

CORNING INC /NY
Form DEF 14A
March 16, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

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

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Corning Incorporated

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
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Fee paid previously with preliminary materials.

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- 1) Amount Previously Paid:

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- 2) Form, Schedule or Registration Statement No.:
 - 3) Filing Party:
 - 4) Date Filed:
-

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2018

Notice of
Annual Meeting of Shareholders
& Proxy Statement



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Quality
Integrity
Performance
Leadership
Innovation
Independence
The Individual

Corning is guided by an enduring set of Values that define our relationships with employees, customers, and the communities in which we operate.

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Dear Fellow Shareholder:

I hope you will join Corning Incorporated's Board of Directors, senior leadership, and other stakeholders at our 2018 Annual Meeting in Corning, New York, on April 26 at 11 a.m. Eastern Time. Shareholders will vote on the annual election of directors and the ratification of Corning's independent registered public accounting firm for 2018. In addition, they will provide advisory votes on the 2017 compensation for our named executive officers.

The meeting is your chance to hear directly from leadership about Corning's 2017 performance and our expectations for the future. We're pleased with our strong execution since introducing our Strategy and Capital Allocation Framework in late 2015. We have distributed more than \$9 billion to shareholders through share repurchases and our quarterly dividend. We've launched innovations to drive Corning's near and long-term growth. We have strengthened our portfolio with strategic acquisitions. And we have outperformed our peers in the S&P 500.

Of course, *how* we do things is as important as what we achieve. Here are some examples of how we practice sound corporate governance and honor the principles established by organizations such as the Investor Stewardship Group.

We communicate consistently and openly with our shareholders, including providing regular updates on how we are tracking against our Framework.

Ninety-two percent of our Board is independent from management.

We follow industry best practices on executive pay, including tying compensation closely to company performance via metrics such as cash generation, profitability, revenue growth, and return on invested capital (ROIC).

We are responsive to shareholder feedback, including the adoption of last year's recommendation to hold annual advisory votes on executive compensation and the 2016 addition of an ROIC modifier to our compensation performance metrics. I'm also proud of how we continue to honor our commitment to sustainability and equal opportunity. Over the past decade, Corning has improved its energy efficiency by more than 30 percent, which earned the company its fourth consecutive Energy Star Partner of the Year award in 2017. I am also proud to report that we have achieved 100 percent gender pay equity across our U.S. organization.

I look forward to sharing more details at the Annual Meeting. The following pages contain the formal notice of meeting and the proxy statement. I encourage you to sign and return your proxy card or vote by telephone or Internet prior to April 26 so that your shares will be represented and voted at the meeting.

Thank you for your investment in Corning and your participation in our governance process.

Sincerely,

Wendell P. Weeks

Chairman of the Board, Chief Executive Officer and President

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Thursday, April 26, 2018
11:00 a.m. Eastern Time
The Corning Museum
of Glass
One Museum Way,
Corning, New York 14830

www.corning.com/2018-proxy

Review and download this
Proxy Statement and our
Annual Report.
Sign up for electronic delivery of
future Annual Meeting materials
to reduce Corning's impact on
the environment.

ITEMS OF BUSINESS

1. Election of all 13 directors to our Board of Directors for the coming year;
2. Approval, on an advisory basis, of our executive compensation (Say on Pay);
3. Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm; and
4. Transaction of any other business properly brought before the meeting or any adjournment.

RECORD DATE

You may vote at our 2018 Annual Meeting if you were a shareholder of record at the close of business on February 27, 2018.

Your vote is important to us. Please exercise your right to vote.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on April 26, 2018: our Proxy Statement, 2017 Annual Report and other materials are available on our website at www.corning.com/2018-proxy.

Sincerely,

Linda E. Jolly

Vice President and Corporate Secretary
March 16, 2018

VOTE RIGHT AWAY

Your vote is very important. Even if you plan to attend the Annual Meeting, please promptly submit your proxy or voting instructions by Internet, telephone or mail in order to ensure the presence of a quorum. You may also vote in person at our Annual Meeting. If you are a shareholder of record, your admission ticket is attached to your proxy card. If your shares are held in the name of a broker, nominee or other intermediary, you must bring proof of ownership with you to the meeting.

