

ADC TELECOMMUNICATIONS INC  
Form 424B3  
March 09, 2005

**PROSPECTUS SUPPLEMENT**  
(To Prospectus dated February 1, 2005)

Filed pursuant to Rule 424(b)(3) and 424(c)  
Commission File No. 333-91972

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**ADC TELECOMMUNICATIONS, INC.**  
**ADCINVESTDIRECT**

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

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This prospectus supplement relates to our Direct Stock Purchase Plan, which provides you with a convenient and economical way of purchasing shares of ADC common stock without a broker at low transaction costs.

This prospectus supplement should be read in conjunction with, and may not be delivered or utilized without, the prospectus dated February 1, 2005, including any amendments or supplements thereto. This prospectus supplement is qualified by reference to the prospectus except to the extent that the information in this prospectus supplement updates or supersedes the information contained in the prospectus dated February 1, 2005.

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

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**Investment in our securities involves a number of risks. See section titled Risk Factors beginning on page 24 of this prospectus supplement to read about certain factors you should consider before buying our securities.**

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**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.**

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

The date of this prospectus supplement is March 9, 2005.

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On March 9, 2005, we filed a Quarterly Report on Form 10-Q (the Form 10-Q ) for the quarterly period ended January 28, 2005 with the Securities and Exchange Commission. Below are the financial statements, management's discussion and analysis of financial condition and results of operations, and certain other disclosures from our Form 10-Q.

**FINANCIAL STATEMENTS**

**ADC TELECOMMUNICATIONS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS UNAUDITED**  
**(In millions)**

	January 28, 2005	October 31, 2004
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 88.4	\$ 67.0
Available-for-sale securities	425.0	434.6
Accounts receivable, net	145.2	158.0
Unbilled revenue	39.9	36.5
Inventories, net	109.2	97.8
Assets of discontinued operations		16.6
Prepaid and other current assets	35.6	25.1
Total current assets	843.3	835.6
<b>Property and Equipment, Net</b>	<b>229.0</b>	<b>233.0</b>
<b>Restricted Cash</b>	<b>24.9</b>	<b>21.9</b>
<b>Goodwill</b>	<b>180.1</b>	<b>180.1</b>
<b>Intangibles, Net</b>	<b>90.2</b>	<b>93.0</b>
<b>Available-for-sale securities</b>	<b>29.1</b>	<b>26.8</b>
<b>Other Assets</b>	<b>36.3</b>	<b>37.7</b>
Total assets	\$1,432.9	\$1,428.1
<b>LIABILITIES AND SHAREOWNERS INVESTMENT</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 72.7	\$ 72.8
Accrued compensation and benefits	46.9	65.9
Other accrued liabilities	73.5	81.7
Income taxes payable	24.9	27.6
Restructuring accrual	32.6	38.4
Liabilities of discontinued operations		15.6
Total current liabilities	250.6	302.0
<b>Pension Obligations and Other Long-Term Liabilities</b>	<b>69.4</b>	<b>66.8</b>
<b>Long-Term Notes Payable</b>	<b>400.0</b>	<b>400.0</b>
Total liabilities	720.0	768.8
<b>Shareowners Investment:</b>		
(809.7 and 810.1 shares outstanding, respectively)	712.9	659.3
Total liabilities and shareowners investment	\$1,432.9	\$1,428.1

See accompanying notes to condensed consolidated financial statements.

**ADC TELECOMMUNICATIONS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS    UNAUDITED**  
(In millions, except per share amounts)

Three Months Ended	
January 28, 2005	January 31, 2004

	<u>Three Months Ended</u>	
<b>Net Sales:</b>		
Product	\$ 199.9	\$ 111.4
Service	43.5	25.3
Total Net Sales	243.4	136.7
<b>Cost of Sales:</b>		
Product	122.9	58.9
Service	38.9	23.9
Total Cost of Sales	161.8	82.8
<b>Gross Profit</b>	<b>81.6</b>	<b>53.9</b>
<b>Operating Expenses:</b>		
Research and development	15.2	12.4
Selling and administration	61.0	31.3
Restructuring charges	3.2	1.8
Total Operating Expenses	79.4	45.5
<b>Operating Income</b>	<b>2.2</b>	<b>8.4</b>
<b>Other Income, Net</b>	<b>12.4</b>	<b>7.8</b>
Income Before Income Taxes	14.6	16.2
Provision (Benefit) for Income Taxes	1.0	(0.1)
Income From Continuing Operations	13.6	16.3
<b>Discontinued Operations, Net of Tax</b>		
Income (loss) from discontinued operations	2.7	(15.1)
Gain (loss) on sale of discontinued operations, net	36.2	(3.6)
Total Discontinued Operations	38.9	(18.7)
<b>Net Income (Loss)</b>	<b>\$ 52.5</b>	<b>\$ (2.4)</b>
Weighted Average Common Shares Outstanding (Basic)	809.4	806.8
Weighted Average Common Shares Outstanding (Diluted)	811.6	911.9
<b>Basic and Diluted Income (Loss) Per Share:</b>		
Continuing operations	\$ 0.02	\$ 0.02
Discontinued operations	\$ 0.04	\$ (0.02)
Net income (loss)	\$ 0.06	\$ 0.00

