues	$2,390.1*	$378.4	$172.0	$109.1	$3,049.6
Transfers between areas	74.5	14.2	3.6	(92.3)	
Total revenues	2,464.6	392.6	175.6	16.8	3,049.6
Income before tax	281.8	47.0	19.5	(20.2)	328.1
Identifiable assets at year end	2,337.0	458.3	230.1	486.6	3,512.0
R&D expenses	110.4	10.8	3.3		124.5
1989					
Revenues (1)	$2,020.8*	$318.3	$100.1	$136.7	$2,575.9
Transfers between areas (1)	76.7	34.0	3.8	(114.5)	
Total revenues (1)	2,097.5	352.3	103.9	22.2	2,575.9
Income before tax	188.9	18.6	(3.7)	50.0	253.8
Identifiable assets at year end	2,253.0	342.7	216.1	548.9	3,360.7
R&D expenses	97.4	9.1	3.1		109.6
1988					
Revenues (1)	$1,723.0*	$305.5	$ 93.0	$180.0	$2,301.5
Transfers between areas	38.9	35.3	5.4	(79.6)	
Total revenues (1)	1,761.9	340.8	98.4	100.4	2,301.5
Income before tax	147.1	21.9	2.3	99.3	270.6
Identifiable assets at year end	1,691.5	373.3	168.7	664.4	2,897.9
R&D expenses	84.3	7.4	3.5		95.2

*1990, 1989, and 1988 United States sales to unaffiliated customers include $275.5 million, $266.2 million and $205.9 million of export sales; $118.8 million, $123.4 million and $86.8 million to Europe; and $156.7 million, $142.8 million and $119.1 million to Latin America, Asia-Pacific and Canada.

(1) Certain amounts have been reclassified for comparative purposes.

The management of Corning Incorporated is responsible for the preparation, presentation and integrity of the consolidated financial statements and other information included in this annual report. The financial statements have been prepared in accordance with generally accepted accounting principles appropriate in the circumstances and necessarily include amounts based on management's best estimates and judgments.

In meeting its responsibility for the reliability of these financial statements, Corning maintains comprehensive systems of internal accounting control. These systems are designed to provide reasonable assurance at reasonable cost that corporate assets are protected against loss or unauthorized use and that transactions and events are properly recorded. Such systems are reinforced by written policies, selection and training of competent financial personnel, appropriate division of responsibilities, and a program of internal audits.

The consolidated financial statements have been audited by our independent accountants, Price Waterhouse. Their responsibility is to express an independent, professional opinion with respect to the consolidated financial statements on the basis of an audit conducted in accordance with generally accepted auditing standards. In addition to the audit performed by the independent accountants, Corning maintains a professional staff of internal auditors whose audit coverage is coordinated with that of the independent accountants.

The Board of Directors, through its Audit Committee, is responsible for reviewing and monitoring Corning's financial reporting and accounting practices and recommending annually the appointment of the independent accountants. The Committee, composed of non-management directors, meets periodically with management, the internal auditors and the independent accountants to review and assess the activities of each. Both the independent accountants and the internal auditors meet with the Committee, without management present, to review the results of their examinations and their assessment of the adequacy of the systems of internal accounting control and the quality of financial reporting.

James R. Houghton
James R. Houghton
Chairman of the Board

Robert C Buhrmaster
Robert C. Buhrmaster
Senior Vice President and Controller

January 21, 1991

Price Waterhouse

January 21, 1991

To the Directors and Stockholders of Corning Incorporated

In our opinion, the accompanying consolidated financial statements, appearing on pages 21 through 23 and 30 through 43, present fairly, in all material respects, the financial position of Corning Incorporated and subsidiary companies at December 30, 1990, and December 31, 1989, and the results of their operations and their cash flows for each of the three years in the period ended December 30, 1990, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the company's management; our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

We concur with the change in accounting for post-retirement medical benefits in 1988 as discussed in Note 3 to the consolidated financial statements.

