ADC TELECOMMUNICATIONS INC
Form POS AM
January 25, 2005

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As filed with the Securities and Exchange Commission on January 25, 2005

Registration No. 333-91972

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1
TO
FORM S-3
ON
FORM S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

ADC TELECOMMUNICATIONS, INC.
(Exact name of registrant as specified in its charter)

Minnesota	**3661**	**41-0743912**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

13625 Technology Drive
Eden Prairie, Minnesota 55344-2252
(952) 938-8080
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jeffrey D. Pflaum, Esq.
ADC Telecommunications, Inc.
13625 Technology Drive
Eden Prairie, Minnesota 55344-2252
(952) 938-8080
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Jeffrey D. Pflaum, Esq. **Vice President, General Counsel and Corporate Secretary** **ADC Telecommunications, Inc.** **13625 Technology Drive** **Eden Prairie, Minnesota 55344-2252** **(952) 938-8080** **Facsimile: (952) 917-0637**	**Jay L. Swanson, Esq.** **Dorsey & Whitney LLP** **50 South Sixth Street, Suite 1500** **Minneapolis, Minnesota 55402** **(612) 340-2600** **Facsimile: (612) 340-7800**

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: ý

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box: o

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

This Registration Statement on Form S-1 constitutes Post-Effective Amendment No. 1 to the Company's Registration Statement on Form S-3 (Registration No. 333-91972). The Company is filing this Post-Effective Amendment for the purpose of meeting the requirements of Section 10(a)(3) of the Securities Act of 1933. Pursuant to Rule 401(b) under the Securities Act, the Company is filing this post-effective amendment on Form S-1, as it is currently ineligible to file a registration statement on Form S-3.

PRELIMINARY PROSPECTUS

Subject to Completion, dated January 25, 2005

ADC TELECOMMUNICATIONS, INC.

ADCINVESTDIRECT

Direct Stock Purchase Plan
1,000,000 Shares of Common Stock

Our Direct Stock Purchase Plan provides you with a convenient and economical way of purchasing shares of ADC common stock without a broker at low transaction costs.

You may also transfer shares easily or sell your shares at low cost.

You may own and transfer your shares without holding certificates.

The Plan may purchase ADC common stock directly from ADC or on the open market, as periodically determined by ADC. The purchase price for shares purchased in the open market will be the weighted average price at which the shares are actually purchased by the Plan Administrator. The purchase price of shares purchased from ADC will be the average of the high and low sale prices quoted on the NASDAQ National Market on the date of purchase.

Our common stock is traded on The NASDAQ National Market® under the symbol "ADCT." On January 18, 2005, the last sale price of our common stock as reported on The NASDAQ National Market was $2.41 per share.

A summary of important Plan features is contained on page 1 of this prospectus. A complete description of the Plan begins on page 53 of this prospectus.

Please read this prospectus carefully before investing and retain it for your future reference.

Investment in our securities involves a number of risks. See section titled "Risk Factors" beginning on page 3 to read about certain factors you should consider before buying our securities.

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.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is declared effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

ADC Telecommunications, Inc.
13625 Technology Drive
Eden Prairie, Minnesota 55344-2252
(952) 938-8080

The date of this prospectus is , 2005.

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide information that is different. Neither the delivery of this prospectus nor any sale made hereunder shall, under any circumstances, create any implication that information herein is correct at any time subsequent to the date hereof.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. However, it may not contain all of the information that is important to you. You should carefully read the entire prospectus, especially the risks of investing in our securities discussed under "Risk Factors," and including the documents incorporated by reference.

Summary of Important Plan Features

Current Shareholders If you are a registered holder of ADC common stock, you may participate in the Plan by completing and returning a Plan Authorization Form. If you own ADC common stock, but your shares are held by a bank or broker in its name (*i.e.*, "street name"), you will need to either withdraw your shares from your brokerage account and register them in your own name *or* enroll in the Plan in the same manner as a new shareholder.

Open to Nonshareholders If you currently do not own shares of ADC common stock, you may enroll in the Plan by completing and returning a Plan Authorization Form, paying a one-time account set-up fee of $10, and either making an initial investment of at least $500 or authorizing automatic monthly cash investments of at least $50.

Investments You may make investments in common stock of a minimum of $50 per investment up to an aggregate of $250,000 per year. Investments may be made by automatic monthly electronic funds transfer or by check or money order at weekly or less frequent intervals, whichever you prefer.

Full Investment of Plan Funds Funds invested in the Plan are fully invested through the purchase of fractional shares, as well as full shares.

Fees There are certain enrollment, transaction and service fees associated with the Plan, which we describe further in this prospectus.

Share Safekeeping You may deposit for safekeeping certificates representing shares of common stock held in certificate form, whether or not the shares were issued under the Plan, at no cost to you.

Account Statements Account statements detailing your Plan activities are mailed to you following each Plan transaction.

Plan Administrator The Plan Administrator is:

Computershare Trust Company, Inc.
Attention: ADCInvestDirect
P.O. Box A3309
Chicago, IL 60690-3309

Our Company

We are a leading global supplier of communications infrastructure solutions and services. Our products and services connect every type of communications network over copper, fiber, coaxial and wireless media and enable high-speed Internet, data, video and voice services to residences, businesses and mobile communications subscribers. These products and services include fiber optic, copper and coaxial based frames, cabinets, cables, connectors, cards and other physical components essential to enable the delivery of communications for wireline, wireless, cable, broadcast and enterprise networks. Our products also include network access devices such as high-bit-rate digital subscriber line and wireless coverage solutions. We also design, equip and build networks through the provision of professional services, which compliments our hardware business by planning, deploying and maintaining communications networks.

Our customers include local and long-distance telephone companies, private enterprise networks, cable television operators, wireless service providers, new competitive service providers, broadcasters, governments, system integrators and communications equipment manufacturers and distributors. We offer broadband connectivity systems, enterprise systems, wireless transport and coverage optimization systems, business access systems and professional services to our customers through the following two segments of product and service offerings:

- Broadband Infrastructure and Access; and
- Professional Services (previously known as Integrated Solutions).

Our *Broadband Infrastructure and Access* business provides network infrastructure products for wireline, wireless, cable, broadcast and enterprise network applications for the communications industry. These products consist of:

- connectivity systems and components that provide the infrastructure to networks to connect Internet, data, video and voice services over copper, coaxial and fiber-optic cables, and
- access systems used in the last mile/kilometer of wireline and wireless networks to deliver high-speed Internet, data and voice services.

Our *Professional Services* business provides integration services for broadband, multiservice communications over wireline, wireless cable and enterprise networks. Professional services are used to plan, deploy and maintain communications networks that deliver Internet, data, video and voice services.

Our aim is to be the global leader in the provisioning of communications network infrastructure solutions and services. The core of our business has long been based in providing the infrastructure elements that connect equipment in communications networks with an emphasis on solutions serving the "last mile/kilometer" of a network. During the downturn of the telecommunications equipment industry in the last several years, we have taken steps to transform our business to focus more sharply on our core competency in network infrastructure where we believe we hold sustainable competitive advantages. During the last fiscal year, we have divested four businesses that either were not profitable or did not conform to our more focused strategy. As we have conducted this internal restructuring, we also have sought opportunities to grow our business in ways that complement our strategic focus. In fiscal 2004, we completed a significant acquisition that we believe furthered our global network infrastructure strategy when we purchased the KRONE Group ("KRONE"), a global supplier of connectivity solutions and cabling products used in public access and enterprise networks. KRONE's product and service offerings are an extension of our own core connectivity competencies.

Our Address and Telephone Number

We were incorporated in Minnesota in 1953 as Magnetic Controls Company. We adopted our current name in 1985. Our world corporate headquarters are located at 13625 Technology Drive, Eden Prairie, Minnesota 55344-2252, and our telephone number is (952) 938-8080. The address of our web site is *www.adc.com*.

RISK FACTORS

Our business faces many risks. The risks described below may not be the only risks we face. Additional risks that we do not yet know of or that we currently think are immaterial may also impair our business operations. If any of the events or circumstances described in the following risks actually occur, our business, financial condition or results of operations could suffer, and the trading price of our notes or common stock could decline. The risks described below may be amended, supplemented or superceded from time to time by other reports we file with the SEC in the future.

Risks Related to Our Business

Our operating results have been adversely affected by the significant downturn in the communications equipment industry and the slowdown in the United States economy.

Our operating results during the last four fiscal years have been significantly impacted by the substantial downturn in the telecommunications equipment industry. In this market environment, many of our customers reduced their equipment purchases and have deferred capital spending. As a result, our revenues decreased in fiscal 2003 and 2002 and increased in 2004 primarily because of our acquisition of KRONE in May 2004. A majority of our revenues are derived from telecommunication service providers. These customers have greatly reduced their spending on communications equipment. Our business also has been impacted negatively by reduced or deferred capital spending by our other customers. Further, when our customers announce spending initiatives that might positively impact one or more of our products, it is possible the customers will contemporaneously reduce spending in a manner that would negatively impact other of our products. Some of our customers have experienced serious financial difficulties. In certain cases, these difficulties have resulted in bankruptcy filings or cessation of operations.

The general slowdown in the United States economy in the last several years has also negatively impacted our business and operating results. While there is debate about the strength of an ongoing general recovery in the overall economy, we expect any significant recovery in the communications market to lag behind a general economic recovery. Our customers are dependent on the level of end user demand for communication services, and they are likely to continue to defer significant network expansions until there is greater demand for Internet, data, video and voice services. If general economic conditions in the United States and globally do not improve, or if there is a worsening of the United States or global economy, we may continue to experience material adverse effects on our business, financial condition and results of operations.

We incurred significant net losses in fiscal 2003, 2002 and 2001. No assurance can be given that we will consistently maintain operating profitability in the future.

We incurred losses from continuing operations of $42.6 million and $980.2 million in fiscal 2003 and 2002, respectively. We also incurred significant losses in fiscal 2001. While we returned to profitability in fiscal 2004, it is not clear that we will be able to achieve revenue and gross margin levels needed to sustain profitability.

When the significant reduction in communications equipment spending became evident in fiscal 2001, we began implementing a restructuring plan to reduce operating expenses and capital expenditures and to narrow the strategic focus of our business. As a result in large part of this restructuring plan, we incurred impairment and restructuring charges of $14.0 million, $43.7 million and $543.1 million in fiscal years 2004, 2003 and 2002, respectively. Although most of the restructuring plan initiatives have been implemented, we may be required to further restructure our business if we do not achieve sustained profitability.

As a result of the restructuring plans, we have significantly reduced expenses and lowered our quarterly revenue break-even point. However, we may not be able to achieve anticipated revenue levels in future quarters or further reduce our expenses if revenue shortfalls occur. As a result, no assurance can be given that we will achieve and maintain operating profitability.

Shifts in our product mix may result in declines in gross profit, as a percentage of net sales.

Our gross profit, as a percentage of net sales, varies among our product groups. Our overall gross profit, as a percentage of net sales, has fluctuated from quarter to quarter as a result of shifts in product mix (that is, how much of each product type we sell in any particular quarter), the introduction of new products, decreases in average selling prices and our ability to reduce manufacturing costs. We expect such fluctuation in gross profit to continue in the future. Further, as KRONE has historically sold certain products at margins lower than the margins at which our products have sold, the integration of KRONE's business with our own is likely to impact our gross profit levels. In addition, our gross margins could be lower based on the amount of new products we sell that have lower startup gross margins.

Consolidation among our customers could result in our losing a customer or experiencing a slowdown as integration takes place.

We believe it is likely that there will be increased consolidation among our customers in order for them to increase market share, diversify product portfolios and achieve greater economies of scale. Consolidation is likely to impact our business as our customers focus on integrating their operations and choosing their equipment vendors. After a consolidation occurs, there can be no assurance that we will continue to supply equipment to the surviving communications service provider. The impact of significant mergers on our business, like those recently announced between Cingular and AT&T Wireless or Sprint and Nextel, is likely to be unclear until sometime after such transactions have closed.

Our sales could be negatively impacted if one or more of our key customers substantially reduce orders for our products.

Our customer base is relatively concentrated with our top ten customers accounting for 46.3%, 55.3% and 54.1% of net sales for fiscal years 2004, 2003 and 2002, respectively. While our recent acquisition of KRONE has diversified our customer base, if we lose a significant customer, our sales and gross margins would be negatively impacted. In addition, the loss of sales may require us to record additional impairment and restructuring charges or exit a particular business or product line.

Our market is subject to rapid technological change, and to compete effectively, we must continually introduce new products that achieve market acceptance.

The communications equipment industry is characterized by rapid technological change. In our industry, we also face evolving industry standards, changing market conditions and frequent new product and service introductions and enhancements by our competitors. The introduction of products using new technologies or the adoption of new industry standards can make our existing products or products under development obsolete or unmarketable. For example, it is possible that fiber-to-the-X initiatives may negatively impact sales of non-fiber products. In order to grow and remain competitive, we will need to adapt to these rapidly changing technologies, to enhance our existing solutions and to introduce new solutions to address our customers' changing demands.

We may not accurately predict technological trends or new products in the communications equipment market. New product development often requires long-term forecasting of market trends, development and implementation of new technologies and processes and a substantial capital commitment. In addition, we do not know whether our products and services will meet with market acceptance or be profitable. Many of our competitors have greater engineering and product development resources than us. Although we expect to continue to invest substantial resources in product development activities, our efforts to achieve and maintain profitability will require us to be more selective and focused with our research and development expenditures. If we fail to anticipate or respond in a cost-effective and timely manner to technological developments, changes in industry standards or customer requirements, or if we have any significant delays in product development or introduction, our business, operating results and financial condition could be materially adversely affected.

We may make additional strategic changes to our product portfolio, but our strategic changes and restructuring programs may not yield the benefits that we expect.

In connection with the downturn in the communications industry we have divested or closed numerous product lines and businesses that either were not profitable or did not match our new strategic focus. As necessary, we may make further divestitures or closures of product lines and businesses. We also may make strategic acquisitions.

The impact of potential changes to our product portfolio and the effect of such changes on our business, operating results and financial condition, are unknown at this time. If we acquire other businesses in our areas of strategic focus, we may have difficulty assimilating these businesses and their products, services, technologies and personnel into our operations. These difficulties could disrupt our ongoing business, distract our management and workforce, increase our expenses and adversely affect our operating results and financial condition. In addition to these integration risks, if we acquire new businesses, we may not realize all of the anticipated benefits of these acquisitions, and we may not be able to retain key management, technical and sales personnel after an acquisition. Divestitures or elimination of existing businesses or product lines could also have disruptive effects and may cause us to incur material expenses.

If we seek to secure additional financing, we may not be able to obtain it. Also, if we are able to secure additional financing, our shareowners may experience dilution of their ownership interest or we may be subject to limitations on our operations.

We currently anticipate that our available cash resources, which include existing cash and cash equivalents, will be sufficient to meet our anticipated needs for working capital and capital expenditures for the remainder of fiscal 2005 and, if we are able to maintain breakeven or positive cash flow from operations, for the next several years. If our estimates are incorrect and we are unable to generate sufficient cash flows from operations, we may need to raise additional funds. In addition, if one or more of our strategic acquisition opportunities exceeds our existing resources, we may be required to seek additional capital. We do not currently have any significant available lines of credit or other significant credit facilities, and we are not certain that we can obtain commercial bank financing or, if it is available, whether it will be on acceptable terms. If we raise additional funds through the issuance of equity or equity-related securities, our shareowners may experience dilution of their ownership interests, and the newly issued securities may have rights superior to those of common stock. See "Risks Related to our Common Stock" below. If we raise additional funds by issuing debt, we may be subject to restrictive covenants that could limit our operating flexibility.

Our industry is highly competitive and subject to significant downward pressure on the pricing for our products.

Competition in the communications equipment and related services industry is intense. We believe our success in competing with other manufacturers of communications equipment products and related services will depend primarily on our engineering, manufacturing and marketing skills, the price, quality and reliability of our products, our delivery and service capabilities and our control of operating expenses. We have experienced and anticipate experiencing increasing pricing pressures from current and future competitors as well as general pricing pressure from our customers as part of their cost containment efforts. Our industry is currently characterized by many vendors pursuing relatively few and very large customers, which provides our customers with the ability to exert significant pressure on their suppliers. Many of our competitors have more extensive engineering, manufacturing, marketing, financial and personnel resources than us. As a result, other competitors may be able to respond more quickly to new or emerging technologies, changes in customer requirements or offer more aggressive price reductions.

Possible consolidation among our competitors could result in a loss of sales.

We expect to see continued consolidation among communication equipment vendors. This can result in our competitors becoming financially stronger and obtaining broader product portfolios. It is possible that such consolidation can lead to a loss of sales for us as our competitors increase their resources through consolidation.

Our operating results fluctuate significantly, and if we miss quarterly financial expectations, our stock price could decline.

Our operating results are difficult to predict and fluctuate significantly from quarter to quarter. It is likely that our operating results in some periods will be below investor expectations. If this happens, the market price of our common stock is likely to decline. Fluctuations in our future quarterly earnings results may be caused by many factors, including:

- the volume and timing of orders from and shipments to our customers;
- work stoppages and other developments affecting the operations of our customers;
- the timing of and our ability to obtain new customer contracts and sales recognition;
- the timing of new product and service announcements;
- the availability of products and services;
- the overall level of capital expenditures by our customers;
- the market acceptance of new and enhanced versions of our products and services;
- variations in the mix of products and services we sell;
- the utilization of our production capacity and employees; and
- the availability and cost of key components.

Our expense levels are based in part on expectations of future revenues. If revenue levels in a particular period are lower than expected, our operating results will be affected adversely.

In addition, prior to fiscal 2001 and during fiscal 2004, our operating results were subject to seasonal factors. We historically have had stronger demand for our products and services in the fourth fiscal quarter ending October 31, primarily as a result of our year-end incentives and customer budget cycles. We typically have experienced weaker demand for our products and services in the first fiscal quarter ending January 31, primarily as a result of the number of holidays in late November, December and early January, the development of annual capital budgets by our customers during that period and a general industry slowdown during that period.

Due to the economic downturn in the communications equipment and services market, this historical trend of seasonality was not evident during fiscal years 2001-2003. Our historical seasonal pattern returned in fiscal 2004 and we presently expect it to continue in fiscal 2005.

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The regulatory environment in which our customers operate is changing.

Although our business is not subject to a significant amount of direct regulation, the communications service industry in which our customers operate is subject to significant federal and state regulation in the United States as well as regulation in other countries. In early 1996, the United States Telecommunications Act of 1996 was enacted. This Act lifted certain restrictions on the ability of companies, including the RBOC's and other ADC customers, to compete with one another. The Act also made other significant changes in the regulation of the telecommunications industry. These changes generally have increased our opportunities to provide solutions for our customers' Internet, data, video and voice needs.

However, the established telecommunications providers have stated that some of these changes have diminished the profitability of additional investments made by them in their networks, which reduces their demand for our products. On February 20, 2003, the FCC adopted rules under this Act concerning the obligation of the established telecommunication service providers to share their networks with competitors, a practice known as "unbundling." The FCC essentially retained the existing unbundling obligations of the carriers with respect to their historic copper-based network infrastructure, and ruled not to require the unbundling of certain network elements in their next generation hybrid and fiber networks. In August 2003, the FCC issued its final rules on these unbundling obligations and in October 2004 conclusively affirmed that RBOCs are not required to unbundle their networks for the provision of fiber-based services all the way or almost all the way to end user premises. In turn, several RBOCs have stated their intention to increase capital spending on fiber-to-the-x initiatives.

Future regulatory changes affecting the communications industry are anticipated both in the United States and internationally. These changes could affect our customers and alter demand for our products. Recently announced or future changes could also come under legal challenge and be altered, thereby reversing the effect the initial announcement of changes was expected to have on our business. In addition, competition in our markets could intensify as the result of changes to existing regulations or new regulations. Accordingly, changes in the regulatory environment could adversely affect our business and results of operations.

Customer payment defaults could have an adverse effect on our financial condition and results of operations.

As a result of adverse conditions in the communications market, some of our customers have and may continue to experience serious financial difficulties, which in some cases have resulted or may result in bankruptcy filings or cessation of operations. In the future, if customers experiencing financial problems default and fail to pay amounts owed to us, we may not be able to collect these amounts or recognize expected revenue. In the current environment in the communications equipment and related services industry and the United States and global economy, it is possible that customers from whom we expect to derive substantial revenue will default or that the level of defaults will increase. Any material payment defaults by our customers would have an adverse effect on our results of operations and financial condition.

We also have provided financing to some of our customers for purchases of our equipment. As of October 31, 2004, we had loaned $17.7 million, and we have recorded $17.5 million in loss reserves in the event of non-performance related to these financing arrangements. We have not closed on a transaction where new financing was made available to a customer since 2003.

Many of our competitors engage in similar financing transactions in order to obtain customer orders. To remain competitive, we believe that it may be necessary for us to continue to offer financing arrangements in the future. We intend under certain circumstances to sell all or a portion of these commitments and outstanding receivables to third parties. In the past, we have sold some receivables with recourse and have had to compensate the purchaser for the loss.

Our ability to collect on these financing arrangements is contingent on the financial health of the companies to which we extend credit. The condition of these companies is affected by many factors, including, among others, general conditions in the communications equipment and services industry, general economic conditions and changes in telecommunications regulations. We may experience credit losses that could adversely affect our operating results and financial condition.

Conditions in global markets could affect our operations.

Our non-United States sales accounted for approximately 40.4%, 26.0% and 20.2% of our net sales in fiscal 2004, 2003 and 2002, respectively. We expect non-United States sales to remain a significant percentage of net sales in the future. In fact, absent additional acquisitions or divestitures, we expect our acquisition of KRONE to cause our non-United States sales to represent approximately one-half our net sales. In addition to sales and distribution in numerous countries, we own or lease operations located in Austria, Australia, Belgium, Brazil, Canada, Chile, China, France, Germany, Hungary, India, Indonesia, Italy, Japan, Malaysia, Mexico, New Zealand, Norway, Philippines, Puerto Rico, Russia, Singapore, South Africa, South Korea, Spain, Taiwan, Thailand, the United Arab Emirates, the United Kingdom, the United States, Venezuela and Vietnam. Due to our non-United States sales and our non-United States operations, we are subject to the risks of conducting business globally. These risks include:

- local economic and market conditions;
- political and economic instability;
- unexpected changes in or impositions of legislative or regulatory requirements;
- fluctuations in foreign currency exchange rates;
- tariffs and other barriers and restrictions;
- longer payment cycles;
- difficulties in enforcing intellectual property and contract rights;
- greater difficulty in accounts receivable collection;
- potentially adverse taxes; and
- the burdens of complying with a variety of non-United States laws and telecommunications standards.

We also are subject to general geopolitical and environmental risks, such as terrorism, political and economic instability, changes in diplomatic or trade relationships and natural disasters. We maintain business operations and have sales in many non-United States markets. Economic conditions in many of these markets represent significant risks to us. We cannot predict whether our sales and business operations in these markets will be affected adversely by these conditions.

Instability in non-United States markets, which we believe is most likely to occur in the Middle East, Asia and Latin America, could have a negative impact on our business, financial condition and operating results. The wars in Afghanistan and Iraq and other turmoil in the Middle East and the global war on terror also may have negative effects on the operating results of some of our businesses. In addition to the effect of global economic instability on non-United States sales, sales to United States customers having significant non-United States operations could be impacted negatively by these conditions.

Our intellectual property rights may not be adequate to protect our business.

Our future success depends in part upon our proprietary technology. Although we attempt to protect our proprietary technology through patents, trademarks, copyrights and trade secrets, these protections are limited. Accordingly, we cannot predict whether such protection will be adequate, or whether our competitors can develop similar technology independently without violating our proprietary rights.

Also, rights that may be granted under any patent application in the future may not provide competitive advantages to us. Intellectual property protection in foreign jurisdictions may be limited or unavailable. In addition, many of our competitors have substantially larger portfolios of patents and other intellectual property rights than us.

As the competition in the communications equipment industry increases and the functionality of the products in this industry further overlaps, we believe that companies in the communications equipment industry are becoming increasingly subject to infringement claims. We have received and may continue to receive notices from third parties, including some of our competitors, claiming that we are infringing third-party patents or other proprietary rights. We cannot predict whether we will prevail in any litigation over third-party claims, or whether we will be able to license any valid and infringed patents on commercially reasonable terms. It is possible that unfavorable resolution of such litigation could have a material adverse effect on our business, results of operations or financial condition. Any of these claims, whether with or without merit, could result in costly litigation, divert our management's time, attention and resources, delay our product shipments or require us to enter into royalty or licensing agreements, which could be expensive. A third party may not be willing to enter into a royalty or licensing agreement on acceptable terms, if at all. If a claim of product infringement against us is successful and we fail to obtain a license or develop or license non-infringing technology, our business, financial condition and operating results could be affected adversely.

