

**UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NEW YORK**

PARKSIDE CAPITAL, on behalf of itself and all others similarly situated,	X	
	:	CIVIL ACTION NO. _____
	:	
Plaintiff,	:	CLASS ACTION
vs.	:	COMPLAINT
	:	FOR VIOLATIONS OF
CORNING, INC., ROGER G. ACKERMAN, KATHERINE A. ASBECK, AND JAMES B. FLAWS,	:	FEDERAL SECURITIES
	:	LAWS
Defendants.	:	
	:	
	X	

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class (the "Class") consisting of all persons other than defendants who purchased the common stock or senior unsecured zero coupon convertible debentures due in 2015 ("debentures") of Corning, Inc. ("Corning" or the "Company") in a secondary public offering (the "Offering") of Corning securities conducted by Corning on or about November 6, 2000.

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 11, 12(a)(2), and 15 of the Securities Act of 1933, as amended (the "Securities Act") [15 U.S.C. §§ 77k, 771(2) and 77o].

3. This Court has jurisdiction of this action pursuant to Section 22 of the Securities Act [15 U.S.C. § 77v] and 28 U.S.C. §§ 1331 and 1337.

4. Venue is properly laid in this District pursuant to Section 22 of the Securities Act and 28 U.S.C. § 1391(b) and (c). The acts and conduct complained of herein, including the

preparation, issuance and dissemination of materially false and misleading information to the investing public, occurred in substantial part in this District.

5. In connection with the acts and conduct alleged in this Complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including the mails and telephonic communications and the facilities of the New York Stock Exchange (the "NYSE"), a national securities exchange.

PARTIES

6. Plaintiff Parkside Capital purchased common stock, as set forth in the certification attached hereto and incorporated herein by reference, pursuant to the materially false and misleading Prospectus (defined below), and was damaged thereby.

7. Defendant Corning is a New York corporation with its principal executive offices at One Riverfront Plaza, Corning, New York. Corning describes itself as an international corporation competing in three broadly defined operating segments: telecommunications, advanced materials and information display.

8. The individuals named as defendants herein (the "Individual Defendants") served, at all times material to the claims set forth herein, as senior officers and/or directors of Corning in the positions set forth opposite their names as follows:

<u>Name</u>	<u>Position</u>
Roger G. Ackerman	Chairman of the Board of Directors, Principal Executive Officer and Director Officer
Katherine A. Asbeck	Vice President, Controller and Principal Accounting Officer

James B. Flaws

Executive Vice President and Principal
Financial Officer

Each of the Individual Defendants named herein signed, personally or by attorney-in-fact, the Company's Registration Statement.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

9. Plaintiff brings this action as a class action pursuant to Federal Rules of Civil Procedure 23(a) and 23(b)(3) on behalf of itself and all persons other than defendants who purchased the securities of Corning in the Offering. Excluded from the Class are defendants herein, members of the immediate family of each of the defendants, any person, firm, trust, corporation, officer, director or other individual or entity in which any defendant has a controlling interest or which is related to or affiliated with any of the defendants, and the legal representatives, agents, affiliates, heirs, successors-in-interest or assigns of any such excluded party.

10. The members of the Class are so numerous that joinder of all members is impracticable. Corning sold 30 million shares of Corning common stock and \$2,712,546,000 in debentures in the Offering. The precise number of class members is unknown to plaintiff at this time but are believed to number in the thousands. In addition, the names and addresses of the class members can be ascertained from the books and records of Corning or its transfer agent.

11. Plaintiff will fairly and adequately represent and protect the interests of the members of the Class. Plaintiff has retained competent counsel experienced in class action litigation under the federal securities laws to further ensure such protection and intend to prosecute this action vigorously.

12. Plaintiff's claims are typical of the claims of the other members of the Class because plaintiff's and all the class members' damages arise from and were caused by the same false and misleading representations and omissions made by or chargeable to defendants. Plaintiff does not have any interests antagonistic to, or in conflict with, the Class.

