



WENDELL P. WEEKS

PRESIDENT
AND CHIEF OPERATING OFFICER

In our business operations during 2002 we invested a great deal of energy aligning our cost structure and business plans with our priority of restoring profitability. After massive restructuring — following restructuring efforts we launched in 2001—we feel we now have our cost structure and growth strategies in place to accomplish this goal.

We have re-balanced the company to take advantage of our broad and diverse set of businesses. And in charting our strategies, we have focused on ensuring that both our segments have solid business plans in place, enabling them to grow. Our people are rigorously committed to executing against these plans.

As you saw earlier in this report, our Corning Technologies businesses are in markets with solid growth potential. We have leading market positions in attractive businesses ... we are ready to capitalize on that position of strength. Meanwhile, we are making these businesses even more cost-effective through significant manufacturing efficiency gains.

In telecommunications, we are not planning on a market recovery in 2003. We have aligned our cost structure to meet current demand levels after two very tough years of ongoing restructuring.

Within the context of our financial realities, however, we have not lost our sense of self. We will meet our goals ... but the path we are taking to get there has been, and will continue to be, consistent with our Values. Integrity ... quality ... treating individuals with dignity and respect ... these are the guiding principles of the decisions we make. We know that in adhering to our Values, solid business performance will follow.



JAMES B. FLAWS

VICE CHAIRMAN
AND CHIEF FINANCIAL OFFICER

We take great pride in saying that Corning continues to be a financially sound company, thanks to the aggressive strategies we executed throughout 2002. Although it has been a very painful process, we have dramatically slowed the rate at which we are spending cash. We ended the year with a balance of cash and short-term investments of \$2.1 billion. And we have access to \$2 billion in credit that we haven't touched — and don't plan to. We also continue to pay down debt each quarter. This, combined with our plan to return to profitability in 2003, gives us a high degree of confidence in our ability to meet any future financial obligations. So, we feel very good about our liquidity position right now.

The ongoing economic weakness and uncertainty in world events continue to make the overall business environment a volatile one. Still, we have greatly improved our ability to forecast revenues and expenses quarter-to-quarter, and we are encouraged by the near-term growth potential of our non-telecommunications businesses — especially our liquid-crystal display, environmental and semiconductor businesses. If these markets continue to grow as we expect, we are confident that we will be able to meet our goals.

We know that our shareholders are most eager to see a greater return on their investment with Corning, and of course our return to profitability will be key to building back Wall Street's confidence. We are 100 percent committed to reaching that goal of profitability in 2003 — and doing so within the rigorous compliance rules by which we have always been guided. Integrity characterizes all our relationships, both inside and outside of Corning, and we will never compromise that foundation of our reputation.