We are dependent upon key personnel.

Like all technology companies, our success is dependent on the efforts and abilities of our employees. Our ability to attract, retain and motivate skilled employees is critical to our success. In addition, because we may acquire one or more businesses in the future, our success will depend, in part, upon our ability to retain and integrate our own personnel with personnel from acquired entities who are necessary to the continued success or the successful integration of the acquired businesses.

Our recent initiatives to focus our business on core operations and products by restructuring and streamlining operations, including substantial reductions in our workforce, have created uncertainty on the part of our employees regarding future employment with us. This uncertainty, together with our operating losses and lower stock price, may have an adverse effect on our ability to retain and attract key personnel.

Internal Controls under Sarbanes-Oxley Act of 2002.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we will be required, beginning with our fiscal year ending October 31, 2005, to include in our annual report our assessment of the effectiveness of our internal control over financial reporting as of the end of fiscal 2005. Furthermore, our independent registered public accounting firm will be required to attest to whether our assessment of the effectiveness of our internal control over financial reporting is fairly stated in all material respects and separately report on whether it believes we maintained, in all material respects, effective internal control over financial reporting as of October 31, 2005. We presently are implementing a plan designed to assure compliance with these new requirements, but we have not yet completed our assessment of the effectiveness of our internal control. If we fail to timely complete this assessment, or if our independent registered public accounting firm cannot timely attest to our assessment, we could be subject to regulatory sanctions and a loss of public confidence in our internal control. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our regulatory reporting obligations timely.

Product defects could cause us to lose customers and revenue or to incur unexpected expenses.

If our products do not meet our customers' performance requirements, our customer relationships may suffer. Also, our products may contain defects. Any failure or poor performance of our products could result in:

- delayed market acceptance of our products;
- delays in product shipments;
- unexpected expenses and diversion of resources to replace defective products or identify the source of errors and correct them;
- damage to our reputation and our customer relationships;
- delayed recognition of sales or reduced sales; and
- product liability claims or other claims for damages that may be caused by any product defects or performance failures.

Our products are often critical to the performance of communication systems. Many of our supply agreements contain limited warranty provisions. If these contractual limitations are unenforceable in a particular jurisdiction or if we are exposed to product liability claims that are not covered by insurance, a successful claim could harm our business.

We may encounter difficulties obtaining raw materials and supplies needed to make our products.

Our ability to produce our products is dependent upon the availability of certain raw materials and supplies. The availability of these raw materials and supplies is subject to market forces beyond our control. From time to time, there may not be sufficient quantities of raw materials and supplies in the marketplace to meet the customer demand for our products. In addition, the costs to obtain these raw materials and supplies are subject to price fluctuations because of global market demands. Many companies utilize the same raw materials and supplies in the production of their products as we use in our products. Companies with more resources than our own may have a competitive advantage in obtaining raw materials and supplies due to greater purchasing power. Reduced supply and higher prices of raw materials and supplies may affect our business, operating results and financial condition adversely.

In addition, we have significant reliance on contract manufacturers to make certain of our products on our behalf. If these contract manufacturers do not fulfill their obligations to us, or if we do not properly manage these relationships, our existing customer relationships may suffer. We may outsource additional functions in the future.

We have been named as a defendant in securities and other litigation.

We are the defendant in two purported shareowner class action lawsuits. In the first such lawsuit, *In Re ADC Telecommunications, Inc. Securities Litigation*, the complaint alleges that we violated the securities laws by making false and misleading statements about our financial performance and business prospects. Although the court granted our motion to dismiss this lawsuit, the plaintiffs have appealed this decision.

We have also been named as a defendant in a purported class action lawsuit alleging breach of fiduciary duties under ERISA. This case, *In Re ADC Telecommunications, Inc. ERISA Litigation*, has

been brought by individuals who seek to represent a class of participants in our Retirement Savings Plan who purchased our common stock as one of the investment alternatives under the plan.

Litigation is by its nature uncertain and unfavorable resolutions of these lawsuits could materially adversely affect our business, results of operations or financial condition.

We are a party to various other lawsuits, proceedings and claims arising in the ordinary course of business or otherwise. Many of these disputes may be resolved amicably without resort to formal litigation. The amount of monetary liability resulting from the ultimate resolution of these matters cannot be determined at this time. As of October 31, 2004, we had recorded approximately $5.2 million in loss reserves for these matters. Because of the uncertainty inherent in litigation, it is possible that unfavorable resolutions of these lawsuits, proceedings and claims could exceed the amount currently reserved and could have a material adverse affect on our business, results of operations or financial condition.

We are subject to risks associated with changes in security prices, interest rates and foreign currency exchange rates.

We face market risks from changes in security prices and interest rates. Market fluctuations could affect our results of operations and financial condition adversely. At times, we reduce this risk through the use of derivative financial instruments. However, we do not enter into derivative instruments for the purpose of speculation.

Also, we are exposed to market risks from changes in foreign currency exchange rates. From time to time, we hedge our foreign currency exchange risk. The objective of this program is to protect our net monetary assets and liabilities in non-functional currencies from fluctuations due to movements in foreign currency exchange rates. We attempt to minimize exposure to currencies in which hedging instruments are unavailable or prohibitively expensive by managing our operating activities and net assets position. As a result of our increased international exposure due to the KRONE acquisition, we may hedge foreign currency exposures in the future. At October 31, 2004, we did not hedge any foreign currency exchange exposures.

Risks Related to Our Common Stock

Our stock price is volatile.

Based on the trading history of our common stock and the nature of the market for publicly traded securities of companies in our industry, we believe that some factors have caused and are likely to continue to cause the market price of our common stock to fluctuate substantially. The fluctuations could occur from day-to-day or over a longer period of time. The factors that may cause such fluctuations include:

- announcements of new products and services by us or our competitors;
- quarterly fluctuations in our financial results or the financial results of our competitors or our customers;
- customer contract awards to us or our competitors;
- increased competition with our competitors or among our customers;
- consolidation among our competitors or customers;
- disputes concerning intellectual property rights;
- the financial health of ADC, our competitors or our customers;
- developments in telecommunications regulations;

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- general conditions in the communications equipment industry; and
- general economic conditions in the U.S. or internationally.

In addition, stocks of companies in our industry in the past have experienced significant price and volume fluctuations that are often unrelated to the operating performance of such companies. This market volatility may adversely affect the market price of our common stock.

We have not in the past and do not intend in the foreseeable future to pay cash dividends on our common stock.

We currently do not pay any cash dividends on our common stock and do not anticipate paying any cash dividends on our common stock in the foreseeable future. We intend to retain future earnings, if any, to finance our operations and for general corporate purposes.

Anti-takeover provisions in our charter documents, our shareowner rights plan and Minnesota law could prevent or delay a change in control of our company.

Provisions of our articles of incorporation and bylaws, our shareowner rights plan (also known as a "poison pill") and Minnesota law may discourage, delay or prevent a merger or acquisition that a shareowner may consider favorable and may limit the market price for our common stock. These provisions include the following:

- advance notice requirements for shareowner proposals;
- authorization for our Board of Directors to issue preferred stock without shareowner approval;
- authorization for our Board of Directors to issue preferred stock purchase rights upon a third party's acquisition of 15% or more of our outstanding shares of common stock; and
- limitations on business combinations with interested shareowners.

Some of these provisions may discourage a future acquisition of ADC even though our shareowners would receive an attractive value for their shares or a significant number of our shareowners believed such a proposed transaction would be in their best interest.

FORWARD-LOOKING STATEMENTS

This prospectus contains various "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used in this prospectus, the words "anticipate," "believe," "estimate," "expect" and similar expressions are intended to identify forward-looking statements. Forward-looking statements represent our expectations or beliefs concerning future events, including any statements regarding:

- future sales and cost reductions, profit percentages, realization of deferred tax assets, earnings per share or other results of operations;
- the continuation of historical patterns and trends such as seasonality in the buying pattern of our customers;
- the sufficiency of our cash balances and cash generated from operating and financing activities for our future liquidity and capital resource needs;
- the occurrence or impact of consolidation among our customers or competitors;

the effect of legal and regulatory developments; and

the economy in general or the future of the communications equipment and communications services industries on our business.

Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions, some of which are included in this prospectus under "Risk Factors." Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described as anticipated, believed, estimated, or expected. We do not intend to update these forward-looking statements after the post-effective amendment to the registration statement of which this prospectus forms a part becomes effective.

USE OF PROCEEDS

The proceeds from the sales, if any, of authorized but unissued common stock under the Plan are expected to be used for general corporate purposes. We have no basis for estimating either the number of shares of common stock that will ultimately be sold under the Plan or the prices at which the shares will be sold. We will not receive any proceeds when shares of common stock are purchased under the Plan in the open market.

MARKET PRICE OF AND DIVIDENDS ON OUR COMMON STOCK

Our common stock, $0.20 par value, is traded on The NASDAQ Stock Market under the symbol "ADCT." The following table sets forth the high and low sales prices of our common stock for each quarter during our fiscal years ended October 31, 2004 and 2003, as reported on that market.

	2004		2003	
	High	Low	High	Low
First Quarter	$ 3.85	$ 2.32	$ 3.15	$ 1.51
Second Quarter	3.61	2.32	2.73	2.05
Third Quarter	2.85	2.10	3.21	1.96
Fourth Quarter	2.44	1.75	2.90	2.10

As of January 12, 2005, there were 12,611 holders of record of our common stock. We do not pay cash dividends on our common stock and do not intend to pay cash dividends for the foreseeable future. We did not repurchase any equity securities in fiscal 2004.

SELECTED FINANCIAL DATA

The following table presents our selected financial data. The data included in the following table has been restated to reflect the assets, liabilities and results of operations of certain businesses that have met the criteria for treatment as discontinued operations. For additional information, refer to the Consolidated Financial Statements included in this prospectus. The following summary information should be read in conjunction with the Consolidated Financial Statements and related notes thereto set forth in this prospectus.

Years ended October 31
(dollars in millions, except per share data)

	2004	2003	2002	2001	2000
Income Statement Data from Continuing Operations					
Net sales	$ 784.3	$ 589.4	$ 819.5	$ 2,141.3	$ 3,012.0
Gross profit	301.9	207.1	163.2	635.9	1,478.1
Research and development expense	59.1	59.9	106.8	201.9	261.9
Selling and administration expense	206.3	160.4	251.6	569.9	556.3
Operating income (loss)	22.5	(56.9)	(738.3)	(854.8)	493.8
Income (loss) before income taxes	33.2	(47.9)	(731.9)	(1,728.3)	1,588.8
Provision (benefit) for income taxes	1.9	(5.3)	248.3	(576.9)	615.7
Income (loss) from continuing operations	31.3	(42.6)	(980.2)	(1,151.4)	973.1
Earnings (loss) per diluted share from continuing operations	0.04	(0.06)	(1.23)	(1.46)	1.26
Balance Sheet Data					
Current assets	835.6	1,032.2	717.9	1,389.4	2,716.2
Current liabilities	302.0	266.8	405.8	604.2	1,068.5
Total assets	1,428.1	1,296.9	1,144.2	2,499.7	3,970.5
Long-term notes payable	400.0	400.0	10.5	2.1	13.5
Total long-term obligations	466.8	402.4	11.7	2.1	13.5
Shareowners' investment	659.3	627.7	732.2	1,893.4	2,912.7

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma consolidated statement of operations gives effect to the acquisition of the KRONE Companies by ADC as described elsewhere in this prospectus. The unaudited pro forma consolidated statement of operations for the fiscal year ended October 31, 2004 has been prepared by combining the consolidated statement of continuing operations of ADC for the fiscal year ended October 31, 2004, which includes the KRONE Companies from May 18, 2004, with the consolidated statement of continuing operations of the KRONE Companies for the period from November 1, 2003 to May 17, 2004, adjusted to give effect to the acquisition as if it occurred on November 1, 2003.

The unaudited pro forma consolidated statement of operations presented are based on the assumptions and adjustments described in the accompanying notes. The unaudited pro forma consolidated statement of operations are presented for informational purposes only and are not necessarily indicative of the results of operations that would actually have been reported had the acquisition occurred as assumed. The unaudited pro forma consolidated statement of operations and accompanying notes should be read in conjunction with the historical financial statements and related notes of ADC and the financial statements and related notes of the KRONE Companies included in this prospectus.

HISTORICAL ADC TELECOMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS UNAUDITED

(In Millions, Except Per Share Amounts)

	ADC(a)	Historical KRONE(b)	Pro Forma Adjustments	Pro Forma ADC
NET SALES				
Product	$ 659.9	$ 161.1		$ 821.0
Services	124.4	26.5		150.9
Total Net Sales	784.3	187.6		971.9
COST OF PRODUCT SOLD				
Product	365.1	104.8		469.9
Services	117.3	23.2		140.5
	482.4	128.0		610.4
GROSS PROFIT	301.9	59.6		361.5
OPERATING EXPENSES:				
Research and development	59.1	4.2		63.3
Selling and administration	206.3	44.1	4.8 (c) 4.6 (d) 0.4 (e)	260.2
Impairment charges	1.7			1.7
Restructuring charges	12.3	2.4		14.7
Total Operating Expenses	279.4	50.7	9.8	339.9
OPERATING INCOME (LOSS)	22.5	8.9	(9.8)	21.6
OTHER INCOME, NET:				
Interest	3.7	(8.8)	7.9 (f) (2.5)(g)	0.3
Other	7.0	0.4	(1.4)(h)	6.0
INCOME (LOSS) BEFORE INCOME TAXES	33.2	0.5	(5.8)	27.9
PROVISION (BENEFIT) FOR INCOME TAXES	1.9			1.9
INCOME (LOSS) FROM CONTINUING OPERATIONS	31.3	0.5	(5.8)	26.0
AVERAGE COMMON SHARES OUTSTANDING BASIC	808.3			808.3

	ADC(a)	Historical KRONE(b)	Pro Forma Adjustments	Pro Forma ADC
AVERAGE COMMON SHARES OUTSTANDING DILUTED	812.1			812.1
EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS BASIC AND DILUTED	$ 0.04			$ 0.03

(a) ADC's results for the year ended October 31, 2004, which includes KRONE results from May 18, 2004 through October 31, 2004.

(b) KRONE's historical results from November 1, 2003 through May 17, 2004.

(c) To record depreciation expense effect for the change in KRONE Companies historical cost basis versus the fair value of the assets acquired.

(d) To record amortization expense of intangible assets acquired assuming the acquisition occurred on November 1, 2003.

(e) To record pension expense effect for pension liability adjustment assuming acquisition occurrred on November 1, 2003.

(f) In conjunction with the close of the acquisition, the KRONE Companies settled intercompany debt and accrued interest payable to GenTek. In addition, debt with a third-party was settled. Related interest expense is adjusted assuming the acquisition took place on November 1, 2003.

(g) To record interest income foregone due to cash paid for the KRONE Companies.

(h) To reverse income for a deferred gain, which was eliminated in purchase accounting.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Marketplace Conditions

Our operating results for fiscal 2004 continued to stabilize, a trend that began in fiscal 2003. However, overall spending on communications equipment and services remains at significantly lower levels compared to pre-2001 levels. Although there have been increases in capital investment in selected areas (including fiber-to-the-X initiatives by several communications service providers, a general increase in wireless spending and some signs of growth in enterprise spending), our industry continues to see deferred capital spending for communications equipment. In addition, there are indications that customers who are initiating new spending on fiber-to-the-X may reduce their spending levels on non-fiber products. Our industry also continues to experience intense competition and increased pricing pressures from customers.

While we expect the overall market for communication equipment and services to grow slowly in the near term, we believe that we are positioned to grow our sales better than the overall market in our fiscal year 2005. We believe we can achieve this sales growth by focusing on:

- New product offerings for the fiber-to-the-X initiative being pursued by several communication service providers and the growing acceptance of our Digivance wireless coverage solution and our TrueNet® and CopperTen enterprise solutions;

- Opportunities to cross-sell products among the traditional KRONE and ADC customer bases, of which there is very little overlap; and

- Taking market share from our competitors as we have recently done with respect to some of our product lines.

Although we anticipate revenue growth in 2005, no assurance can be given that we will be successful in achieving this goal.

We continue to be dependent on telecommunications service providers for a majority of our revenues, with the four major U.S. incumbent local exchange carriers (Verizon, Bellsouth, SBC and Qwest) accounting for approximately 30.4%, 33.4% and 36.5% of our revenues for fiscal 2004, 2003 and 2002, respectively. In addition, our top ten customers accounted for approximately 46.3%, 55.3% and 54.1% of our revenues for fiscal 2004, 2003 and 2002, respectively. The decline in these customer concentration levels from 2003 to 2004 is largely due to the KRONE acquisition, which has given us a more diversified customer base throughout the world. This increased diversification may be offset by mergers among our customers, like those recently announced between Cingular and AT&T Wireless and between Sprint and Nextel. The long-term impact these types of mergers may have on our business is difficult to predict. Further, in the shorter-term we believe parties to these types of mergers may be inclined to defer spending decisions while they are attempting to integrate their operations, which may have an adverse impact on our business. Consolidation among our competitors or our vendors could also cause changes to our business that are not readily predictable.

When the downturn in communications equipment spending first became evident in fiscal 2001, we implemented a cost restructuring plan to reduce operating expenses and capital spending. As it became evident in 2002 and 2003 that our industry was experiencing a more pronounced and prolonged economic downturn, we took additional cost restructuring measures to realize further cost savings. Although much of our restructuring activity has been completed, we continue to look for ways to conduct our operations more efficiently and to reduce costs. For example, the integration of the KRONE acquisition has presented opportunities to reduce costs through eliminating duplicative facilities, processes and general and administration functions. Accordingly, we anticipate incurring additional restructuring charges in future periods.

Historically, our results of operations had been subject to seasonal factors, with stronger demand for our products during our fourth fiscal quarter ending October 31 (primarily as a result of customer budget cycles and our fiscal year-end initiatives) and weaker demand for our products during our first fiscal quarter ending January 31 (primarily as a result of the number of holidays in that quarter, our customers' development of annual capital budgets during that period and a general industry slowdown during that period). This historical seasonality trend in our business returned in fiscal 2004 and we presently expect it to exist in fiscal 2005. A more detailed description of the risks to our business related to seasonality, along with other risk factors associated with our business, can be found under the caption "Risk Factors."

During fiscal 2004, we took several significant steps to further our strategic business initiative to be a global leader in communications network infrastructure solutions and services. First, we completed the acquisition of KRONE. Secondly, we completed the divestitures of our BroadAccess40 business, Cuda cable modem termination system and FastFlow® Broadband Provisioning Manager businesses, Singl.eView® software business and announced the sale of our Metrica service assurance software business. The Metrica divestiture was completed shortly after the end of the fiscal year. These actions will enable us to focus on our strategy of providing products and services that connect every type of communications network over copper, fiber, coaxial and wireless media.

As discussed under "Business," the KRONE acquisition has several significant strategic elements which we believe will benefit ADC in the long-term. Since the closing of the KRONE acquisition in May, we have been working diligently to integrate the operations of the two companies and execute on the opportunities that this acquisition provides.

We intend to continue to explore additional product line or business acquisitions that are complimentary to our communications infrastructure business. We expect to fund any potential acquisition with existing cash resources, the issuance of shares of common or preferred stock, the issuance of debt or equity-linked securities or through some combination of these alternatives.

Results of Operations

The following table contains information regarding the percentage of net sales of certain income and expense items from continuing operations for the three fiscal years ended October 31, 2004, 2003, and 2002 and the percentage changes in these income and expense items from year to year:

	Percentage of Net Sales			Percentage Increase (Decrease) Between Periods	
	2004	2003	2002	2004 vs. 2003	2003 vs. 2002
Net sales	100.0%	100.0%	100.0%	33.1%	(28.1)%
Cost of sales	(61.5)	(64.9)	(80.1)	26.2	(41.7)
Gross profit	38.5	35.1	19.9	45.8	26.9
Operating expenses:					
Research and development	(7.5)	(10.2)	(13.0)	(1.3)	(43.9)
Selling and administration	(26.3)	(27.2)	(30.7)	28.6	(36.2)
Impairment charges	(0.2)	(2.6)	(41.6)	(89.1)	(95.4)
Restructuring charges	(1.6)	(4.8)	(24.7)	(56.2)	(86.1)
Operating income (loss)	2.9	(9.7)	(90.1)	139.5	92.3
Other income (expense), net:					
Interest income (expense), net	0.5	1.0	1.1	(39.3)	(29.1)
Other, net	0.8	0.5	(0.3)	141.4	231.8
Income (loss) before income taxes	4.2	(8.2)	(89.3)	169.3	93.5
(Provision) benefit for income taxes	(0.2)	0.9	(30.3)	(135.8)	(102.1)
Income (loss) from continuing operations	4.0%	(7.3)%	(119.6)%	173.5%	95.7%

The table below sets forth our net sales from continuing operations for the three fiscal years ended October 31, 2004, for each of our reportable segments described under "Business" (in millions).

	2004		2003		2002	
Operating Segment	Net Sales	%	Net Sales	%	Net Sales	%
Broadband Infrastructure and Access	$ 601.7	76.7%	$ 426.0	72.3%	$ 630.3	76.9%
Professional Services	182.6	23.3	163.4	27.7	189.2	23.1
Total	$ 784.3	100.0%	$ 589.4	100.0%	$ 819.5	100.0%

Overview

During fiscal 2004, we sold our BroadAccess40 business, the business related to our Cuda cable modem termination system product line and related FastFlow Broadband Provisioning Manager software and the business related to our Singl.eView product line. We also entered into an agreement to sell the business related to our Metrica service assurance software group. In accordance with Statement of Financial Accounting Standard ("SFAS") No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets*", these businesses were classified as discontinued operations in fiscal 2004 and the financial results are reported separately as discontinued operations for all periods presented.

On May 18, 2004, we completed the acquisition of KRONE, a global supplier of connectivity solutions and cabling products used in public access and enterprise networks, from GenTek, Inc. This acquisition increased our network infrastructure business and expanded our presence in the international marketplace. The results of KRONE subsequent to May 18, 2004 are included in our results of operations.

Net Sales

Fiscal 2004 vs. Fiscal 2003

Net sales were $784.3 million and $589.4 million for fiscal 2004 and 2003, respectively, which was a 33.1% increase. International net sales were 40.4% and 26.0% of our net sales in fiscal 2004 and 2003, respectively.

During fiscal 2004, net sales of Broadband Infrastructure and Access products increased by 41.2% compared to fiscal 2003. Our Broadband Infrastructure and Access segment includes infrastructure (Connectivity) and access (Wireless and Wireline) products. The inclusion of sales by the KRONE Group beginning on May 18, 2004, accounts for 84.9% of the increase for fiscal 2004 with the remaining increase being accounted for primarily through increased sales of Connectivity and Wireless products.

For fiscal 2004, sales of our Connectivity and Wireless increased 67.1% and 98.7%, respectively, compared to fiscal 2003. The inclusion of $149.2 million in sales by KRONE beginning on May 18, 2004, as well as fiber-to-the-X sales, accounted for 87.8% of the increase in Connectivity product sales for fiscal 2004. The remaining increase in Connectivity sales was attributable primarily to increased spending by our customers in the core central office space. Wireless sales increased primarily due to growing acceptance of our Digivance product.

For fiscal 2004, net sales of our Wireline products decreased by 21.5% over the comparable 2003 period. The decrease in Wireline product sales was caused by a combination of decreased volumes and price reductions resulting from decreased demand for certain types of products within the industry generally and competitive pressures.

Net sales of our Professional Services segment increased by 11.8% from $163.4 million in fiscal 2003 to $182.6 million in fiscal 2004. The inclusion of KRONE's professional services business ("KRONE Services") resulted in a $22.1 million increase in net sales in fiscal 2004. This increase, however, was partially offset by a 1.8% decline in sales of ADC's historical professional services. Excluding KRONE Services, a significant customer of our Professional Services segment represented 9.3% of revenue in fiscal 2004 compared to 25.4% in fiscal 2003. The decreased spending by this customer, however, was largely offset by market share gains with other customers.

