

# Benefits Bulletin

FOR SALARIED AND UNION-FREE HOURLY RETIREES  
October 2008

## Your 2009 Retiree Medical Benefits

This special retiree edition of *Benefits Bulletin* provides a preview of your 2009 retiree medical benefits and costs. First, let's look at what is **not** changing for 2009:

- Corning will continue to offer retiree medical coverage—including prescription drug coverage—in 2009.
- The benefits paid under the retiree medical plans will not change in 2009.
- You can continue to cover your spouse, domestic partner and eligible dependents.

What **is** changing is how you and Corning share the cost of medical coverage:

- If you currently pay nothing, you will begin paying a contribution in 2009.
- If you currently pay a contribution, it will increase in 2009.

In general, the amount you will pay for coverage in 2009 will be based on whether you are eligible for Medicare and the dependents you cover. It's important that you fully understand the cost-sharing arrangement because it will impact your personal finances. Complete details will be included in your *What's New 2009* package, which you will receive in *late* November.

Kirk P. Gregg  
*Executive Vice President and Chief Administrative Officer*

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TotalHealth

Inside is a *Corning Incorporated Notice of Creditable Coverage*. Most Corning retirees do not have to enroll in Medicare prescription drug coverage. If you later decide to enroll in Medicare prescription drug coverage, you can use this notice as proof of your Corning prescription drug benefit to avoid late-enrollment penalties.



# Corning's Retiree Medical Contribution Cap

In 2002, Corning placed a limit, or "cap," on the amount the Company will pay toward the cost of its retiree medical plans for salaried and union-free hourly retirees and their covered dependents. The cap is designed to help maintain Corning's financial well-being while offering medical benefits to retirees. Each year since 2002, the Company has provided you with information about the cap, so that you can be prepared when it is reached.

Once Corning's average cost per retiree reaches the cap, you must pay any amount above the cap, in addition to any contributions you may already pay. Please keep in mind that these calculations are based on the average cost per person, **not** on the amount of your individual claims.

There are two separate caps: one for Medicare-eligible retirees and one for non-Medicare-eligible retirees. For Medicare-eligible retirees, the cap will impact contributions effective January 2009. Corning expects the cap to impact contributions for non-Medicare-eligible retirees effective January 2010.

## What the Cap Means to You

### Medicare-Eligible Retirees

For Medicare-eligible retirees, the cap will impact your contributions effective January 2009.

- If you currently pay nothing, you will begin paying a contribution in 2009.
- If you currently pay a contribution, it will increase in 2009.

Your 2009 contributions for retiree medical benefits will be included in your *What's New 2009* package, scheduled to be mailed to your home in late November. The kit will also include a statement that shows the potential effect of the retiree medical cap on your future retiree medical contributions through 2013. Please take time to understand exactly how the cap will affect you.

### Who is affected by the cap?

All salaried and union-free hourly retirees and employees hired or rehired before January 1, 2007, are affected by the cap. Covered dependents are also affected. In addition, a small group of Corning Asahi Video hourly employees who terminated employment as a result of the State College, PA plant closing are affected. Employees hired or rehired on or after January 1, 2007, will pay the full cost of their Corning retiree medical benefits.

### Non-Medicare-Eligible Retirees

If you are not yet eligible for Medicare, the cap will not impact you in 2009. However, your contributions will still increase due to the rising cost of health care. Corning expects the cap to affect your contributions beginning in 2010.

### Paying for Coverage

Your monthly retiree medical contributions will be deducted from your Corning pension check throughout 2009. If your medical contribution is larger than 70% of your pension check amount or if you do not receive a pension check, you will be billed directly on a monthly basis. You will receive a special notice from Corning in mid-December if this will apply to you.

### Cost Sharing—Putting It in Perspective

You share the cost of your retiree medical coverage with Corning in four ways:

- Copayments
- Deductibles
- Coinsurance
- Monthly premium contributions

Only one of the four, your monthly premium contributions, will change for 2009. Copayments, deductibles and coinsurance will remain the same as in 2008.

## You Might Be Wondering

### **Q. Why did Corning place a cap on its contributions for retiree medical benefits?**

A. The retiree medical cap is part of Corning's overall effort to moderate cost increases related to its \$800 million unfunded liability attributable to retiree medical costs. Health care costs have been rising dramatically, especially for retirees, and this trend is expected to continue.