Price Waterhouse
153 East 53rd Street
New York, New York 10022

Quarterly Operating Results and Related Market Data

(Unaudited)

(In millions, except per-share amounts)	Fourth Quarter*	Third Quarter	Second Quarter	First Quarter	Total Year
1990					
Revenues	$782.0	$956.2	$687.0	$624.4	$3,049.6
Gross profit	275.1	297.7	241.8	200.2	1,014.8
Income before taxes	63.7	136.3	71.7	56.4	328.1
Equity in earnings	30.9	34.6	26.5	15.5	107.5
Income before extraordinary credit	72.0	103.5	66.9	46.7	289.1
Tax benefit of loss carryforwards	2.3		0.2	0.4	2.9
Net income	74.3	103.5	67.1	47.1	292.0
Per Common Share:					
Income before extraordinary credit	$ 0.78	$ 1.10	$ 0.70	$ 0.49	$ 3.07
Net income	0.80	1.10	0.71	0.49	3.10
Dividend declared	0.25	0.225	0.225	0.225	0.925
Price Range:					
High	$ 46	$ 48	$ 51 3/4	$ 46 5/8	
Low	36 1/8	34 3/4	44 1/2	40 1/2	
1989					
Revenues	$721.7	$723.2	$587.7	$543.3	$2,575.9
Gross profit	207.8	237.9	209.7	182.9	838.3
Income before taxes	95.1	50.4	65.0	43.3	253.8
Equity in earnings	28.7	45.7	34.6	17.7	126.7
Income before extraordinary credit	73.0	75.9	69.4	41.1	259.4
Tax benefit of loss carryforwards	0.3	0.6		0.7	1.6
Net income	73.3	76.5	69.4	41.8	261.0
Per Common Share:					
Income before extraordinary credit	$ 0.77	$ 0.80	$ 0.76	$ 0.46	$ 2.79
Net income	0.77	0.80	0.76	0.47	2.80
Dividend declared (1)	0.45	0.20	0.20	0.20	1.05
Price Range:					
High	$ 43 1/4	$ 43 3/8	$ 39 5/8	$ 36 7/16	
Low	36 1/2	36 5/8	32	32 1/2	

*See Notes 7 and 11 to the Consolidated Financial Statements for events affecting the fourth quarter 1990 and 1989.

(1) Includes special dividend of $0.225 per common share in the fourth quarter 1989.

Five Years in Review – Historical Comparison

(In millions, except per-share amounts)	1990	1989	1988	1987	1986
Per Common Share Data					
Income before extraordinary credit and cumulative effects of changes in accounting methods (1)	$ 3.07	$ 2.79	$ 3.25	$ 2.05	$ 1.83
Net Income	$ 3.10	$ 2.80	$ 2.34	$ 2.25	$ 1.99
Dividends declared (2)	$ 0.93	$ 1.05	$ 0.96	$ 0.71	$ 0.70
Average shares outstanding (thousands)	93,451	92,940	89,944	92,330	91,308
Operations					
Net sales	$2,940.5	$2,439.2	$2,121.5	$2,083.7	$1,943.7
Research and development expenses	124.5	109.6	95.2	99.8	103.5
Non-operating gains	69.2	107.1	149.2	17.4	111.3
Provision for restructuring costs		54.4	32.0		109.3
Equity in earnings of associated companies	107.5	126.7	127.2	98.9	76.8
Income before extraordinary credit and cumulative effects of changes in accounting methods (1)	289.1	259.4	292.4	189.1	166.9
Cumulative effects of changes in accounting methods			(83.9)	14.2	
Net Income	$ 292.0	$ 261.0	$ 210.7	$ 207.5	$ 181.8
Financial Position					
Assets					
Working capital	$ 458.4	$ 487.3	$ 421.1	$ 483.4	$ 414.8
Investments	804.5	826.0	818.3	697.1	583.3
Plant and equipment, net	1,351.8	1,160.6	991.5	909.7	859.4
Total assets	3,512.0	3,360.7	2,897.9	2,658.7	2,461.4
Capitalization					
Loans payable beyond one year	611.2	624.5	499.0	428.8	373.9
Other liabilities and deferred credits	278.7	265.6	294.2	214.3	183.8
Minority interest in subsidiary companies	101.6	45.8	35.3		
Convertible preferred stock	30.7	31.6			
Common stockholders' equity	1,850.3	1,711.2	1,560.7	1,535.7	1,395.6
Total capitalization	2,872.5	2,678.7	2,389.2	2,178.8	1,953.3
Selected Data and Ratios					
Common dividends declared	$ 85.3	$ 99.7	$ 86.0	$ 64.8	$ 62.8
Preferred dividends declared	$ 2.5	$ 0.6			
Additions to plant and equipment	$ 261.4	$ 317.9	$ 258.6	$ 217.6	$ 238.2
Depreciation and amortization	$ 211.2	$ 171.3	$ 153.9	$ 145.7	$ 135.8
Number of employees	28,600	27,500	26,300	25,500	26,900
Number of common stockholders	15,300	15,300	14,500	14,600	15,600
Return on average common stockholders' equity	16.3%	15.9%	13.6%	14.2%	13.9%