Fiscal 2003 vs. Fiscal 2002

Net sales were $589.4 million and $819.5 million for fiscal 2003 and 2002, respectively, reflecting a 28.1% decrease. International net sales comprised 26.0% and 20.2% of our net sales in fiscal 2003 and 2002, respectively.

The 28.1% decrease in net sales was attributable largely to lower volumes of products sold due to significant reductions in communication service provider capital budgets, as well as the lack of new network build-outs or significant expansions of existing networks.

Gross Profit

Fiscal 2004 vs. Fiscal 2003

Gross profit percentages were 38.5% and 35.1% during fiscal 2004 and 2003, respectively. The increase in gross profit percentage was due to a more favorable sales mix toward higher margin products and a reduction in our fixed costs of sales as a result of our restructuring activities.

We also benefited from production efficiencies and reduced production costs resulting from more favorable supplier pricing derived from better purchasing power due to the KRONE acquisition and the outsourcing of portions of our manufacturing operations. We anticipate that our future gross profit percentage will vary based on many factors, including sales mix, competitive pricing, timing of new product introductions, timing of customer acceptance and collectibility of significant sales transactions and manufacturing volume.

Fiscal 2003 vs. Fiscal 2002

During fiscal 2003 and 2002, gross profit percentages were 35.1% and 19.9%, respectively. The increase in gross profit percentage was due to a more favorable sales mix toward higher margin connectivity products, our decision not to bid on low margin professional services projects and a reduction in our fixed costs of sales as a result of our restructuring activities.

Operating Expenses

Fiscal 2004 vs. Fiscal 2003

Total operating expenses for fiscal 2004 and 2003 were $279.4 million and $264.0 million, respectively. Included in these operating expenses were restructuring charges of $12.3 million and $28.1 million, respectively, and impairment charges of $1.7 million and $15.6 million, respectively. KRONE operating expenses were $47.7 million in fiscal 2004. Excluding KRONE, operating expenses decreased 12.2% in fiscal 2004. Although the largest factor in the decrease in operating expenses was the reduction in the amount of our restructuring and impairment charges, our operating expenses also declined due to the ongoing cost savings from our restructuring efforts.

Research and development: Research and development expenses were $59.1 million for fiscal 2004 compared to $59.9 million for fiscal 2003, which represents a decrease of 1.3%. KRONE represented 5.8% of the fiscal 2004 expense. We believe that, given the rapidly changing technological and competitive environment in the communications equipment industry, continued commitment to product development efforts will be required for us to remain competitive. Accordingly, we intend to continue to allocate substantial resources, as a percentage of net sales, to product development in each of our operating segments.

Selling and administration: Selling and administration expense increased 28.6% from $160.4 million in fiscal 2003 to $206.3 million in fiscal 2004. KRONE was 94.3% of the increase in fiscal 2004. The remaining increase is due to $3.8 million of KRONE integration costs and $6.6 million of increased incentive accruals, which were partially offset by $4.4 million of decreased occupancy costs resulting from ongoing restructuring.

Note that in 2005 we expect to incur significant administrative expense associated with our efforts to comply with Section 404 of the Sarbanes-Oxley Act. This section of the Act will require us to conduct a thorough evaluation of our internal controls and we will be working with independent advisors in this process.

Impairment charges: Impairment charges represent a write-down of the carrying value of fixed assets to their estimated fair market value. These charges declined in fiscal 2004 compared to fiscal 2003 ($1.7 million compared to $15.6 million). In fiscal 2004, we recorded an impairment charge for a building included in assets held for sale when it was determined the carrying value exceeded market value. The fair market value was determined based on an examination of sales prices for similar properties.

The fiscal 2003 impairment charges consisted solely of property and equipment impairments, which impacted both the Broadband Infrastructure and Access segment and the Professional Services segment, and were caused by our plan to dispose of excess equipment. The fair market value of this equipment was determined using external sources, primarily proceeds received from previous equipment sales or estimates of discounted cash flows.

Restructuring charges: Restructuring charges represent the direct costs of certain leased facilities and severance costs for workforce reductions. Our restructuring charges also declined significantly in fiscal 2004 compared to fiscal 2003 ($12.3 million compared to $28.1 million). The fiscal 2004 restructuring charges consisted of $9.7 million of employee severance for workforce reductions and $2.6 million of facility consolidation charges. The employee terminations affected both the Broadband Infrastructure and Access segment and the Professional Services segment.

The $28.1 million of restructuring charges in fiscal 2003 related to our actions to downsize our business in response to declining sales. The fiscal 2003 restructuring charges include $24.0 million of employee severance and $4.1 million of facility consolidation charges.

See Note 16 to the Consolidated Financial Statements in this prospectus for a further discussion of our impairment and restructuring charges.

Fiscal 2003 vs. Fiscal 2002

Total operating expenses for fiscal 2003 and 2002 were $264.0 million and $901.5 million, representing 44.8% and 110.0% of net sales, respectively. Included in these operating expenses were restructuring charges of $28.1 million and $202.0 million and impairment charges of $15.6 million and $341.1 million in fiscal 2003 and 2002, respectively. In addition to the lower aggregate amount of impairment, restructuring and other disposal charges in fiscal 2003, our operating expenses were lower primarily due to the ongoing cost savings from our restructuring efforts as well as the divestiture of certain product lines.

Research and development: Research and development expenses were $59.9 million for fiscal 2003, representing a 43.9% decrease from $106.8 million for fiscal 2002. This decrease reflected our efforts to control expenses.

Selling and administration: Selling and administration expenses were $160.4 million for fiscal 2003, representing a decrease of 36.2% from $251.6 million for fiscal 2002. This decrease reflects the benefits realized from our restructuring efforts. Also included in the fiscal 2003 and 2002 amounts were $0.0 million and $(4.4) million, respectively, in selling and administration expenses (reversals) incurred to complete certain non-cancelable sales contracts and contract cancellation payments to customers as a result of our decision to exit certain product lines.

Impairment charges: Impairment charges decreased significantly in fiscal 2003 compared to fiscal 2002 ($15.6 million compared to $341.1 million). The fiscal 2003 impairment charges consisted solely of property and equipment impairments, which impacted both the Broadband Infrastructure and Access and Professional Services segments, and were caused by our plan to dispose of excess equipment. The fair market value of this equipment was determined using external sources, primarily proceeds received from previous equipment sales or estimates of discounted cash flows.

The fiscal 2002 impairment charges related to the write-down of goodwill and fixed assets. The total goodwill write down was $130.3 million, of which $36.6 million related to our decision to exit the optical components product line, with the remainder resulting from our annual goodwill impairment analysis of our continuing businesses. The total fixed asset impairment charge was $210.8 million, of which $45.7 million related to our decision to sell our Glenrothes, Scotland manufacturing facility. The remaining charges are primarily related to our decision to exit our optical components and certain other product lines.

Restructuring charges: Restructuring charges were significantly different in fiscal 2003 than in fiscal 2002 ($28.1 million compared to $202.0 million). The $28.1 million of restructuring charges in fiscal 2003 related to our actions to further downsize our business in response to declining sales.

The fiscal 2002 restructuring charges consisted principally of $153.6 million related to the consolidation of facilities and $45.1 million for employee severance costs related to our workforce reduction. Of the $153.6 million facilities consolidation costs, $84.3 million related to our decision to extend the lease on our headquarters facility. This charge represented the reduction in fair market value of the facility below the value we had guaranteed to the lessor.

Interest

The net interest income (expense) category represents net interest on cash and cash equivalents as well as debt.

Interest income was $12.5 million, $9.7 million and $11.0 million in fiscal 2004, 2003 and 2002, respectively. Interest income increased in fiscal 2004 due to higher average cash balances maintained during the first half of fiscal 2004 and higher yields on our short-term investments. Interest income decreased in fiscal 2003 compared to fiscal 2002 primarily due to lower restricted cash balances, reduced interest-bearing customer receivables and lower yields on our short-term investments.

Interest expense was $8.8 million, $3.6 million and $2.4 million in fiscal 2004, 2003 and 2002, respectively. Interest expense increased in fiscal 2004 due to inclusion of interest expense for the convertible notes for a full year. Interest expense increased in fiscal 2003 due to the $2.1 million of additional interest expense relating to the convertible notes we issued in June 2003, partially offset by a general decline in interest rates. See "Liquidity and Capital Resources" below for a discussion of cash and debt levels.

Write-down, sale or conversion of investments

During fiscal 2004 and 2003, we sold common stock of certain companies in our portfolio and two investments in non-publicly traded securities for an aggregate gain of $4.8 million and $0.9 million, respectively.

During fiscal 2002, we sold common stock of certain companies in our investment portfolio and settled related hedging arrangements for a gain of $67.6 million. These gains were offset by non-cash write-downs in the amount of $5.7 million for our marketable securities investments, and $45.2 million for our non-marketable securities.

Acquisitions

On May 18, 2004, we completed the acquisition of KRONE from GenTek, Inc. This acquisition increased our network infrastructure business and expanded our presence in the international marketplace. The results of KRONE subsequent to May 18, 2004 are included in our results of operations.

In this transaction, we acquired all of the outstanding capital stock of KRONE in exchange for cash paid of $294.4 million in cash (net of cash acquired) and assumed certain liabilities of KRONE. We acquired $78.1 million of intangible assets (see Note 7 to the Consolidated Financial Statements in this prospectus for further discussion of intangible assets). No amounts were allocated to in-process research and development, because KRONE did not have any new products in development at the time of the acquisition. Goodwill of $180.1 million was recorded in the transaction and assigned to our Broadband Infrastructure and Access segment. Substantially all of this goodwill is not deductible for tax purposes.

No businesses were acquired during fiscal 2003 or fiscal 2002.

Discontinued operations

BroadAccess40

During the first quarter of fiscal 2004, we entered into an agreement to sell our BroadAccess40 business, which was included in our Broadband Infrastructure and Access segment. This transaction closed on February 24, 2004. We recorded the loss on the sale of the business of $3.8 million based on the value of the business' assets and liabilities as of January 31, 2004. Subsequent to January 31, 2004, adjustments of $3.0 million were made to increase the loss recorded.

The purchasers of the BroadAccess40 business acquired all of the capital stock of our subsidiary that operated this business and assumed substantially all liabilities associated with this business, with the exception of a $7.5 million note payable that was paid in full by us prior to the closing of the transaction. The purchasers issued a promissory note to us for $3.8 million that is payable within two years of the closing.

Cuda/FastFlow

During the third quarter of fiscal 2004, we entered into an agreement to sell the business related to our Cuda cable modem termination system product line and related FastFlow Broadband Provisioning Manager software, to BigBand Networks, Inc ("BigBand"). In consideration for this sale, we were issued a non-voting minority interest in BigBand, which was accounted for under the cost method and has a nominal value. We also provided BigBand with a non-revolving credit facility of up to $12.0 million with a term of three years. This transaction closed on June 29, 2004. As of October 31, 2004, $7.0 million was drawn on the credit facility. We classified this business as a discontinued operation beginning in the third quarter of fiscal 2004, and recorded a loss on sale of $2.6 million. In the fourth quarter, adjustments of $2.3 million were made to increase the total loss to $4.9 million.

Singl.eView

During the third quarter of fiscal 2004, we entered into an agreement to sell the business related to our Singl.eView product line to Intec Telecom Systems PLC for a cash purchase price of $74.5 million, subject to purchase price adjustments. This business had been included in our Professional Services segment. We also agreed to provide Intec with a $6.0 million non-revolving credit facility with a term of 18 months. As of October 31, 2004, $4.0 million was drawn on the credit facility. The transaction closed on August 27, 2004. We classified this business as a discontinued operation in the third quarter of fiscal 2004. In the fourth quarter of fiscal 2004, we recognized a gain on sale of $61.7 million.

Metrica

During the fourth quarter of fiscal 2004, we entered into an agreement to sell the business related to our Metrica service assurance software group to WatchMark Corporation ("WatchMark") for a cash purchase price of $35 million, subject to purchase price adjustments, and a $3.9 million equity interest in WatchMark. The equity interest constitutes less than a five percent ownership in WatchMark. This business had been included in our Professional Services segment. We classified this business as a discontinued operation in the fourth quarter of fiscal 2004. The transaction closed on November 19, 2004, and will result in a gain in the first quarter of fiscal 2005.

No businesses were discontinued during fiscal 2003 or fiscal 2002.

Patent infringement settlement

During fiscal 2002, we recognized a $26.2 million gain from the settlement of a patent infringement lawsuit we brought against a competitor.

Other, net

Other, net primarily represents the gain or loss on foreign currency exchange transactions, investment gains or losses, loss on sale-leaseback transactions and investment writedowns. Other net income (expense) was $10.7 million, $9.0 million and $6.4 million in fiscal 2004, 2003 and 2002, respectively.

Income Taxes

Fiscal 2004 vs. Fiscal 2003 vs. Fiscal 2002

Note 10 to the Consolidated Financial Statements in this prospectus describes the items which have impacted our effective income tax rate for fiscal 2004, 2003 and 2002. Significant items include the deductibility of impairment charges and expiration of foreign tax credit carryovers.

In addition, as a result of our cumulative losses in fiscal 2001 and 2002 and the full utilization of our loss carryback potential, we concluded during the third quarter of fiscal 2002 that a full valuation allowance against our net deferred tax assets was appropriate. Since the third quarter of fiscal 2002, we have continued to provide a nearly full valuation allowance against our net deferred tax assets. See Note 10 to the Consolidated Financial Statements in this prospectus for further information regarding the valuation allowance.

We recorded an income tax provision totaling $1.9 million for fiscal 2004 primarily attributable to our foreign operations. The income tax provision attributable to our U.S. operations is minimal since the tax on this income is offset with the realization of deferred tax assets, which have a full valuation allowance.

In fiscal 2003, we recorded an income tax benefit totaling $5.3 million. This benefit is primarily attributable to the reversal of accrued income tax liabilities resulting from the finalization of federal, state and foreign income tax examinations.

Income (Loss) from Continuing Operations

Income from continuing operations was $31.3 million (or $0.04 per diluted share) for fiscal 2004, compared to loss from continuing operations of $42.6 million (or $0.06 per diluted share) for fiscal 2003. Loss from continuing operations was $980.2 million (or $1.23 per diluted share) for fiscal 2002.

Segment Disclosures

Broadband Infrastructure and Access Segment

Detailed information regarding our Broadband Infrastructure and Access segment is provided in the following table:

	(Dollars in millions) For the years ended October 31,		
	2004	2003	2002
Operating income (loss)(1)	$ 83.1	$ 22.6	$ (130.4)
Depreciation and amortization	11.4	5.8	9.7
Capital expenditures	4.3	0.8	8.2
	At October 31,		
	2004	2003	2002
Assets	$ 327.2	$ 224.3	$ 247.2

(1) Operating loss excludes certain charges and expenses not allocated to the segments as described in Note 15 to the Consolidated Financial Statements in this prospectus.

During fiscal 2004, operating income for the Broadband Infrastructure and Access segment increased by 267.7% to $83.1 million compared to $22.6 million in fiscal 2003. The inclusion of operating income by KRONE beginning on May 18, 2004, accounts for 23.3% of the increase in operating income for fiscal 2004. The remaining increase in operating income for the Broadband Infrastructure and Access segment resulted from increased Connectivity sales which was attributable primarily to increased sales to our customers for products used in the core central office space and fiber-to-the-X networks.

During fiscal 2003, operating income for the Broadband Infrastructure and Access segment was $22.6 million, a $153.0 million, or 117.3%, increase over operating loss of $130.4 million incurred during fiscal 2002. This improvement was primarily due to a significant reduction in the amount of our restructuring and impairment charges, the ongoing cost savings from our restructuring efforts and the divestiture of certain product lines. While sales decreased, margins increased due to a shift in product sales mix to higher margin products. We also benefited from production efficiencies and related production cost declines resulting from our decision to outsource portions of our manufacturing operations.

Depreciation and amortization increased $5.6 million, or 96.6%, and decreased $3.9 million, or 40.2%, in fiscal 2004 and 2003, respectively. The increase in fiscal 2004 is attributable to our acquisition of KRONE. The decrease in fiscal 2003 is the result of our restructuring efforts, which led to a reduction in our property, plant and equipment balances.

Capital expenditures increased $3.5 million, or 437.5%, and decreased $7.4 million, or 90.2%, in fiscal 2004 and 2003, respectively. The increase in fiscal 2004 was the result of our growth. The decrease in fiscal 2003 was a result of our company-wide efforts to limit capital expenditures in light of the industry downturn.

Professional Services Segment

Detailed information regarding our Professional Services segment is provided in the following table:

	(Dollars in millions) For the years ended October 31,		
	2004	**2003**	**2002**
Operating loss(1)	$ (2.3)	$ (0.5)	$ (28.6)
Depreciation and amortization	2.8	2.9	4.3
Capital expenditures	6.0	0.9	4.4
	At October 31,		
	2004	**2003**	**2002**
Assets	$ 75.4	$ 89.9	$ 78.1

(1) Operating loss excludes certain charges and expenses not allocated to the segments as described in Note 15 to the Consolidated Financial Statements in this prospectus.

During fiscal 2004, the operating loss of the Professional Services segment increased $1.8 million compared to 2003. The addition of KRONE was offset by reductions in customer spending.

During fiscal 2003, operating loss for the Professional Services segment decreased $28.1 million compared to fiscal 2002. The decrease in operating loss was primarily due to cost savings achieved as a result of our restructuring initiatives in fiscal 2003.

Depreciation and amortization decreased by $0.1 million in fiscal 2004 compared to fiscal 2003, and decreased by $1.4 million in fiscal 2003, compared to fiscal 2002. The fiscal 2003 decrease is the result of our restructuring efforts, which reduced the amount of property plant and equipment.

Capital expenditures increased $5.1 million, or 566.7%, and decreased $3.5 million, or 79.5%, in fiscal 2004 and 2003, respectively. The increase in fiscal 2004 was the result of our growth. The decrease in fiscal 2003 was a result of our company-wide efforts to limit capital expenditures in light of the industry downturn.

Application of Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires us to make judgments, assumptions, and estimates that affect the amounts reported in our Consolidated Financial Statements and accompanying notes. Note 1 to the Consolidated Financial Statements in this prospectus describes the significant accounting policies and methods used in preparing the Consolidated Financial Statements. We consider the accounting policies described below to be our most critical accounting policies because these policies are impacted significantly by estimates we make. We base our estimates on historical experience or various assumptions that we believe to be reasonable under the circumstances, and the results form the basis for making judgments about the reported values of assets, liabilities, revenues and expenses. Actual results may materially differ from these estimates.

Inventories: We state our inventories at the lower of first-in, first-out cost or market. In assessing the ultimate realization of inventories, we are required to make judgments as to future demand requirements compared with current or committed inventory levels. Our reserve requirements generally increase as our projected demand requirements decrease due to market conditions, technological and product life cycle changes as well as longer than previously expected usage periods for previously sold equipment. We have experienced significant changes in required reserves in recent periods due primarily to adverse market conditions. It is possible that significant increases in inventory reserves may be required in the future if there is a further decline in market conditions. Alternatively, if we are able to sell previously reserved inventory, we will find it necessary to reverse a portion of the reserves. Changes in inventory reserves are recorded as a component of cost of sales. As of October 31, 2004 and 2003, we had $42.0 million and $32.2 million, respectively, reserved against our inventories, which represents 30.0% and 36.1%, respectively, of total inventory on-hand.

Restructuring Accrual: During fiscal 2004 and 2003, we recorded restructuring charges representing the direct costs of exiting leased facilities and employee severance costs. Prior to January 1, 2003, such charges were established in accordance with EITF 94-3 "*Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring).*" On January 1, 2003, we adopted SFAS No. 146 and recorded restructuring charges based on that standard. Restructuring charges represent our best estimate of our liability at the date the charges were taken. Significant judgment is required in estimating the costs of leased facilities. For example, in estimating the restructuring costs for leased facilities, we make certain assumptions with respect to when a facility will be subleased and the amount of sublease income. Adjustments for changes in assumptions are recorded as a component of operating expenses in the period they become known. Changes in assumptions could have a material effect on our restructuring accrual as well as our consolidated results of operations.

Revenue Recognition: We recognize revenue, net of discounts, when persuasive evidence of a final agreement exists, delivery has occurred, the selling price is fixed or determinable and collectibility is reasonably assured.

Revenue from product sales is generally recognized upon shipment of the product to the customer in accordance with the terms of the sales agreement. Revenue from services consists of fees for systems requirements, system design and analysis, customization and installation services, ongoing system management, system enhancements and maintenance. We primarily apply the percentage-of-completion method to these contracts for revenue recognition.

The assessment of collectibility is particularly critical in determining whether revenue should be recognized in the current market environment. As part of the revenue recognition process, we determine whether trade and notes receivable are reasonably assured of collection based on various factors, including an evaluation of whether there has been deterioration in the credit quality of our customers, which could result in us being unable to collect or sell the receivables. In situations where it is unclear whether we will be able to sell or collect the receivable, revenue and related costs are deferred. Costs are recognized when it has been determined that the collection of the receivable is unlikely.

We record provisions against our gross revenue for estimated product returns and allowances in the period when the related revenue is recorded. These estimates are based on factors that include, but are not limited to, historical sales returns, analyses of credit memo activities, current economic trends and changes in our customers' demand. Should our actual product returns and allowances exceed our estimates, additional reductions to our revenue would result.

Allowance for Uncollectible Accounts: We are required to estimate the collectibility of our trade receivables and notes receivable. A considerable amount of judgment is required in assessing the realization of these receivables including the current creditworthiness of each customer and related aging of the past due balances. In order to assess the collectibility of these receivables, we perform ongoing credit evaluations of our customers' financial condition. Through these evaluations we may become aware of a situation where a customer may not be able to meet its financial obligations due to deterioration of its financial viability, credit ratings or bankruptcy. The reserve requirements are based on the best facts available to us and are reevaluated and adjusted as additional information is received.

Our reserves are also based on amounts determined by using percentages applied to certain aged receivable categories. These percentages are determined by a variety of factors including, but are not limited to, current economic trends, historical payment and bad debt write-off experience. Significant increases may occur in the future due to deteriorating market conditions. We are not able to predict changes in the financial condition of our customers and if circumstances related to our customers deteriorate, our estimates of the recoverability of our receivables could be materially affected and we may be required to record additional allowances. Alternatively, if we provided more allowances than are ultimately required, we will reverse a portion of such provisions in future periods based on our actual collection experience. Changes in the allowance are recorded as a component of operating expenses. As of October 31, 2004 and 2003, we had $15.9 million and $20.4 million, respectively, reserved against our accounts receivable, which represents 9.1% and 19.4%, respectively, of total accounts receivable. The decrease in allowance for uncollectible accounts from 2003 to 2004 is due to improved collections.

Warranty: We provide reserves for the estimated cost of warranties at the time revenue is recognized. We estimate the costs of our warranty obligations based on our warranty policy or applicable contractual warranty, our historical experience of known product failure rates, and use of materials and service delivery costs incurred in correcting product failures. In addition, from time to time, specific warranty accruals may be made if unforeseen technical problems arise. Should our actual experience relative to these factors differ from our estimates, we will be required to record additional warranty reserves. Alternatively, if we provide more reserves than we need, we will reverse a portion of such provisions in future periods. Changes in warranty reserves are recorded as a component of cost of sales. As of October 31, 2004 and 2003, we reserved $14.4 and $10.4 million, respectively, related to future estimated warranty costs.

Income Taxes and Deferred Taxes: We currently have significant deferred tax assets (primarily in the United States) as a result of net operating loss carryforwards, tax credit carryforwards and temporary differences between taxable income on our income tax returns and income before income taxes under U.S. generally accepted accounting principles. A deferred tax asset generally represents future tax benefits to be received when these carryforwards can be applied against future taxable income or when expenses previously reported in our financial statements become deductible for income tax purposes.

In the third quarter of fiscal 2002, we recorded a full valuation allowance against our net deferred tax assets because we concluded that it was more likely than not that we would not realize these assets. Our decision was based on the cumulative losses we had incurred to that point as well as the full utilization of our loss carryback potential. From the third quarter of fiscal 2002 to date, we have maintained our policy of providing a nearly full valuation allowance against all future tax benefits produced by our operating results. We expect to continue to provide a nearly full allowance on any future tax benefits until we can sustain a level of profitability that demonstrates our ability to utilize these assets.