### **Q. Is the cap based on my individual health care costs?**

A. No. The cap represents an average, based on the total cost of the medical plan and the number of covered individuals. The cap is not the amount of your individual claims for the medical services you and your family receive.

### **Q. Does the cap affect me?**

A. The cap affects all salaried and union-free hourly retirees and employees (and some State College, PA union employees) hired or rehired before January 1, 2007. Medicare-eligible retirees will pay amounts above the cap beginning in 2009. Retirees not yet eligible for Medicare are expected to begin paying amounts above the cap in 2010. The cap also affects covered dependents. Employees hired on or after January 1, 2007, will pay 100% of the cost of any retiree medical coverage offered by Corning.

### **Q. How much will I pay?**

A. Your contributions for 2009 will be based on your eligibility for Medicare and the dependents you cover. If you are enrolled, your 2009 contributions will be shown on your Retiree Confirmation Statement and projections for future years will be shown on the *Retiree Medical Cap Contribution Estimate*. Both statements will be included in your *What's New 2009* package, scheduled to be mailed in late November. In the meantime, please refer to the personalized *Contribution Estimate* you received last fall. This statement shows how the cap might impact your future contributions. The amounts shown for 2009 are very close to what you will actually pay in 2009. Please keep in mind that these estimates were based on your medical plan and the dependents you covered in 2007.

### **Q. Do I have other medical plan options outside the Company?**

A. Other medical plans may be available, including Medicare Advantage plans. However, the cost for other plans may be higher than your share of the cost for Corning's coverage. To learn more about the medical plans available in your area, contact Medicare or your State Health Insurance Assistance Program.

## Medicare Prescription Drug Coverage or "Medicare Part D" (Medicare-Eligible Retirees Only)

The Medicare prescription drug coverage that became available in 2006 is important for many Medicare beneficiaries because these costs had not previously been covered by Medicare. For Medicare beneficiaries who do not have prescription drug coverage under a company-sponsored retiree medical plan, Medicare prescription drug coverage fills the gap that previously existed. For retirees like you, however, who do have prescription drug benefits under a retiree medical plan, Medicare prescription drug coverage may not provide any additional benefits or advantages.

Because Corning will continue to offer prescription drug benefits through the Corning Medicare Supplemental Plan in 2009, you can enroll in Medicare prescription drug coverage at a later date, if necessary, without having to pay a penalty. If you later decide to enroll in Medicare prescription drug coverage, you can use the enclosed *Corning Incorporated Notice of Creditable Coverage* as proof of your Corning prescription drug benefits to avoid late-enrollment penalties.

# Corning Incorporated Notice of Creditable Coverage

*This Notice is most relevant for certain retirees, employees and their dependents who are currently covered by Medicare or who will become eligible for Medicare within the next 12 months due to age or disability.*

## Legally Required Notice of Creditable Coverage— You Do Not Need to Do Anything at This Time

Please read this Notice and keep it in a place where you can find it easily. It provides information about current Corning Incorporated (“Corning”) prescription drug coverage and Medicare’s prescription drug coverage. It also tells you where to find more information that can help you make decisions about your prescription drug coverage when you become eligible for Medicare.

### **You Have Creditable Coverage**

Corning has compared its current prescription drug coverage to the standard Medicare prescription drug plan and has determined that Corning’s plan benefits are considered creditable coverage. This means that, on average for all participants, Corning’s prescription drug benefits through the Corning medical plan are expected to be at least as good as the standard Medicare prescription drug benefits for 2009. This *Notice of Creditable Coverage* formally states this finding.

**Because your existing Corning prescription drug coverage under the Corning medical plan (if enrolled) is on average at least as good as standard Medicare prescription drug coverage, you can keep this coverage and not pay extra if you later decide to enroll in Medicare prescription drug coverage.**

**Keep this Notice.** If you enroll in one of the plans approved by Medicare that offer prescription drug coverage, you may need to provide a copy of this Notice when you join to show that you are not required to pay a higher premium amount. See page 5 for more information about premium penalties.