13. A class action is superior to other available methods for the fair and efficient adjudication of this controversy. Since the damages suffered by individual class members may be relatively small, the expense and burden of individual litigation make it virtually impossible for the class members to seek redress for the wrongful conduct alleged. Plaintiff knows of no difficulty which will be encountered in the management of this litigation which would preclude its maintenance as a class action.

14. Common questions of law and fact exist as to all members of the Class and predominate over any questions affecting solely individual members of the Class. Among the questions of law and fact common to the Class are:

(a) Whether the federal securities laws were violated by defendants' acts as alleged herein;

(b) Whether the prospectuses and registration statement issued by defendants to the investing public in connection with the Offering omitted and/or misrepresented material facts about Corning and its business; and

(c) The extent of injuries sustained by members of the Class and the appropriate measure of damages.

15. The names and addresses of the record owners of the shares of Corning common stock and debentures purchased during the Class Period are available from Corning's transfer agent and the underwriters to the Offering. Notice can be provided to such record owners by a

combination of published notice and first-class mail using techniques and a form of notice similar to those customarily used in class actions arising under the federal securities laws.

SUBSTANTIVE ALLEGATIONS

Background Facts

16. Corning's primary business is supplying the telecommunications industry with the optical fiber and photonics products that are used in the construction of global optical networks. Optical fiber are strands of pure silica glass, as thin as a strand of hair, that are used to transmit information, at extremely high speeds, in the form of laser light pulses over networks that extend for thousands of miles and which connect most large countries. Photonics products are components that are designed to boost or redirect transmission of data traveling through optical networks. The Company also manufactures environmental products, science products, semiconductor materials, optical lighting products and glass ceramics cooktops, and materials used for information display.

17. During the period immediately preceding the Offering, Corning profited handsomely from strong demand for fiber optic cable and photonics components that was fueled by the record breaking capital spending of telecommunications giants such as Nortel Networks Corp. ("Nortel") and Lucent Technologies, Inc. ("Lucent"). In fiscal year 2000, Corning reported consolidated sales of \$7.1 billion, a 50% increase over consolidated sales of \$4.7 billion in 1999, and pro forma net earnings of \$1.1 billion, a 100% increase over pro forma net earnings of \$524.7 billion in 1999. In 2000, Corning's telecommunications segment alone reported net sales of \$5.1 billion, a 73% increase over net sales of \$2.95 billion. The Company's share price responded accordingly, increasing by approximately 83%, from \$40.35 on January 3, 2000 to \$73.1689 on November 1, 2000.¹

¹All Corning share prices herein have been adjusted to account for the Company's three-for-one stock split effective on October 3, 2000.

18. In November 2000, Corning raised approximately \$4.4 billion through a dual tranche offering of common stock and convertible debt. The proceeds were used to fund an aggressive expansion of Corning optical production capacity and to pay for the previously announced \$3.6 billion cash acquisition of Pirelli S.p.A's 90% ("Pirelli") interest in its optical components and devices business, Optical Technologies USA ("OTUSA"). The deal with Pirelli closed on December 12, 2000, at which time Corning, in a separate transaction, also acquired the remaining 10% of OTUSA owned by Cisco Systems, Inc. for 5,473,684 shares of Corning stock.

19. On or about August 23, 2000, Corning filed with the SEC a final Form S-3 Registration Statement (the "Registration Statement") for the Offering.

20. On or about November 2, 2000, the prospectuses (the "Prospectus") with respect to the common stock offering and the debenture offering and which form part of the Registration Statement became effective and Corning sold the Corning common shares and the Corning debentures.

21. In the Offering, Corning sold 30 million shares of Corning common stock at a price of \$71.25 per share. Additionally, 4.5 million Corning common shares were purchased from Corning by the underwriters upon the exercise of an over-allotment option. The gross proceeds from the sale of Corning common stock, including the exercise of the over-allotment, were approximately \$2.389 billion. Corning sold debentures at an initial public offering price of \$741.923 per \$1,000 principal amount at maturity for proceeds of approximately \$2 billion.

