

CORNING INC /NY
Form 424B2
April 30, 2003

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Registration No. 333-057082

Prospectus Supplement to Prospectus dated March 29, 2001.

50,000,000 Shares

Corning Incorporated

Common Stock

Our common stock is listed on the New York Stock Exchange under the symbol "GLW". The last reported sale price of our common stock on April 28, 2003 was \$5.67 per share.

See "Risk Factors" beginning on page 2 of the accompanying prospectus and on page 5 of our Annual Report on Form 10-K for the year ended December 31, 2002 to read about certain factors you should consider before buying shares of the common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	<u>Per Share</u>	<u>Total</u>
Initial price to public	\$ 5.43	\$ 271,500,000
Underwriting discount (1)	\$ 0.08	\$ 4,000,000
Proceeds, before expenses, to Corning	\$ 5.35	\$ 267,500,000

(1)

In addition, Goldman, Sachs & Co. may receive from purchasers of the shares normal brokerage commissions in amounts agreed with such purchasers.

Goldman, Sachs & Co. expects to deliver the shares against payment in New York, New York on May 1, 2003.

Goldman, Sachs & Co.

Prospectus Supplement dated April 28, 2003.

ABOUT THIS PROSPECTUS SUPPLEMENT

In this prospectus supplement, the words "Corning," "Company," "we," "us" and "our" refer to Corning Incorporated and its subsidiaries.

This prospectus supplement contains the terms of this offering. A description of our common stock is contained in the accompanying prospectus beginning on page 36. This prospectus supplement, or the information incorporated by reference in the accompanying prospectus, may add, update or change information in the accompanying prospectus. If information in this prospectus supplement, or the information incorporated by reference in the accompanying prospectus, is inconsistent with the accompanying prospectus, this prospectus supplement, or the information incorporated by reference in the accompanying prospectus, will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents we have referred you to in "Where You Can Find More Information" in the accompanying prospectus.

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PROSPECTUS SUPPLEMENT SUMMARY

Because this is a summary, it does not contain all the information that may be important to you. To understand the specific terms of the securities, you should read this prospectus supplement, the accompanying prospectus and the information incorporated by reference in the accompanying prospectus carefully.

About the Company

We trace our origins to a glass business established in 1851. Our present corporation was incorporated in the State of New York in December 1936, and our name was changed from Corning Glass Works to Corning Incorporated on April 28, 1989.

We are a global, technology-based corporation that operates in two reportable business segments:

Telecommunications; and

Technologies.

Our principal office is located at One Riverfront Plaza, Corning, New York 14831. Our telephone number is (607) 974-9000.

Recent Developments

We released our first quarter 2003 results on April 22, 2003. Sales for the first quarter of 2003 were \$746 million and net loss was \$205 million, or \$0.17 per share. This compares to sales of \$839 million and a net loss of \$90 million for the first quarter of 2002, or \$0.10 per share.

The first quarter 2003 loss includes a pre-tax charge of \$298 million (\$192 million after-tax) reflecting the current value of an asbestos litigation settlement reached in March 2003. The first quarter loss also includes net restructuring and impairment charges of \$51 million

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(\$12 million after tax and minority interest) related primarily to decisions to exit the conventional television glass business in North America and the optical switching business. First quarter results also included a net gain of \$4 million (\$3 million after-tax) related to the repurchase of debt using cash and common stock.

At March 31, 2003, we had \$1.85 billion in cash and short-term investments, a decline from \$2.1 billion at December 31, 2002. The decline was primarily due to the use of cash to retire debt. Operating cash flow of \$23 million for the first quarter included receipt of a US federal income tax refund of \$191 million. Cash used in operating activities was \$202 million in the first quarter of 2002.

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The Offering

Shares of common stock offered	50,000,000 shares
Shares of common stock outstanding after this offering (1)	1,265,844,790 shares
Use of Proceeds	The net proceeds to the Company will be used primarily for the reduction of debt and equity-linked securities through open market repurchases, public tender offers and other methods. See "Use of Proceeds".
New York Stock Exchange Symbol	GLW

The calculation of the number of shares of common stock outstanding after this offering is based on the number of shares outstanding on April 25, 2003.

- (1) Does not include the shares of common stock reserved for issuance under our various stock option plans and employee and non-employee director equity plans, or shares of common stock reserved for issuance upon the conversion of our zero-coupon convertible debentures due November 8, 2015, 3.50% convertible debentures due November 1, 2008, 7% Series C mandatory convertible preferred stock and the Oak Industries Inc. 4⁷/₈% convertible subordinated notes due March 1, 2008.

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ABOUT THE COMPANY

We trace our origins to a glass business established in 1851. The present corporation was incorporated in the State of New York in December 1936, and our name was changed from Corning Glass Works to Corning Incorporated on April 28, 1989.

We are a global, technology-based corporation that operates in two reportable business segments:

Telecommunications; and

Technologies.

The Telecommunications segment produces optical fiber and cable, optical hardware and equipment, photonic modules and components for the worldwide telecommunications industry. The Technologies segment manufactures specialized products with unique properties for customer applications utilizing glass, glass ceramic and polymer technologies. Businesses within this segment include liquid crystal display glass for flat panel displays, environmental products, life science products, glass panels and funnels for televisions and cathode ray products, semiconductor materials, optical and technical products.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the shares of common stock offered by this prospectus supplement will be approximately \$267.3 million after deducting the underwriting discounts and estimated offering expenses we will pay.

We intend to use the net proceeds of this offering to reduce debt and equity-linked securities which by their terms are due or may become due on or before December 31, 2005, by engaging in open market repurchases, public tender offers and other methods.

We will invest the net proceeds in short-term, interest-bearing, investment-grade obligations until they are applied as described above.

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PRICE RANGE OF COMMON STOCK

Our common stock is listed on the New York Stock Exchange under the symbol "GLW". The table below sets forth for the periods indicated the intra-day high and low sales prices for our common stock as reported on the NYSE Composite Tape and dividends declared on our common stock.