By telephone By mobile Internet

Dial toll-free 24/7 Scan this **QR code** 24/7 to vote with your mobile
1-800-652-8683 device (may require free software)

By mail

Cast your ballot, sign the proxy
card and send by mail

By Internet

Visit 24/7

www.investorvote.com/glw

This Proxy Statement, the accompanying proxy card and our 2017 Annual Report were first distributed or made available to shareholders on or about March 16, 2018. As used in this Proxy Statement, "Corning," the "Company" and "we" may refer to Corning Incorporated itself, one or more of its subsidiaries, or Corning Incorporated and its consolidated subsidiaries.

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This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.



Proposals That Require Your Vote

1 Election of directors	For Each Nominee	page 27
2 Advisory vote to approve the Company's executive compensation (Say on Pay)	For	page 41
3 Ratification of appointment of independent registered public accounting firm	For	page 70

Business Information – Who We Are

Corning is one of the world's leading innovators in materials science. For more than 166 years, Corning has applied its unparalleled expertise in specialty glass, ceramics and optical physics to develop products that have created new industries, transformed people's lives and unleashed significant new capabilities. Our innovation approach to delivers long-term value for Corning and its shareholders.

Our reportable segments are as follows:

Display Technologies	manufactures glass substrates for flat panel liquid crystal displays (LCDs)
Optical Communications	manufactures carrier and enterprise network solutions for the telecom and data center industries
Environmental Technologies	manufactures ceramic substrates and filters for automotive and diesel emissions control
Specialty Materials	manufactures glass, glass ceramics, and crystals tuned for specific applications including cover glass for display devices
Life Sciences	manufactures glass and plastic labware, equipment, media and reagents to provide workflow solutions for scientific applications

*All other segments that do not meet the quantitative threshold for separate reporting are grouped as "All Other". This group is primarily comprised of the pharmaceutical technologies business and new product lines, development projects and corporate investments. All Other represented 2% of Corning's sales in 2017.

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Our 2017 Performance Highlights

* 2017 GAAP earnings per share reflect adjustments totaling \$1.755 billion resulting from the 2017 Tax Cuts and Jobs Act of 2017 (the Tax Act), including a provisional amount related to the one-time mandatory tax on unrepatriated foreign earnings, a provisional amount related to the re-measurement of U.S. deferred tax assets and liabilities, changes in valuation allowances as a result of the Tax Act, and adjustments for the elimination of excess foreign tax credit planning.

CORE PERFORMANCE MEASURES

In managing the Company and assessing our financial performance, we supplement certain measures provided by our consolidated financial statements with measures that are not calculated in accordance with GAAP and have been adjusted to exclude certain items, to arrive at Core Performance Measures.

We believe that **Core Performance Measures provide investors greater transparency** to the information used by our management team to make financial and operational decisions. We measure our performance for variable compensation purposes using the same Core Performance Measures we discuss with and disclose to our investors.

Corning has adopted the use of **constant currency reporting for the Japanese yen and South Korean won**, and for the years 2015 through 2017 used an internally derived yen-to-dollar management rate of ¥99 and won-to-dollar management rate of 1,100.

The Company believes that the use of constant currency reporting allows investors to understand our results without the volatility of currency fluctuations, and **reflects the underlying economics of the translated earnings contracts** used to mitigate the impact of changes in currency exchange rates on our earnings and cash flows. **We have hedged approximately 90% of our projected yen exposure through 2022.**

Non-GAAP measures are not an alternative, or a replacement, for financial results determined in accordance with generally accepted accounting principles. **Please see Appendix A to this proxy statement for a reconciliation of the non-GAAP measures we use in this proxy statement to the most directly comparable GAAP financial measures.**

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Our Strategy and Capital Allocation Framework

In October 2015, Corning announced a Strategy and Capital Allocation Framework (the Framework) that reflects the Company's financial and operational strengths, as well as its ongoing commitment to increasing shareholder value. The Framework outlines our leadership priorities, and articulates the opportunities we see across our businesses. We designed the Framework to create significant value for shareholders by focusing our portfolio and leveraging our financial strength. Under our Framework we target generating \$26 to \$30 billion of cash through 2019, returning more than \$12.5 billion to shareholders through 2019 and investing \$10 billion through 2019 to sustain our leadership positions and deliver growth.