**The Prospectus Issued In Connection With
The Offering Was Materially False And Misleading**

22. The Prospectus was materially false and misleading for several reasons.

23. The Prospectus represented that Corning's growth would continue to be strong and that the Pirelli acquisition would be accretive to pro forma earnings in 2001. In this regard, the Prospectus stated:

We expect full year 2000 pro forma diluted earnings per share in the range of \$1.15 to \$1.17, an increase of approximately 70% compared to 1999. ***We expect earnings to grow at a rate of approximately 25% in 2001.*** The Pirelli acquisition, as described below, is expected to be less than 5% dilutive to our 2001 pro forma earnings per share and accretive thereafter, resulting in 2001 pro forma diluted earnings per share in the range of \$1.40 to \$1.43. [Emphasis added.]

24. Similarly, the Prospectus incorporated by reference an earnings press release issued by Corning on October 23, 2000. The press release had been attached as an exhibit to a Form 8-K filed by Corning on October 23, 2000, which was incorporated by reference into the Registration Statement. In the press release, Corning represented that its business had "met exceptionally robust demand" and that the Company would continue to grow at a rate of 25%. In this regard, the press release stated in pertinent part as follows:

"As the quarter's performance clearly shows, we continue to benefit from delivering powerful optical technologies that provide capacity to double Internet traffic every six months," said Roger G. Ackerman, Corning's chairman and chief executive officer. ***"We met exceptionally robust demand for our optical-networking technologies by sourcing products from our expanded network of five optical fiber plants and nine photonic technology plants on four continents."*** [. . .]

"Looking forward to 2001," Ackerman said, "we believe our key growth businesses will lead the way for strong revenue and earnings growth throughout 2001. Consistent with our long-term growth objectives, we expect earnings to grow next year at a rate of about 25%." [Emphasis added.]

25. The statements referenced above in ¶¶23 and 24 were each materially false and misleading when issued as they misrepresented and/or omitted the following adverse facts which then

existed, the disclosure of which was necessary to make the statements made not false and misleading, including:

- (a) that demand for the Company's optical network technologies was not "exceptionally robust" but, rather, was weakening as the Company's primary customers were experiencing severe and persistent business slowdowns;
- (b) that the purportedly "exceptionally robust demand" the Company had experienced was the result of a massive inventory build at the Company's customers, primarily Nortel Networks, and was therefore not truly reflective of the market demand for the Company's products;
- (c) that the Company was amassing hundreds of millions of dollars of obsolete inventory which would have to be written-off;
- (d) that the Pirelli acquisition was fraught with extreme risk as the business that Corning had acquired from Pirelli had only one customer, Cisco, and that customer was struggling with a substantial downturn in its business; and
- (e) given the foregoing, the projection of 25% earnings growth in 2001 was lacking in a reasonable basis at all times.

26. The Prospectus purported to describe certain risks associated with the possibility of a slowdown in demand for the Company's products and the effects this would have on its operating results. In a section of the Prospectus titled RISK FACTORS, the Company stated, in pertinent part:

In addition, the following factors related to our products and the markets for them could have an adverse impact on our results of operations and financial performance: [. . .] -- if the level of demand for our products by our customers does not continue. While this demand has been increasing in recent quarters, there is no assurance that this upward trend can be sustained. A leveling or declining demand or an unanticipated change in market demand for products based on a specific technology would adversely impact our ability to sustain recent operating and financial performance; [. . .]

OUR SALES WOULD SUFFER IF ONE OR MORE OF OUR KEY CUSTOMERS REDUCED ORDERS FOR PRODUCTS

Our customer base is highly concentrated, and relatively few customers account for a high percentage of net sales in our telecommunications, environmental products and advanced display product lines. If we are unable to establish or maintain good relationships with key customers, it could materially adversely affect our results of operations and financial performance. In particular, if our current customers do not continue to place orders at current levels, we may not be able to replace these orders from new customers.