	Price Range		Cash Dividends Declared Per Share
	High	Low	
2000			
First Quarter	\$ 75.42	\$ 34.36	\$.06
Second Quarter	90.33	42.83	.06
Third Quarter	113.29	74.36	.06
Fourth Quarter	107.00	50.75	.06
2001			
First Quarter	72.19	19.66	.06
Second Quarter	27.47	12.60	.06
Third Quarter	17.08	8.33	
Fourth Quarter	10.91	6.90	
2002			
First Quarter	11.16	6.14	
Second Quarter	7.95	2.80	
Third Quarter	4.50	1.36	
Fourth Quarter	5.00	1.13	
2003			
First Quarter	6.40	3.34	
Second Quarter (through April 28, 2003)	6.25	5.51	

The last reported sale price of our common stock on the New York Stock Exchange on April 28, 2003 was \$5.67. At April 25, 2003, there were 1,215,844,790 shares of our common stock outstanding, held by approximately 23,209 shareholders of record and approximately 716,425 beneficial owners.

DIVIDEND POLICY

Effective July 9, 2001, Corning's Board of Directors determined that no future dividends will be paid in order to re-invest any future earnings to fund operating losses, reduce debt and serve other similar purposes.

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UNDERWRITING

We and Goldman, Sachs & Co. have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, Goldman, Sachs & Co. has agreed to purchase all of the 50,000,000 shares offered hereby.

Goldman, Sachs & Co. is committed to take and pay for all of the shares being offered, if any are taken.

Shares sold by Goldman, Sachs & Co. to the public will initially be offered at the initial price to public set forth on the cover of this prospectus supplement. In addition, Goldman, Sachs & Co. may receive from purchasers of the shares normal brokerage commissions in amounts agreed with such purchasers. If all the shares are not sold at the initial price to public, Goldman, Sachs & Co. may change the offering price and the other selling terms.

For a period of 90 days from the date of this prospectus supplement, we will not, without the prior written consent of Goldman, Sachs & Co., dispose of or hedge any shares of our common stock or any securities convertible into or exchangeable for our common stock. This agreement does not apply to any securities issued: (1) in connection with any court-ordered settlement arrangements, (2) under employee benefit plans or dividend reinvestment plans, (3) upon exercise of currently outstanding stock options, (4) upon conversion or exchange of currently outstanding convertible or exchangeable securities or (5) in connection with mergers, acquisitions or similar transactions so long as the securities issued in connection with any such transaction have a principal amount or market value of \$100 million or less. This agreement does not restrict us from filing a shelf registration statement that includes equity securities or granting stock options or issuing our common stock upon exercise of such newly issued stock options so long as any shares of our common stock issued upon such exercise are subject to the provisions of this lock-up agreement. For a period of 60 days from the date of this prospectus supplement we will also use our best efforts to cause certain of our officers and directors not to, without the prior written consent of Goldman, Sachs & Co., dispose of or hedge any shares of our common stock or any securities convertible into or exchangeable for our common stock.

In connection with the offering, Goldman, Sachs & Co. may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by Goldman, Sachs & Co. of a greater number of shares than it is required to purchase in the offering. Goldman, Sachs & Co. will need to close out any short sale by purchasing shares in the open market. Goldman, Sachs & Co. is likely to create a short position if it is concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by Goldman, Sachs & Co. in the open market prior to the completion of the offering.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or retarding a decline in the market price of our common stock, and may stabilize, maintain or otherwise affect the market price of our common stock. As a result, the price of our common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on the New York Stock Exchange, in the over-the-counter market or otherwise.

Goldman, Sachs & Co. has represented, warranted and agreed that: (i) it has not offered or sold and, prior to the expiry of a period of six months from the closing date, will not offer or sell any shares to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the

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purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of any shares in circumstances in which section 21(1) of the FSMA does not apply to us; and (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

The shares may not be offered, sold, transferred or delivered in or from The Netherlands, as part of their initial distribution or as part of any re-offering, and neither this prospectus supplement nor any other document in respect of the offering may be distributed or circulated in The Netherlands, other than to individuals or legal entities which include, but are not limited to, banks, brokers, dealers, institutional investors and undertakings with a treasury department, who or which trade or invest in securities in the conduct of a business or profession.

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We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$175,000.

We have agreed to indemnify Goldman, Sachs & Co. against certain liabilities, including liabilities under the Securities Act of 1933.

Goldman, Sachs & Co. and its affiliates have provided from time to time, and expect to provide in the future, investment and commercial banking and financial advisory services to us and our affiliates in the ordinary course of business, for which they have received and may continue to receive customary fees and commissions.

VALIDITY OF THE COMMON STOCK

The validity of the shares of common stock is being passed upon for us by William D. Eggers, Esq., Senior Vice President and General Counsel of Corning. The validity of the shares of common stock we are offering is being passed upon for the underwriter by Sullivan & Cromwell LLP, New York, New York. Mr. Eggers owns substantially less than 1% of the outstanding shares of our common stock.

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PROSPECTUS

Corning Incorporated and Corning Finance B.V.

By this prospectus, we may offer from time to time up to \$5,000,000,000 of:

Debt Securities of Corning Incorporated;

Guaranteed Debt Securities of Corning Finance B.V.;

Debt Warrants and Equity Warrants of Corning Incorporated;

Preferred Stock of Corning Incorporated;

Depository Shares of Corning Incorporated; and

Common Stock of Corning Incorporated.

When we offer securities, we will provide you with a prospectus supplement describing the terms of the specific issue of securities, including the offering price of the securities. You should read this prospectus and the accompanying prospectus supplement carefully before you invest.

The common stock of Corning Incorporated is quoted on the New York Stock Exchange under the symbol "GLW."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated March 29, 2001.

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CORNING INCORPORATED

We trace our origins to a glass business established in 1851. The present corporation was incorporated in the State of New York in December 1936, and our name was changed from Corning Glass Works to Corning Incorporated on April 28, 1989. In this prospectus, "Corning" refers to Corning Incorporated and not Corning Finance B.V.

We are a global, technology-based corporation which operates in three broadly based operating business segments:

Telecommunications;

Advanced Materials; and

Information Display.

The Telecommunications segment produces optical fiber and cable, optical hardware and equipment, photonic modules and components and optical networking devices for the worldwide telecommunications industry. The Advanced Materials segment manufactures specialized products with unique properties for customer applications utilizing glass, glass ceramic and polymer technologies. Businesses within this segment include environmental products, life science products, semiconductor materials and optical and lighting products. The Information Display segment manufactures glass panels and funnels for televisions and CRT's, liquid-crystal display glass for flat panel displays and projection video lens assemblies.