See accompanying notes to condensed consolidated financial statements.

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	Three Months Ended	
	January 28, 2005	January 31, 2004
<b>Operating Activities:</b>		
Net income from continuing operations	\$ 13.6	\$ 16.3
Adjustments to reconcile net income from continuing operations to net cash (used by) provided by operating activities from continuing operations:		
Depreciation and amortization	13.9	9.9
Change in bad debt reserves	(0.4)	(2.2)
Change in inventory reserves	(0.4)	(0.2)
Change in warranty reserves	(1.2)	
Non-cash stock compensation	0.7	0.6
Change in deferred income taxes	0.6	
Gain on sale of investments		(4.4)
Loss on sale of business		0.3
Gain on sale of property and equipment	(0.6)	(0.4)
Other, net	(11.2)	(0.7)
Changes in operating assets and liabilities, net of acquisitions and divestitures:		
Accounts receivable and unbilled revenues	15.5	11.7
Inventories	(10.1)	(4.7)
Prepaid and other assets	(3.6)	6.3
Accounts payable	(0.8)	0.5
Accrued liabilities	(33.6)	(14.0)
Total cash (used by) provided by operating activities from continuing operations	(17.6)	19.0
Total cash provided by (used by) operating activities from discontinued operations	1.5	(25.2)
Total cash used by operating activities	(16.1)	(6.2)
<b>Investing Activities:</b>		
Divestitures, net of cash disposed	33.6	5.0
Property and equipment additions	(4.6)	(2.9)
Proceeds from disposal of property and equipment	3.1	5.6
Increase in restricted cash	(3.0)	(0.2)
Change in available-for-sale securities	7.3	(217.8)
Total cash provided by (used by) investing activities	36.4	(210.3)
<b>Financing Activities:</b>		
Repayments of debt		(0.8)
Common stock issued	0.9	1.8
Total cash provided by financing activities	0.9	1.0
<b>Effect of Exchange Rate Changes on Cash</b>	0.2	(0.1)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	21.4	(215.6)
<b>Cash and Cash Equivalents, beginning of period</b>	67.0	288.1
<b>Cash and Cash Equivalents, end of period</b>	\$ 88.4	\$ 72.5

See accompanying notes to condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS UNAUDITED

**Note 1 Basis of Presentation:**

The interim information furnished in this report is unaudited but reflects all normal recurring adjustments, which are necessary, in the opinion of our management, for a fair statement of the results for the interim periods. The operating results for the quarter ended January 28, 2005 are not necessarily indicative of the operating results to be expected for the full fiscal year. These statements should be read in conjunction with our most recent Annual Report filed on Form 10-K for the fiscal year ended October 31, 2004.

*Fiscal Year*

Our quarters end on the last Friday of the calendar month for the respective quarter end. Our fiscal year end is October 31. As a result, our fourth quarter may have greater or fewer days than previous quarters in a fiscal year.

*Recently Issued Accounting Pronouncements*

In December 2004, the Financial Accounting and Standards Board ( FASB ) issued Statement of Financial Accounting Standards No. 123 (Revised 2004), Share-Based Payment ( SFAS 123R ), which amends SFAS No. 123, Accounting for Stock-Based Compensation and SFAS No. 95, Statement of Cash Flows . SFAS 123R requires companies to recognize in their income statements the grant-date fair value of stock options and other equity-based compensation issued to employees. The provisions of the interpretation are effective for periods that begin after June 15, 2005, which will be our fourth quarter beginning July 30, 2005. We will implement SFAS 123R under the modified prospective transition method. Under the modified prospective