IF WE DO NOT ACHIEVE ACCEPTABLE MANUFACTURING VOLUMES, YIELDS OR SUFFICIENT PRODUCT RELIABILITY, OUR OPERATING RESULTS COULD SUFFER

As our customers' needs for our products increase, we must increase our manufacturing volumes to meet these needs and satisfy customer demand. Failure to do so may materially harm our operating results and financial performance.

These statements were materially false and misleading because, at the time they were made, demand for Corning's products already was slowing and having an adverse impact on the Company's results and operations. Current customers had already stopped placing orders at current levels and the company was unable to replace those orders from new customers. There was no "upward trend" in demand for Corning products. Rather, Corning's primary customers already had excess inventory, making it highly unlikely that they would maintain their level of purchases from Corning throughout the 2001 fiscal year. Moreover, the statement, "As our customers' needs for our products increase, we must increase our manufacturing volumes to meet these needs" was false and misleading because need for the Company's products was not increasing and the risk faced by the Company was not the inability to manufacture sufficient volume, but rather, that supply would far outstrip demand, resulting in a sharp decline in the price of the Company's products and the Company's revenues and earnings.

27. The Registration Statement was prepared and filed on Form S-3, thereby requiring that Corning comply with SEC regulations for the preparation of the registration statement. In this regard,

pursuant to Instruction 11(a) of Form S-3, Corning was required to disclose “material changes” to its business. The Prospectus failed to disclose the following material changes to Corning’s business that were then in existence at the time of the Offering:

(a) that demand for the Company's optical network technologies was not "exceptionally robust" but, rather, was weakening as the Company's primary customers were experiencing severe and persistent business slowdowns;

(b) that the purportedly "exceptionally robust demand" the Company had experienced was the result of a massive inventory build at the Company's customers, primarily Nortel Networks, and was therefore not truly reflective of the market demand for the Company's products;

(c) that the Company was amassing hundreds of millions of dollars of obsolete inventory which would have to be written-off; and

(d) that the Pirelli acquisition was fraught with extreme risk as the business that Corning had acquired from Pirelli had only one customer, Cisco, and that customer was struggling with a substantial downturn in its business.

28. Pursuant to Form S-3, Corning was permitted to incorporate by reference certain of its public filings in the Registration Statement. None of the incorporated filings disclosed any of the material adverse facts described above.

Post-Offering Events

29. Following the Offering, Corning continued to tell analysts that demand for its photonics products was robust, that it would remain so throughout 2001, and that it had taken the steps to insulate itself from the uncertainties prevalent in the telecommunications industry. On November 20,

2000, Wit Soundview issued a Company update on Corning in which it reported Corning's comments with regard to demand for photonics products:

Despite all the fears in the market today, we believe the December quarter is tracking very well for [Corning]. . . . ***Corning has offered comments that it has looked at its book of fiber business for next year and taken every step it can to minimize exposure to potentially problematic situations and remains exceptionally upbeat about the outlook.*** [Emphasis added.]

30. On December 14, 2000, Corning's top management held its annual meeting for analysts in New York City, where it continued to state that demand for its photonics products was growing. In a report on the meeting, First Union Securities, Inc. stated:

Management reiterated guidance calling for sequential growth in the high single digits for Q4 2000 (our revenue estimate is \$2.03 billion) and close to 30% year over year growth in FY 2001 (our revenue estimate is \$9.14 billion). Our 12-18-month price target is \$150, 15x our 2001 revenue estimate of \$9.4 billion. We are maintaining our STRONG BUY on the stock. [Emphasis added.]

31. Likewise, on December 14, 2000, ABN AMRO, Inc. issued a research note, based on Corning's representations at the analyst meeting, titled "Robust Demand and Growth Intact; Reiterate Buy. The note stated:

Based on the Corning analyst meeting, we believe the company will report solid results for 4Q00 as well as for 2001. We believe the company will report the high end of the EPS estimate range of \$0.26-0.28 for 4Q00, and, based on current visibility, should report \$1.40-1.43 for 2001. In addition, we believe that sales are on track to reach \$2.0-2.1 billion for 4Q00, and our expectation of \$9.1-9.2 billion in sales for 2001 remains unchanged. [Emphasis added.]