Our principal office is located at One Riverfront Plaza, Corning, New York 14831. Our telephone number is (607) 974-9000.

CORNING FINANCE B.V.

Corning Finance B.V. is an indirect wholly owned subsidiary of Corning, incorporated under the laws of The Netherlands solely for the purpose of raising capital to meet the financing needs of Corning and its subsidiaries. Corning Finance B.V. has no independent operations. Its principal executive offices are located at Strawinskyiaan 3105, 1007 Amsterdam; telephone: 31.20.406.4444.

RISK FACTORS

The securities to be offered may involve various degrees of risk, including the risks described in the documents incorporated by reference in this prospectus. You should carefully consider the important factors set forth in the documents incorporated by reference in this prospectus before investing in any securities that may be offered.

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USE OF PROCEEDS

Except as may be set forth in the prospectus supplement(s), we will use the net proceeds from the sale of the securities offered under this prospectus and the prospectus supplement(s) for general corporate purposes. Our general corporate purposes may include:

the repayment or reduction of indebtedness;

working capital requirements;

financing acquisitions; and

the funding of a portion of our normal, ongoing capital spending program.

Corning Finance B.V. will lend the net proceeds from the sale of any debt securities offered by it to Corning or its subsidiaries to be used for similar purposes. We will determine any specific allocation of the net proceeds of an offering of securities to a specific purpose at the time of the offering and will describe the allocation in the related prospectus supplement.

SECURITIES WE MAY ISSUE

We may use this prospectus to offer up to \$5,000,000,000 of:

debt securities issued by Corning;

debt securities issued by Corning Finance B.V. and fully and unconditionally guaranteed by Corning;

debt warrants and equity warrants issued by Corning;

preferred stock issued by Corning;

depository shares relating to preferred stock; and

common stock issued by Corning.

A prospectus supplement will describe the specific types, amounts, prices, and detailed terms of any of these securities.

**RATIOS OF EARNINGS TO FIXED CHARGES AND
RATIOS OF EARNINGS TO COMBINED FIXED CHARGES
INCLUDING PREFERRED STOCK DIVIDENDS**

The table below sets forth:

our historical ratios of earnings to fixed charges; and

our consolidated ratios of earnings to combined fixed charges including preferred stock dividends for the periods indicated.

For purposes of computing the ratio of earnings to fixed charges, earnings consist of:

income from continuing operations before taxes on income, equity in earnings of associated companies and minority interest;

dividends received from equity investees;

amortization of previously capitalized interest; and

fixed charges net of capitalized interest.

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Fixed charges consist of:

interest on indebtedness, including capitalized interest;

amortization of debt issuance costs; and

a portion of rental expenses which represents an appropriate interest rate factor.

Preferred dividends consist of dividends paid on:

Corning's 6% Convertible Monthly Income Preferred Securities, all of which were redeemed as of March 23, 1999 and none of which are currently outstanding; and

Corning's 8% Series B Convertible Preferred Stock.

	Year Ended				
	Dec. 31, 2000	Dec. 31, 1999	Dec. 31, 1998	Dec. 31, 1997	Dec. 31, 1996
Ratio of earnings to fixed charges	4.6x	5.4x	4.8x	6.7x	7.3x
Ratio of earnings to combined fixed charges including preferred stock dividends	4.6x 4	5.2x	4.1x	5.6x	5.8x

DESCRIPTION OF DEBT SECURITIES AND GUARANTEES

General

The Debt Securities Will Be Issued Under an Indenture

As required by U.S. federal law for all bonds and notes of companies that are publicly offered, the debt securities are governed by a document called the indenture. In the case of debt securities issued by Corning, the applicable indenture is a contract between Corning and J. P. Morgan Chase & Co., formerly The Chase Manhattan Bank, which acts as trustee, dated as of November 8, 2000. In the case of debt securities issued by Corning Finance B.V., the applicable indenture is a contract to be entered into among Corning Finance B.V., Corning, which acts as guarantor, and J. P. Morgan Chase & Co., formerly The Chase Manhattan Bank, which acts as trustee. The trustee has two main roles:

First, the trustee can enforce your rights against us if we default. There are limitations on the extent to which the trustee acts on your behalf, which we describe later under "Default, Remedies and Waiver of Default"; and

Second, the trustee performs administrative duties for us, which include sending you interest payments and notices.

We may issue as many distinct series of debt securities under each indenture as we wish. This section summarizes terms of the debt securities that are common to all series. Most of the financial terms and other specific terms of your series are described in the prospectus supplement attached to the front of this prospectus. Those terms may vary from the terms described here. The prospectus supplement may also describe special Federal income tax consequences of the debt securities.

This Section Is Only a Summary

This section and your prospectus supplement summarize all the material terms of each indenture and your debt security. They do not, however, describe every aspect of each indenture and your debt security.

Each indenture and its associated documents, including your debt security, contain the full text of the matters described in this section and your prospectus supplement. Each indenture and the debt securities are governed by New York law. A copy of each indenture has been filed with the SEC as part of our registration statement. See "Where You Can Find More Information" below for information on how to obtain a copy.

Legal Ownership of Debt Securities

We refer to those who have debt securities registered in their own names, on the books that we or the trustee maintain for this purpose, as the "holders" of those debt securities. These persons are the legal holders of the debt securities. We refer to those who, indirectly through others, own beneficial interests in debt securities that are not registered in their own names as indirect holders of those debt securities. As we discuss below, indirect holders are not legal holders, and investors in debt securities issued in book-entry form or in street name will be indirect holders.

Book-Entry Holders

We will issue debt securities in book-entry form only, unless we specify otherwise in the applicable prospectus supplement. This means debt securities will be represented by one or more global securities registered in the name of a financial institution that holds them as depository

on behalf of other financial institutions that participate in the depository's book-entry system. These participating institutions, in turn, hold beneficial interests in the debt securities on behalf of themselves or their customers.

Under each indenture, only the person in whose name a debt security is registered is recognized as the holder of that debt security. Consequently, for debt securities issued in global form, we will recognize only the depository as the holder of the debt securities and we will make all payments on the debt securities to the depository. The depository passes along the payments it receives to its participants, which in turn pass the payments along to their customers who are the beneficial owners. The depository and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the debt securities.