Per-share amounts have been adjusted for the 2-for-1 stock split effective January 17, 1989.

(1) In 1988 the company changed its method of accounting for post-retirement health-care benefits. For 1988, the cumulative effect of the change decreased net income by $83.9 million ($0.93 per common share). In 1987 the company changed its method of accounting for certain manufacturing costs. For 1987 the cumulative effect of the change increased net income by $14.2 million ($0.15 per common share). Except for the cumulative effects, these changes did not have a material effect on net income in the previous years presented.

(2) Includes special dividend of $0.225 and $0.20 per common share in the fourth quarter 1989 and 1988, respectively.

Directors

James R. Houghton
Chairman of the Board
Corning Incorporated

Roger G. Ackerman
President
Corning Incorporated

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Senior Provost
Cornell University
Ithaca, N. Y.

Mary L. Bundy
Clinical social worker
New York, N. Y.

Van C. Campbell
Vice Chairman
Corning Incorporated

David A. Duke
Vice Chairman
Corning Incorporated

Richard Dulude
Vice Chairman
Corning Incorporated

E. Martin Gibson
Chairman of the Board
Corning Lab Services Inc.

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President and Chief Executive Officer
Gund Investment Corporation
Princeton, N.J.

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President and Chief Executive Officer
CS First Boston Inc.
New York, N. Y.

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Law firm
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Texaco Inc.
White Plains, N.Y.

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Chairman and President
Commonwealth Edison Company
Chicago, Ill.

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Retired Chairman, Executive Committee
Citibank, N. A.
New York, N. Y.

Catherine A. Rein (1)
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New York, N.Y.

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Lewis P. and Linda L. Geyser
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Harvard University
Cambridge, Mass.

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The Quaker Oats Company
Chicago, Ill.

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Chairman of the Board
Kirby Corporation
New York, N. Y.

(1) Elected October 3, 1990

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Law firm
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Retired Bishop
Episcopal Diocese of Massachusetts
Boston, Mass.

Henry H. Fowler
Limited Partner
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Investment bankers
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and Chairman of the Supervisory Committee
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Diversified industrial operations
The Netherlands

Roswell L. Gilpatric
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Cravath Swaine & Moore
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Kimberly-Clark Corporation
Dallas, Texas

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Retired President
World Bank
Washington, D. C.

Corporate Officers

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President and Chief Operating Officer

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Vice Chairman

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Vice Chairman

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Information Display Group

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Corporate Business Development

Jan H. Suwinski (2)
Executive Vice President
Opto-Electronics Group

Robert C. Buhrmaster
Senior Vice President, Controller

Richard B. Klein
Vice President, Treasurer

A. John Peck Jr.
Secretary

William C. Ughetta
Senior Vice President, General Counsel

(2) Elected December 5, 1990

Group Officers

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Corning Japan K.K.

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Vice President
General Manager-Science Products

Philippe Delloye
President
Corning France S.A.