32. A.G. Edwards issued a report, based on the analyst meeting, headlined: "CORNING REAFFIRMS POSITIVE GROWTH OUTLOOK THROUGH 2001" which repeated Corning's assertions that, despite uncertainty with respect to the capital expenditure budgets of the major

telecommunications providers, demand for Corning's products would remain strong. In this regard, the report stated:

Overall, Corning's presentation served as a reaffirmation of the high expectations for future performance from the company. In a market fraught with service provider spending fears and concerns over inventory levels, Corning reminded investors that the optical industry is not only alive but also rapidly growing. With the company's significant development efforts continuing to drive new streams of innovative products combined with market positions in key high-growth markets, Corning continues to be positioned for robust future growth. We expect the company to report solid results for their fourth quarter in late January and would not be surprised if we have to raise our expectations for 2001 at that time. [Emphasis added.]

33. On January 24, 2001, in a release announcing its fourth-quarter earnings, the Company gave the first indication that the market for its photonics products was not as strong as it had previously stated indicated but continued to obscure the full extent of the growing inventory glut. The press release stated in pertinent part as follows:

Outlook looking ahead to the first-quarter 2001, Corning Executive Vice President and Chief Financial Officer James B. Flaws stated, "We expect the telecommunications market to experience some softness due to ongoing issues with capital availability. Several customers in both our optical fiber and photonic technologies businesses have recently indicated that their order rate may be lower and more uneven than previously expected in the first-half of the year.

34. As a result of this announcement, investors finally began to appreciate the substantial risks and uncertainties arising from Corning's aggressive and costly expansion at a time when future demand for its telecommunications products was, at best, highly uncertain. Investors reacted by selling off Corning shares, causing the Company's stock price to drop from \$69.7483 to \$55.9478, which was \$15.30 less than the \$71.25 per share that investors had paid in the Offering completed only months earlier.

35. Corning's share price continued to slide as the truth about the slowing demand for Corning's photonics products trickled amidst announcements of Company layoffs and production

cutbacks. On February 2, 2001, the Company announced that it was laying off 354 temporary jobs at its optical components plant; between February 1, 2001 and February 2, 2001, Corning's share price slid from \$54.2072 to \$50.8056 on the news.

36. On February 15, 2001, Corning's biggest photonics customer, Nortel, cut its profit outlook and raised its planned job cuts to 10,000, citing a sharp downturn in the U.S. economy. The next day, February 16, 2001, Corning adjusted its anticipated growth rate in photonics to 50 percent, down from 75 to 90 percent. Corning's share price fell by 21%, or \$9.01, to close at \$33, down \$38.25, or 54% from the offering price.

37. On March 19, 2001, Corning again cut its 2001 revenue growth estimates for its photonics industry, down from 50 percent to 20 to 25 percent, based on what it described as "recent customer feedback." By this time, Corning shares were trading in the \$23 to \$25 range, down \$46.25 to \$48.25 from the offering price.

38. On April 26, 2001, in a release issued over the Business Wire, Corning announced its results for the first quarter of 2001. Although Corning reported pro forma earnings per share of \$0.29, up 26% from the \$0.23 per share a year ago, and above analyst estimates, the Company revised its 2001 pro forma earnings guidance downward, from \$1.20 to \$1.30 per share, to \$0.90 to \$1.00 per share. The Company also announced that it was eliminating 4,300 permanent and temporary positions. To explain the departure from previously announced estimates, the Company stated in the release:

John W. Loose, Corning's president and chief executive officer, said, "Early in the first quarter we warned of a significant softening in the telecommunications market. We immediately put into place an aggressive action plan to control costs, reduce overhead and reallocate portions of our fiber volume into international markets that we had been previously unable to serve. These actions clearly paid off and our strong first quarter results are evidence.