As a result, investors will not own debt securities directly. Instead, they will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depository's book-entry system or holds an interest through a participant. As long as the debt securities are issued in global form, investors will be indirect holders, and not holders, of the debt securities.

Street Name Holders

In the future we may terminate a global security or issue debt securities initially in non-global form. In these cases, investors may choose to hold their debt securities in their own names or in "street name". Debt securities held by an investor in street name would be registered in the name of a bank, broker or other financial institution that the investor chooses, and the investor would hold only a beneficial interest in those debt securities through an account he or she maintains at that institution.

For debt securities held in street name, we will recognize only the intermediary banks, brokers and other financial institutions in whose names the debt securities are registered as the holders of those debt securities and we will make all payments on those debt securities to them. These institutions pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are legally required to do so. Investors who hold debt securities in street name will be indirect holders, not holders, of those debt securities.

Legal Holders

Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, run only to the legal holders of the debt securities. We do not have obligations to investors who hold beneficial interests in global securities, in street name or by any other indirect means. This will be the case whether an investor chooses to be an indirect holder of a debt security or has no choice because we are issuing the debt securities only in global form.

For example, once we make a payment or give a notice to the holder, we have no further responsibility for the payment or notice even if that holder is required, under agreements with depository participants or customers or by law, to pass it along to the indirect holders but does not do so. Similarly, if we want to obtain the approval of the holders for any purpose for example, to amend the applicable indenture or to relieve us of the consequences of a default or of our obligation to comply with a particular provision of the applicable indenture we would seek the approval only from the holders, and not the indirect holders, of the debt securities. Whether and how the holders contact the indirect holders is up to the holders.

When we refer to you, we mean those who invest in the debt securities being offered by this prospectus, whether they are the holders or only indirect holders of those debt securities. When we refer to your debt securities, we mean the debt securities in which you hold a direct or indirect interest.

Special Considerations for Indirect Holders

If you hold debt securities through a bank, broker or other financial institution, either in book-entry form or in street name, you should check with your own institution to find out:

how it handles securities payments and notices;

whether it imposes fees or charges;

how it would handle a request for the holders' consent, if ever required;

whether and how you can instruct it to send you debt securities registered in your own name so you can be a holder, if that is permitted in the future;

how it would exercise rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests; and

if the debt securities are in book-entry form, how the depository's rules and procedures will affect these matters.

What Is a Global Security?

We will issue each debt security in book-entry form only, unless we specify otherwise in the applicable prospectus supplement. A global security represents one or any other number of individual debt securities. Generally, all debt securities represented by the same global securities will have the same terms. We may, however, issue a global security that represents multiple debt securities that have different terms and are issued at different times. We call this kind of global security a master global security.

Each debt security issued in book-entry form will be represented by a global security that we deposit with and register in the name of a financial institution or its nominee that we select. The financial institution that we select for this purpose is called the depository. Unless we specify otherwise in the applicable prospectus supplement, The Depository Trust Company, New York, New York, known as DTC, will be the depository for all debt securities issued in book-entry form.

A global security may not be transferred to or registered in the name of anyone other than the depository or its nominee, unless special termination situations arise. We describe those situations below under "Special Situations When a Global Security Will Be Terminated". As a result of these arrangements, the depository, or its nominee, will be the sole registered owner and holder of all debt securities represented by a global security, and investors will be permitted to own only beneficial interests in a global security. Beneficial interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the depository or with another institution that does. Thus, an investor whose security is represented by a global security will not be a holder of the debt security, but only an indirect holder of a beneficial interest in the global security.

If the prospectus supplement for a particular debt security indicates that the debt security will be issued in global form only, then the debt security will be represented by a global security at all times unless and until the global security is terminated. We describe the situations in which this can occur below under "Special Situations When a Global Security Will Be Terminated". The global security may be a master global security, although your prospectus supplement will not indicate whether it is a master global security. If termination occurs, we may issue the debt securities through another book-entry clearing system or decide that the debt securities may no longer be held through any book-entry clearing system.

Special Considerations for Global Securities

As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution and of the depository, as well as general laws relating to securities transfers. We do not recognize this type of investor as a holder of debt securities and instead deal only with the depository that holds the global security.

If debt securities are issued only in the form of a global security, an investor should be aware of the following:

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An investor cannot cause the debt securities to be registered in his or her name, and cannot obtain non-global certificates for his or her interest in the debt securities, except in the special situations we describe below;

An investor will be an indirect holder and must look to his or her own bank or broker for payments on the debt securities and protection of his or her legal rights relating to the debt securities, as we describe under " Legal Ownership of Debt Securities" above;

An investor may not be able to sell interests in the debt securities to some insurance companies and to other institutions that are required by law to own their securities in non-book-entry form;

An investor may not be able to pledge his or her interest in a global security in circumstances where certificates representing the debt securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective;

The depositary's policies, which may change from time to time, will govern payments, transfers, exchanges and other matters relating to an investor's interest in a global security. We and the trustee have no responsibility for any aspect of the depositary's actions or for its records of ownership interests in a global security. We and the trustee also do not supervise the depositary in any way;

The depositary may (and we understand that DTC will) require that those who purchase and sell interests in a global security within its book-entry system use immediately available funds and your broker or bank may require you to do so as well; and

Financial institutions that participate in the depositary's book-entry system, and through which an investor holds its interest in a global security, may also have their own policies affecting payments, notices and other matters relating to the debt securities. There may be more than one financial intermediary in the chain of ownership for an investor. We do not monitor and are not responsible for the actions of any of those intermediaries.

Special Situations When a Global Security Will Be Terminated

In a few special situations described below, a global security will be terminated and interests in it will be exchanged for certificates in non-global form representing the debt securities it represented. After that exchange, the choice of whether to hold the debt securities directly or in street name will be up to the investor. Investors must consult their own banks or brokers to find out how to have their interests in a global security transferred on termination to their own names, so that they will be holders. We have described the rights of holders and street name investors above under " Legal Ownership of Debt Securities".

