

Edgar Filing: CORNING INC /NY - Form 11-K

CORNING INC /NY
Form 11-K
June 27, 2006

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For fiscal year ended December 31, 2005

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File number 1-3247

- A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

THE CORNING INCORPORATED
INVESTMENT PLAN FOR UNIONIZED EMPLOYEES

- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

CORNING INCORPORATED
ONE RIVERFRONT PLAZA
CORNING, NY 14831

Documents filed as part of this report:

- (a) Index to financial statements filed as part of this report:

The Statement of Net Assets Available for Benefits as at December 31, 2005 and 2004, the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2005 and supplementary information, together with the report thereon of the Independent Registered Public Accounting Firm dated June 26, 2006. The required financial statement schedules, if any, are included in the supplementary information referred to above and

Edgar Filing: CORNING INC /NY - Form 11-K

should be read in conjunction with the above financial statements.

(b) Exhibit:

Exhibit 23 - The consent of Insero & Company CPAs, P.C.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Benefits Committee has duly caused this annual report to be signed by the undersigned thereunto duly authorized.

THE CORNING INCORPORATED
INVESTMENT PLAN FOR
UNIONIZED EMPLOYEES

By: /s/ Deborah G. Lauper

Deborah G. Lauper
Chair
Benefits Committee

Date: June 27, 2006

Corning Incorporated
Investment Plan for
Unionized Employees
Financial Statements and Supplemental Schedule
December 31, 2005 and 2004

Edgar Filing: CORNING INC /NY - Form 11-K

Corning Incorporated Investment
Plan for Unionized Employees
Index
December 31, 2005 and 2004

	Page(s)
Report of Independent Registered Public Accounting Firm.....	6
Financial Statements	
Statements of Net Assets Available for Benefits.....	7
Statement of Changes in Net Assets Available for Benefits.....	8
Notes to Financial Statements.....	9-13
Supplemental Schedule*	
Schedule of Assets (Held at End of Year).....	14

* Other schedules required by Section 2520.103-10 of the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA") have been omitted because they are not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Corning Incorporated Benefits Plan Committee and the
Participants of the Corning Incorporated Investment Plan for Unionized Employees

We have audited the accompanying statements of net assets available for benefits of Corning Incorporated Investment Plan for Unionized Employees (the "Plan") as of December 31, 2005 and 2004, and the related statement of changes in net assets available for benefits for the year ended December 31, 2005. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Edgar Filing: CORNING INC /NY - Form 11-K

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Corning Incorporated Investment Plan for Unionized Employees as of December 31, 2005 and 2004, and the changes in net assets available for benefits for the year ended December 31, 2005, in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2005, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully Submitted,

Insero & Company CPAs, P.C.
 Certified Public Accountants

Rochester, New York
 June 26, 2006

Corning Incorporated Investment
 Plan for Unionized Employees
 Statements of Net Assets Available for Benefits
 December 31, 2005 and 2004

(in thousands of dollars)

	2005 ----	2004 ----
Assets		
Interest in Corning Incorporated		
Master Investment Trust	\$ 330,095	\$ 253,784
Loans to participants	7,576	6,647
Participant Contributions Receivable	164	165
Employer Contributions Receivable	83	83
	-----	-----
Net assets available for benefits	\$ 337,918	\$ 260,679
	=====	=====

The accompanying notes are an integral part of these financial statements.

Corning Incorporated Investment
 Plan for Unionized Employees
 Statements of Changes in Net Assets Available for Benefits
 Year Ended December 31, 2005

(in thousands of dollars)

Additions to net assets attributed to:

Investment income

Interest in the Corning Incorporated Master Investment Trust, investment income	\$ 91,533
Interest from participant loans	375

	91,908

Contributions

Employer, net of forfeitures	4,518
Participant	9,300

	13,818

Total additions	105,726

Deductions from net assets attributed to:

Benefits paid directly to participants	28,303
Administrative expenses	184

Total deductions	28,487

Edgar Filing: CORNING INC /NY - Form 11-K

Net increase	77,239
Net assets available for benefits	
Beginning of year	260,679

End of year	\$ 337,918
	=====

The accompanying notes are an integral part of these financial statements.

Corning Incorporated Investment
Plan for Unionized Employees
Notes to Financial Statements
December 31, 2005 and 2004

1. Description of Plan

General

The following brief description of the Corning Incorporated Investment Plan for Unionized Employees (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document and summary plan description for a more complete description of the Plan's provisions.

The Plan is a defined contribution profit-sharing plan established in January 1984 and is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended.

Administration

The Plan is administered by the Corning Incorporated Benefits Committee (the "Committee"), which is appointed by the Board of Directors of Corning Incorporated (the "Company"). The Committee administers the Plan in accordance with its terms and applicable laws and has all necessary and appropriate powers to carry out the provisions of the Plan.