As of October 31, 2004, our net deferred tax assets were $1,067.4 million with a related valuation allowance of $1,068.9 million. As of October 31, 2003, our net deferred tax assets were $751.0 million with a related valuation allowance of $751.0 million. See Note 10 to the Consolidated Financial Statements in this prospectus for further discussion of the accounting treatment for income taxes.

Litigation Reserves: As of October 31, 2004 and 2003, we had recorded approximately $5.2 million and $9.1 million, in loss reserves for pending litigation. This reserve was based on the application of SFAS No. 5, "*Accounting for Contingencies*," which requires us to record a reserve if we believe an adverse outcome is probable and the amount of the probable loss is capable of reasonable estimation. As explained in Note 14 to the Consolidated Financial Statements, and under "Legal Proceedings," we are a party to numerous lawsuits, proceedings and claims. Litigation by its nature is uncertain and the determination of whether any particular case involves a probable loss or the amount thereof requires the exercise of considerable judgment, which is applied as of a certain date. The required reserves may change in the future due to new matters, developments in existing matters or if we determine to change our strategy with respect to any particular matter.

Pensions: We acquired KRONE, which maintains a defined benefit pension for a portion of its German workforce. A participating individual's post-retirement pension benefit is based primarily on the individual's years of service and earnings. The plan is accounted for in accordance with SFAS 87, which requires that amounts recognized in the financial statements be determined on an actuarial basis. That measurement includes estimates relating to the discount rate used to measure plan liabilities. The discount rate reflects the current rate at which the pension liability could effectively be settled at the end of the year. In estimating this discount rate, we considered rates of return on high-grade fixed-income investments with similar duration to the plan liability. We used a discount rate of 5.25% at October 31, 2004. A quarter percentage point increase (decrease) in the assumed discount rate would increase (decrease) the postretirement benefit obligation by $1.9 million and $(1.9) million, respectively.

Recently Issued Accounting Pronouncements

In January 2003, the FASB issued FIN 46, "*Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51*", which requires companies to consolidate certain types of variable interest entities. A variable interest entity is an entity that has inadequate invested equity at risk to meet expected future losses, or whose holders of the equity investments lack any of the following three characteristics: (i) the ability to make decisions about the entity's activities; (ii) the obligation to absorb the entity's losses if they occur; or (iii) the right to receive the entity's future returns if they occur. FIN 46 is applicable immediately for variable interest entities created after January 31, 2003. For variable interest entities created before February 1, 2003, the provisions of the interpretation are effective for financial statements issued for the first period ending after December 15, 2003, or March 15, 2004, depending on the nature of the variable interest entity. The adoption of this interpretation did not have a material impact on our consolidated financial position or results of operations.

In December 2004, the FASB issued SFAS 123R, "*Share-Based Payment: an amendment of FASB Statements No. 123 and 95*", which requires companies to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation issued to employees. The provisions of the interpretation are effective for financial statements issued for periods that begin after June 15, 2005, which will be our fourth quarter beginning August 1, 2005. We will use the modified prospective transition method. Under the modified prospective method, awards that are granted, modified or settled after the date of adoption will be measured and accounted for in accordance with SFAS 123R. Compensation cost for awards granted prior to, but not vested, as of the date SFAS 123R is adopted would be based on the grant date, fair value and attributes originally used to value those awards.

We expect the adoption of this standard will reduce fourth quarter 2005 net income by approximately $9.2 million. This estimate is based on the number of options currently outstanding and exercisable and could change based on the number of options granted or forfeited in fiscal 2005.

Liquidity and Capital Resources

Cash

Cash and cash equivalents, consisting primarily of short-term money market instruments with maturities of three months or less, had a balance of $494.3 million at October 31, 2004, which is a decrease of $224.4 million compared to October 31, 2003. The major uses of cash during fiscal 2004 were $295.2 million of acquisition costs primarily related to KRONE. This use of cash was partially offset by $74.5 million proceeds for the sale of Singl.eView product line.

As of October 31, 2004, we had restricted cash of $21.9 million compared to $15.6 million of restricted cash as of October 31, 2003, an increase of $6.3 million. Our restricted cash increased due to the additions of KRONE balances and the statutory requirements related to a tender offer for a portion of a minority ownership interest. Restricted cash represents cash pledged to various financial institutions to secure certain of our obligations, and is not available to us for working capital. The majority of our restricted cash represents collateral for letters of credit and lease obligations. Restricted cash is expected to become available to us upon satisfaction of the obligations pursuant to which the letters of credit or guarantees were issued. We are entitled to the interest earnings on our restricted cash balances.

Cash and cash equivalents were $718.7 million as of October 31, 2003, which was an increase of $441.0 million compared to October 31, 2002. The major sources of cash during fiscal 2003 were $142.7 million in income tax refunds and the net proceeds of $355.5 million from our convertible note offering completed on June 4, 2003. These cash inflows were partially offset by $67.6 million of net property, plant and equipment additions.

Finance-Related Transactions

On June 4, 2003, we issued $400.0 million of convertible unsecured subordinated notes in two separate transactions pursuant to Rule 144A under the Securities Act of 1933. This issuance was made through an initial offering of $350.0 million of convertible notes on May 29, 2003, and the subsequent exercise in full by the underwriters of such offering of their option to purchase an additional $50.0 million of convertible notes. The net proceeds to us from this offering were $355.5 million after underwriting discounts of $10.0 million and the net payment for the purchased call options and warrant transactions described below. In the first transaction, we issued $200.0 million of 1.0% fixed rate convertible unsecured subordinated notes that mature on June 15, 2008. In the second transaction, we issued $200.0 million of convertible unsecured subordinated notes that have a variable interest rate and mature on June 15, 2013. The interest rate for the variable rate notes is equal to 6-month LIBOR plus 0.375%. The interest rate for the variable rate notes will be reset on each semi-annual interest payment date, which are June 15 and December 15 of each year beginning on December 15, 2003, for both the fixed and variable rate notes. The interest rate on the variable rate notes was 1.605% and 2.235% for the periods ending June 15 and December 15, 2004, respectively. The interest rate on the variable rate notes is 3.065% for the current period ending June 15, 2005. The holders of both the fixed and variable rate notes may convert all or some of their notes into shares of our common stock at any time prior to maturity at a conversion price of $4.013 per share. We may not redeem the fixed rate notes prior to their maturity date. We may redeem any or all of the variable rate notes at any time on or after June 23, 2008.

Concurrent with the issuance of the fixed and variable rate notes, we purchased five and ten-year call options on our common stock to reduce the potential dilution from conversion of the notes. Under the terms of these call options, which become exercisable upon conversion of the notes, we have the right to purchase from the counterparty at a purchase price of $4.013 per share the aggregate number of shares that we are obligated to issue upon conversion of the fixed and variable rate notes, which is a maximum of 99.7 million shares. We also have the option to settle the call options with the counterparty through net a share settlement or cash settlements, either of which would be based on the extent to which the then-current market price of our common stock exceeds $4.013 per share. The total cost of all the call options was $137.3 million, which is recorded in shareowners' investment. The cost of the call options was partially offset by the sale of warrants to acquire shares of our common stock with terms of five and ten years to the same counterparty with whom we entered into the call options. The warrants are exercisable for an aggregate of 99.7 million shares at an exercise price of $5.28 per share. The warrants become exercisable upon conversion of the notes, and may be settled, at our option, either through a net share settlement or a net cash settlement, either of which would be based on the extent which the then-current market price of our common stock exceeds $5.28 per share. The gross proceeds from the sale of the warrants were $102.8 million, which was recognized in shareowners' investment. The call options and the warrants are subject to early expiration upon conversion of the notes. The net effect of the call options and the warrants is to either reduce the potential dilution from the conversion of the notes (if we elect net share settlement) or to increase the net cash proceeds of the offering (if we elect net cash settlement) if the notes are converted at a time when the current market price of our common stock is greater than $4.013 per share.

We have used and plan to use the cash proceeds from this offering for general corporate purposes and strategic opportunities, including financing for possible acquisitions or investments in complementary businesses, technologies or products.

We were party to an operating lease agreement related to our headquarters facility in Eden Prairie, Minnesota. This lease was set to expire in October of fiscal 2006. This operating lease, which is sometimes referred to as a "synthetic lease," contained a minimum residual value guarantee at the end of the lease term, and also gave us a purchase option at the end of the lease term. During the third quarter of fiscal 2003, we purchased this property for an aggregate purchase price of $46.8 million. The entire purchase price was paid out of restricted cash.

In addition, during fiscal 2003, we purchased a total of four other properties that we leased under synthetic leases. Two properties were purchased for $55.9 million and the remaining two were purchased for $45.5 million. All of the properties were purchased using restricted cash previously pledged to secure the lease obligations. The two properties that were purchased for $55.9 million were recorded at their fair market value of $15.7 million, which resulted in a $5.2 million impairment charge and a $35.0 million reduction in our restructuring accrual as we previously recognized this loss in a prior fiscal year. These two properties were sold in fiscal 2004. The remaining two properties that were purchased for $45.5 million were immediately sold for total proceeds of $15.3 million, which was available to us as unrestricted cash. The difference between the purchase price for these two properties of $45.5 million and the sale price of $15.3 million reduced our restructuring accrual.

Vendor Financing

We have worked with customers and third-party financiers to find a means of financing projects by negotiating financing arrangements. As of October 31, 2004, 2003 and 2002, we had commitments to extend credit of $17.7 million, $26.5 million and $58.0 million for such arrangements, respectively. The total amount drawn and outstanding under the commitments was approximately $17.7 million, $23.2 million and $20.9 million, respectively, as of October 31, 2004, 2003 and 2002. The commitments to extend credit are conditional agreements generally having fixed expiration or termination dates and specific interest rates, conditions and purposes. These commitments may expire without being drawn. We regularly review all outstanding commitments, and the results of these reviews are considered in assessing the overall risk for possible credit losses. At October 31, 2004, we have recorded approximately $17.5 million in loss reserves in the event of non-performance related to these financing arrangements.

In connection with the sale of a participation interest in a customer note receivable for $14.5 million, we guaranteed the payment obligation of the customer to the purchaser of the participation interest. During fiscal 2003, the underlying customer defaulted on the note receivable. Therefore, we were required to pay the purchaser of the participation interest $14.5 million, which was the outstanding principal and interest on the note receivable at the time the customer defaulted. Of the $14.5 million payment, we used $14.3 million from our restricted cash that was previously pledged to secure our guarantee with the remainder being paid from unrestricted cash. This note receivable was fully reserved for as part our allowance for doubtful accounts.

Working Capital and Liquidity Outlook

Our main source of liquidity continues to be our unrestricted cash on hand. We believe that our current unrestricted cash on hand should be adequate to fund our working capital requirements, planned capital expenditures and restructuring costs through fiscal 2005. If we are able to maintain break-even or positive cash flow from operations, our existing cash should be adequate to fund such expenditures for several years.

We believe that our entire restructuring accrual of $38.4 million as of October 31, 2004, will have to be paid from our unrestricted cash (shown as cash and cash equivalents on our balance sheet) as follows:

$9.7 million for employee severance will be paid in fiscal 2005;

$9.1 million for facilities consolidation costs, which relate principally to excess leased facilities, will be paid in fiscal 2005; and

the remainder of $19.6 million, which also relates to excess leased facilities, will be paid over the respective lease terms ending through 2015.

We also believe that our unrestricted cash on hand will also enable us to pursue strategic opportunities, including possible product line or business acquisitions. However, if the cost of one or more acquisition opportunities exceeds our existing capital resources, additional sources of capital may be required. We do not currently have any committed lines of credit or other available credit facilities, and it is uncertain whether such facilities could be obtained in sufficient amounts or on acceptable terms. Any plan to raise additional capital may involve an equity-based or equity-linked financing, such as another issuance of convertible debt or the issuance of common stock, preferred stock or warrants to purchase stock, any of which would be dilutive to existing shareholders.

Contractual Obligations and Commercial Commitments

As of October 31, 2004, the following table summarizes our commitments (in millions) to make long-term debt and lease payments and certain other contractual obligations.

	Payments Due by Period				
Category	**Total**	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**More Than 5 Years**
Long-Term Debt Obligations	$ 400.0	$	$	$ 200.0	$ 200.0
Operating Lease Obligations	103.8	24.9	34.6	18.0	26.3
Purchase Obligations(1)	5.8	4.6	1.2		
Minimum Pension Obligations	62.8	3.5	7.3	7.6	44.4
Total	$ 572.4	$ 33.0	$ 43.1	$ 225.6	$ 270.7

(1) Amounts represent non-cancelable commitments to purchase goods and services, including items such as inventory and information technology support.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in security prices, foreign currency exchange rates and interest rates. Market fluctuations could affect our results of operations and financial condition adversely. We, at times, reduce this risk through the use of derivative financial instruments. We do not enter into derivative financial instruments for the purpose of speculation.

We are exposed to interest rate risk as a result of issuing $200.0 million of convertible unsecured subordinated notes on June 4, 2003, that have a variable interest rate. The interest rate on these notes is equal to 6-month LIBOR plus 0.375%. The interest rate on these notes is reset semiannually on each interest payment date, which is June 15 and December 15 of each year until their maturity in fiscal 2013. The interest rate for the six-month period ending December 15, 2004 was 2.235%. The interest rate on the variable rate notes is 3.065% for the current six-month period ending June 15, 2005. Assuming interest rates rise an additional 1%, 5% and 10%, our annual interest expense would increase by $2.0 million, $10.0 million and $20.0 million, respectively.

We offer a non-qualified 401(k) excess plan to allow certain executives to defer earnings in excess of the annual individual contribution and compensation limits on 401(k) plans imposed by the U.S. Internal Revenue Code. Under this plan, the salary deferrals and our matching contributions are not placed in a separate fund or trust account. Rather, the deferrals represent our unsecured general obligation to pay the balance owing to the executives upon termination of their employment. In addition, the executives are able to elect to have their account balances indexed to a variety of diversified mutual funds (stock, bond and balanced), as well as to our common stock. Accordingly, our outstanding deferred compensation obligation under this plan is subject to market risk. As of October 31, 2004, our outstanding deferred compensation obligation related to the 401(k) excess plan was $4.8 million, of which approximately $0.9 million was indexed to ADC common stock. Assuming a 20%, 50% or 100% aggregate increase in the value of the investment alternatives to which the account balances may be indexed, our outstanding deferred compensation obligation would increase by $1.0 million, $2.4 million and $4.8 million, respectively, and we would incur an expense of a like amount.

We also are exposed to market risk from changes in foreign currency exchange rates. Our primary risk is the effect of foreign exchange rate fluctuations on the U.S. dollar value of foreign currency denominated operating revenues and expenses. Our largest exposure comes from the euro. The result of a 10% strengthening in the U.S. dollar to our euro denominated revenues and expenses would result in a decrease of operating income of $0.4 million for the year ended October 31, 2004. We are also exposed to foreign currency exposure as a result of changes in intercompany balance sheet balances and other balance sheet items. At October 31, 2004, we did not hedge any foreign currency exposures; however, from time to time we may implement certain risk management strategies that include the use of derivative instruments. These strategies include:

- The use of foreign currency forwards and options to hedge a portion of anticipated future sales denominated in foreign currencies, principally the euro, British pound and Australian dollar, in order to offset the effect of changes in exchange rates.

- The use of foreign currency forwards and options to hedge certain foreign currency denominated intercompany receivables, primarily in the euro, British pound, Australian dollar and Canadian dollar, to offset the effect on earnings of changes in exchange rates until these receivables are collected.

See Note 1 to the Consolidated Financial Statements for information about our foreign currency exchange hedging program.

BUSINESS

ADC Telecommunications, Inc. ("we", "us" or "ADC") was incorporated in Minnesota in 1953 as Magnetic Controls Company. We adopted our current name in 1985. Our World Headquarters is located at 13625 Technology Drive in Eden Prairie, Minnesota.

We are a leading global supplier of communications infrastructure solutions and services. Our products and services connect every type of communications network over copper, fiber, coaxial and wireless media and enable high-speed Internet, data, video and voice services to residences, businesses and mobile communications subscribers. These products and services include fiber optic, copper and coaxial based frames, cabinets, cables, connectors, cards and other physical components essential to enable the delivery of communications for wireline, wireless, cable, broadcast and enterprise networks. Our products also include network access devices such as high-bit-rate digital subscriber line and wireless coverage solutions. We also design, equip and build networks through the provision of professional services, which compliments our hardware business by planning, deploying and maintaining communications networks.

Our customers include local and long-distance telephone companies, private enterprise networks, cable television operators, wireless service providers, new competitive service providers, broadcasters, governments, system integrators and communications equipment manufacturers and distributors. We offer broadband connectivity systems, enterprise systems, wireless transport and coverage optimization systems, business access systems and professional services to our customers through the following two segments of product and service offerings:

- Broadband Infrastructure and Access; and
- Professional Services (previously known as Integrated Solutions).

Our *Broadband Infrastructure and Access* business provides network infrastructure products for wireline, wireless, cable, broadcast and enterprise network applications for the communications industry. These products consist of:

- connectivity systems and components that provide the infrastructure to networks to connect Internet, data, video and voice services over copper, coaxial and fiber-optic cables, and
- access systems used in the last mile/kilometer of wireline and wireless networks to deliver high-speed Internet, data and voice services.

Our *Professional Services* business provides integration services for broadband, multiservice communications over wireline, wireless cable and enterprise networks. Professional services are used to plan, deploy and maintain communications networks that deliver Internet, data, video and voice services.

Our corporate website address is *www.adc.com*. In the "Financial Information" category of the Investor Relations section of our website we make our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports available free of charge as soon as reasonably practicable after such reports are filed with or furnished to the United Sates Securities and Exchange Commission (the "SEC"). The "Corporate Governance" category of the Investor Relations section of our website also contains free copies of our Financial Code of Ethics, our Principles of Corporate Governance, our Global Business Conduct Program, our Articles of Incorporation and Bylaws and the charter of each committee of our Board of Directors. Each of the above referenced documents can also be obtained free of charge (other than a reasonable charge for duplicating exhibits to our reports on Forms 10-K, 10-Q or 8-K) in print by any shareowner who requests them from our investor relations department. The investor relations department's email address is *investor@adc.com* and its mail address is: Investor Relations, ADC Telecommunications, Inc., P.O. Box 1101, Minneapolis, Minnesota 55440-1101.

Industry Background

Our products and services are deployed primarily by communications service providers and the owners/operators of private enterprise networks. The competition in our industry has been extremely intense during the downturn in the communications industry that has taken place throughout the past four years. During this time period, communication service providers have engaged in fierce competition to obtain and retain customers and have cut back on capital spending levels significantly. In turn, this has led to fierce competition among vendors of communications equipment and related services to protect their market shares and placed significant pressure on the prices at which companies like ours are able to sell their products and services.

In this type of business environment, we believe those equipment providers who provide products and services that permit network operators and communications service providers to operate more efficiently and at a lower cost while meeting the changing demands of end users will be in the best position to win market share and grow their businesses. Specifically, we believe the market for communications services continues to evolve as a result of two key factors where:

- businesses and consumers worldwide are becoming increasingly dependent on broadband, multiservice communications networks to conduct daily communications tasks; and

- end users of communications services expect to do business with service providers or develop their own networks that can provide all of their communications needs over a single network connection at a low, often flat-rate price.

We believe these two factors are the primary drivers behind industry change; however, other factors such as regulatory changes and industry consolidation among our customers and competitors also will likely impact the competitive landscape of our industry significantly. People and businesses increasingly are accessing the Internet and using Web-based software applications through broadband connections. The growing popularity of applications such as digital video and audio programs, wireless Internet access, video conferencing from personal computers, video e-mail, video on demand, interactive entertainment and gaming, distance learning, telemedicine and high-speed imaging is further increasing the need for broadband network infrastructure. In addition, we believe both public networks operated by communications service providers and private enterprise networks are evolving to provide combinations of Internet, data, video and voice services that can be offered over the same high-speed network connection as opposed to each service being conducted over a separate connection. We believe the competition among service providers to retain new customers over these more fully integrated networks is causing services to be offered more frequently at low, flat-rate prices as opposed to prices based on metered usage.

Ultimately, we believe the demand for greater levels of communications network capacity provided in low priced, "bundled" services will create new opportunities to develop and market infrastructure elements that will allow networks to provide more robust services while operating more efficiently. We believe this will be especially true in the "last mile/kilometer" portion of networks that extends from a service provider's local office to the end user's home, business or mobile device. It is in this section of networks where bottlenecks in the high-speed delivery of communication services are most likely to be pronounced. Our products and services are primarily focused on connecting equipment in the "last mile/kilometer" of networks to enable high-speed Internet, data, video and voice services.

Strategy

Our aim is to be the global leader in the provisioning of communications network infrastructure solutions and services. The core of our business has long been based in providing the infrastructure elements that connect equipment in communications networks with an emphasis on solutions serving the "last mile/kilometer" of a network. During the downturn of the telecommunications equipment industry in the last several years, we have taken steps to transform our business to focus more sharply on our core competency in network infrastructure where we believe we hold sustainable competitive advantages. During the last fiscal year, we have divested four businesses that either were not profitable or did not conform to our more focused strategy. As we have conducted this internal restructuring, we also have sought opportunities to grow our business in ways that complement our strategic focus. In fiscal 2004, we completed a significant acquisition that we believe furthered our global network infrastructure strategy when we purchased the KRONE Group ("KRONE"), a global supplier of connectivity solutions and cabling products used in public access and enterprise networks. KRONE's product and service offerings are an extension of our own core connectivity competencies. We also believe this acquisition has several significant strategic elements that will benefit our long-term objectives. The KRONE acquisition:

- Significantly expands our presence in the global marketplace. Historically KRONE has derived about 75% of its net sales from outside the United States. In contrast we historically have derived approximately 30% of our net sales from outside the United States. Following the KRONE acquisition we now have more than 3,000 customers worldwide. KRONE's results were included in our entire fourth quarter in fiscal 2004 when our sales distribution was approximately 52% in the United States, 30% in Europe and 18% spread throughout the rest of the world.

- Provides us with an established position in the enterprise customer market through KRONE's advanced structured cabling products. These products are used to connect enterprise networks within a building or in a campus environment. We believe that over time this market position will diversify our large portion of business with communication service provider customers.

- Gives us greater scale by adding approximately 2,000 employees and eight manufacturing facilities located around the world and permits us to reduce the combined costs of the two operations by eliminating duplicative facilities, processes and general and administration functions.

- Creates opportunities to increase revenue by cross-selling our historical products and KRONE's products to each of our historical customers.

- Enables us to build a greater market position in important emerging markets such as China, India, Southeast Asia, Eastern Europe and Russia through KRONE's established presence in these markets.

- Provides us with greater access to sell more product through indirect sales channels as KRONE historically has sold approximately 50% of its products through third party distributors whereas we historically have sold approximately 25%.

The KRONE acquisition is in many ways a reflection of the larger growth strategy we are seeking to implement, which includes the following key components:

- sales growth through market share gains, new product introductions and expansion into adjacent and related markets;

- development of new sales channels and market opportunities through the use of partnerships and alliances with other equipment vendors, distributors, resellers and systems integrators;

- lowering our cost structure to compete effectively in a more cost-conscious marketplace; and

- product portfolio additions through strategic acquisitions.

Growing Sales. In the current environment of reduced capital spending by communication service providers, we believe that we must gain market share in order to grow our business. We intend to increase our market share by offering a compelling value proposition through a combination of customer-specific solutions, product functionality, high-quality, on-time delivery, price-competitiveness and world-class customer service. We place particular emphasis on helping our customers maximize their return on investment, evolve their networks and simplify network deployment challenges in providing communication services to end users. We also intend to develop and introduce new products that have applications in our current markets as well as adjacent markets focused primarily on the "last mile/kilometer" of networks.

Development of New Sales Channels. We believe that we can effectively partner with other companies serving the public and private communication network markets to offer more complete solutions to customer needs. Our connectivity products in particular are conducive for incorporation by other equipment vendors into a systems-level solution. We also believe there are opportunities for us to sell more of our products through indirect sales channels.

Monitoring Low Cost Structure. We intend to continue our efforts to lower our overall cost structure to remain a low-cost industry leader in selected product areas, while also maintaining our reputation for high-quality products and services and world-class customer service.

