



JAMES R. HOUGHTON
Chairman & Chief Executive Officer

To Our Shareholders:

The past year has brought a turning point in the history of Corning Incorporated — the year in which I believe we have truly proven our ability to transform, to achieve our goals, and to position ourselves for future growth while staying committed to our Values as a company.

In this report, I'd like to review with you the significant progress we've continued to make against the priorities we set for ourselves in early 2002 — when the downturn in the telecommunications industry left us with a severe drop-off in revenues and an overbuilt infrastructure. In the face of this situation, we set a very clear plan based on three priorities:

- Preserving the financial health of the company
- Returning to profitability
- Continuing to invest in our future

These priorities have guided our steady march forward for the past two years. And the plan is working. I take tremendous pride in sharing with you that Corning Incorporated continues to be a financially sound company. We are profitable once again, excluding special items, and our investments in our future have positioned us for growth in key markets.

Now let's look at each of our priorities in greater detail — including the progress we've made and the goals we intend to reach as we keep moving ahead.