Trustee and Recordkeeper

The Plan's assets are held by JPMorgan Chase Bank (the "Trustee"), as trustee. The recordkeeper is Affiliated Computer Services, Inc.

Edgar Filing: CORNING INC /NY - Form 11-K

Eligibility

The Plan covers all union represented employees of participating unions which contract with the Company. An employee is eligible for participation in the Plan upon reaching the age of 18 and completing one year of eligible service. Notwithstanding the foregoing, an employee who has attained age 18 and is scheduled on a normal basis to work at least 16 hours a week shall be immediately eligible. As of December 31, 2005, the union employees at the following locations participated in the Plan:

Blacksburg, Virginia	Erwin, New York
Canton, New York	Harrodsburg, Kentucky
Corning Valley, New York	Oneonta, New York
Danville, Virginia	Wilmington, North Carolina

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and (b) Plan earnings, and charged for administrative expenses. Trustee and investment management fees are deducted from the earnings credited to participants' accounts. A flat monthly fee is charged to each participant's account to subsidize administrative expenses of the Plan and is determined by the plan administrator. Investment management fees are pro-rated among the investment funds as of the last business day of each month. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested balance.

Corning Incorporated Investment
Plan for Unionized Employees
Notes to Financial Statements
December 31, 2005 and 2004

Vesting

Participants are vested immediately in their contributions plus actual earnings thereon. Company contributions to the Plan are fully vested after three years of service. All Company contributions become fully vested upon total and permanent disability, death or retirement.

Contributions - Employer

The Company makes matching contributions as a percentage of a participant's first 5% of eligible pay contributed according to years of service as of December 31 of the prior year as follows:

Less than 19 years of service	50%
19 but less than 24 years of service	75%
24 or more years of service	100%

With respect to all employees eligible to participate in the Plan, beginning in January of the year the participant is expected to reach ten years of vested service and irrespective of whether such employee has elected to contribute to the Plan, the Company contributes weekly or monthly (based on employee's pay frequency) a supplemental contribution to the Corning Common Stock Fund equal to 1.175% of such employee's eligible

Edgar Filing: CORNING INC /NY - Form 11-K

compensation.

All Company contributions are invested in the Corning Common Stock Fund. Participants may transfer Company contributions and associated earnings into any other plan fund. Effective January 1, 2006, all Company contributions will be allocated based on the participants' elections.

Forfeiture balances of terminated participants' nonvested accounts are used to reduce future employer contributions to the plan.

Contributions - Participants

Generally, participants may contribute up to 75% of their eligible compensation to the Plan on a before-tax basis, after-tax basis or any combination of the two.

The maximum amount a participant can contribute to the Plan on a before-tax basis is \$14,000 per year in 2005 as adjusted by the Internal Revenue Code ("IRC"). The Plan permits employees who have attained age 50 or older during a given year to contribute additional before-tax amounts up to the prescribed IRC limitation for "catch-up contributions."

Participants may also elect to have their contributions invested in the Corning Common Stock Fund on a before or after-tax basis. Contributions into the Corning Common Stock Fund are limited to 20% of a participant's annual contributions.

Corning Incorporated Investment
Plan for Unionized Employees
Notes to Financial Statements
December 31, 2005 and 2004

Fund Transfers

Participants are allowed to transfer their accumulated contributions between funds. Effective January 1, 2005 the Plan was amended to limit employees' elections to invest future contributions into the Corning Common Stock Fund.

Payment of Benefits

Benefit payments are made upon retirement (i.e., at least age 55 with five years of service), or in the event of a participant's total and permanent disability, death or other termination of employment. A retired participant can elect to receive distributions in a lump sum, installments, or intermittent withdrawals. The Plan also provides for withdrawals by participants prior to termination.

Effective March 28, 2005, the mandatory lump-sum distribution threshold was lowered to \$1,000 from \$5,000 to comply with the restrictions set forth under The Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA").

Participant Loans

Participants are eligible to obtain loans from the Plan. Loans are limited to one loan per participant with a repayment term not to exceed 4.5 years, except for primary residence loans in which the term may not exceed ten years. The maximum amount of any loan is the lesser of one-half of the vested account balance or \$50,000 (with a \$1,000 minimum). The interest

Edgar Filing: CORNING INC /NY - Form 11-K

rate on a loan is established by the Committee. Participants are charged a fee on all loans, which reduces the loan proceeds.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods could differ from those estimates.

Basis of Allocation from the Corning Incorporated Master Investment Trust

The Plan has a specific interest in the Corning Incorporated Master Investment Trust (the "Master Trust") in which another plan sponsored by the Company also participates. The Plan's specific interest in the Master Trust is credited or charged for contributions, transfers and benefit payments relating to its participants. Realized gains and losses and changes in net unrealized appreciation or depreciation on investments, income from investments and expenses are allocated to the Plan based on the Plan's specific interest in the net assets of the Master Trust. At December 31, 2005 and 2004, the Plan's percentage interest in the net assets of the Master Trust was approximately 17% and 16%, respectively.