Product Portfolio Additions. We continue to search for appropriate acquisition opportunities to strengthen our core product portfolio of network infrastructure solutions serving the last "mile/kilometer" of networks. Our efforts are focused on opportunities within our existing markets, as well as opportunities in adjacent or related markets that will strengthen our product offerings or enhance our geographic operations. In addition, we will continue to evaluate and monitor our existing business and product lines for growth and profitability prospects and, if we believe necessary, deemphasize or divest product lines and businesses that we no longer believe can advance our strategic vision.

Our ability to implement our strategy effectively is subject to numerous uncertainties, the most significant of which are described in the section captioned "Risk Factors" in this prospectus. We cannot assure you that our efforts will be successful.

Product and Service Offering Groups

Our Broadband Infrastructure and Access business focuses on broadband connectivity products for a variety of communications network and enterprise applications, DSL offerings and wireless coverage for the communications industry. Broadband Infrastructure and Access products accounted for approximately 76.7%, 72.3% and 76.9% of our net sales in fiscal 2004, 2003 and 2002, respectively.

Our Professional Services business focuses on planning, deploying and maintaining network infrastructure. Professional Services products and services accounted for approximately 23.3%, 27.7% and 23.1% of our net sales in fiscal 2004, 2003 and 2002, respectively. The primary products and services offered by each of these segments are described below.

As used in this prospectus, fiscal 2002, fiscal 2003, fiscal 2004 and fiscal 2005 refer to our fiscal years ended or ending October 31, 2002, 2003, 2004 and 2005, respectively.

See Note 15 to the Consolidated Financial Statements in this prospectus for financial information regarding these two business segments as well as information regarding our assets and sales by geographic region.

Broadband Infrastructure and Access

Our Broadband Infrastructure and Access products for public network providers are located primarily in communications service provider offices and networks, including telephone company central offices and networks, cable television company networks, and wireless company global switching centers, networks and tower sites. All of these facilities contain the equipment used in switching and transmitting incoming and outgoing communications channels. Portions of our broadband transmission systems are located in the public network outside the serving offices and on end-users' premises. Our enterprise private and governmental network customers generally purchase our products for installation in the networks located on their premises. We also sell connection products for broadcast entertainment facilities. Broadband Infrastructure and Access products consist of the following general product groupings:

Broadband Connectivity Systems and Components

Our connectivity devices are used in copper (twisted pair), coaxial, fiber-optic, wireless and broadcast communications networks. These products provide the physical interconnections between network components or access points into networks. Principally, these products include:

DSX and DDF Products. We manufacture digital signal cross-connect ("DSX") and digital distribution frame ("DDF") modules, panels and bays, which are designed to terminate and cross-connect copper channels and gain access to digital channels for Internet, data, video and voice transmission. Within our DSX and DDF product group, we offer solutions to meet global market needs for both twisted-pair and coaxial cable solutions.

Fiber-to-the-X Products. ADC's OmniReach product family of fiber distribution terminals, fiber access terminals, passive optical splitter modules, wavelength division multiplexer modules, connectors and drop cables is designed to bring flexibility in implementation and optimization of capital infrastructure to customers deploying fiber optic lines directly from the communications service provider's local office to its residential or business subscribers' neighborhood, curb or premises ("fiber-to-the-X").

Fiber Distribution Panels and Frame Products. Fiber distribution panels and frames, which are functionally similar to copper cross-connect modules and bays, provide interconnection points between fiber-optic cables entering a service provider's serving office and fiber-optic cables connected to fiber-optic equipment within the serving office. Our fiber distribution panels and frames are designed with special consideration of fiber-optic properties.

RF Signal Management Products. Our series of Radio Frequency ("RF") products are designed to meet the unique performance requirements of video and data transmission over coaxial cable used in today's cable television networks and emerging cable modem networks. The RF Worx® product family leads the industry by offering the "plug-and-play" flexibility of combiners, splitters, couplers and forward/reverse amplification modules in a single platform designed for optimum cable management. The RF Worx system provides cable television network design engineers with the full breadth of RF signal management tools that are essential in an evolving cable television headend environment.

Power Distribution and Protection Panels. Our PowerWorx® family of circuit breaker and fuse panels are designed to power and protect network equipment in multi-service broadband networks.

Modular Fiber-Optic Routing Systems. Our FiberGuide® system is a modular routing system that provides a segregated, protected method of storing and routing fiber-optic patch cords and cables within a service provider's serving office.

Structured Cabling Products. Structured cabling products are the cables, jacks, plugs, jumpers, frames and panels used to connect desk top systems like personal computers to the network switches and servers in large enterprise campus and condominium high-rise buildings. Our cabling products include multi-mode fiber used primarily to interconnect switches within servers as well as various generations of unshielded twisted-pair copper cable capable of supporting varying bandwidth requirements.

Broadcast and Entertainment Products. Broadcast and Entertainment products are audio, video, data patching and connectors used to connect and access worldwide broadcast radio and television networks. The industry leading Pro-Patch® brand is recognized as the leader in digital broadcast patching. The products include our ProAx triaxial connectors preferred by mobile broadcast trucks, DBS satellite and large venue live broadcasts like the Olympic games. A new line of HDTV products exceed the highest performance standards in the new digital broadcast industry.

Other Connectivity Products. A variety of other products used by telecommunications service providers and private networks to connect, monitor and test portions of their networks, such as patch cords, media converters, splitter products and jacks and plugs.

Wireless Systems and Components

Our wireless systems and components help amplify and extend the coverage of wireless communications networks. These products include:

Wireless Infrastructure Equipment and Subsystems. We develop, manufacture and market SMARTop® and ClearGain® families of tower-top amplifier products, which are distributed globally for all major air interfaces. These products are sold primarily to wireless carriers and original equipment manufacturers ("OEMs").

Coverage Products. Our Digivance® family of wireless systems products includes solutions that address coverage and capacity challenges for wireless operators. Our solutions address a range of applications, from base station hotels that serve significant segments of a metropolitan area to products that provide complete coverage for a single building or campus. The Digivance family is the next-generation replacement of our existing CityCell® product offering.

Wireline Systems

Our wireline systems products include carrier-class intelligent loop access platforms that operate between service providers' serving offices and the last mile/kilometer portion of communications networks. Our Soneplex® and HiGain® products enable communications service providers to deliver T1/E1-based services over copper or optical facilities in the last mile/kilometer of communications networks. Soneplex and HiGain products integrate functions and capabilities that help reduce the capital and operating costs of delivering T1/E1-based services. Our PG-Flex® product is a micro digital loop carrier that is used by telecommunications service providers to increase the carrying capacity of common voice-grade copper wire in the last mile/kilometer of communications networks. This system is capable of conveying both regular voice service and asymmetrical digital subscriber line ("ADSL") signals.

Professional Services

Professional services consist of systems integration services for broadband, multiservice communications over wireline, wireless, cable and enterprise networks. Professional services are used to plan, deploy and maintain communications networks that deliver Internet, data, video and voice services to consumers and businesses.

Our professional services are offered in North America and Europe and provide integration solutions for customers that deliver Internet, data, video and voice services over networks. Our professional services support both the multi-vendor and multi-service delivery requirements of our customers. These services support customers throughout the technology life-cycle, from network design, build-out, turn-up and testing to ongoing maintenance and training, and are utilized by our customers in creating and maintaining intra-office, inter-office, or coast-to-coast networks.

Sales and Marketing

Our products and services are used by customers in four primary markets:

- the U.S. public communications network market, which includes the four major U.S. incumbent local exchange carriers (Verizon, BellSouth, SBC and Qwest), other local telephone companies, long-distance carriers, wireless service providers and cable television operators;
- the U.S. private and governmental markets, which include business customers and governmental agencies that own and operate their own Internet, data, video and voice networks for internal use;
- the public and private network markets outside of the United States; and
- other communications equipment vendors, who incorporate our products into products and systems that they in turn sell into the three markets listed above.

The majority of our sales are made to telecommunications service providers, and the four major U.S. incumbent local exchange carriers combined accounted for approximately 30.4%, 33.4% and 36.5% of our revenues during fiscal 2004, 2003 and 2002, respectively. Verizon Communications, Inc., accounted for 13.3%, 12.6% and 13.6% of our sales in fiscal 2004, 2003 and 2002. SBC Communications, Inc., accounted for 11.2% of our sales in fiscal 2002. Our customer base is relatively concentrated with our top ten customers accounting for 46.3%, 55.3% and 54.1% of our net sales in fiscal 2004, 2003 and 2002, respectively. Sales to KRONE customers represented 21.8% of our net sales in fiscal 2004. Due to the generally short lead times between receipt of a customer order and the time we ship the product, our committed backlog of orders is not a material portion of our annual revenues, and thus is not a meaningful indicator of future revenues.

Outside the United States, we market our products to telephone operating companies, owners and operators of private enterprise networks, cable television operators and wireless service providers for networks located in Africa, Asia, Canada, Europe, Latin America, the Middle East and the Pacific Region. Our non-U.S. net sales accounted for approximately 40.4%, 26.0% and 20.2% of our net sales in fiscal 2004, 2003 and 2002, respectively. Although the sales are not concentrated in any one country, Europe is the region that accounted for the largest percentage of sales outside of North America. We believe approximately 50% of our net sales will be accounted for outside the United States following our acquisition of KRONE.

Our direct sales force completes a majority of our sales. We maintain sales offices throughout the United States and in Asia, Australia, Canada, Europe, Latin America, the Middle East, South Africa and the Pacific region. In the United States, our products are sold directly by our sales personnel as well as through value-added resellers, distributors and manufacturers' representatives. Outside the United States, our products are sold directly by our field sales personnel and by independent sales representatives and distributors, as well as through other public and private network providers that distribute products outside the United States. Nearly all of our sales to enterprise networks outside the United States are conducted through third party distributors who have historical relationships with KRONE. We intend to explore ways to use these relationships to sell our historical products as well as KRONE's historical products.

We maintain a customer service group that supports our field sales personnel. The customer service group is responsible for application engineering, customer training, entering orders and supplying delivery status information. We also have a field service engineering group that provides on-site service to customers.

Research and Development

We believe that our future success depends, in part, on our ability to adapt to the rapidly changing communications environment, to maintain our significant expertise in core technologies and to continue to meet and anticipate our customers' needs. We continually review and evaluate technological changes affecting the communications market and invest in applications-based research and development. The focus of our research and development activities will change over time based on particular customer needs and industry trends as well as our decisions with respect to those areas we believe we are most likely to achieve success. As part of our long-term strategy, we intend to continue an ongoing program of new product development that combines internal development efforts with acquisitions and strategic alliances relating to new products and technologies from sources outside ADC. Our expenses relating to internal research and development activities were $59.1 million, $59.9 million and $106.8 million in fiscal 2004, 2003 and 2002, respectively. These amounts represented 7.5%, 10.2% and 13.0% of our total revenues in each of those respective fiscal years. These percentages have decreased over time as we have become more focused on the initiatives we will fund and as our operations have become more focused on infrastructure products.

During fiscal 2004, our research and development activities were directed primarily at development in the following areas:

- connectivity products for fiber-to-the-X initiatives;
- line-powered solutions for the deployment of wireless fidelity ("Wi-Fi") internet access service;
- high-performance structured cables, jacks, plugs, jumpers, frames and panels to enable the use of increasingly higher-performance network protocols within a private network;
- connectivity products that enable the use of network protocols within the public communications network, which is used by our customers to more effectively deploy data services over their historic voice-based networks; and
- digital interfaces for wireless networks that will enable software-based products to interact with the physical elements of these networks.

New product development often requires long-term forecasting of market trends, the development and implementation of new processes and technologies and a prioritization of substantial capital commitment. Due to the uncertainties inherent in each of these elements, there can be no assurance that any new products we develop will achieve market acceptance or be profitable. In addition, as we balance our development efforts with our efforts to achieve sustained profitability, we intend to be more focused and selective in our research and development efforts towards projects that we believe directly advance our strategic aims and have a higher probability to return our investment.

Competition

Competition in the communications equipment industry is intense, particularly in light of reduced spending levels by our customers. Many of our competitors have more extensive engineering, manufacturing, marketing, financial and personnel resources than us. In addition, rapid technological developments within the communications industry have resulted in frequent changes among our group of competitors. Currently, our primary competitors include:

For Broadband Infrastructure and Access products: 3M, ADTRAN, Andrew, CommScope, Corning, Furukawa, Nexans, Powerwave, Schmitt, Telect, and Tyco.

For Professional Services: Butler, Graniou, Greenwoods, Lucent Technologies, NEC, SAG, and SPIE.

We believe that our success in competing with other communications product manufacturers depends primarily on the following factors:

- maintaining our brand recognition and reputation as a financially sound long-term supplier to our customers;
- our engineering (research and development), manufacturing, sales and marketing skills;
- the price, quality and reliability of our products; and
- our delivery and service capabilities.

With the current reduced level of spending by our customers, we have experienced increased pricing pressures from competitors, as well as general pricing pressure from our customers as part of their cost reduction efforts. Price will likely continue to be a major factor in the markets in which we compete and we believe our ability to potentially offset any downward pressure on prices primarily would be driven by the above listed success factors.

We believe that technological change, the increasing addition of Internet, data, video and voice services to integrated broadband, multimedia networks, continuing regulatory changes and industry consolidation will continue to cause rapid evolution in the competitive environment of the communications equipment market. For instance, the Federal Communications Commission (the "FCC") recently determined that large regional bell operating companies ("RBOCs") are not required to share access with common local exchange carrier competitors to fiber-based networks that extend all the way or most of the way to end users' premises. This development has caused several RBOCs to announce significant capital spending increases on fiber-to-the-X initiatives a result that may benefit our business and that may not have occurred nearly as rapidly had the FCC taken a different position. At this time, it is difficult to predict the full scope and nature of the evolution in our competitive environment. We cannot assure you that we will be able to compete successfully with existing or new competitors. Competitive pressures may materially and adversely affect our business, operating results or financial condition.

Manufacturing and Suppliers

We manufacture a variety of products that are fabricated, assembled and tested in our own facilities around the world. In an effort to reduce costs and improve customer service, we attempt to manufacture our products in the region of the world where they will be deployed. Our global sourcing team uses vendors from around the world to procure key components and raw material at advantageous prices and lead times. The manufacturing process for our electronic products consists primarily of assembly and testing of electronic systems built from fabricated parts, printed circuit boards and electronic components. The manufacturing process for our connectivity products is completely vertically integrated and consists primarily of the fabrication of jacks, plugs, cables and other basic components from raw materials as well as the assembly of components and the testing of products. Our sheet metal, plastic molding, stamping and machining capabilities permit us to configure components to customer specifications, provide competitive lead times and control production costs. We also utilize several outsourced manufacturing companies to manufacture, assemble and test certain of our products within our Broadband Infrastructure and Access segment. We estimate that products obtained from outsourced manufacturers accounted for approximately 19% of our net sales for the Broadband Infrastructure and Access segment in fiscal 2004.

We purchase raw materials and component parts from many suppliers. These purchases consist primarily of copper wire, optical fiber, steel, brass, nickel-steel alloys, gold, plastics, printed circuit boards, solid state components, discrete electronic components and similar items. Although many of these items are single-sourced, we have experienced no significant difficulties to date in obtaining adequate quantities. At this time, we are noticing some increase in the prices for some raw materials we use to make products. Such increases we believe are caused primarily by heightened demand for materials in developing markets such as China. To date, we have been able to mitigate most of such increases through greater purchasing power we now have following our acquisition of KRONE. These circumstances could change, however, and we cannot guarantee that sufficient quantities or quality of raw materials and component parts will be as readily available in the future or, if available, that we will be able to obtain them at favorable prices.

Proprietary Rights

We own a portfolio of U.S. and foreign patents relating to our products. These patents, in the aggregate, constitute a valuable asset. We do not believe, however, that our business is dependent upon any single patent or any particular group of related patents.

We have registered the initials "ADC" as well as the word "KRONE" each alone and in conjunction with specific designs as trademarks in the United States and various foreign countries.

Employees

As of October 31, 2004, we employed approximately 7,500 people worldwide, which is an increase of approximately 1,800 employees during fiscal 2004 and includes approximately 2,000 employees who joined ADC as a result of the KRONE acquisition. During the ongoing restructuring of our business in fiscal 2004, the effect of involuntary reductions, attrition and divestitures reduced employee headcount, while hiring in certain areas significantly offset much of the overall restructuring impact on ADC's total employee population.

Properties

Our corporate headquarters are located in Eden Prairie, Minnesota. Our corporate headquarters comprise approximately 500,000 sq. ft., and we own this facility.

In addition to our headquarters facility, our principal facilities as of October 31, 2004, consisted of the following:

Shakopee, Minnesota approximately 360,000 sq. ft., owned facility; general purpose facility used for engineering, manufacturing, and general support of our global connectivity products;

Juarez and Delicias, Mexico approximately 273,000 and 139,000 sq. ft., respectively, owned facilities; manufacturing facilities used for our global connectivity products;

Berlin, Germany approximately 619,000 sq. ft., leased facility; general purpose facility used for engineering, manufacturing, and general support of our global connectivity products;

Berkely Vale, Australia approximately 98,000 sq. ft., owned facility; general purpose facility for engineering, manufacturing, and general support of our global connectivity products;

Bangalore, India approximately 88,000 sq. ft., owned facility; manufacturing facility used for our global connectivity products;

Raleigh, North Carolina approximately 40,000 sq. ft., leased facility; general purpose facility used for engineering, testing and general support for our wireline products;

Glenrothes, Scotland approximately 60,000 sq. ft., owned facility; manufacturing facility used for our global connectivity products; and

Santa Teresa, New Mexico approximately 208,000 sq. ft. leased facility; global warehouse and distribution center with approximately 60,000 sq. ft. dedicated to selected finished product assembly operations.

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We also own or lease approximately 110 other facilities in the following locations: Austria, Australia, Belgium, Brazil, Canada, Chile, China, France, Germany, Hungary, India, Indonesia, Italy, Japan, Malaysia, Mexico, New Zealand, Norway, Philippines, Puerto Rico, Russia, Singapore, South Africa, South Korea, Spain, Taiwan, Thailand, the United Arab Emirates, the United Kingdom, the United States, Venezuela and Vietnam.

We believe that the facilities used in our operations are suitable for their respective uses and adequate to meet our current needs. During fiscal 2004, we added several facilities as a result of our acquisition of KRONE. At the same time, we continued to take steps to reduce and consolidate our facilities in response to the downturn in the communications equipment industry that began in our fiscal 2001. At the end of fiscal 2003, we had active space and irrevocable commitments to activate space totaling approximately 2.3 million square feet. Through the acquisition of KRONE, divestiture of certain business units, sale or subleasing of facilities, and termination of certain leases, we presently maintain approximately 4.1 million square feet of active space. We presently are subleasing or are attempting to sell or sublease a total of approximately 1.6 million square feet of space at locations around the world.

Legal Proceedings

On March 5, 2003, we were served with a shareowner lawsuit brought by Wanda Kinermon that was filed in the United States District Court for the District of Minnesota. The complaint named ADC, William J. Cadogan, our former Chairman and Chief Executive Officer, and Robert E. Switz, our Chief Executive Officer and former Chief Financial Officer, as defendants. After this lawsuit was served, we were named as a defendant in 11 other substantially similar lawsuits. These shareowner lawsuits were consolidated into a single lawsuit, that is captioned In Re ADC Telecommunications, Inc. Securities Litigation. This lawsuit purports to bring suit on behalf of a class of purchasers of our publicly traded securities from August 17, 2000 to March 28, 2001. The complaint alleged that we violated the securities laws by making false and misleading statements about our financial performance and business prospects during this period. On November 24, 2003, we filed a motion to dismiss this lawsuit, and the court granted our motion and dismissed the case with prejudice on May 17, 2004. The plaintiffs have appealed this decision to the Eighth Circuit Court of Appeals and that appeal is pending.

On May 19, 2003, we were served with a lawsuit brought by Lorraine Osborne that was filed in the United States District Court for the District of Minnesota. The complaint names ADC and several of our current and former officers, employees and directors as defendants. After this lawsuit was served, we were served with two substantially similar lawsuits. All three of these lawsuits were then consolidated into a single lawsuit that is captioned In Re ADC Telecommunications, Inc. ERISA Litigation. This lawsuit has been brought by individuals who seek to represent a class of participants in our Retirement Savings Plan who purchased our common stock as one of the investment alternatives under the plan from February 2000 to present. The lawsuit alleges a breach of fiduciary duties under the Employee Retirement Income Security Act. On February 2, 2004, we filed a motion to dismiss this lawsuit, which was denied by the court. This case is now in the discovery phase.

We are a party to various other lawsuits, proceedings and claims arising in the ordinary course of business or otherwise. Many of these disputes may be resolved amicably without resort to formal litigation. The amount of monetary liability resulting from the ultimate resolution of these matters cannot be determined at this time. As of October 31, 2004, we had recorded approximately $5.2 million in loss reserves for these matters. Because of the uncertainty inherent in litigation, it is possible that unfavorable resolutions of these lawsuits, proceedings and claims could exceed the amount currently reserved and could have a material adverse affect on our business, results of operations or financial conditions.

MANAGEMENT

Directors

The number of directors currently serving on our Board of Directors is 13. The directors are divided into three classes. The members of each class are elected to serve three-year terms, with the term of office of each class ending in successive years. Set forth below is information regarding our Board of Directors.

Name	Age	Term
James C. Castle, Ph.D.	68	term expiring in 2008*
Mickey P. Foret	59	term expiring in 2008*
J. Kevin Gilligan	50	term expiring in 2008*
John D. Wunsch	56	term expiring in 2008*
John J. Boyle III	58	term expiring in 2007
Larry W. Wangberg	62	term expiring in 2007
William R. Spivey, Ph.D.	58	term expiring in 2007*
Robert E. Switz	58	term expiring in 2007
John A. Blanchard III	62	term expiring in 2006
B. Kristine Johnson	53	term expiring in 2006
Lois M. Martin	42	term expiring in 2006*
John E. Rehfeld	64	term expiring in 2006*
Jean-Pierre Rosso	64	term expiring in 2006

*

Subject to shareholder approval at the Company's Annual Meeting to be held on March 1, 2005.

Dr. Castle has been a director of ADC since 1994. He has served as President and Chief Executive Officer of Castle Information Technologies, LLC, a provider of information technology and board of directors consulting services since 2001. He was formerly the Chairman of the Board and Chief Executive Officer of DST Systems of California, Inc. (formerly USCS International, Inc.), a position he held from August 1992 to April 2002. DST Systems of California is a worldwide provider of computer services to the cable industry and a provider of billing services to the cable, telephony, financial services and utility industries. From 1991 to 1992, Dr. Castle was President of Teradata Corporation, until that company merged with NCR Corporation, a subsidiary of AT&T. From 1987 to 1991, Dr. Castle was Chairman of the Board, President, Chief Executive Officer and a director of Infotron Systems Corporation. Dr. Castle is also a director of the PMI Group, Inc., Southwest Water Company, Inc., and VeriFone, Inc.

Mr. Foret has been a director of ADC since February 2003. From September 1998 to September 2002, Mr. Foret served as Executive Vice President and Chief Financial Officer of Northwest Airlines, Inc., a commercial airline company. From September 1998 to September 2002, he also served as Chairman and Chief Executive Officer of Northwest Airlines Cargo Inc., a subsidiary of Northwest Airlines that specializes in cargo transport. From May 1998 to September 1998 he served as a Special Projects Officer of Northwest Airlines, Inc. Prior to that time he served as President and Chief Operating Officer of Atlas Air, Inc. from June 1996 to September 1997 and as Executive Vice President and Chief Financial Officer of Northwest Airlines, Inc. from September 1993 to May 1996. Mr. Foret previously held other senior management positions with various companies including Northwest Airlines, Continental Airlines Holding, Inc. and KLH Computers, Inc. Mr. Foret also serves as a director of URS Corporation, Mair Holdings, Inc. and various of funds managed by First American Funds.

Mr. Gilligan has been a director of ADC since September 1, 2004. Mr. Gilligan was recently appointed President and Chief Executive Officer of United Subcontractors, Inc., a nationwide specialty construction contractor. Prior to joining United Subcontractors, Inc., Mr. Gilligan served as President and Chief Executive Officer of the Automation and Control Solutions Division of Honeywell International from 2001 to 2004. From 2000 to 2001, Mr. Gilligan served as President of the Home and Building Control Division of Honeywell International. He also served as president of the Solutions and Services Division of Honeywell International from 1997 to 1999 and as Vice President and General Manager of the North American Region of the Home and Building Control Division from 1994 to 1997. Mr. Gilligan also serves as a director of Graco Inc.

