



LETTER OF COMMENT NO. 63

April 9, 2007

Sue Bielstein
Director of Major Projects and Technical Activities
Financial Accounting Standards Board
401 Merritt 7
Norwalk, Connecticut 06856-5116

File Reference No. 1510-100.

Re: FASB Exposure Draft: Proposed Statement of Financial Accounting Standards, "Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133"



CORNING
Discovering Beyond Imagination

Dear Ms. Bielstein,

Corning Inc. appreciates the opportunity to comment on the Exposure Draft referenced above (the "proposed Statement"). Corning is a global, technology-based corporation that operates in four reportable business segments: Display Technologies, Telecommunications, Environmental Technologies, and Life Sciences.

Corning supports the Board in its objectives to provide enhanced understanding of how and why an entity uses derivative instruments and how they affect an entity's financial position, results of operations, and cash flows. We believe that the requirements are consistent with the spirit of the SEC's recommendations for providing transparency regarding the use of derivative instruments in the SEC Report and Recommendations Pursuant to Section 401(c) of the Sarbanes-Oxley Act of 2002 on Arrangements with Off-Balance Sheet Implications, SPE, and Transparency of Filings by Issuers.

Corning agrees with the Board that the proposed Statement provides desired transparency to the users of financial statements by, among other disclosure requirements, presenting in user-friendly tabular format information about derivative positions including amounts and locations recognized in the income statement. In general, the disclosure requirements of disaggregating derivatives by balance sheet positions, underlying risks, and purposes bring desired transparency about the hedged items and risk factors involved. The disclosed information may help the users of financial statements in

understanding a company's use of derivatives with particular risks in mind. Additionally, this information may assist the Board in other projects including financial statement presentation and fair value for all financial instruments.

To improve the proposed Statement and overall derivative disclosures, we have the following comments for your consideration.

Costs of Implementing the Proposed Statement's Disclosure Requirements

Issue 3: Do you foresee any significant operational concerns or constraints in compiling the information in the format required by this proposed Statement? Are there any alternative formats of presentation that would provide the data more concisely?

Overall, we agree with the Board that the costs of implementing the disclosure requirements in this proposed Statements would not be significant because most of the incremental information required is either readily available or can be compiled from the information already being tracked.

We suggest the Board consider pursuing ways of combining tabular disclosures for various underlying risks into one table that includes a column to identify the underlying risk. We believe one table of disclosure, if possible, may help simplify and condense disclosure information.

Issue 4: Do you foresee any significant operational concerns or constraints in compiling that information for this disclosure?

Although we believe disclosure of contingent features in derivative instruments is necessary for desired transparency, we question whether this information is already provided in other areas being disclosed.

As a public entity currently registered with the Securities and Exchange Commission (SEC), we are not only required to disclose under FAS 133 about derivatives and hedging activities, but also under Item 305 of Commission Regulation S-K to disclose information about market risks and how those risks are managed, including the use of derivatives. We also are required under Item 303 of Commission Regulation S-K to provide credit rating and risk information under the "liquidity and capital resources" part of the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) section of our periodic filings.

We believe the impact of acceleration clauses in derivative instruments is by and large the same as the disclosures noted in the previous paragraph.

This repetitive information exists in other areas of accounting as well. We are concerned that preparers will be uncertain where to report the information, and as a result, the information would be duplicated in both sections causing information overload for users. Therefore, we believe that the FASB and SEC should consider whether the ever-increasing duplicative information required in the MD&A and footnotes should be consolidated.

Disclosure of Notional Amounts

Issue 5: Do you agree that this proposed Statement should require the disclosure of notional amounts? Why or why not?

We agree with the Board that disclosure of notional amounts provides insight into an entity's overall exposure to underlying risks and derivative instruments.

We suggest the Board consider providing more guidance of how to report notional amounts for combinations of derivatives instruments (for example: net purchased options or zero cost collars) or other derivative structures involving multiple instruments to hedge certain underlying risks. For example, we believe that it would be confusing if a notional amount related to a combination derivative would be reported two and three times in the disclosure.

Examples Illustrating Application of This Proposed Statement

Issue 9: Are those examples helpful in communicating the objectives of providing information on how and why an entity uses derivatives and on the overall effect of derivatives on an entity's financial position, results of operations, and cash flows?

We agree with the Board that the examples are instructive and helpful in illustrating how to comply with the qualitative disclosure requirements.

We further suggest that the Board consider providing certain clarifying definitions and robust footnotes in the proposed Statement. For example, a definition of leverage and its difference to partial hedging would enhance the understanding of the leveraged factors required to be disclosed, and would further improve entities' compliance to the Proposed Standard. We realize that the terminology related to leverage factors already exists in FAS 133. However, FAS 133 does not provide a definition beyond extreme examples. We believe that the requirement to disclose leverage factors and their effects may put pressure on this already ambiguous term and guidance. Additionally, we believe that more robust footnotes should be illustrated in the table for other comprehensive income timing differences and for FIN 39

netting arrangement that are presented as gross amounts. This would provide a more complete picture of the derivatives being disclosed.

In addition to the issues commented above, we have comments on the following matters for your consideration.

Fair Value Option Consideration

We suggest that the Board consider and provide guidance on how to incorporate the proposed derivative disclosure requirements with other newly issued accounting standards including FAS 159 *“The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115”*. Guidance on how an entity shall disclose derivative instruments when the fair value option is elected will be useful to financial statements preparers in their effort to comply with various emerging accounting standards at the adoption and implementation stage and going forward. Additionally, we request that the Board consider whether any special disclosure needs are necessary for entities utilizing the fair value option. For example, users may not understand the entire arrangement if only one side of the fair value option position is disclosed. That is, the user will see only half of the picture, which may detract from understandability.

More Robust Basis Discussion

We suggest that the Board consider adding more robust basis discussion describing the intentions of the requirements. We believe a more robust basis discussion would establish the spirit of the Standard enabling entities to better provide information relevant to their individual circumstances, thus, enhancing users’ understanding.

Interim vs. Annual

We are uncertain that the proposed disclosure requirements are necessary for both fiscal years and interim reporting periods. Frequently, derivative positions are short-term in nature. Interim reporting may provide necessary information as intended by the proposed Standard. However, interim reporting may be burdensome to certain companies without resulting in much additional information unless there would be a major change in the hedging program.

We believe the Board should weigh the desire to provide regular disclosure on an interim basis with the added cost for preparers to do so under the very short filing window that exists.

Other

Of final note to the Board, we encourage the Board to consider redrafting FAS 133 and all of its many interpretations, amendments, and interacting requirements so that entities may apply a more comprehensive principles-based standard and avoid the complexity of piecing together the current collection of derivatives requirements.

We appreciate your consideration of these comments. Should you have any questions or like to discuss in further detail, please contact Jane Poulin at 607-974-4782 or Brooke Richards at 607-974-7717.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Poulin', written over a horizontal line.

Jane Poulin
Chief Accounting Officer

cc: Brooke Richards, Director of Accounting