Corning Incorporated Investment
Plan for Unionized Employees
Notes to Financial Statements
December 31, 2005 and 2004

Valuation of Master Trust Investments (in thousands)

Master Trust investments in mutual and collective trust funds are recorded at fair value based upon the net asset value announced by the fund on the last business day of the year. Current value of common stock are based on active market quotations. Short-term investment funds are recorded at cost which approximates fair market value due to short maturities. Investment contracts are valued at contract value, representing contributions made plus interest at the contract rate, less funds withdrawn and administrative expenses. There are no reserves against contract values for credit risk of the contract issuers or otherwise. Investment contracts are fully benefit-responsive. The Company does not expect any employer initiated events that may cause premature liquidation of a contract at market value. At December 31, 2005 and 2004, investment contracts held by the Master Trust were \$452,411, and \$422,902, respectively, at contract value. The contract values approximate fair value. The average yield and crediting interest rate was approximately 5% and 6% for 2005 and 2004, respectively. The crediting interest rates are based on a formula agreed upon with the issuers.

Interest is accrued by the Master Trust as earned, and dividends are recorded on the ex-dividend date.

Purchases and sales of securities are recorded by the Master Trust on a

Edgar Filing: CORNING INC /NY - Form 11-K

trade-date basis. Realized gains and losses for security transactions are reported using the average cost method. Unrealized gains and losses represent the difference between the cost and fair value of securities.

Valuation of Participant Loans

Participant loans are valued at cost which approximates fair value.

Payment of Benefits

Benefits are recorded when paid.

Risks and Uncertainties

The Plan's investment securities are exposed to various risks, such as changes in interest rates and market returns. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of these investments, it is at least reasonably possible that changes in valuations in the near term would materially affect participants' account balances and the amounts of such investments reported in the Plan's financial statements.

3. Investments (in thousands)

The following presents the Master Trust's investments at December 31:

	2005 ----	2004 ----
Fixed Income Funds	\$ 452,411	\$ 422,902
Mutual Funds	706,594	601,636
Collective Trust Fund	49,473	50,130
Short-Term Investment Funds	7,557	5,990
Corning Common Stock	723,908	497,250
	-----	-----
	\$ 1,939,943	\$ 1,577,908
	=====	=====

Corning Incorporated Investment
Plan for Unionized Employees
Notes to Financial Statements
December 31, 2005 and 2004

Investments that represent 5% or more of net assets available for benefits as of December 31, 2005 and 2004 were the Plan's interest in the Master Trust.

During 2005, the Master Trust's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value, as follows:

Mutual Funds	\$ 33,408
Corning Common Stock	314,228

	\$ 347,636
	=====

During 2005, the Master Trust's investments earned interest and dividends in the amount of \$44,687. For 2005, investment expenses totaled \$1,083.

Edgar Filing: CORNING INC /NY - Form 11-K

4. Plan Termination

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, all amounts credited to participants' accounts will become 100% vested and will be distributed to participants in accordance with Plan provisions.

5. Tax Status

The Plan received a favorable determination letter dated November 5, 2003 from the Internal Revenue Service indicating that it meets the requirements of Section 401(a) and 501(a) of the IRC and has qualified status as an employee retirement plan. The Plan has been amended since receiving the determination letter. However, the plan administrator and the Plan's benefits counsel believe that the Plan is designed and is currently being operated in compliance with the applicable provisions of the IRC.

6. Reconciliation of Financial Statements to Form 5500 (in thousands)

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2005 to Form 5500:

Net assets available for benefits per the financial statements	\$ 337,918
Amounts allocated to withdrawing participants	(889)

Net assets available for benefits per the Form 5500	\$ 337,029
	=====

The following is a reconciliation of benefits paid to participants per the financial statements for the year ended December 31, 2005 to Form 5500:

Benefits paid to participants per the financial statements	\$ 28,303
Add: Amounts allocated to withdrawing participants at December 31, 2005	889

Benefits paid to participants per Form 5500	\$ 29,192
	=====

Corning Incorporated Investment
Plan for Unionized Employees
Schedule of Assets (Held at End of Year)
December 31, 2005

(in thousands of dollars)

Identity of Issuer, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Current Value
-----	-----	-----
Participant loans	Maturity dates through 2015 and interest	\$ 7,576

Edgar Filing: CORNING INC /NY - Form 11-K

rates ranging from 4.75% - 10.50%

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement of Corning Incorporated on Form S-8 (No. 333-82926 and No. 333-26049) of our report, dated June 26, 2006, relating to the financial statements of Corning Incorporated Investment Plan for Unionized Employees, which appears in this Annual Report on Form 11-K.

Respectfully Submitted,

Insero & Company CPAs, P.C.
Certified Public Accountants

Rochester, New York
June 27, 2006