Mr. Wunsch has been a director of ADC since 1991. Mr. Wunsch is the President of Harris MyCFO, a part of the complete wealth management solution of Harris Private Bank. From March 2002 until June 2003, he was Senior Vice President with Harris Trust and Savings Bank and head of their Private Wealth Group. Mr. Wunsch was an independent consultant in the financial services industry from December 2001 to March 2002. He was President and Chief Executive Officer of Family Financial Strategies, Inc., a registered investment advisory company, from January 1997 to December 2001. From 1990 to January 1997, he served as President of Perrybell Investments, Inc., a registered investment advisory company.

Mr. Boyle has been a director of ADC since November 1999. Mr. Boyle most recently served as President and Chief Executive Officer of Equallogic, Inc., a company dedicated to developing networked storage by building intelligent storage solutions that extend the benefits of consolidated storage throughout the enterprise, from 2003 to 2004. From April 2000 to July 2003, Mr. Boyle served as Chief Executive Officer of Cogentric, Inc., a provider of solutions to enable decision makers to evaluate and enhance their Web-based capabilities. He served as Senior Vice President of ADC from October 1999 to April 2000 following our acquisition of Saville Systems PLC. Prior to joining ADC, Mr. Boyle served as President and Chief Executive Officer of Saville Systems PLC from August 1994 to October 1999 and as Saville's Chairman of the Board from April 1998 to October 1999. Mr. Boyle is also a director of eFunds Corp.

Mr. Wangberg has been a director of ADC since October 2001. Mr. Wangberg served as Chief Executive Officer and Chairman of the Board of TechTV (formerly ZDTV, Inc.), a cable television network focused on technology information, news and entertainment, from August 1997 until his retirement from these positions in July 2002. Previously, Mr. Wangberg was Chief Executive Officer and Chairman of the Board of StarSight Telecast, Inc., an interactive navigation and program guide company, from February 1995 to August 1997. Mr. Wangberg is also a director of Autodesk, Inc. and Charter Communications, Inc.

Dr. Spivey has been a director of ADC since September 1, 2004. Dr. Spivey most recently served as President and Chief Executive Officer of Luminent, Inc., a fiber optics transmission products manufacturer, from July 2000 to September 2001. From 1997 to 2000, Dr. Spivey served as Network Products Group President for Lucent Technologies. He served as vice president of the Systems & Components Group at AT&T Corporation/Lucent Technologies from 1994 to 1997. Dr. Spivey also serves as a director of Novellus Systems, Inc., Lyondell Chemical Company, Raytheon Company, The Laird Group, PLC and Cascade Microtech, Inc.

Mr. Switz was appointed to serve as a director of ADC in August 2003. Mr. Switz has been President and Chief Executive Officer of ADC since August 2003. From January 1994 until August 2003, Mr. Switz served ADC as Chief Financial Officer as well as Executive Vice President and Senior Vice President. Mr. Switz also served as President of ADC's former Broadband Access and Transport Group from November 2000 to April 2001. Prior to joining ADC, Mr. Switz was employed by Burr-Brown Corporation, a manufacturer of precision micro-electronics, most recently as Vice President, Chief Financial Officer and Director, Ventures & Systems Business. Mr. Switz is also a director of Hickory Tech Corporation, Broadcom Corporation and The Telecommunications Industry Association (TIA).

Mr. Blanchard has been a director of ADC since November 1999 and has served as Non-executive Chairman of the Board since August 2003. He served as the Chairman of the Board and Chief Executive Officer of eFunds Corporation, a provider of transaction processing and risk management services, from June 2000 to September 2002. He continued to serve as a member of the Board of Directors of eFunds Corporation until his full retirement on December 31, 2002. Previously, Mr. Blanchard had served as President and Chief Executive Officer of Deluxe Corporation, a provider of paper checks and electronic banking services, from May 1995 to May 1996 and as Chairman of the Board and Chief Executive Officer of Deluxe Corporation from May 1996 to December 2000 when eFunds Corporation was spun out of Deluxe Corporation. From January 1994 to April 1995, Mr. Blanchard was Executive Vice President of General Instrument Corporation, a supplier of set boxes and systems components to the cable and satellite television industry. From 1991 to 1993, Mr. Blanchard was Chairman and Chief Executive Officer of Harbridge Merchant Services, Inc., a national credit card processing company. Prior to that, Mr. Blanchard was employed by AT&T for 25 years, most recently as Senior Vice President responsible for national business sales. Mr. Blanchard also serves as a director of Wells Fargo & Company.

Ms. Johnson has been a director of ADC since 1990. She is a Principal of Affinity Capital Management, a firm that manages venture capital partnerships. Prior to joining Affinity in 2000, Ms. Johnson was employed for 17 years at Medtronic, Inc., a manufacturer of cardiac pacemakers, neurological and spinal devices and other medical products, serving as Senior Vice President and Chief Administrative Officer from 1998 to 1999. She also served as President of the Vascular business and President of the Tachyarrhythmia Management business of Medtronic from 1990 to 1997. Ms. Johnson also serves as a director of Piper Jaffray Companies, Inc.

Ms. Martin has been a director of ADC since March 2004. Ms. Martin was recently appointed Senior Vice President and Chief Financial Officer for Capella Education Company. Capella Education Company is the privately held parent company of Capella University, an accredited on-line university. From 2002 to 2004, Ms. Martin served as executive vice president and chief financial officer of World Data Products, Inc., an industry-leading provider of server, storage, network and telecom solutions worldwide. From 1993 to 2001, Ms. Martin was with Deluxe Corporation during which time she held a number of positions, including senior vice president and chief financial officer, vice president and corporate controller, vice president and controller of Deluxe Financial Services Group, vice president and controller of Paper Payment Systems Division, director of accounting services, and director of internal audit. Prior to joining Deluxe Corporation, Ms. Martin served as International Controller for Carlson Companies, a privately held, international conglomerate 1990 to 1993.

Mr. Rehfeld has been a director of ADC since September 2004. Mr. Rehfeld currently serves as an adjunct professor for the Executive MBA program at Pepperdine University in California. During 2001, prior to joining Pepperdine, Mr. Rehfeld served as Chairman and Chief Executive Officer of Spruce Technologies, Inc., a DVD authoring software company. From 1997 to 2001, Mr. Rehfeld served as Chairman and Chief Executive Officer of ProShot Golf, Inc., a privately-held company providing GPS distance measuring computers on golf carts. He served as President and Chief Executive Officer of Proxima Corporation, a multi-media projector company, from 1995 to 1997 and as President and Chief Executive Officer of ETAK, Inc., a digital map software and content company, from 1993 to 1995. Mr. Rehfeld also serves as a director of Candle Corporation, Seiko Instruments, America, Inc., Think Outside, Inc., Front Porch, Inc. and Primal Solutions, Inc.

Mr. Rosso has been a director of ADC since 1993. Mr. Rosso most recently served as Chairman of CNH Global, N.V., a manufacturer of construction and agriculture equipment from December 1999 to April 2004. Mr. Rosso was President and Chief Executive Officer of Case Corporation, a construction equipment manufacturer, from April 1994 to March 1996 and Chairman and Chief Executive Officer of Case from March 1996 to November 1999. He was Chairman and Chief Executive Officer of CNH Global from December 1999 to December 2000. Prior to joining Case Corporation, Mr. Rosso was

President of the Home and Building Control division of Honeywell Inc. from 1991 to 1994 and President of Honeywell Europe in Brussels, Belgium, from 1987 to 1991. Mr. Rosso is also a director of Medtronic, Inc. and Eurazeo.

Standing Committees

The Board of Directors has the following standing committees: Audit Committee, Compensation Committee, Governance Committee, and Finance and Strategic Planning Committee. Each of these committees has a written charter. Our charters for each of our standing committees are available for review on our website at *www.adc.com/investorrelations/corporategovernance.*

The Audit Committee has sole authority to appoint, review and discharge our independent registered public accounting firm. The Audit Committee also reviews and approves in advance the services provided by our independent registered public accounting firm, oversees the internal audit function, reviews our internal accounting controls and administers our Code of Business Conduct. The Audit Committee is composed of Ms. Martin and Messrs. Blanchard, Foret, Wangberg and Wunsch, all of whom are "independent" under the current NASDAQ Stock Market listing standards. Mr. Foret is the Chairman of the committee. The Board has determined that Messrs. Blanchard and Foret and Ms. Martin meet the requirements for "audit committee financial expert" under rules adopted by the United States Securities and Exchange Commission. The Audit Committee has determined to engage Ernst & Young LLP as independent registered public accounting firm for fiscal year 2005.

The Compensation Committee determines the compensation for our executive officers and non-employee directors, establishes our compensation policies and practices, and reviews annual financial performance under our employee incentive plans. The Compensation Committee is currently composed of Ms. Johnson and Messrs. Blanchard, Gilligan, Rosso and Wunsch, all of whom are "independent" under the current NASDAQ Stock Market listing standards. Mr. Rosso is the Chair of the committee.

The Governance Committee reviews and makes recommendations to the Board of Directors regarding nominees for director, establishes and monitors compliance with our Principles of Corporate Governance and conducts an annual review of the effectiveness of our Board and the performance of our Chief Executive Officer. The Governance Committee will consider qualified director nominees recommended by shareowners. The Governance Committee is currently composed of Dr. Castle, Ms. Johnson and Dr. Spivey, and Messrs. Rehfeld and Wangberg, all of whom are "independent" under the current NASDAQ Stock Market listing standards. Dr. Castle is the Chairman of the committee.

The Finance and Strategic Planning Committee assists the Board with respect to corporate and financing strategies, evaluates acquisition and divestiture transactions, and reviews and recommends changes to ADC's capital structure. The Finance and Strategic Planning Committee is composed of Mses. Johnson and Martin and Messrs. Boyle, Foret and Gilligan, all of whom are "independent" under the current NASDAQ Stock Market listing standards. Ms. Johnson is the Chair of the committee.

Executive Officers

Our executive officers are:

Name	Office	Officer Since	Age
Robert E. Switz	President and Chief Executive Officer	1994	58
Gokul V. Hemmady	Vice President, Chief Financial Officer	1997	44
Michael K. Pratt	Vice President, President, Wireline and Wireless Business Unit	2002	50
Patrick D. O'Brien	Vice President, President, Connectivity Business Unit	2002	41
Jo Anne M. Anderson	Vice President, President, Professional Services Business Unit	2001	47
Jeffrey D. Pflaum	Vice President, General Counsel and Secretary	1999	45
Laura N. Owen	Vice President, Human Resources	1999	48
Mary E. Quay	Vice President, Worldwide Operations	2002	52
William T. Pieper	Vice President, Controller	2004	39

Mr. Switz joined ADC in January 1994 and served as ADC's Chief Financial Officer from that date until August 2003, when he was named Chief Executive Officer. From 1988 to 1994, Mr. Switz was employed by Burr-Brown Corporation, a manufacturer of precision micro-electronics, most recently as Vice President, Chief Financial Officer and Director, Ventures and Systems Business.

Mr. Hemmady joined ADC in October 1997. Mr. Hemmady served as ADC's Vice President and Treasurer from October 1997 until August 2003. From May 2002 until August 2003, he also served as our Controller. Mr. Hemmady was named Chief Financial Officer in August 2003. Prior to joining ADC, Mr. Hemmady was employed by U S WEST International, a communications service provider, where he served as Director of International Finance from January 1996 to September 1997.

Mr. Pratt joined ADC in June 2002, as President of ADC's Wireline Business Unit. In September 2004 he also was named President of ADC's Wireless Business Unit. Prior to joining ADC, Mr. Pratt served in a variety of positions, including Vice President and General Manager of the Access Systems Division of RELTEC Corporation, from 1996 to 1999. In March 1999, RELTEC Corporation was acquired by Marconi, Inc., a subsidiary of Marconi plc, a global telecommunications equipment and solutions company. Mr. Pratt continued to serve as the Vice President and General Manager of this business following this acquisition, until he was promoted to Executive Vice President of Marconi, Inc. in July 2000, a position he held until joining ADC.

Mr. O'Brien joined ADC in 1993 and was named President of ADC's Global Connectivity Solutions Business Unit in September 2004. From May 2004 through August 2004, Mr. O'Brien served as President and Regional Director of the Americas Region for ADC. Mr. O'Brien also served as President of our Copper and Fiber Connectivity Business Unit from October 2002 to May 2004. Mr. O'Brien joined ADC in 1993 as a product manager for the company's industry-leading DSX products and, during the following eight years, he held a variety of positions of increasing responsibility in the product management area, including positions such as vice president and general manager of copper and fiber connectivity products. Prior to joining ADC, Mr. O'Brien was employed by Contel Telephone for six years in a network planning capacity.

Ms. Anderson joined ADC in 1983 and was named President of ADC's Professional Services Business Unit in November 2000. Prior to that Ms. Anderson served as Vice President of ADC's Systems Integration Business from May 1998 to November 2000, after having served as ADC's Vice President, Global Customer Service. She also served as President of ADC's Software Systems Division from November 2003 until the businesses of the division were divested in 2004.

Mr. Pflaum joined ADC in April 1996. Mr. Pflaum became Vice President, General Counsel and Secretary of ADC in March 1999 after having served as Associate General Counsel since April 1996. Prior to joining ADC, he was an attorney with the Minneapolis-based law firm of Popham Haik Schnobrich & Kaufman.

Ms. Owen joined ADC as Vice President, Human Resources in December 1997. Prior to joining ADC, Ms. Owen was employed by Texas Instruments and Raytheon (which purchased the Defense Systems and Electronics Group of Texas Instruments in 1997), manufacturers of high-technology systems and components. From 1995 to 1997, she served as Vice President of Human Resources for the Defense Systems and Electronics Group of Texas Instruments.

Ms. Quay joined ADC in 1977 and has served in a variety of positions over her 27-year career at ADC. During the last five years, Ms. Quay served as Vice President of Manufacturing/Operations, and during 2002, Ms. Quay was named as Vice President, Worldwide Operations.

Mr. Pieper joined ADC in June 2004, as Vice President and Corporate Controller. Prior to that, Mr. Pieper held a variety of positions at NRG Energy, Inc., an international power producer, from 1995 to 2004, where he most recently served as Vice President and Controller. Mr. Pieper also practiced as a Certified Public Accountant for six years with the firm of KPMG LLP.

Summary Compensation Table

The following table sets forth the cash and noncash compensation for each of the last three fiscal years awarded to or earned by the person who served as Chief Executive Officer during fiscal 2004, and our four other most highly compensated executive officers who served as executive officers as of the end of fiscal 2004. Also included are two former executive officers who left ADC prior to the end of fiscal 2004.

		Annual Compensation			Long-Term Compensation		Payouts	
NAME AND PRINCIPAL POSITION	**Year**	**Salary[1]($)**	**Bonus[2]($)**	**Other Annual Compensation**	**Restricted Stock Award(s) and Unit(s)[3]($)**	**Securities Underlying Options[4](#)**	**LTIP Payouts($)**	**All Other Compensation[5]($)**
Robert E. Switz	2004	574,000	723,195	0	0	0	0	14,519
Chief Executive Officer	2003	467,923	0	0	2,322,500	1,874,000	0	21,320
and President	2002	386,000	0	0	874,000	362,840	0	15,223
Gokul V. Hemmady	2004	264,500	226,314	0	138,134	319,078	0	7,371
Vice President and	2003	233,289	0	0	169,500	180,000	0	9,522
Chief Financial Officer	2002	212,500	0	0	245,813	75,000	0	10,487
Michael K. Pratt	2004	360,000	243,493	0	65,614	66,500	0	4,100
Vice President;	2003	361,384	0	0	226,000	200,000	0	0
President,	2002	138,461	75,000	0	171,750	325,000	0	0
Wireless and Wireline								
Patrick D. O'Brien	2004	241,250	174,643	0	86,334	331,381	0	9,345
Vice President;	2003	214,938	81,000	0	169,500	150,000	0	9,339
President, Global	2002	204,784	0	0	209,760	66,000	0	12,086
Connectivity Solutions								
JoAnne M. Anderson	2004	263,750	154,031	0	148,000	150,000	0	7,373
Vice President;	2003	261,125	134,000	0	113,000	160,000	0	10,942
President,	2002	260,000	0	0	278,588	110,870	0	10,538
Professional Services								
Ron A. Lowy[6]	2004	172,993	330,605	0	317,500	375,000	0	1,804,905
Former Vice President;	2003	0	0	0	0	0	0	0
President,	2002	0	0	0	0	0	0	0
Global Connectivity Solutions								
Jeffrey A. Quiram[6]	2004	238,375	190,742	0	51,800	235,018	0	7,118
Former Vice President;	2003	234,220	11,250	0	226,000	275,588	0	12,297
President, Wireless	2002	210,000	0	0	228,000	87,000	0	10,546

1 Amounts include allowances paid to the executive officers in lieu of providing them with certain perquisites.

2 Except as noted below, the full amount of each bonus payment was made in cash under our MIP or, in the case of Mr. Switz, our Executive MIP. For Mr. Pratt, the bonus paid in fiscal 2002 represents a hiring bonus. Mr. O'Brien's gross bonus under the MIP for fiscal 2003 was $162,000. Mr. O'Brien elected to exchange 50% of his MIP bonus for additional stock options under the terms of our Executive Incentive Exchange Plan, which was then in effect. Pursuant to his election, Mr. O'Brien was awarded options to acquire 129,715 shares on December 30, 2003. Ms. Anderson received an award of $50,000 under our Special Incentive Plan in fiscal 2004 and an award of $104,031 under the MIP for fiscal 2004. Mr. Lowy received two partial-year bonuses from us in 2004. The first payment, in the amount of $173,993, was made by us pursuant to the terms of the KRONE (GenTek) MIP program prorated for the partial year from January 1, 2004 through May 18, 2004, as we agreed to make this payment in connection with our acquisition of the KRONE group. The second payment was in the amount of $156,612 for service from May 19, 2004 through October 31, 2004 pursuant to the terms of our MIP. Mr. Quiram's bonus in fiscal 2003 was paid under our Special Incentive Plan.

3 On May 28, 2004, Mr. Lowy received an award of 125,000 restricted stock units. On March 3, 2004, Messrs. Hemmady, Pratt, O'Brien, Ms. Anderson and Mr. Quiram received awards of restricted stock units in the amounts of 46,667, 22,167, 29,167, 50,000 and 17,500, respectively. All of these awards were made under our Global Stock Incentive Plan and vest, contingent on continued employment with ADC, in one-fourth increments on each of the first, second, third and fourth anniversary dates of the grant dates. On August 29, 2003, Mr. Switz received an award of 650,000 shares of restricted stock. On November 27, 2002, Messrs. Switz, Hemmady, Pratt, O'Brien, Ms. Anderson and Mr. Quiram received awards of restricted stock in

the amounts of 300,000, 75,000, 100,000, 75,000, 50,000 and 100,000, respectively. On June 28, 2002, Mr. Pratt received an award of restricted stock in the amount of 75,000 shares. On November 1, 2001, Messrs. Switz, Hemmady, O'Brien, Ms. Anderson and Mr. Quiram received awards of restricted stock in the amounts of 200,000, 56,250, 48,000, 63,750 and 63,750 shares, respectively. All of these awards were made under our Global Stock Incentive Plan and vest, contingent on continued employment with ADC, in one-third increments on each of the first, second and third anniversary dates of the grant dates. The dollar amounts for restricted stock in the above chart represent the fair market value of the shares subject to the awards on the date the awards were made. Mr. Quiram no longer holds the unvested portion of the restricted awards since he is no longer employed by us. As of October 31, 2004, the total number and value of each executive's unvested restricted award holdings (based on the closing market price of our common stock on such date of $2.19) were: Mr. Switz, 700,000 shares and units valued at $1,533,000; Mr. Hemmady, 115,417 shares and units valued at $252,763, Mr. Pratt, 113,834 shares and units valued at $249,296, Mr. O'Brien, 95,167 shares and units valued at $208,416; and Ms. Anderson, 104,584 shares and units valued at $229,039. Messrs. Lowy and Quiram have no remaining, unvested shares since they are no longer employed by us. We have not historically paid dividends on our common stock and do not presently intend to do so. Shares subject to restricted stock awards would be eligible to receive dividend payments upon the issuance of the restricted stock grant. Shares subject to restricted stock units are not issued until the restricted stock unit vests. Only after a restricted stock unit vests are the shares subject to the unit eligible to receive dividend payments.

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The options granted to Messrs. Hemmady, O'Brien and Quiram in fiscal 2002 have been cancelled in connection with their participation in the ADC Stock Option Exchange Program. Mr. Hemmady elected to exchange options to acquire 425,110 shares, and under the terms of the program, received option grants for a total of 179,078 shares. Mr. O'Brien elected to exchange options to acquire 249,417 shares, and under the terms of the program, received option grants for a total of 114,166 shares. Mr. Quiram elected to exchange options to acquire 365,907 shares, and under the terms of the program, received option grants for a total of 154,518 shares. All of these options were granted on December 29, 2003, and have an exercise price of $2.83 per share.

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Reported compensation includes the following employer contributions credited under our 401(k) Plan in fiscal year 2004: $4,019 to Mr. Switz, $6,337 to Mr. Hemmady, $4,100 to Mr. Pratt, $6,442 to Mr. O'Brien, $5,570 to Ms. Anderson and $6,080 to Mr. Quiram. Reported compensation also includes the following employer contributions credited under our 401(k) Excess Plan in fiscal year 2004: $10,500 to Mr. Switz, $1,034 to Mr. Hemmady, $2,903 to Mr. O'Brien, $1,803 to Ms. Anderson and $1,038 to Mr. Quiram. Also reported is compensation associated with the termination Mr. Lowy's employment, effective October 31, 2004. Mr. Lowy was paid $1,260,000 in severance compensation consistent with the terms of the Krone Acquisition Key Employee Retention Plan, adopted by ADC in recognition of the obligations ADC accepted in conjunction with our purchase of the Krone Group. Consistent with this Plan, Mr. Lowy was also paid $544,905 to offset the excise tax liability associated with such payments under Section 280(g) of the Internal Revenue Code. See the section of this prospectus titled "Employment Agreements and Other Compensatory Arrangements with Named Executive Officers" for more information about this compensation.

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Mr. Lowy stopped serving as an executive officer on September 15, 2004, and his employment with us terminated on October 31, 2004. Mr. Quiram stopped serving as an executive officer on September 15, 2004, and his employment with us terminated on November 28, 2004.

Stock Option Grants

The following tables summarize option grants to the current and former executive officers named in the Summary Compensation Table above during fiscal 2004, and the value of the options held by these individuals at the end of fiscal 2004. No stock appreciation rights, or "SARs," are held by these individuals and no options were exercised by them during fiscal 2004.

Option Grants in Fiscal 2004

	Individual Grants				GRANT DATE VALUE
	Number of Securities Underlying Options Granted (#)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($/Share)	Expiration Date	Grant Date Present Value($)
Robert E. Switz					
Gokul V. Hemmady	179,078[1,4]	0.7440	$ 2.8300	12/29/2010	$ 207,728[5]
	37,262[2]	0.1548	$ 2.9200	3/3/2014	$ 58,809[6]
	102,738[2]	0.4268	$ 2.9200	3/3/2014	$ 162,147[6]
Michael K. Pratt	49,875[2]	0.2072	$ 2.9200	3/3/2014	$ 78,716[6]
	16,625[2]	0.0691	$ 2.9200	3/3/2014	$ 26,239[6]
Patrick D. O'Brien	114,166[1,4]	0.4742	$ 2.8300	12/29/2010	$ 132,142[5]
	129,715[1]	0.5389	$ 2.8100	12/30/2013	$ 149,080[6]
	21,875[2]	0.0909	$ 2.9200	3/3/2014	$ 34,524[6]
	65,625[2]	0.2726	$ 2.9200	3/3/2014	$ 103,573[6]
JoAnne M. Anderson	102,738[2]	0.4268	$ 2.9200	3/3/2014	$ 162,147[6]
	47,262[2]	0.1964	$ 2.9200	3/3/2014	$ 74,592[6]
Ronald A. Lowy	375,000[3]	1.5579	$ 2.5300		$ 287,566[7]
Jeffrey A. Quiram	154,518[1,4]	0.6419	$ 2.8300	11/28/2005[8]	$ 178,851[5]
	20,125[1]	0.0836	$ 2.9200	[8]	$ 31,762[6]
	60,375[1]	0.2508	$ 2.9200	[8]	$ 95,287[6]

1 These options vested with respect to 25% of the grant on each of June 29, 2004 and December 29, 2004. The remaining shares underlying the options will vest in 25% increments on each June 29, 2005 and December 29, 2005, as long as the executive is still an employee as of these dates. The entire option will be fully vested as of December 29, 2005.