**Leadership Priorities through 2019
Focus Portfolio and Utilize Financial Strength**

Focus Portfolio: Deliver strong financial performance and capital stewardship

- Improve ROIC
- Create new sales and profit streams
- Seek upside for cash distributions, e.g., potential transactions outside focus areas

Utilize Financial Strength: Deploy \$26-\$30B in cash through 2019

- Deliver >\$12.5B to shareholders including >10% annual dividend increases
- Invest ~\$10B in our growth and sustained leadership
- Target Debt/EBITDA* » 2x

* Target Debt to Target EBITDA, see Appendix A for definitions

Focusing Our Portfolio: Our probability of success increases as we invest in our world-class capabilities. Corning is concentrating approximately 80% of its research, development and engineering investment and capital spending on a cohesive set of three core technologies, four manufacturing and engineering platforms, and five market-access platforms. Our cost of innovation declines as we reapply our talents and repurpose our assets. And by combining capabilities we create higher and more sustainable advantages, and, ultimately, delighted customers.

**Focused and Cohesive Portfolio
Higher Success Rate, Lower Costs, Delighted Customers**

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Utilizing Our Financial Strength: We expect to generate and deploy \$26 to \$30 billion through 2019. We plan to invest \$10 billion of that amount to grow and maintain our market leadership positions. We also plan to distribute more than \$12.5 billion to our shareholders through share repurchases and our annual dividend.

Utilize Financial Strength 2016-2019 Capital Allocation Model

(1) In June 2016, Corning updated its Strategy and Capital Allocation Framework to reflect the realignment of its interest in Dow Corning: eliminating ~ \$800M in dividends; adding \$4.8B in cash; raising Total Funds Available to \$26-\$30B; and increasing shareholder returns to more than \$12.5B

(2) Target Debt to Target EBITDA, see Appendix A for definitions

(3) Total Funds Available range assumes benefits/risks of current hedge ratio through 2022

Performance against the Strategy and Capital Allocation Framework: Since introducing the Framework, our cash generation has been on target. In 2016 and 2017, we generated a total of \$6.4 billion in adjusted operating cash flow (before RD&E). We realigned our ownership interest in Dow Corning Corporation, which added \$4.8 billion to our balance sheet, and we added \$1.2 billion in net debt. We have achieved key milestones including the return of over \$9 billion to shareholders through dividends, which have increased 50%, and share repurchases, which have reduced outstanding shares by 30%. In 2016 and 2017, we invested \$1 billion (after tax) in RD&E, \$2.9 billion in capital expenditures to fuel our growth in the future, and \$1.4 billion on strategic acquisitions (including the planned \$900 million for 3M's Communications Market Division).

In 2017, we utilized our financial strength to continue our focus on innovation, advancing key programs across our market-access platforms. Some of our key achievements in 2017 included:

Celebrating a major milestone with the production of our **one billionth kilometer of optical fiber**. We also continued our technology leadership with the introduction of a new multi-use platform to simplify installation and reduce the costs of deploying 4G and 5G networks.

Shipping **the world's first Gen 10.5 glass**. We also captured new opportunities for Corning Iris™ Glass, which is featured in new ultra-slim, ultra-bright lines of monitors.

Expanding into **new Corning® Gorilla® Glass applications** and increased the amount of our glass on mobile electronic devices. Additionally, the superior drop performance of Gorilla Glass 5 has enabled new smartphone designs that feature glass on both the front and back.

Securing an **exclusive global supply agreement for gas particulate filters**.

Winning new customers for **Gorilla Glass for Automotive**, which will be featured on more than thirty-five automotive platforms globally.

Launching Valor® Glass, a revolutionary new pharmaceutical packaging solution that dramatically reduces particle contamination, breaks, and cracks. As a result, Valor helps protect patients, while increasing manufacturing throughput.

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ANNUAL DISTRIBUTIONS TO SHAREHOLDERS *(in \$ millions)*

ANNUAL DIVIDENDS PER COMMON SHARE AND INCREASE OVER PRIOR YEAR

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Our Director Nominees

All directors are independent with the exception of Mr. Weeks.

Donald W. Blair

Retired Executive Vice President and
Chief Financial Officer, NIKE, Inc.

59 2014

Audit

Finance

0**

Stephanie A. Burns

Retired Chairman and Chief Executive Officer,
Dow Corning Corporation

63 2012

Audit

**Corporate Relations
(Chair)**

2

John A. Canning, Jr.

Chairman,
Madison Dearborn Partners, LLC

73 2010

Executive

Finance

Governance

0

Richard T. Clark, Lead Independent Director

Retired Chairman, Chief Executive Officer
and President, Merck & Co., Inc.

71 2011

Compensation

Executive

Governance