The special situations for termination of a global security are as follows:

if the depositary notifies us that it is unwilling, unable or no longer qualified to continue as depositary for that global security and we do not appoint another institution to act as depositary within 60 days;

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if we notify the trustee that we wish to terminate that global security; or

if an event of default has occurred with regard to debt securities represented by that global security and has not been cured or waived; we discuss defaults later under " Default, Remedies and Waiver of Default".

If a global security is terminated, only the depositary, and not we or the trustee, is responsible for deciding the names of the institutions in whose names the debt securities represented by the global security will be registered and, therefore, who will be the holders of those debt securities.

Ranking

Each series of debt securities will not be secured by any property or assets of Corning or Corning Finance B.V., and will not be subordinated to any other obligations of either Corning or Corning Finance B.V., as applicable.

Full and Unconditional Guarantee of the Debt Securities of Corning Finance B.V.

All debt securities issued by Corning Finance B.V. will be fully and unconditionally guaranteed under a guarantee by Corning of the payment of principal of, and any premium, interest and "additional amounts" on, these debt securities when due, whether at maturity or otherwise. For a discussion of the payment of "additional amounts", please see " Payment of Additional Amounts with Respect to the Guaranteed Debt Securities". Under the terms of the full and unconditional guarantee, holders of the guaranteed debt securities will not be required to exercise their remedies against Corning Finance B.V. before they proceed directly against Corning.

Payment of Additional Amounts With Respect to the Guaranteed Debt Securities

Unless otherwise indicated in your prospectus supplement, all amounts of principal of, and any premium and interest on, any guaranteed debt securities will be paid by Corning Finance B.V. without deduction or withholding for any taxes, assessments or other charges imposed by the government of The Netherlands, or the government of a jurisdiction in which a successor to Corning Finance B.V. is organized. If deduction or withholding of any of these charges is required by The Netherlands, or by a jurisdiction in which a successor to Corning Finance B.V. is organized, Corning Finance B.V. will pay as additional interest any additional amounts necessary to make the net amount paid to the affected holders equal the amount the holders would have received in the absence of the deduction or withholding. However, these "additional amounts" do not include:

the amount of any tax, assessment or other governmental charge imposed by any unit of the United States;

the amount of any tax, assessment or other governmental charge which is only payable because either:

a type of connection exists between the holder and The Netherlands; or

the holder presented the debt security for payment more than 30 days after the date on which the relevant payment became due or was provided for, whichever is later;

the amount of any tax, assessment or other governmental charge which is payable other than by deduction or withholding from a payment on the debt securities;

the amount of any tax, assessment or other governmental charge that is imposed or withheld due to the beneficial owner of the debt security failing to comply with a request from us to either provide information concerning the beneficial owner's nationality, residence or identity or make

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any claim to satisfy any information or reporting requirement, if the completion of either would have provided an exemption from the applicable governmental charge;

the amount of any tax, assessment or other governmental charge where withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive;

the amount of any tax, assessment, or other governmental charge presented for payment by or on behalf of a beneficial owner who would have been able to avoid such withholding or deduction by presenting the relevant debt securities to another Paying Agent in a Member State of the EU; or

any combination of the taxes, assessments or other governmental charges described above.

The European Union is currently considering proposals for a new directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States to opt instead for a withholding system for a transitional period in relation to such payments.

The prospectus supplement will describe any additional circumstances under which additional amounts will not be paid with respect to debt securities.

Redemption and Repayment

Unless otherwise indicated in your prospectus supplement, your debt security will not be entitled to the benefit of any sinking fund that is, we will not deposit money on a regular basis into any separate custodial account to repay your debt securities. In addition, we will not be entitled to redeem your debt security before its stated maturity unless your prospectus supplement specifies a redemption commencement date. You will not be entitled to require us to buy your debt security from you, before its stated maturity, unless your prospectus supplement specifies one or more repayment dates.

If your prospectus supplement specifies a redemption commencement date or a repayment date, it will also specify one or more redemption prices or repayment prices, which will be expressed as a percentage of the principal amount of your debt security. It may also specify one or more redemption periods during which the redemption prices relating to a redemption of debt securities during those periods will apply.

If your prospectus supplement specifies a redemption commencement date, your debt security will be redeemable at our option at any time on or after that date. If we redeem your debt security, we will do so at the specified redemption price, together with interest accrued to the redemption date. If different prices are specified for different redemption periods, the price we pay will be the price that applies to the redemption period during which your debt security is redeemed.

If your prospectus supplement specifies a repayment date, your debt security will be repayable at your option on the specified repayment date at the specified repayment price, together with interest accrued to the repayment date.

In the event that we exercise an option to redeem any debt security, we will give to the trustee and the holder written notice of the principal amount of the debt security to be redeemed, not less than 15 days nor more than 60 days before the applicable redemption date. We will give the notice in the manner described below in " Notices".

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If a debt security represented by a global security is subject to repayment at the holder's option, the depository or its nominee, as the holder, will be the only person that can exercise the right to repayment. Any indirect holders who own beneficial interests in the global security and wish to exercise a repayment right must give proper and timely instructions to their banks or brokers through which they hold their interests, requesting that they notify the depository to exercise the repayment right on their behalf. Different firms have different deadlines for accepting instructions from their customers, and you should take care to act promptly enough to ensure that your request is given effect by the depository before the applicable deadline for exercise.

Street name and other indirect holders should contact their banks or brokers for information about how to exercise a repayment right in a timely manner.

In the event that the option of the holder to elect repayment as described above is deemed to be a "tender offer" within the meaning of Rule 14e-1 under the Securities Exchange Act of 1934, we will comply with Rule 14e-1 as then in effect to the extent it is applicable to us and the transaction.

We or our affiliates may purchase debt securities from investors who are willing to sell from time to time, either in the open market at prevailing prices or in private transactions at negotiated prices. Debt securities that we or they purchase may, at our discretion, be held, resold or canceled.

