

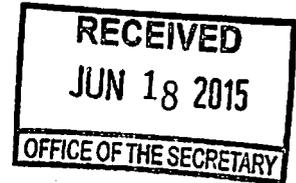
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June 12, 2015



Mr. Brent J. Fields
Secretary, Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Ref: File # S7-07-15 (Proposed Rules on Pay vs. Performance)

Dear Sir:

In response to the SEC's request for comments regarding the proposed rules on Pay vs. Performance (proposed amendments to Item 402 of Regulation S-K to implement Section 14(i) of the Securities Exchange Act of 1934), please find the following:

1) **Question #30 (vesting date fair values)** – we believe that stock options should be valued at the actual intrinsic value of stock options that are exercised during the year. If need be, additional footnote disclosure can also be provided to clearly show the total change in annual intrinsic value (netting of positive and negative value changes) for all vested stock options held at the end of each year of the 5-year performance period so that investors can assess the potential carried intrinsic value being carried in vested stock options by a particular executive.

- We believe that intrinsic value is much easier for companies to calculate and will not require the cost, time and sophistication required to hire or obtain assistance from internal and/or external financial resources to determine theoretical stock option values under some modified fair value standard that will serve no other valid purpose for the company.
- In the end, intrinsic value (when stock options are exercised) is all that an executive will actually receive when he or she exercises a stock option, ignoring any fees and commissions associated with the option exercise. They do not receive any form of "fair value" or "modified fair value" when they exercise a stock option, so that concept does not relate to "actual pay" in any meaningful way.
- The vesting date of a stock option is not similar to the vesting date of a restricted stock/unit or performance cash/stock unit LTI grant. Typically, such grants are actually realized and taxable when they vest (and thus are fairly representative of actual pay), which is not the case with a stock option vesting.

- The typical 10-year term of a stock option generally means that executives don't expect to exercise stock options as soon as they vest (with the most typical vesting dates falling within the first 3-4 years of a stock option's life). Likewise, there is no obvious connection between a stock option vesting date (which will vary greatly across companies) and the trend of company performance on such a date. It will be left to companies to "explain" any apparent disconnect between pay and performance for pay that an executive has not actually received but is being counted as actual pay as of the vesting date under the proposed rules. This could include positive fair value valuations assigned to underwater stock options at the vesting date. Companies will be left to explain that the actual stock options are underwater (with no current value) and that the disclosed fair values do not represent actual pay at the vesting date.

2) **Question #33 (regarding specific pay elements)** – we believe that the Commission should exclude "Expatriate Benefits" and "Relocation Benefits" disclosed under "Other Income" in the Summary Compensation Table as elements of compensation for purposes of these rules.

- Expatriate Benefits would include host country taxes and tax equalization payments, and other benefits that are provided under the company's standard (e.g. all company expatriate employees eligible) expatriate benefit plans and reported as "Other Income" in the Summary Compensation Table.
- By design, such payments are intended to keep an employee whole while on assignment outside of his/her home country, and are not intended to be tied to company performance.
- The actual amount of the benefit and income to be reported can be very significant and vary substantially depending on the actual host city/country for the assignment.
- Expatriate program payments are unlikely to be a consistent form of annual income from year to year depending on when expatriate assignments begin and end.
- Such compensation is also not consistent across NEOs in the same company and would certainly not be comparable across companies as only a very small percentage of companies even have an NEO who is based outside of his/her home country and reports such benefits under "Other Income".

- Over a 5-year time period, the inclusion of such income could significantly distort (positively or negatively) a pay vs. performance comparison depending on when such income appears or disappears from the Total reported pay in the Summary Compensation Table.

For very similar reasons (e.g. pay is for a limited and specific purpose, is not comparable year-over-year and is, by design, not intended to be annual compensation or linked to performance), we believe that the Commission should also exclude "Relocation Benefits" (under the company's standard relocation plan) that are disclosed under "Other Income" in the Summary Compensation Table as an element of compensation for purposes of these rules.

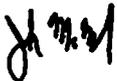
We do not believe that either of these two programs is an appropriate element to consider in a company's Pay vs. Performance discussion.

- 3) **Question #39 (disclosure of TSR)** – rather than having companies develop potentially new or alternative disclosures to display 5-year TSR results compared to other companies, we recommend that the Commission simply require the utilization of the Performance Graph that is already provided in company Annual Reports (Form 10K) for the purpose of displaying individual company TSR performance over 5 years compared to a group of companies or broader market indices.
- Such information is already prepared by companies and will not require additional work.
 - Potentially allowing companies to develop alternative peer groups in order to "show their results in the best light" solely for this purpose will not result in simpler and more transparent disclosures for investors and will make comparisons across companies that much harder. In addition, explaining the changes in such peer groups that are very likely to occur over 5 years will not help to reduce the verbiage in CD&As that many investors already comment on as being too long today.
 - The Performance Graph is an existing, familiar and simple concept that has been utilized by companies for many years and can easily be incorporated back into company CD&As without much incremental effort and disclosure.
- 4) **Question #56 (limiting the applicability to PEO compensation)** – we believe that the Commission can simplify the administrative and disclosure burden of the Proposed Rules by limiting the disclosure to PEO compensation only.

- The addition of average compensation for the remaining NEOs will do nothing to improve or enhance the validity of the data presented or the discussion regarding Pay vs. Performance as contemplated by these Proposed Rules.
- Most companies operate the same total compensation program plans and designs for all of their NEOs. PEO compensation tends to have the greatest amount of variable compensation tied to company performance and is thus most representative of what really happens to total pay as performance changes.
- In addition, PEO compensation tends to be the “lightning rod” that sets the tone for a company’s overall executive compensation approach and programs; as such, it attracts the most attention from both institutional investors and casual readers of the business press.
- Such an approach is also likely to be more consistent with the “CEO pay ratio” rules that the Commission is also developing, with PEO compensation being the single focal point, and representative of all NEOs.

Thank you for the opportunity to provide comments for the Commission's Proposed Rules.

Sincerely,



John MacMahon
SVP, Global Compensation & Benefits
Corning Incorporated