2 These options will vest with respect to 25% of the grant on each of March 3, 2005, March 3, 2006, March 3, 2007 and March 3, 2008, as long as the executive is still an employee as of these dates. The entire option will be fully vested as of March 3, 2008.

3 These options would have vested with respect to 25% of the grant on each of May 28, 2005, May 28, 2006, May 28, 2007 and May 28, 2008. Mr. Lowy's employment with us terminated effective on October 31, 2004. Because Mr. Lowy's employment terminated prior to November 12, 2004, all of these options expired without any portion of them having vested.

4 These options were granted as part of our Stock Option Exchange Program that was approved by our shareowners in fiscal 2003 and is discussed in detail in our January 26, 2004 proxy.

5 These amounts represent the estimated fair value of stock options, measured at the date of grant using the Black-Scholes option pricing model. There are four underlying assumptions used in developing the grant valuations: an expected volatility of 65.97%; an expected

term to exercise of

4.29 years for all stock options grants within the quarterly period; a risk-free rate of return of 2.2% for the expected term of the option; and no dividend yield. The valuation was adjusted for risk of forfeiture in light of a company-wide turnover rate of 20%. The actual value, if any, an executive officer may realize will depend on the amount by which the stock price exceeds the exercise price on the date the option is exercised. Consequently, there is no assurance that the value realized by an executive officer will be at or near the value estimated above. These amounts should not be used to predict stock performance.

6

These amounts represent the estimated fair value of stock options, measured at the date of grant using the Black-Scholes option pricing model. There are four underlying assumptions used in developing the grant valuations: an expected volatility of 62.51%; an expected term to exercise of 4.46 years for all stock options grants within the quarterly period; a risk-free rate of return of 4.5% for the expected term of the option; and no dividend yield. The valuation was adjusted for risk of forfeiture in light of a company-wide turnover rate of 20%. The actual value, if any, an executive officer may realize will depend on the amount by which the stock price exceeds the exercise price on the date the option is exercised. Consequently, there is no assurance that the value realized by an executive officer will be at or near the value estimated above. These amounts should not be used to predict stock performance.

7

These amounts represent the estimated fair value of stock options, measured at the date of grant using the Black-Scholes option pricing model. There are four underlying assumptions used in developing the grant valuations: an expected volatility of 61.29%; an expected term to exercise of 4.37 years for all stock options grants within the quarterly period; a risk-free rate of return of 3.14% for the expected term of the option; and no dividend yield. The valuation was adjusted for risk of forfeiture in light of a company-wide turnover rate of 20%.

8

Mr. Quiram's employment with us terminated on November 28, 2004. These dates represent the last date on which Mr. Quiram may exercise that portion of the option which was vested at the time of his employment termination. Any portion of the option that was unvested at the time of his employment termination will not be exercisable. Where no date is listed, no portion of the option was vested at the time of his employment termination.

Aggregated Value of Options at End of Fiscal 2004

Name	Number of Securities Underlying Unexercised Options at End of Fiscal 2004 (#) (Exercisable/Unexercisable)	Value of Unexercised In-the-Money Options at End of Fiscal 2004 ($) (Exercisable/Unexercisable)[1]
Robert E. Switz	2,044,760/1,080,835	0/0
Gokul V. Hemmady	149,767/349,311	0/0
Michael K. Pratt	360,410/231,090	0/0
Patrick D. O'Brien	116,039/365,342	0/0
JoAnne M. Anderson	852,717/216,835	0/0
Ronald A. Lowy	0/0	0/0
Jeffrey A. Quiram	223,626/291,392	0/0

1

Value determined by subtracting the exercise price per share from $2.19, the market value per share of our common stock as of the last day of fiscal 2004.

Pension and Retirement Plans

We maintain a Pension Excess Plan, which is intended to compensate employees designated at the discretion of our Board of Directors for the amount of benefits foregone under our former defined benefit Pension Plan (which was terminated on December 31, 1997) as a result of their participation in our Deferred Compensation Plan and the Executive Incentive Exchange Plan, and for the amount of benefits that could not be paid from the Pension Plan due to maximum benefit and compensation limitations under the Internal Revenue Code. Upon termination of employment, participants in the Pension Excess Plan receive a lump-sum payment equal to the amount of these benefits. Benefits payable under the Pension Excess Plan were frozen as of January 5, 1998, and participation in the Pension Excess Plan is limited to existing participants as of December 31, 1997. Messrs. Hemmady, Pratt, O'Brien and Lowy do not participate in the Pension Excess Plan. The estimated annual benefits payable under the Pension Excess Plan to Mr. Switz, Ms. Anderson and Mr. Quiram upon normal retirement at age 65 are $5,485, $1,242 and $805, respectively.

Change in Control and Termination of Employment Arrangements

We maintain an Executive Change in Control Severance Pay Plan (the "Severance Plan") to provide severance pay in the event of a "change in control" (as defined in the Severance Plan) of ADC for executive officers (including those named in the summary compensation table) and certain other high-level executives. The Severance Plan provides for severance payments to eligible employees whose employment is terminated, either voluntarily with "good reason" (as defined in the Severance Plan) or involuntarily, during the two-year period following a change in control. The amount of severance pay to be received by the Chief Executive Officer is three times such person's annual base salary and annual target bonus, and for other eligible executives is two times their annual base salary and target bonus. The Severance Plan also provides for payment of a pro rata portion of the employee's bonus under the MIP or other applicable incentive bonus plan for the year in which employment termination occurs to the extent that the applicable incentive plan does not otherwise mandate a payment. This pro rata amount is the higher of the pro rata target incentive or pro rata actual incentive based on financial performance during the year. Since the ADC MIP and Executive MIP incentive plans provide a potential payment to participants who are employed as of the last day of the fiscal year, the Severance Plan provides for an incentive pay payment component for terminations occurring as of the last day of the fiscal year only to the extent that the target incentive exceeds the actual payment under the incentive plan. The Severance Plan payment will be made in a lump sum upon termination of employment. Under the Severance Plan, any severance payment to an eligible executive is increased by the amount, if any, necessary to take into account any additional taxes as a result of such payments being treated as "excess parachute payments" within the meaning of Section 280G of the Internal Revenue Code. If there had been a change in control as of the end of fiscal 2004 and the employment of the executive officers named in the summary compensation table above had been terminated, Messrs. Switz, Hemmady, Pratt, O'Brien, and Quiram and Ms. Anderson would have been entitled to receive lump-sum payments upon termination of $3,300,000, $775,000, $1,085,000, $744,000, $711,450 and $826,719 respectively, pursuant to the terms of the Severance Plan. These amounts do not take into account any increases necessary to compensate such individuals for additional taxes resulting from the application of Section 280G of the Internal Revenue Code.

In connection with our acquisition of KRONE from GenTek, Inc. ("GenTek"), we implemented a KRONE Acquisition Key Employee Retention Plan (the "KRONE Retention Plan") that provides certain key employees who transferred their employment to us when the acquisition closed with the right to receive severance payments in the event their employment is terminated (a) by the employee for "good reason" (as defined in the KRONE Retention Plan), (b) by us other than for cause or (c) because of the employee's death or disability. The amount of severance to be paid is equal to (a) the amount of the participant's annual salary on the date of termination multiplied by a severance multiplier applicable to the participant and defined in a key employee retention program implemented by GenTek prior to the acquisition (the "GenTek Multiplier"), plus (b) all unused vacation time accrued by the participant as of the termination date, plus (c) all accrued but unpaid compensation earned by the participant prior to the termination date. In addition, for the period of months equal to the GenTek Multiplier multiplied by 12, the participant shall continue to be covered by all of our life, health care, medical and dental insurance plans and programs, other than disability, that the participant participated in on the termination date. Participants whose employment terminated prior to November 13, 2004, and who qualified for payment under the KRONE Retention Plan, are entitled to different benefits under the KRONE Retention Plan. Mr. Lowy was a participant in the KRONE Retention Plan and his employment was terminated prior to November 13, 2004. The terms of Mr. Lowy's severance benefits are generally described under "Employment Agreements and Other Compensatory Arrangements with Named Executive Officers." His termination of employment, effective October 31, 2004, created a severance benefit of $1,260,000 plus a payment of $544,905 in recognition of added taxes that he will be obligated to pay resulting from the application of Section 280G of the Internal Revenue Code.

We have other compensatory arrangements with our executive officers relating to a change in control of ADC. All stock option agreements outstanding under our employee stock option plans provide for the acceleration of exercisability of options upon a change in control (or, in certain cases, only if the optionee's employment is terminated without cause within two years following a change in control). In addition to stock options, our Compensation Committee has granted restricted stock awards and restricted stock units to some of our executive officers. These award agreements provide for accelerated vesting of all outstanding shares of restricted stock and restricted stock units following a change in control.

The Compensation Committee also has previously approved severance guidelines for executive officers who may be terminated involuntarily without cause outside of the change-in-control context. These guidelines provide for a severance payment ranging from nine to 15 months of base salary and two months of continued employee benefits. These guidelines may be changed at any time in the discretion of the Compensation Committee. In connection with our recruitment of Mr. Pratt during fiscal 2002, we agreed to provide a severance payment of 18 months of base salary if his employment is terminated involuntarily without cause or voluntarily with good reason within three years of his start date. This individual severance commitment is coextensive with, and not in addition to, our general severance guidelines for executive officers.

Employment Agreements and Other Compensatory Arrangements with Named Executive Officers

Robert E. Switz

We entered into an employment agreement with Mr. Switz in conjunction with his appointment as Chief Executive Officer effective August 13, 2003. We considered a number of factors in entering into this agreement, including competitive practices at U.S. telecommunications and technology companies of our approximate size, our existing compensation and benefit programs, and our recent use of a combination of stock options and restricted stock to selected executives, to provide a balanced long-term retention and performance incentive as well as an opportunity to increase ownership of ADC common stock. The term of this agreement continues until August 13, 2006, and it automatically renews for successive one-year periods unless either party elects to terminate the agreement.

Mr. Switz' agreement provides for an initial base salary of $550,000 per year and a target annual incentive bonus under our Executive MIP of 100% of base salary. The criteria for earning the bonus are set by the Compensation Committee each year. The agreement also provided for the grant of an option to acquire 1,200,000 shares with an exercise price equal to the market price of our common stock on the date of grant and a grant of 650,000 restricted shares, both of which were made on August 29, 2003. Vesting of these grants occurs over a three-year period. The agreement also provides that beginning in fiscal 2005, Mr. Switz will be eligible for additional grants of equity-based compensation in accordance with Compensation Committee determinations.

The agreement also contains non-competition and non-solicitation covenants on the part of Mr. Switz, and provides for the payment of employee benefits and certain executive perquisites.

The compensation payable to Mr. Switz in the event of his termination of employment depends on the nature of the termination as described below:

In the case of Mr. Switz' death or total disability, the agreement provides for full vesting of the restricted stock and stock option awards made in August 2003, and the exercise period of the stock option awards would extend until the earlier of the third anniversary of his termination of employment or the end of the ten-year term of the option.

In the event that Mr. Switz voluntarily terminates his employment without "good reason" or if we terminate his employment for "cause" (both as defined in the agreement), no compensation will be provided other than the normal payment of salary already earned and other benefits to which he is legally entitled as an employee.

In the event that Mr. Switz terminates his employment for good reason or if we terminate his employment for reasons other than cause, Mr. Switz is entitled to (a) a lump sum cash severance equal to 200% of the base salary and target annual incentive, (b) payment of the employer portion of medical and dental premiums under COBRA for up to six months, and (c) accelerated vesting of the August 2003 stock option and restricted stock awards, in which case he would be able to exercise this stock option until the earlier of the third anniversary of his termination of employment or the end of the ten-year term of the option.

If Mr. Switz' employment is terminated following a change in control, he is entitled to the benefits provided by our then-current Executive Change in Control Severance Plan, and if such benefits are paid, he is not entitled to any other payment or benefits under the employment agreement.

Ronald A. Lowy

In connection with our acquisition of the KRONE group from GenTek completed in May 2004, we entered into a series of agreements with Mr. Lowy regarding his employment. On March 24, 2004 we executed a letter agreement of employment with Mr. Lowy that became effective when we closed on the acquisition. We considered the same factors when entering into the letter agreement with Mr. Lowy that we considered when entering into Mr. Switz' employment agreement as well as considerations relevant to the terms of the acquisition agreement with the seller of the KRONE Group. Mr. Lowy's employment terminated with us on October 31, 2004. As such, only certain terms of the letter agreement remain in effect.

The letter agreement provided Mr. Lowy with a base salary of $360,000 per year. Under the letter agreement we also agreed to compensate Mr. Lowy under the Management Incentive Plan of GenTek for services he performed for KRONE from January 1, 2004 through the close of the KRONE acquisition on May 18, 2004. For employment after May 18, 2004, the letter agreement provided Mr. Lowy with a target annual incentive bonus under our MIP of 75% of his base salary. The letter agreement further provided for the grant of an option to acquire 375,000 shares and a grant of 125,000 shares of restricted stock units. Because Mr. Lowy's employment with us terminated prior to November 12, 2004, no portion of either of these grants will vest.

The letter agreement also contains non-solicitation covenants on the part of Mr. Lowy that will remain in effect until October 31, 2005.

Under the letter agreement we agreed to provide Mr. Lowy with a key employee retention plan severance benefit consistent with the benefits for which he was eligible under the GenTek, Inc. Key Employee Retention Plan. Subsequent to the execution of the letter agreement we implemented the

KRONE Retention Plan and provided Mr. Lowy with an individual award letter under that plan consistent with the terms of our initial agreements with Mr. Lowy and GenTek. The terms of Mr. Lowy's award provided that Mr. Lowy would be entitled to a severance payment in the event that his employment with us was terminated (a) by us for any reason other than cause, (b) by Mr. Lowy for good reason, or (c) as a result of his death or disability. The termination of Mr. Lowy's employment with us triggered the payment obligation under the plan. As disclosed in the Summary Compensation Table and in the description of our "Change in Control and Termination of Employment Arrangements" of this prospectus, we paid Mr. Lowy a lump sum cash payment of $1,804,905. This payment was equal to (a) two times his annual salary, plus (b) his target bonus for the 2004 fiscal year, and (c) a gross-up for added taxes he will be obligated to pay resulting from the application of Section 280G of the Internal Revenue Code. Mr. Lowy is also entitled to receive continuation of certain health and welfare benefits for twenty-four months following his employment termination or, if earlier, until he obtains benefits from any subsequent employer. Mr. Lowy's receipt of these benefits was conditioned upon his execution of a severance agreement and general release, which he executed in November 2004.

Jeffrey A. Quiram

In connection with the termination of Mr. Quiram's employment with us that occurred in November 2004, we provided Mr. Quiram with the following benefits in return for his execution of a severance agreement and general release:

- payments equal to $211,848 (less all applicable withholdings under law) payable in four installments during our fiscal year 2005; and

- payment of our employer contribution for medical and dental insurance premiums for December 2004 and January 2005 should Mr. Quiram elect to continue insurance coverage through COBRA.

The severance agreement and general release also contains a non-solicitation covenant on the part of Mr. Quiram that will remain in effect until November 28, 2005.

Compensation of Directors

Compensation for nonemployee directors is paid on a calendar year rather than a fiscal year basis. Our President and Chief Executive Officer, who is also a director, does not receive any extra compensation for serving as a director. Compensation for directors consists of a combination of cash payments and annual stock option and restricted stock unit awards. In 2004, nonemployee directors received an annual retainer of $25,000. Directors also received $1,500 for each Board meeting attended and $1,000 for each committee meeting attended. In addition, the Non-executive Chairman of the Board receives an annual retainer of $100,000, the director who acts as Chairman of the Audit Committee receives an annual retainer of $7,500 and directors who act as Chairs of the remaining Board committees receive an annual retainer of $5,000.

Annual retainers and fees for Board and Board committee participation were eligible to be deferred pursuant to our Compensation Plan for Nonemployee Directors. In 2004, directors could elect to defer their cash compensation into a deferred cash account or exchange their cash compensation for restricted stock units subject to forfeiture under our Global Stock Incentive Plan. The restricted stock units would vest on the first business day of the calendar year following the year for which the cash compensation was deferred, have a fair market value equal to the amount of the deferred fees on the date of the grant and be issuable upon the director's retirement or resignation. Interest is paid on amounts deferred in the deferred cash account based on the prime commercial rate of Wells Fargo Bank N.A.

For calendar year 2004, one director elected to exchange all or a portion of his fees for restricted stock units. No directors elected to defer all or a portion of their fees into a deferred cash account.

In addition to cash compensation, each of our nonemployee directors received an annual option grant to acquire 25,000 shares of common stock and an annual grant of restricted stock units with a value of $25,000 under our Global Stock Incentive Plan unless they joined the Board during the year. Directors who joined the Board in 2004 received an initial option grant to purchase 40,000 shares upon becoming a Board member and a grant of restricted stock units with value equal to a pro rata portion of the $25,000 value received by existing directors. The pro ration was based on the number of months left in the calendar year when the director joined the Board. The options have an exercise price equal to the fair market value of our common stock on the date of grant and a term of ten years.

For calendar year 2005, our compensation program for directors will be the same as the program in effect during calendar year 2004. However, the number of shares granted as stock options will change in light of changes in the market price of our common stock.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of December 31, 2004, certain information with respect to all shareowners known by us to have been beneficial owners of more than five percent of our common stock, and information with respect to our common stock beneficially owned by our directors, our executive officers included in the Summary Compensation Table set forth under the caption "Management" above and all of our directors and executive officers as a group. Except as otherwise indicated, the shareowners listed in the table have sole voting and investment power with respect to the common stock owned by them.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Common Stock Outstanding
Alliance Capital Management, L.P. c/o AXA Financial, Inc. 1290 Avenue of the Americas New York, NY 10104	72,742,536[1]	8.98%
Robert E. Switz	3,424,592[2,4]	*
Gokul V. Hemmady	334,272[2,4]	*
Michael K. Pratt	586,107[2,4]	*
Patrick D. O'Brien	339,719[2,4]	*
JoAnne M. Anderson	987,585[2,4]	*
Ronald A. Lowy	-0-	*
Jeffrey A. Quiram	433,005[2,4]	*
John J. Boyle III	1,035,558[3]	*
John A. Blanchard III	428,879[3]	*
John D. Wunsch	300,000[3]	*
Jean-Pierre Rosso	368,896[3]	*
B. Kristine Johnson	382,537[3]	*
James C. Castle	176,352[3]	*
Larry W. Wangberg	172,764[3]	*
Mickey P. Foret	67,083[3]	*
Lois M. Martin	40,000[3]	*
J. Kevin Gilligan	40,000[3]	*
John Rehfeld	40,000[3]	*
William R. Spivey	40,000[3]	*
All executive officers and directors as a group (21 persons)	10,386,786[5]	1.28%

* Less than 1%.

1 Based on information in a Form 13F for the quarter ended September 30, 2004, filed by AXA Financial, Inc. on behalf of Alliance Capital Management L.P.

2 Includes (a) shares issuable pursuant to stock options exercisable within 60 days after December 31, 2004 and (b) shares held in trust for the benefit of the executive officers pursuant to our Retirement Savings Plan, which we call the "401(k) Plan" in this prospectus, respectively: for Mr. Switz, (a) options to purchase 2,357,094 shares and (b) 41,348 shares; for Mr. Hemmady, (a) options to purchase 224,537 shares and (b) 1,448 shares; for Mr. Pratt, options to purchase 420,827 shares; for Mr. O'Brien, (a) options to purchase 212,816 shares and (b) 15,892 shares; for Ms. Anderson, (a) options to purchase 879,551 shares and (b) 22,703 shares; and for Mr. Quiram, (a) options to purchase 198,626 shares and (b) 88,476 shares.

3 Includes shares issuable pursuant to options exercisable within 60 days after December 31, 2004: for Mr. Boyle, options to purchase 948,240 shares; for Mr. Blanchard, options to purchase 259,291

shares; for Mr. Wunsch, options to purchase 271,000 shares; for Mr. Rosso, options to purchase 329,696 shares; for Ms. Johnson, options to purchase 343,737 shares; for Dr. Castle, options to purchase 154,912 shares; for Mr. Wangberg, options to purchase 167,764 shares; for Mr. Foret, options to purchase 67,083 shares; for Ms. Martin, options to purchase 40,000 shares; for Mr. Gilligan, options to purchase 40,000 shares; for Mr. Rehfeld, options to purchase 40,000 shares; and for Dr. Spivey, options to purchase 40,000 shares.

4

Includes shares of restricted stock issued under our Global Stock Incentive Plan that may be voted by the holders thereof but are subject to future vesting conditions and therefore cannot be transferred: for Mr. Switz, 533,334 shares; for Mr. Hemmady, 25,000 shares; for Mr. Pratt, 58,334 shares; for Mr. O'Brien, 25,000 shares; and for Ms. Anderson, 16,667 shares.

5

Includes (a) 7,852,050 shares issuable pursuant to stock options exercisable within 60 days after December 31, 2004; (b) 223,810 shares held in trust for the benefit of executive officers pursuant to the 401(k) Plan; and (c) 708,336 restricted shares of restricted stock issued under our Global Stock Incentive Plan that may be voted by the holders thereof but are subject to future vesting conditions and therefore cannot be transferred.

DESCRIPTION OF THE PLAN

Purposes

The **ADC**InvestDirect plan provides you with a convenient and economical method of systematically increasing your ownership interest in ADC through purchases of ADC common stock. We may use the Plan to raise capital for general corporate purposes through the sale to you of authorized but unissued common stock.

Considerations

You should consider the following before you decide to participate in the Plan:

Transaction Fees You pay $0.05 for each share of common stock purchased for your Plan account in open market transactions. You pay $0.15 for each share of common stock sold under the Plan. We expect that generally all Plan purchases and sales will be affected in open market transactions.

Service Fees You also pay a service fee as described in this prospectus for some Plan transactions, whether or not the transactions are effected in open market transactions.

Investment Timing; Price Risks Because the prices at which Plan shares are purchased are determined as of specified dates or as of dates otherwise beyond your control, you may lose certain advantages otherwise available to you in being able to select the timing of your investments. For example, because the price charged to you for shares purchased in the open market or in negotiated transactions is the weighted average price at which the shares are actually purchased over a period of up to five days following an investment, you may pay a higher price for shares purchased under the Plan than for shares purchased on the investment date outside of the Plan.

No Interest Paid No interest is paid on your cash investments pending their investment in common stock.

Administration

As of the date of this prospectus, Computershare Trust Company, Inc administers the Plan. As Plan Administrator, Computershare is responsible for the clerical and ministerial administration of the Plan, including receiving your investments, forwarding funds received from you or on your behalf to a registered broker/dealer for purchases of common stock, issuing statements of Plan account activities and performing certain other administrative duties related to the Plan. You may contact the Plan Administrator by writing to:

Computershare Trust Company, Inc.
Attention: **ADC**InvestDirect
Post Office Box A3309
Chicago, IL 60690-3309

or by calling the Plan Administrator toll free at 1-800-929-6782 or 1-312-360-5209 between 8:30 a.m. and 5:00 p.m., central time, on any business day. Written communications may also be sent to the Plan Administrator by telefax at 1-312-601-4335.

The Plan Administrator is responsible for purchasing and selling shares of common stock for your Plan account, including the selection of the broker or dealer through which Plan purchases and sales are made. ADC has no control over the times or prices at which the Plan Administrator purchases shares in the open market or the selection of the broker or dealer used by the Plan Administrator for the purchases.

Forms

Plan Authorization Form. A Plan Authorization Form is used to enroll in the Plan and, at the time of enrollment, authorize electronic funds transfers. A Plan Authorization Form is enclosed with this prospectus.

Plan Transaction Form. A Plan Transaction Form is used to make investments, transfer or sell your Plan shares, deposit your share certificates with the Plan Administrator (if done after enrollment), and terminate your participation in the Plan. A Plan Transaction Form is attached to each account statement mailed to you.

ACH Enrollment Form. An ACH Enrollment Form is used to change or establish electronic funds transfers after enrollment, change the amount of or terminate your electronic funds transfers or change your record address.

All forms can be obtained from the Plan Administrator upon request.