Optional Tax Redemption

Unless otherwise indicated in your prospectus supplement, except in the case of debt securities that have a variable rate of interest, which may be redeemed on any interest payment date, Corning Finance B.V. may redeem each series of its debt securities at its option in whole but not in part at any time. Except in the case of outstanding original issue discount debt securities which may be redeemed at the redemption price specified by the terms of that series of debt securities, the redemption price will be equal to the principal amount plus accrued interest to the date of redemption, if:

Corning Finance B.V. would be required to pay additional amounts, as a result of any change in the tax laws of The Netherlands which becomes effective on or after the date of issuance of that series, as explained above under " Payment of Additional Amounts With Respect to the Guaranteed Debt Securities", or

as a result of any change in any treaty affecting taxation to which The Netherlands, or a jurisdiction in which a successor to Corning Finance B.V. is organized, is a party which becomes effective on or after a date on which Corning borrows money from Corning Finance B.V., Corning would be required to deduct or withhold tax on any payment to Corning Finance B.V. to enable it to make any payment of principal, premium, if any, or interest.

In both of these cases, however, we will not be permitted to redeem a series of debt securities if we can avoid either the payment of additional amounts, or deductions or withholding, as the case may be, by using reasonable measures available to us.

Conversion

Your debt securities may be convertible into or exchangeable for common stock or other securities of Corning if your prospectus supplement so provides. If your debt securities are convertible or exchangeable, your prospectus supplement will include provisions as to whether conversion or exchange is mandatory, at your option or at our option. Your prospectus supplement would also include provisions regarding the adjustment of the number of shares of common stock or other securities of Corning to be received by you upon conversion or exchange.

Mergers and Similar Transactions

We are generally permitted to merge or consolidate with another entity. We are also permitted to sell substantially all our assets to another entity. We may not take any of these actions, however, unless all the following conditions are met:

Where we merge out of existence or sell our assets, the successor firm must agree to be legally responsible for the debt securities and must be organized as a corporation, partnership, trust, limited liability company or similar entity. In the case of a merger or consolidation of Corning, the successor firm may not be organized under a foreign country's laws, that is, it must be organized under the laws of a State or the District of Columbia or under federal law. In the case of a merger or consolidation of Corning Finance B.V., the successor firm may be organized under the laws of any jurisdiction.

The merger, sale of assets or other transaction must not cause a default on the debt securities, and we must not already be in default, unless the merger or other transaction would cure the default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described below under " Events of Default". A default for this purpose would also include any event that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded.

It is possible that the merger, sale of assets or other transaction would cause some of our property to become subject to a mortgage or other legal mechanism giving lenders preferential rights in that property over other lenders or over our general creditors if we fail to pay them back. We have promised to limit these preferential rights on our property, called "liens." This limitation is discussed below under " Restrictive Covenants and Defeasance Restrictions on Liens". If a merger or other transaction would create any liens on our property, we must comply with that restrictive covenant. We would do this either by deciding that the liens were permitted, or by following the requirements of the restrictive covenant to grant an equivalent or higher-ranking lien on the same property to you and the other direct holders of the debt securities.

In the case of the guaranteed debt securities, the successor to Corning Finance B.V., if not organized in the United States, must agree to pay the holder of each guaranteed debt security any "additional amounts" or other expenses imposed on the holder as a result of the merger, consolidation or sale, as explained above under " Payment of Additional Amounts with Respect to the Guaranteed Debt Securities".

Restrictive Covenants and Defeasance

Restrictions on Liens

In each indenture, Corning promises that it will not become nor permit any of its domestic subsidiaries to become obligated on any new debt that is secured by a lien on any of its or its domestic subsidiary's principal domestic manufacturing properties, or on any shares of stock or debt of any of its domestic subsidiaries, unless it grants an equivalent or higher-ranking lien on the same property to you and the other direct holders of the debt securities and, if applicable, the guarantees.

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Corning does not need to comply with this restriction if the amount of all debt that is secured by liens on its principal domestic manufacturing properties is less than 10% of its consolidated net tangible assets. In performing this calculation, debt secured would include the new debt and the securities which it would secure as described in the previous paragraph.

This restriction on liens does not apply to debt secured by the following types of liens, and Corning can disregard this debt when we calculate the limits imposed by this restriction:

liens on the property of any domestic subsidiaries of Corning, or on their shares of stock or debt, if those liens existed at the time the corporation became a domestic subsidiary of Corning or as of the date that debt securities are first issued under the applicable indenture;

liens in favor of Corning or its domestic subsidiaries;

some mechanics' liens, tax liens, liens in favor of, and to secure payments or the acquisition of property from any governmental body by law or because of a contract Corning has entered into, and other liens incidental to construction, conduct of business or ownership of its property or of any domestic subsidiary;

liens on property that existed at the time Corning acquired the property, including property it may acquire through a merger or similar transaction, or that it granted in order to purchase, alter or construct the property, sometimes called "purchase money mortgages"; and

liens arising from any judgment, decree or order of a court so long as proceedings to review these judgments have not been terminated or the period in which to initiate proceedings has not expired.

Corning can also disregard debt secured by liens that extend, renew or replace any of these types of liens.

Corning and its subsidiaries are permitted to have as much unsecured debt as they may choose, and neither indenture restricts liens on any of the shares of stock of Corning or of less than 80%-owned subsidiaries.

Restrictions on Sales and Leasebacks

In each indenture, Corning promises that neither it nor any of its domestic subsidiaries will enter into any sale and leaseback transaction involving a principal domestic manufacturing property, unless it complies with this restrictive covenant. A "sale and leaseback transaction" generally is an arrangement between Corning or a domestic subsidiary and a bank, insurance company or other lender or investor where Corning or the domestic subsidiary lease a principal domestic manufacturing property, for more than three years, which was or will be sold by Corning or the domestic subsidiary to that lender or investor more than 180 days after the completion of construction of the property and the beginning of its full operation.

Corning does not need to comply with this restriction if the amount of attributable debt is less than 10% of its consolidated net tangible assets. Corning can comply with this restrictive covenant if it retires an amount of funded debt, within 180 days of the transaction, equal to at least the net proceeds of the sale of the principal domestic manufacturing property that it leases in the transaction or the fair value of that property, subject to credits for voluntary retirements of debt securities and funded debt we may make, whichever is greater.

This restriction on sales and leasebacks does not apply to any sale and leaseback transaction that is between Corning and one of its domestic subsidiaries or between domestic subsidiaries, or that involves a lease for a period of three years or less.

Definitions Relating to our Restrictive Covenants

Following are the meanings of the terms that are important in understanding the restrictive covenants previously described.

"attributable debt" means the total net amount of rent, discounted at a rate of 15% per annum compounded semi-annually, that is required to be paid during the remaining term of any lease.