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General Manager-Industrial Products

Robert C. Forrest (4)
Senior Vice President
General Manager-Telecommunications Products

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President and Chief Executive Officer
Corning Asahi Video Products Company

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Vice President
General Manager-Consumer Products-International

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President and Chief Executive Officer
U. S. Precision Lens Inc.

James G. Kaiser
Senior Vice President
General Manager-Technical Products

Ronald W. Matthews (4)
Senior Vice President
Manufacturing and Engineering
Consumer Products

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Vice President
General Manager-Consumer Products-U.S.

James M. Ramich (4)
Vice President
General Manager-Advanced Display Products

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Investor Relations

Allan D. Cors
Senior Vice President
Government Affairs

Charles W. Deneka (3)
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Executive Human Resources

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Vice President
Corporate Engineering

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Vice President
International Development

David N. Van Allen
Vice President
Corporate Communications

Steuben Glass

Susan B. King
President

(3) Appointed December 5, 1990
(4) Appointed April 26, 1990

Principal Subsidiaries

Corning Lab Services Inc.
Corning, N. Y.

Officers

E. Martin Gibson
Chairman of the Board
and Chief Executive Officer

Andrew H. Baker
President

Edward L. Peirson
Senior Vice President-Administration

Raymond C. Marier
Vice President and General Counsel

Douglas M. VanOort
Vice President-Finance

Enseco Incorporated
Somerset N. J.
Harvey G. Felsen, President

G. H. Besselaar Associates
Princeton, N. J.
G. Hein Besselaar, Chairman

Hazleton Corporation
Herndon, Va.
Donald P. Nielsen, President

MetPath Inc.
Teterboro, N. J.
Andrew H. Baker, President

Corning Asahi Video Products Company
Corning, N. Y.
(42.6%-owned by Asahi Glass America Inc.)

Corning Australia Pty. Limited
Auburn, N. S. W., Australia

Corning Brasil–Vidros Especiais Ltda.
Sao Paulo, Brazil

Corning Canada Inc.
Toronto, Ontario, Canada

Corning Enterprises Inc.
Corning, N. Y.

Corning Europe Inc.
Slough, England

Corning France S.A.
Avon, France

Corning GmbH
Wiesbaden, Germany

Corning International Corporation
Corning, N. Y.

Corning Japan K.K.
Tokyo, Japan

Corning Limited
Sunderland, England

Corning S.p.A.
Milan, Italy

Corning Trading (Singapore) Pte. Ltd.
Singapore

E.I.V.S., S.A.
Paris (Villeneuve-la-Garenne)
France

MetriCor Inc.
Woodinville, Wash.

PCO Inc.
Chatsworth, Calif.

Q. V. F. Glastechnik GmbH
Wiesbaden, Germany

Revere Ware Corporation
Clinton, Ill.

Saint-Amand Manufacturing Company Inc.
San Fernando, Calif.

Siecor Corporation
Hickory, N.C.
(50%-owned by Siemens AG)

U.S. Precision Lens Inc.
Cincinnati, Ohio

Vitri Corning GmbH & Co. K.G.
Muhltal, Germany

Associated Companies

[investors shown in italics]
(percent owned by Corning in parentheses)

Equity-Basis Investments

Cormetech Inc.
Corning, N. Y.
[Mitsubishi Heavy Industries Ltd.; Mitsubishi Petrochemical Company Ltd.]
(50%)

Corsam GlassTec R&D Center
Harrodsburg, Ky.
[Samsung–Corning Company Ltd.]
(50%)

CALP S.p.A.
Siena, Italy
(23%)

Dow Corning Corporation
Midland, Mich.
[Dow Chemical Company]
(50%)

Hua-Mei International Glass Engineering Company Ltd.
Beijing, China
[China Electronic Glass Company]
(50%)

Iwaki-Corning Malaysia Ltd.
Jahore Baru, Malaysia
[Iwaki Glass Company Ltd.]
(20%)

N-Cor Ltd.
Tokyo, Japan
[NGK Insulators Ltd.]
(50%)