Eligibility

Any person or entity, whether or not currently a registered holder of ADC common stock, may participate in the Plan by enrolling in accordance with the procedures described in "Enrollment and Participation" below. We reserve the right to deny, modify, suspend or terminate participation by any person or entity. See "Other Information Denial or Termination of Participation."

Enrollment and Participation

You may enroll in the Plan at any time by completing the Plan Authorization Form enclosed with this prospectus and returning it to the Plan Administrator at the address listed on the form.

Shareholders. If you are a registered holder of ADC common stock, you must complete a Plan Authorization Form to participate in the Plan. If you are a beneficial owner of common stock whose only shares are held in names other than your own *(e.g.*, by brokers, trustees or bank nominees), you must complete a Plan Authorization Form and either:

(a) become a shareholder of record by having the shares registered in your name, or

(b) become a shareholder of record by enrolling in the Plan in the same manner as a nonshareholder.

Nonshareholders. If you are not a registered holder of ADC common stock, you must complete a Plan Authorization Form and pay a one-time account set-up fee of $10. You must also make an initial cash investment of at least $500 or authorize automatic monthly cash investments of at least $50.

Investments

Initial Investment. If you are not a registered owner of common stock, you must include an initial cash investment of at least $500 with your completed Plan Authorization Form or authorize automatic monthly cash investments by electronic funds transfer of at least $50. For automatic monthly cash investments, your first investment of at least $50 must be made by check. In either case, you must also pay a one-time account set-up fee of $10. See "Enrollment and Participation" above. Initial investments and payment of the account set-up fee must be made by check or money order payable to "Computershare" in U.S. funds.

Additional Investments. You may make additional investments at any time by personal check, money order or electronic funds transfer from a designated U.S. bank account. You may vary your investments from a minimum of $50 per investment up to a maximum of $250,000 per year. Initial investments are included in the year in which they are made for purposes of determining whether the $250,000 maximum has been reached.

Initial and additional investments are invested in shares of common stock net of service fees as described below.

Check or Money Order. Investments made by check or money order must be accompanied by a completed Plan Transaction Form and received by the Plan Administrator no later than one business day before an investment date to be invested on that investment date; otherwise, investments are held by the Plan Administrator for investment on the next investment date. Investments made by check or money order must be payable to "Computershare" in U.S. funds. Your check or money order must be sent to the address listed on your Plan statement. Checks or money orders sent to any other address will not be considered validly delivered.

Electronic Funds Transfer. In addition to making investments by check or money order, you may authorize automatic monthly electronic funds transfers from a designated bank account. Your bank account is debited on the 15th day of each month or, if that day is not a business day, the business day next following the 15th day. Funds are invested within five business days following collection of the funds by the Plan Administrator. You do not receive any confirmation of the transfer of funds other than as reflected in the transaction statements described below and in your bank account statements.

To authorize electronic funds transfers, complete and sign the automatic funds transfer section of the Plan Authorization Form and return it to the Plan Administrator together with a voided blank check or deposit slip for the account from which funds are to be transferred. Your automatic funds transfers will begin as soon as practicable after the Plan Administrator receives the Plan Authorization Form. You may change the amount of your monthly transfer or terminate your monthly transfer altogether by completing an ACH Enrollment Form and returning it to the Plan Administrator. To be effective with respect to a particular investment date, your change or termination request must be received by the Plan Administrator at least 15 business days before the investment date.

Investment Dates. Cash payments will be invested promptly, but in no event later than five business days following receipt of the cash payment (except where deferral is necessary under applicable federal or state laws or regulations).

No interest is paid on funds held by the Plan Administrator pending their investment in common stock. All investments, including the initial investment, are subject to the collection by the Plan Administrator of full face value in U.S. funds.

Source of Shares. The shares you purchase under the Plan are authorized but unissued shares of common stock or common stock purchased by the Plan Administrator in the open market or in negotiated transactions. The Plan Administrator purchases shares in the open market or in negotiated transactions as soon as practicable (but in no event more than five business days) after receipt of your cash payment, subject to any waiting periods required under applicable securities laws or other regulations. We determine the source or sources of shares used to fulfill Plan requirements and, subject to certain regulatory restrictions on how often we can change our determination, we may change the source of shares from time to time without notice. We expect that generally all Plan purchases will be effected in open market transactions.

Price of Shares. The purchase price per share of authorized but unissued common stock is the average of the high and low sale prices of the common stock (as quoted on the NASDAQ National Market) on the applicable investment date or, if NASDAQ is closed on the investment date, on the next preceding day NASDAQ is open. The price of shares purchased in the open market or in negotiated transactions is the weighted average price at which the shares are actually purchased for the applicable investment date. The Plan Administrator may in its discretion commingle your funds with other participants' funds for the purpose of forwarding purchase orders and may offset purchase and sale orders for the same investment date by forwarding the net purchase or sale requirement. Because the prices at which shares are purchased under the Plan are determined as of specified dates or as of dates otherwise beyond your control, you may lose any advantage otherwise available from being able to select the timing of your investment.

Transaction Fee, Service Fees and Other Costs

Account Set-Up. If you are not a registered holder of ADC common stock, including persons authorizing automatic monthly cash investments, you are charged a one-time account set-up fee of $10. The fee must be paid by check or money order and is due at the time of enrollment. The fee is in addition to the minimum initial cash investment.

Transaction Fee. In addition to the service fees discussed below, you pay $0.05 for each share of common stock purchased for your Plan account in open market transactions, even if a Plan sale order is used to offset your order. You pay $0.15 for each share of common stock sold for your Plan account, even if a Plan purchase order is used to offset your order. We expect that generally all Plan purchases and sales will be affected in open market transactions. Transaction fees payable with respect to Plan purchases are deducted from the amount invested on your behalf. Transaction fees payable with respect to Plan sales are deducted from the proceeds payable to you.

Service Fees. For each investment made by check or money order, you pay a service fee of $5, and for each investment made by automatic electronic funds transfer, you pay a service fee of $2. Investment service fees are *in addition to* transaction fees and are deducted from the amount invested on your behalf. You pay a service fee of $10 in connection with sales of your Plan shares. The service fee is *in addition to* transaction fees and is deducted from the proceeds payable to you from the sale of shares, including a fractional share.

Fees Subject to Change. We may change from time to time the amount fees charged to you upon 30 days prior notice.

Account Statements

The Plan Administrator will maintain an account for you and will send account statements to you as soon as practicable after each investment and after any transfer, sale or withdrawal of Plan shares. Your account will be credited with full and fractional shares, computed to three decimal places. The account statements provide you with records of purchases and sales and should be retained for tax purposes.

Share Certificates

Plan purchases are credited to your account and shown on your account statement. You do not receive certificates for your Plan shares unless you request them. This protects against loss, theft or destruction of stock certificates and reduces our administrative costs associated with the Plan. You may obtain certificates for some or all full Plan shares at any time by sending a Plan Transaction Form to the Plan Administrator or contacting the Plan Administrator toll free at 1-800-929-6782 or 1-312-360-5209. Any remaining full and fractional shares continue to be credited to your account. Certificates for fractional shares are not issued under any conditions. A charge may be imposed for issuing a certificate from your Plan account.

Share Safekeeping

At any time beginning with your enrollment in the Plan, you may deposit with the Plan Administrator certificates representing shares of ADC common stock, whether or not the shares were acquired under the Plan, at no cost to you. To use this service, you must send your certificates to the Plan Administrator with a properly completed Plan Authorization Form or Plan Transaction Form. Shares represented by certificates deposited with the Plan Administrator are credited to your account and thereafter are treated as if they were acquired under the Plan. You are responsible for maintaining your own records of the cost basis of certificated shares deposited with the Plan Administrator. If you are a beneficial owner of common stock registered in street or other nominee name, you may in some cases be able to transfer your shares electronically from your existing brokerage account to a Plan account. If you are a beneficial owner and want to take advantage of this service, you should contact the Plan Administrator to obtain transfer instructions.

We strongly recommend that you use a courier service that tracks delivery of your package to deliver your certificates to the Plan Administrator, insuring the certificates for 2% of the current market value of the shares represented. In any case, you bear the full risk of loss, regardless of the method used, in the event the certificates are lost.

You should NOT endorse your certificates prior to mailing.

Gifts of Shares and Share Transfers Within the Plan

You may purchase shares of common stock for others by making investments on their behalf. To do this, you need only complete a Plan Authorization Form in the name of the recipient and return the completed form to the Plan Administrator together with the one-time account set-up fee of $10 and either an initial investment of at least $500 or an authorization for automatic monthly cash investments of at least $50. For automatic monthly cash investments, please remember to include a check for your first investment of at least $50 with your completed Plan Authorization Form.

Your Plan shares also may be transferred to a Plan account of another person subject to compliance with any applicable laws. To do this, you must complete a Plan Transaction Form and return the completed Plan Transaction Form, together with an executed stock assignment, to the Plan Administrator. Your signature on the stock assignment must be ***medallion guaranteed*** by an eligible financial institution. The form of stock assignment can be obtained from the Plan Administrator. If the person to whom the shares are gifted or transferred is not a participant in the Plan, the Plan Administrator automatically will open an account for the person and enroll him or her in the Plan.

You may not pledge or grant a security interest in Plan shares or transfer Plan shares outside of the Plan unless the Plan Administrator has issued certificates representing the shares.

Sale of Shares

You may sell some or all of your Plan shares by submitting the appropriate information on the Plan Transaction Form or by sending a written request to the Plan Administrator. Requests may be faxed to the Plan Administrator. The Plan Administrator may match or offset your sales orders against one or more purchase orders of other participants in the Plan. If not offset, the Plan Administrator will execute the order on your behalf in the open market or in a negotiated transaction. Sales orders generally are processed daily provided there is sufficient volume and the request is received on a business day when the NASDAQ market is open. If there is not sufficient volume, sales orders will be processed at least once per week. After settlement of the sale, the Plan Administrator will send you a check for the net proceeds of the sale. The proceeds you receive are based on the weighted average price at which the shares were sold less service fees charged by the Plan Administrator and applicable transfer taxes.

You will not have the authority or power to direct the date or sales price at which Plan shares may be sold. Requests to sell Plan shares must indicate the number of shares to be sold and not the dollar amount to be attained. Any request that does not indicate clearly the number of Plan shares to be sold will be returned to you with no action taken. You should be aware that prices may fluctuate during the period between a request for a sale, receipt by the Plan Administrator of the request, and ultimate sale in the open market no later than five business days from the date of receipt by the Plan Administrator. You will bear the risk of a price change.

Termination

You may terminate your participation in the Plan by submitting the appropriate information on a Plan Transaction Form or by sending a written request to the Plan Administrator. In addition, if you are a participant who makes investments by electronic funds transfers, your termination request must be received by the Plan Administrator at least 15 business days prior to the scheduled investment date to ensure that the request is effective as to the next investment.

Upon termination of your participation in the Plan, unless you have requested on the Plan Transaction Form that some or all of your Plan shares be sold, the Plan Administrator will send you a certificate representing the number of full shares in your Plan account and a check in the amount of the market value of any fractional share. If you so request on the Plan Transaction Form, the Plan Administrator will sell some or all Plan shares on your behalf. After settlement of the sale, the Plan Administrator will send you a check in the amount of the net proceeds of the sale (plus the market value of any fractional Plan share) and a certificate representing any full Plan shares not sold. The net proceeds you receive are based on the weighted average price at which the shares were sold less fees charged by the Plan Administrator and applicable transfer taxes.

After termination, you may re-enroll in the Plan by submitting a new Plan Authorization Form and complying with all other enrollment procedures (see "Enrollment and Participation"). In order to minimize unnecessary Plan administrative costs and to encourage use of the Plan as a long-term investment vehicle, we reserve the right to deny participation in the Plan to previous participants who we or the Plan Administrator believes have been excessive in their enrollment and termination.

Other Information

Share Dividends and Stock Splits. Any shares distributable to you pursuant to a share dividend or stock split by ADC on shares registered in your name or credited to your account under the Plan will be added to your account and will not be mailed or delivered directly to you. You may, however, request the Plan Administrator to issue certificates for such stock dividends or split shares once they are added to your account. If you send a notice of termination or a request to sell shares to the Plan Administrator between the record date and the payment date for a stock distribution, the request will not be processed until the stock distribution is credited to your account.

Cash Dividends. ADC currently does not pay cash dividends with respect to the common stock. If in the future ADC declares a cash dividend with respect to the common stock, dividends paid on shares in your Plan account would be paid directly to you in the same manner as to shareholders who are not participants in the Plan.

Voting Rights. Voting rights of shares purchased under the Plan commence upon settlement of the transaction, which normally is three business days after purchase.

Voting of Plan Shares. For each meeting of shareholders, you will receive proxy materials that allow you to vote your Plan shares by proxy. Alternatively, you may vote your Plan shares in person at the meeting.

Limitation of Liability. ADC and the Plan Administrator will not be liable for any good faith act or omission to act, including but not limited to any claim of liability:

(a) rising out of the failure to terminate your account upon your death prior to the Plan Administrator's receipt of notice in writing of your death,

(b) with respect to the prices or times at which shares are purchased or sold, or

(c) as to the value of the shares acquired for you.

We reserve the right to interpret and regulate the Plan as we deem necessary or advisable in connection with the Plan's operations.

Modification or Termination of the Plan. We may suspend, modify or terminate the Plan at any time in whole or in part or with respect to your participation in the Plan in some jurisdictions. Notice of a suspension, modification or termination will be sent to all affected participants. No such event will affect any shares then credited to a participant's account. If your participation in the Plan is terminated by us in whole or in part, you will receive a certificate for all full Plan shares and a check in the amount of the market value of any fractional Plan share.

Denial or Termination of Participation. At our direction, the Plan Administrator may terminate your participation in the Plan if you do not own at least one full share in your name or hold shares through the Plan. We also reserve the right to deny, modify, suspend or terminate participation in the Plan by otherwise eligible persons to the extent we deem it advisable or necessary in our discretion to comply with applicable laws or to eliminate practices that are not consistent with the purposes of the Plan. Participants whose participation in the Plan is terminated will receive certificates for all full Plan shares and a check in the amount of the market value of any fractional Plan share.

Insufficient Funds Policy. In the event that any check is returned to the Plan Administrator unpaid for any reason, the Plan Administrator will consider the request for investment of such money null and void and will remove from your account Plan shares, if any, purchased upon the prior credit of such money. The Plan Administrator will be entitled to sell these shares to satisfy any uncollected amounts plus any applicable fees. If the net proceeds of the sale of such shares are insufficient to satisfy the balance of such uncollected amounts, the Plan Administrator will be entitled to sell such additional shares from your account as are necessary to satisfy the uncollected balance.

DESCRIPTION OF OUR COMMON STOCK

The Company's Restated Articles of Incorporation, as amended, currently authorize the issuance of 1,210,000,000 shares, consisting of 1,200,000,000 shares of common stock, par value $0.20 per share, and 10,000,000 shares of preferred stock. As of January 12, 2005, the Company had 810,457,864 shares of common stock outstanding and no shares of preferred stock outstanding.

Common Stock

The holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders. There is no cumulative voting for the election of directors, and directors are elected by a plurality of the voting power of the shares present and entitled to vote on the election of directors at a meeting at which a quorum is present. Subject to preferences that may be applicable to any outstanding preferred stock, holders of common stock are entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available therefor and in liquidation proceedings. Historically, we do not pay cash dividends on our common stock and do not intend to pay cash dividends for the foreseeable future. Holders of common stock have no preemptive or subscription rights and there are no redemption rights with respect to such shares. The outstanding shares of common stock are, and the shares of common stock to be offered hereby will be, fully paid and nonassessable.

Preferred Stock

The Company's Board of Directors is authorized, without further shareholder action, to issue preferred stock in one or more series and to fix the voting rights, liquidation preferences, dividend rights, repurchase rights, conversion rights, redemption rights and terms, including sinking fund provisions and certain other rights and preferences, of the preferred stock.

Provisions of the Minnesota Business Corporation Act

Certain provisions of Minnesota law described below could have an anti-takeover effect. These provisions are intended to provide management flexibility to enhance the likelihood of continuity and stability in the composition of the Company's Board of Directors and in the policies formulated by the Board and to discourage an unsolicited takeover of the Company, if the Board determines that such a takeover is not in the best interests of the Company and its shareholders. However, these provisions could have the effect of discouraging certain attempts to acquire the Company which could deprive the Company's shareholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

Section 302A.671 of the Minnesota Business Corporation Act applies, with certain exceptions, to any acquisition of voting stock of the Company (from a person other than the Company, and other than in connection with certain mergers and exchanges to which the Company is a party) resulting in the beneficial ownership of 20% or more of the voting stock then outstanding. Section 302A.671 requires approval of any such acquisitions by a majority vote of the shareholders of the Company prior to its consummation. In general, shares acquired in the absence of such approval are denied voting rights and are redeemable at their then fair market value by the Company within 30 days after the acquiring person has failed to give a timely information statement to the Company or the date the shareholders voted not to grant voting rights to the acquiring person's shares.

Section 302A.673 of the Minnesota Business Corporation Act generally prohibits any business combination by the Company or any subsidiary of the Company, with any shareholder which purchases 10% or more of the Company's voting shares (an "interested shareholder") within four years following such interested shareholder's share acquisition date, unless the business combination is approved by a committee of all of the disinterested members of the Board of Directors of the Company before the interested shareholder's share acquisition date.

Transfer Agent and Registrar

The Transfer Agent and Registrar with respect to the common stock is Computershare Investor Services, LLC in Chicago, Illinois.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The information set forth below summarizes certain U.S. federal income tax consequences of participation in the Plan. The information is not intended to be a complete description of all such consequences, nor is it intended to be a description of any kind of the state, local or foreign tax consequences of participation in the Plan. The description of federal income tax consequences may be affected by future legislation, Internal Revenue Service rulings and regulations and/or court decisions. For that reason, you should consult your own tax advisor with respect to the federal income tax consequences, as well as the state, local and foreign income tax consequences, of participation in the Plan.

Cost Basis of Shares. For federal income tax purposes, the cost basis of shares purchased with your cash investments is the purchase price of the shares plus any fees paid by you in connection with open market purchases.

Gains and Losses from the Sale of Shares. You do not realize any taxable income from the issuance of certificates representing Plan shares. You may realize gain or loss, however, at the time the shares are sold by the Plan Administrator or by you after you withdraw your shares from the Plan. The amount of realized gain or loss, if any, is based on the difference between the amount you receive for the shares and the cost basis of the shares.

IRS Reports. If, at your request, the Plan Administrator sells Plan shares for you, the Plan

LEGAL MATTERS

The validity of the issuance of the securities offered by this prospectus has been passed upon for us by Dorsey & Whitney LLP, Minneapolis, Minnesota.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements and schedule at October 31, 2004 and 2003, and for each of the three years in the period ended October 31, 2004, as set forth in their reports. We have included our financial statements and schedule in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's reports, given on their authority as experts in accounting and auditing.

The combined financial statements of Krone International Holding, Inc. and Krone Digital Communications, Inc. and their consolidated subsidiaries for the year ended December 31, 2003 included in this prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein, and are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

Federal securities law requires us to file information with the Securities and Exchange Commission concerning our business and operations. We file annual, quarterly and current reports, proxy statements and other information with the SEC. You can read and copy these documents at the public reference room maintained by the SEC at Judiciary Plaza, 450 Fifth Street, NW, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public on the SEC's web site at http://www.sec.gov. You can also inspect our reports, proxy statements and other information at the offices of The NASDAQ Stock Market.

We have filed with the SEC a registration statement on Form S-1 to register the common stock to be sold in connection with this prospectus. As permitted by the rules and regulations of the SEC, this prospectus, which forms a part of the registration statement, does not contain all of the information included in the registration statement. For further information pertaining to us and the securities offered under this prospectus, reference is made to the registration statement and the attached exhibits and schedules. Although required material information has been presented in this prospectus, statements contained in this prospectus as to the contents or provisions of any contract or other document referred to in this prospectus may be summary in nature and in each instance reference is made to the copy of this contract or other document filed as an exhibit to the registration statement and each statement is qualified in all respects by this reference, including the exhibits and schedules filed therewith. You should rely only on the information incorporated by reference or provided in this prospectus or any supplement to this prospectus. We have not authorized anyone else to provide you with different information. The selling shareholders should not make an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus or any supplement to this prospectus is accurate as of any date other than the date on the cover page of this prospectus or any supplement. Our business, financial condition, results of operations and prospectus may have changed since that date.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareowners
ADC Telecommunications, Inc.

We have audited the accompanying consolidated balance sheets of ADC Telecommunications, Inc. and subsidiaries as of October 31, 2004 and 2003, and the related consolidated statements of operations, shareowners' investment, and cash flows for each of the three years in the period ended October 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ADC Telecommunications, Inc. and subsidiaries at October 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the three years in the period ended October 31, 2004, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

Minneapolis, Minnesota
December 13, 2004

ADC Telecommunications, Inc. and Subsidiaries
Consolidated Statements of Operations
(in millions, except earnings per share)

	For the years ended October 31,		
	2004	**2003**	**2002**
NET SALES:			
Products	$ 659.9	$ 484.7	$ 693.3
Services	124.4	104.7	126.2
TOTAL NET SALES	784.3	589.4	819.5
COST OF SALES:			
Products	365.1	280.5	517.3
Services	117.3	101.8	139.0
TOTAL COST OF SALES	482.4	382.3	656.3
GROSS PROFIT	301.9	207.1	163.2
OPERATING EXPENSES:			
Research and development	59.1	59.9	106.8
Selling and administration	206.3	160.4	251.6
Impairment charges	1.7	15.6	341.1
Restructuring charges	12.3	28.1	202.0
Total operating expenses	279.4	264.0	901.5
OPERATING INCOME (LOSS)	22.5	(56.9)	(738.3)
OTHER INCOME, NET	10.7	9.0	6.4
INCOME (LOSS) BEFORE INCOME TAXES	33.2	(47.9)	(731.9)
PROVISION (BENEFIT) FOR INCOME TAXES	1.9	(5.3)	248.3
INCOME (LOSS) FROM CONTINUING OPERATIONS	31.3	(42.6)	(980.2)
DISCONTINUED OPERATIONS, NET OF TAX:			
Loss from discontinued operations	(64.9)	(34.1)	(164.8)
Gain on sale of discontinued operations, net	50.0		
	(14.9)	(34.1)	(164.8)
NET INCOME (Loss)	$ 16.4	$ (76.7)	$ (1,145.0)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (BASIC)	808.3	803.4	795.6
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (DILUTED)	812.1	803.4	795.6

	For the years ended October 31,		
BASIC AND DILUTED INCOME (LOSS) PER SHARE:			
CONTINUING OPERATIONS	$ 0.04	$ (0.06)	$ (1.23)
Discontinued operations	$ (0.02)	$ (0.04)	$ (0.21)
Net income (loss)	$ 0.02	$ (0.10)	$ (1.44)

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

ADC Telecommunications, Inc. and Subsidiaries
Consolidated Balance Sheets
(in millions)

	October 31, 2004	October 31, 2003
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	$ 494.3	$ 718.7
Available-for-sale securities	7.3	26.7
Accounts receivable, net of reserves of $15.9 and $20.4	158.0	85.0
Unbilled revenues	36.5	27.9
Inventories, net reserves of $42.0 and $32.2	97.8	57.1
Assets of discontinued operations	16.6	74.1
Prepaid and other current assets	25.1	42.7
Total current assets	835.6	1,032.2
Property and equipment, net of accumulated depreciation of $316.0 and $294.9	233.0	175.3
Assets Held for Sale	6.6	25.1
Restricted Cash	21.9	15.6
Goodwill	180.1	
Intangibles, net of accumulated amortization of $13.9 and $6.8	93.0	12.8
Available-for-sale securities	26.8	19.5
Other Assets	31.1	16.4
Total assets	$ 1,428.1	$ 1,296.9
LIABILITIES AND SHAREOWNERS' INVESTMENT:		
CURRENT LIABILITIES:		
Accounts payable	$ 72.8	$ 43.9
Accrued compensation and benefits	65.9	43.7
Other accrued liabilities	81.4	55.5
Income taxes payable	27.6	19.3
Restructuring accrual	38.4	29.1
Liabilities of discontinued operations	15.6	67.3
Notes payable	0.3	8.0
Total current liabilities	302.0	266.8
PENSION OBLIGATIONS AND OTHER LONG-TERM LIABILITIES	66.8	2.4