"consolidated net tangible assets" is the total amount of assets, less reserves and other permitted deductible items, after subtracting all current liabilities and all goodwill, trade names, trademarks, patents, unamortized debt discounts and expenses and similar intangible assets, as these amounts appear on the most recent consolidated balance sheet of Corning and computed in accordance with generally accepted accounting principles.

A "domestic subsidiary" means any subsidiary of Corning except one which neither transacts a substantial portion of its business in the United States nor regularly keeps a substantial portion of its assets, other than intangible assets, in the United States, or one that is used primarily to finance the operations of Corning outside of the United States. A "subsidiary" is a corporation or any other entity in which Corning and/or one or more of its other subsidiaries owns at least 80% of the voting stock, which is a kind of stock that ordinarily permits its owners to vote for the election of directors.

"funded debt" means all debt for borrowed money that either has a maturity of 12 months or more from the date on which the calculation of funded debt is made or has a maturity of less than 12 months from that date but is by its terms renewable or extendible beyond 12 months from that date at the option of the borrower.

A "principal domestic manufacturing property" is any building or other structure or facility, and the land on which it sits and its associated fixtures, that Corning uses primarily for manufacturing or processing, that has a gross book value in excess of 3% of consolidated net tangible assets and that is located in the United States, other than a building, structure or other facility that is financed by industrial revenue bonds or that the board of directors of Corning has determined is not of material importance to the total business that Corning and its subsidiaries conduct.

Defeasance and Covenant Defeasance

Unless we say otherwise in the applicable prospectus supplement, the provisions for full defeasance and covenant defeasance described below apply to each series of debt securities. In general, we expect these provisions to apply to each U.S. dollar-denominated debt security that is not a floating rate or indexed debt security.

Full Defeasance. If there is a change in U.S. federal tax law, as described below, we can legally release ourselves from all payment and other obligations on your debt securities. This is called full defeasance. To do so, each of the following must occur:

We must deposit in trust for the benefit of all holders a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on your debt securities on their various due dates;

There must be a change in current U.S. federal tax law or an Internal Revenue Service ruling that lets us make the above deposit without causing you to be taxed on your debt security any differently than if we did not make the deposit and just repaid the debt security ourselves. Under current federal tax law, the deposit and our legal release from the debt security would be treated as though we took back your debt security and gave you your share of the cash and debt security or bonds deposited in trust. In that event, you could recognize gain or loss on your debt security; and

We must deliver to the trustee a legal opinion of our counsel confirming the tax law change described above.

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If we ever fully defease your debt security, you will have to rely solely on the trust deposit for payments on your debt security. You could not look to us for payment in the event of any shortfall.

Covenant Defeasance. Under current U.S. federal tax law, we can make the same type of deposit described above and be released from some of the restrictive covenants relating to your debt security. This is called covenant defeasance. In that event, you would lose the protection of those restrictive covenants. In order to achieve covenant defeasance, we must do both of the following:

We must deposit in trust for the benefit of the holders a combination of money and government or U.S. government notes or bonds that will generate enough cash to make interest, principal and other payments on your debt security on their various due dates; and

We must deliver to the trustee a legal opinion of our counsel confirming that under current U.S. federal income tax law we may make the above deposit without causing you to be taxed on your debt security any differently than if we did not make the deposit and just repaid the debt security ourselves.

If we accomplish covenant defeasance with regard to your debt security, the following provisions of the indenture and the debt securities would no longer apply:

The condition regarding the treatment of liens when we merge or engage in similar transactions, as described above under " Restrictions on Liens" and " Restrictions on Sales and Leasebacks" and any other covenants that your prospectus supplement may state are applicable to your debt security.

The events of default resulting from a breach of covenants, described below in the fourth item under " Default, Remedies and Waiver of Default Events of Default".

If we accomplish covenant defeasance, you can still look to us for repayment of your debt security in the event of any shortfall in the trust deposit. You should note, however, that if one of the remaining events of default occurred, like our bankruptcy, and your debt security became immediately due and payable, there may be a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

Default, Remedies and Waiver of Default

You will have special rights if an event of default with respect to your debt security occurs and is not cured, as described in this subsection.

Events of Default

With respect to your debt security, when we refer to an event of default, we mean any of the following:

We do not pay interest on a debt security within 30 days of its due date.

We do not pay the principal or any premium on a debt security on its due date.

We do not deposit any sinking fund payment on its due date.

We remain in breach of our covenants described under " Restrictive Covenants and Defeasance Restrictions on Liens" and " Restrictive Covenants and Defeasance Restrictions on Sales and Leasebacks" above, or any other covenant we make in the indenture for 60 days after we receive a notice of default stating we are in breach. The notice must be sent by either the trustee or holders of 25% of the principal amount of debt security of the affected series.

We file for bankruptcy or other events in bankruptcy, insolvency or reorganization occur.

Any other event of default described in the prospectus supplement occurs.

Remedies if an Event of Default Occurs

If an event of default has occurred and has not been cured or waived, the trustee or the holders of 25% or more in principal amount of all debt securities of the affected series may declare the entire principal amount of all the debt securities to be due immediately. If an event of default occurs because of events in bankruptcy, insolvency or reorganization relating to Corning, the entire principal amount of all the debt securities will be automatically accelerated, without any action by the trustee or any holder.

Each of the situations described above is called an acceleration of the maturity of the affected debt securities. If the maturity of any debt securities is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in principal amount of the debt securities affected by the acceleration may cancel the acceleration for all the affected debt securities.

If an event of default occurs, the trustee will have special duties. In that situation, the trustee will be obligated to use those of its rights and powers under the applicable indenture, and to use the same degree of care and skill in doing so, that a prudent person would use in that situation in conducting his or her own affairs.

Except as described in the prior paragraph, the trustee is not required to take any action under the applicable indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This is called an indemnity. If the trustee is provided with an indemnity reasonably satisfactory to it, the holders of a majority in principal amount of the relevant series of debt securities may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in performing any other action under the applicable indenture with respect to the relevant series of debt securities.

Before you bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

The holder of your debt security must give the trustee written notice that an event of default has occurred, and the event of default must not have been cured or waived.

The holders of 25% or more in principal amount of all of the relevant debt securities must make a written request that the trustee take action because of the default, and they or other holders must offer to the trustee indemnity reasonably satisfactory to the trustee against the cost and other liabilities of taking that action.