Each year before the Medicare prescription drug coverage election period, Corning reviews its prescription drug coverage, compares it to the standard Medicare prescription drug coverage and sends you an updated Notice.

You may request another copy of this *Notice of Creditable Coverage* at any time by contacting the Corning Benefits Network at 800-858-3875.

Date:	October 1, 2008
Name of Entity/Sender:	Corning Incorporated
Contact—Position/Office:	ACS HR Solutions, LLC on behalf of the Corning Benefits Network
Address:	Corning, NY 14831
Phone Number:	800-858-3875 (TTY/TDD users call 800-833-8334. From outside the U.S., call 201-363-2956.)

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## Medicare Prescription Drug Coverage

Medicare prescription drug coverage became available in 2006 to Medicare beneficiaries through Medicare prescription drug plans and Medicare Advantage plans that offer prescription drug coverage. All Medicare prescription drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.

For Medicare beneficiaries who do not have prescription drug coverage under a company-sponsored medical plan, Medicare prescription drug coverage helps provide valuable benefits. For people like you, however, who do have prescription drug benefits under a company-sponsored medical plan, Medicare prescription drug coverage may not provide any additional benefits or advantages.

Medicare prescription drug coverage is offered through private companies, and all Medicare prescription drug plans provide at least a standard level of coverage at an average cost of \$28 per month.\* Some plans may offer additional coverage for a higher monthly premium. It is your choice whether or not to enroll in Medicare prescription drug coverage. You should compare your current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

**If you decide to enroll in Medicare prescription drug coverage, your *prescription drug* coverage through your Corning medical plan will terminate effective the end of the month in which you enroll in the Medicare prescription drug program. In this case, you would still have *medical* coverage under your Corning medical plan.**

If you enroll in Medicare prescription drug coverage and later decide to cancel that coverage, you may call the Corning Benefits Network at 800-858-3875 to re-enroll in prescription drug coverage through your Corning medical plan.

## Enrolling in Medicare Prescription Drug Coverage

The Medicare prescription drug coverage enrollment period for 2009 begins November 15, 2008, and ends December 31, 2008. If you or a dependent are covered by Medicare, the Medicare beneficiary may enroll in Medicare prescription drug coverage at any time during this period. If you drop or lose your Corning prescription drug coverage and do not enroll in Medicare prescription drug coverage shortly after your Corning coverage ends, you may have to pay late-enrollment penalties should you enroll in Medicare prescription drug coverage later.

If, at any point after you are first eligible to enroll in Medicare prescription drug coverage, you go 63 days or longer without prescription drug coverage that is at least as good as Medicare's prescription drug coverage (for example, the creditable coverage provided by Corning's prescription drug plan) and then sign up for Medicare prescription drug coverage, your monthly premium will increase by at least 1% per month for every month you did not have coverage. You will have to pay this higher premium as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following November to enroll.

*\* This amount is the national average cost for 2009. Actual costs will vary geographically and will be adjusted annually to reflect Medicare prescription drug coverage costs and inflation.*

Here's an example of how the premium penalty will work:

### Example of Medicare Part D Premium Penalty

Ruth did not enroll in Medicare prescription drug coverage at age 65 when she retired in 2009, and she had no other prescription drug coverage. Ruth decides to enroll in Medicare prescription drug coverage two years later, when she turns 67. She has waited two years since she first became eligible. The late penalty is at least 1% of the standard monthly premium for each month a person enrolls late. So, Ruth's monthly premium cost will always be at least 24% higher than the amount other Medicare prescription drug participants pay for standard coverage.

If Ruth had been covered by a creditable prescription drug plan (such as Corning's plan) between the date she turned age 65 and the date she enrolled in a Medicare prescription drug plan, the penalty would not apply to her monthly premium.

Each year, Medicare beneficiaries have the opportunity to enroll in Medicare prescription drug coverage from November 15 through December 31 for coverage beginning January 1 of the following year. Beneficiaries leaving employer coverage may be eligible for a Special Enrollment Period to sign up for a Medicare prescription drug plan.