Optical Fibres
Clywd, Wales
[BICC plc]
(50%)

Optical Waveguides Australia Pty. Limited
Melbourne, Australia
[Metal Manufacturers Limited]
(50%)

Pittsburgh Corning Corporation
Pittsburgh, Pa.
[PPG Industries Inc.]
(50%)

Pittsburgh Corning Europe, N.V.
Brussels, Belgium
[PPG Industries Inc.]
(50%)

Samsung-Corning Company Ltd.
Seoul, Korea
[Samsung Group]
(50%)

Sicover, S.A.
Aniche, France
[Societa Italiana Vetro S.p.A.; Indosuez; Finimi BV]
(50%)

Siecor GmbH
Munich, Germany
[Siemens AG]
(50%)

Siecor GmbH & Co. KG
Neustadt, Germany
[Siemens AG]
(50%)

Unilab Corporation
New York, N. Y.
[Unilabs Holdings S.A.]
(49.2%)

Cost-Basis Investment

Videoglass S. A.
Montrouge (Paris), France
[Thomson Consumer Electronics]
(19.9%)

Annual Meeting

The annual meeting of shareholders will be held on Thursday, April 25, 1991, in Corning, N.Y. A formal notice of the meeting together with a proxy statement will be mailed to shareholders on or about March 15, 1991. A full report of the proceedings at the annual meeting will be available without charge upon written request to Mr. A. John Peck Jr., Secretary, Corning Incorporated, Houghton Park, Corning, N.Y. 14831.

Additional Information

A copy of the company's 1990 Annual Report on Form 10-K filed with the Securities and Exchange Commission is available upon written request to Mr. A. John Peck Jr., Secretary, Corning Incorporated, Houghton Park, Corning, N.Y. 14831.

Common Stock

Corning Incorporated common stock is listed on the New York Stock Exchange and the Zurich Stock Exchange. In addition, it is traded on the Boston, Midwest, Pacific and Philadelphia stock exchanges. Common-stock options are traded on the Midwest Stock Exchange. The abbreviated ticker symbol for Corning Incorporated is "GLW."

Dividend Reinvestment

The company's Dividend Reinvestment Plan allows shareholders to reinvest dividends in Corning Incorporated common stock automatically, regularly and conveniently. In addition, participating shareholders may supplement the amount invested with voluntary cash investments. Plan participation is voluntary and shareholders may join or withdraw at any time.

Full details of the plan are available by writing to the secretary of the company or to Harris Trust and Savings Bank at the address listed below. Be certain to include a reference to Corning Incorporated.

Transfer Agent, Registrar and Dividend Disbursing Agent

Harris Trust and Savings Bank
Shareholder Services Division
311 West Monroe St.
P. O. Box 755
Chicago, IL 60690-0755
Telephone: (800) 255-0461

Report change of address to Harris Trust and Savings Bank at the above address.

Independent Accountants

Price Waterhouse
153 East 53rd Street
New York, N.Y. 10022

It is Corning's policy to achieve Total Quality performance in meeting the requirements of external and internal customers. Total Quality performance means understanding who the customer is, what the requirements are, and meeting those requirements without error, on time, every time.

The commitment to environmentally sound manufacturing of Corning products explained on page 7 of this report is carried through in the production of the report itself. Wherever color-printing and production requirements make it feasible, recycled paper is used in this publication – in total, 32 of the 52 pages.

The following trademarks of Corning Incorporated and its subsidiaries appear in this report:

Celcor, Corelle, Corning, Corning Ware, Imagine What We Can Do Together, Leaderset, Micro Dur, Pyrex, Revere Ware, Serengeti, Steuben, Visions.

Neither this report nor any statement contained herein is furnished in connection with any offering of securities or for the purpose of promoting or influencing the sale of securities.

Corning is an equal opportunity employer.

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1990 Annual Report for
the fiscal year ended
December 30, 1990.

140th year of operation

Corning Incorporated
Corning, N.Y. 14831

CORNING

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