The trustee must not have taken action for 60 days after the above steps have been taken. During those 60 days, the holders of a majority in principal amount of the related series of debt securities must not have given the trustee directions that are inconsistent with the written request of the holders of not less than 25% in principal amount of all the relevant series of debt securities.

You are, however, entitled at any time to bring a lawsuit for the payment of money due on your debt securities on or after their due date.

Waiver of Default

The holders of a majority in principal amount of the relevant series of debt securities may waive a default for all of the relevant series of debt securities. If this happens, the default will be treated as if it has not occurred. No one can waive a payment default on a particular debt security, however, without the approval of the holder of that debt security.

We Will Give the Trustee Information About Defaults Annually

We will furnish to the trustee every year a written statement of two of our officers certifying that to their knowledge we are in compliance with the indenture and the debt securities, or else specifying any default.

Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration.

Modification and Waiver of Covenants

There are three types of changes we can make to the indenture and the debt securities.

Changes Requiring Each Holder's Approval

First, there are changes that we or the trustee cannot make without the approval of each holder of debt security affected by the change. We cannot:

change the stated maturity for any principal or interest payment on a debt security;

reduce the principal amount, the amount payable on acceleration of the maturity after a default, the interest rate or the redemption price for a debt security;

in the case of the guaranteed debt securities, change any obligation to pay additional amounts, as explained above under " Payment of Additional Amounts with Respect to the Guaranteed Debt Securities";

permit redemption of a debt security if not previously permitted;

impair any right a holder may have to require repayment of its debt security;

change the currency of any payment on a debt security other than as permitted by the debt security;

change the place of payment on a debt security, if it is in non-global form;

impair a holder's right to sue for payment of any amount due on its debt security;

reduce the percentage in principal amount of the debt securities and any other affected series of debt securities, taken together, the approval of whose holders is needed to change the indenture or the debt securities;

reduce the percentage in principal amount of the debt securities and any other affected series of debt securities, taken separately or together, as the case may be, the consent of whose holders is needed to waive our compliance with the applicable indenture or to waive defaults; and

change the provisions of the applicable indenture dealing with modification and waiver in any other respect, except to increase any required percentage referred to above or to add to the provisions that cannot be changed or waived without approval.

Changes Not Requiring Approval

The second type of change does not require any approval by holders of the debt securities. This type is limited to clarifications and changes that would not adversely affect the debt securities in any material respect. Nor do we need any approval to make any change that affects only debt securities to be issued under each indenture after the changes take effect.

We may also make changes or obtain waivers that do not adversely affect a particular debt security, even if they affect other debt securities. In those cases, we do not need to obtain the approval of the holder of that debt security; we need only obtain any required approvals from the holders of the affected debt securities or other debt securities.

Changes Requiring Majority Approval

Any other change to each indenture and the debt securities would require the following approval:

If the change affects only one series of debt securities, it must be approved by the holders of a majority in principal amount of the relevant series of debt securities.

If the change affects more than one series of debt securities issued under each indenture, it must be approved by the holders of a majority in principal amount of the series affected by the change, with all affected series voting together as one class for this purpose.

In each case, the required approval must be given by written consent.

The same majority approval would be required for us to obtain a waiver of any of our covenants in each indenture. Our covenants include the promises we make about merging and putting liens on our interests, which we describe above under " Mergers and Similar Transactions" and " Restrictive Covenants and Defeasance". If the holders agree to waive a covenant, we will not have to comply with it.

Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the applicable indenture or the debt securities or request a waiver.

Form, Exchange and Transfer

If the debt securities cease to be issued in global form, they will be issued:

only in fully registered form;

without interest coupons; and

unless we indicate otherwise in your prospectus supplement, in denominations of \$1,000 and amounts that are multiples of \$1,000;

You may exchange your debt securities that are not in global form for debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed.

You may exchange or transfer your debt securities at the office of the trustee. We have appointed the trustee to act as our agent for registering debt securities in the names of holders transferring debt securities. We may appoint another entity to perform these functions or perform them ourselves.

You will not be required to pay a service charge to transfer or exchange your debt securities, but you may be required to pay for any tax or other governmental charge associated with the transfer or exchange. The transfer or exchange will be made only if our transfer agent is satisfied with your proof of legal ownership.

If we have designated additional transfer agents for your debt security, they will be named in your prospectus supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any debt securities are redeemable and we redeem less than all those debt securities, we may block the transfer or exchange of those debt securities during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers or exchanges of any debt securities selected for

redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any debt security being partially redeemed.

If a debt security is issued as a global security, only the depositary will be entitled to transfer and exchange the debt security as described in this subsection, since it will be the sole holder of the debt security.

Payment Mechanics

Who Receives Payment

If interest is due on a debt security on an interest payment date, we will pay the interest to the person or entity in whose name the debt security is registered at the close of business on the regular record date (see below) relating to the interest payment date. If interest is due at maturity but on a day that is not an interest payment date, we will pay the interest to the person or entity entitled to receive the principal of the debt security. If principal or another amount besides interest is due on a debt security at maturity, we will pay the amount to the holder of the debt security against surrender of the debt security at a proper place of payment, or, in the case of a global security, in accordance with the applicable policies of the depositary.

How We Will Make Payments Due in U.S. Dollars

We will follow the practice described in this subsection when paying amounts due in U.S. dollars. Payments of amounts due in other currencies will be made as described in the next subsection.

Payments on Global Securities. We will make payments on a global security in accordance with the applicable policies of the depositary as in effect from time to time. Under those policies, we will pay directly to the depositary, or its nominee, and not to any indirect holders who own beneficial interests in the global security. An indirect holder's right to those payments will be governed by the rules and practices of the depositary and its participants, as described under "What Is a Global Security?".

Payments on Non-Global Securities. We will make payments on a debt security in non-global form as follows. We will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at his or her address shown on the trustee's records as of the close of business on the record date. We will make all other payments by check at the paying agent described below, against surrender of the debt security. All payments by check will be made in next-day funds *i.e.*, funds that become available on the day after the check is cashed.

Alternatively, if a non-global security has a face amount of at least \$1,000,000 and the holder asks us to do so, we will pay any amount that