### People with Limited Income and Resources

For people with limited incomes and resources, extra help paying for a Medicare prescription drug plan is available. Medicare shares information about this extra help to a broad population—you may receive information even if you are not eligible. If you qualify, your Medicare prescription drug coverage premiums, copays and/or deductible may be reduced or eliminated. To receive this help, you must qualify for assistance and you must enroll in Medicare prescription drug coverage. (Note: Certain beneficiaries will automatically be enrolled in Medicare prescription drug coverage.)

If you think you may be eligible for the extra help, Corning encourages you to consider applying for the assistance. You may realize significant cost savings versus maintaining your prescription drug coverage through Corning. For information about this extra help, contact the Social Security Administration on-line at [www.socialsecurity.gov](http://www.socialsecurity.gov), or call them at 800-772-1213 (TTY 800-325-0778).

*Please note:* If you enroll in Medicare prescription drug coverage, you are electing to waive coverage under the Corning prescription drug benefit (see page 7). If you decide at a later point to drop Medicare prescription drug coverage, you must call the Corning Benefits Network to re-enroll in prescription drug benefits through your Corning medical plan.

## Consequences of Enrolling or Not Enrolling in Medicare Prescription Drug Coverage

It's important that you understand the consequences of enrolling, or not enrolling, in Medicare prescription drug coverage. The following chart provides an overview of these consequences for eligible participants.

If you DO NOT ENROLL in Medicare prescription drug coverage...	If you DO ENROLL in Medicare prescription drug coverage...
<ul style="list-style-type: none"> <li>• <b>Your Corning prescription drug benefits will continue in 2009.</b> You may continue to buy prescription drugs through the Corning medical plan.</li> <li>• <b>You won't have to pay any additional Medicare premium,</b> other than the Medicare Part B premium (\$96.40 per month in 2009; higher premiums apply to retirees at higher income levels) that you may already pay through your Social Security payment.</li> <li>• If you are enrolled in Corning's prescription drug benefit in 2009, you will not be subject to penalties or restrictions if you later choose to enroll in Medicare prescription drug coverage, providing that since you were first eligible to enroll in Medicare prescription drug coverage, there has not been a break in creditable coverage of 63 days or more before you enroll in a Medicare prescription drug plan.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>You will no longer be eligible for prescription drug benefits</b> through the Corning medical plan because you are electing to waive this coverage when you enroll in the Medicare prescription drug program. However, you will still be eligible for medical benefits under your Corning medical plan. Any premium you pay for coverage under your Corning medical plan will not be reduced if you enroll in Medicare prescription drug coverage.</li> <li>• <b>You will have to pay for Medicare prescription drug coverage</b> (on average, \$28 per month premium in 2009) and pay a portion of the cost for your prescription drugs. These costs will be in addition to your Medicare Part B premium and any amount you pay for your Corning medical plan. (Medicare will provide extra help to certain people with limited income and resources who enroll in Medicare prescription drug coverage. See page 6 for more information.)</li> <li>• Medicare prescription drug coverage is different from the prescription drug benefits you have through the Corning medical plan.</li> </ul>

### For More Information

- **Corning medical plan or prescription drug eligibility:** Contact the Corning Benefits Network at 800-858-3875.
- **Medicare prescription drug coverage and plans:** Medicare participants will receive a *Medicare & You* handbook from Medicare each year. Additional information is available by visiting the Medicare Web site at [www.medicare.gov](http://www.medicare.gov) or calling 800-MEDICARE (800-633-4227). TTY users should call 877-486-2048.
- You may also contact your State Health Insurance Assistance Program for assistance. Please see the *Medicare & You* handbook for these phone numbers.

## What's Next?

Watch for your *What's New 2009* package, scheduled to be mailed to your home address in late November. Your package will include:

- *What's New 2009* brochure
- Personalized Retiree Confirmation Statement showing your benefit coverage and costs for 2009
- Beneficiary designation form

If you have questions about the changes happening for 2009, call the Corning Benefits Network at 800-858-3875.

*This Benefits Bulletin summarizes certain highlights of your Corning Incorporated benefit plans. If any statement in this Bulletin, or any other communication, conflicts with applicable plan documents, the plan documents will govern. Company Incorporated retains the right to amend or terminate benefit plans for active or former employees or their beneficiaries at any time, for any reason. Participation in these plans is not an offer or guarantee of employment or an employment contract.*

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