"The capital spending outlook for network carriers continues to soften and is now impacting all of our telecommunications businesses more significantly, including optical fiber. Due to this extended market weakness, we are lowering our full year pro forma earnings guidance. We are also accelerating our efforts to reduce spending and trimming our workforce to address this downturn." [. . .]

Loose added, "***We now expect this year's photonic technologies business sales to be approximately flat with last year's levels. This is primarily a result of significantly lower sales of optical amplifiers due to the industry slow down and reduction of inventory.*** [Emphasis added.]

39. On July 10, 2001, the Company announced that it was taking a \$5.1 billion charge primarily related to the recent acquisitions of Pirelli and NetOptix, that it would also write off \$300 million in excess and obsolete inventory, and that it would cut 1,000 jobs, and close three plants. An article in the Wall Street Journal, published on July 10, 2001, reported that the Company had overestimated customer demand:

The announcement is a stinging concession that Corning, which has been making increasingly conservative projections during the past six months, continued to overestimate customer demand for the gear that powers telecommunications networks.

The changes will come inside Corning's Photonics Technology business, which has endured a string of retrenchments. Since February, the division has laid off 2,000 employees and has been cited as the cause of at least two companywide earnings warnings. [. . .]

Though notching \$1 billion in sales last year, the photonics division will have sales of between \$600 million and \$700 million in 2001, the company said, and will write off about \$300 million of photonics inventory in the second quarter. In the third quarter, Corning will take an additional charge of \$300 million to \$400 million to pay for the restructuring. The company said it expects to the layoffs to save \$150 million annually and added it may cut additional employees in the future. [Emphasis added.]

40. By this time, on July 10, 2001, the Company's shares were trading as low as \$14.12. On July 25, 2001, Corning reported a massive second- quarter loss of \$4.76 billion, or \$5.13 per share, which includes a \$4.8 billion in charges related to absorbing inventory, goodwill write-downs and

factory shutdowns in its photonics division. Corning shares closed that day at \$13.77, down 80% from their Offering price.

41. At the time of the filing of this complaint, the price of Corning common stock was \$10.01 and the debentures traded at \$52.563.

BASIS OF ALLEGATIONS

42. Plaintiff has alleged the foregoing based upon the investigation of its counsel, which included a review of Corning's SEC filings, regulatory filings and reports, securities analysts reports and advisories about the Company, press releases and other public statements issued by the Company, media reports about the Company and believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

COUNT I

[Against All Defendants For Violations Of Section 11 Of The Securities Act]

43. Plaintiff repeats and realleges each and every allegation contained above.

44. This Count is brought pursuant to Section 11 of the Securities Act, 15 U.S.C. § 77k, on behalf of the Class, against all defendants.

45. The Registration Statement for the Offering was inaccurate and misleading, contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and concealed and failed adequately to disclose material facts as described above.

46. Corning is the registrant for the Offering. The defendants named herein were responsible for the contents and dissemination of the Registration Statement and the Prospectuses.

47. As issuer of the shares, Corning is strictly liable to plaintiff and the Class for the misstatements and omissions.

48. None of the defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement and the Prospectuses were true and without omissions of any material facts and were not misleading.

49. Defendants issued, caused to be issued and participated in the issuance of materially false and misleading written statements to the investing public which were contained in the Prospectus, which misrepresented or failed to disclose, inter alia, the facts set forth above. By reasons of the conduct herein alleged, each defendant violated, and/or controlled a person who violated, Section 11 of the Securities Act.

50. Plaintiff acquired Corning shares issued pursuant to, or traceable to, and in reliance on, the Registration Statement.

51. Plaintiff and the Class have sustained damages. The value of Corning shares has declined substantially subsequent to and due to defendants' violations.

52. At the times they purchased Corning shares, plaintiff and other members of the Class were without knowledge of the facts concerning the wrongful conduct alleged herein and could not have reasonably discovered those facts prior to July 10, 2001. Less than one year elapsed from the time that plaintiff discovered or reasonably could have discovered the facts upon which this complaint is based to the time that plaintiff filed its Complaint. Less than three years elapsed from the time that the securities upon which this Count is brought were bona fide offered to the public to the time plaintiff filed its Complaint.

COUNT II

[Against All Defendants For Violations Of Section 12(a)(2) Of The Securities Act]

53. Plaintiff repeats and realleges each and every allegation contained above.

54. This Count is brought by plaintiff pursuant to Section 12(a)(2) of the Securities Act on behalf of all purchasers of Corning shares in connection with, and traceable to, the Offering.

55. Defendants were sellers and offerors of the shares offered pursuant to the Prospectus.

56. The Prospectus contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and concealed and failed to disclose material facts. Defendants' actions of solicitation included participating in the preparation of the false and misleading Prospectus.

57. The defendants owed to the purchasers of Corning shares, including plaintiff and other class member purchasers of Corning shares, the duty to make a reasonable and diligent investigation of the statements contained in the Offering materials, including the Prospectus contained therein, to ensure that such statements were true and that there was no omission to state a material fact required to be stated in order to make the statements contained therein not misleading. These defendants knew of, or in the exercise of reasonable care should have known of, the misstatements and omissions contained in the Offering materials as set forth above.

58. Plaintiff and other members of the Class purchased or otherwise acquired Corning shares pursuant to and traceable to the defective Prospectus. Plaintiff did not know, or in the exercise of reasonable diligence could not have known, of the untruths and omissions contained in the Prospectus.

59. Plaintiff, individually and representatively, hereby offers to tender to defendants those securities which plaintiff and other Class members continue to own, on behalf of all members of the Class who continue to own such securities, in return for the consideration paid for those securities together with interest thereon. Class members who have sold their Corning shares are entitled to rescissory damages.

60. By reason of the conduct alleged herein, these defendants violated, and/or controlled a person who violated, § 12(a)(2) of the Securities Act. Accordingly, plaintiff and members of the Class who hold Corning shares purchased in the Secondary Offering have the right to rescind and recover the consideration paid for their Corning shares and, hereby elect to rescind and tender their Corning shares to the defendants sued herein. Plaintiff and Class members who have sold their Corning shares are entitled to rescissory damages.

61. Less than three years elapsed from the time that the securities upon which this Count is brought were sold to the public to the time of the filing of this action. Less than one year elapsed from the time when plaintiff discovered or reasonably could have discovered the facts upon which this Count is based to the time of the filing of this action.

COUNT III

[Against The Individual Defendants For Violations of Section 15 of the Securities Act]

62. Plaintiff repeats and realleges each and every allegation contained above.

63. This Count is brought pursuant to Section 15 of the Securities Act against the Individual Defendants.

64. Each of the Individual Defendants was a control person of Corning by virtue of their position as directors and/or senior officers of Corning. The Individual Defendants each had a series of direct and/or indirect business and/or personal relationships with other directors and/or major shareholders of Corning.

65. Each of the Individual Defendants was a culpable participant in the violations of Sections 11 and 12(a)(2) of the Securities Act alleged in Counts I and II above, based on their having signed the Registration Statement and having otherwise participated in the process which allowed the Secondary Offering to be successfully completed.

PRAYER FOR RELIEF

WHEREFORE, plaintiff, on behalf of itself and the Class, prays for judgment as follows:

A. declaring this action to be a plaintiff class action properly maintained pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure;

B. awarding plaintiff and other members of the Class damages together with interest thereon;

C. awarding plaintiff and the Class rescission on Count II to the extent they still hold Corning shares, or if sold, awarding rescissory damages in accordance with Section 12(a)(2) of the Securities Act;

D. awarding plaintiff and other members of the Class their costs and expenses of this litigation, including reasonable attorneys' fees, accountants' fees and experts' fees and other costs and disbursements; and

E. awarding plaintiff and other members of the Class such other and further relief as may be just and proper under the circumstances.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: December 7, 2001

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