ADC TELECOMMUNICATIONS INC
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January 25, 2005

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

Registration No. 333-108247

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 2
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. 2 to the Company's Registration Statement on Form S-3 (Registration No. 333-108247). 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.

Note: The prospectus included in this Post-Effective Amendment No. 2 supercedes and replaces in its entirety the prospectus dated October 10, 2003 that was filed pursuant to Rule 424(b)(3).

Subject to Completion, dated January 25, 2005

PRELIMINARY PROSPECTUS

ADC TELECOMMUNICATIONS, INC.

1.00% Convertible Subordinated Notes Due 2008
Floating Rate Convertible Subordinated Notes Due 2013
Common Stock Issuable Upon Conversion of the Notes

We issued $200,000,000 of 1.00% Convertible Subordinated Notes Due 2008 and $200,000,000 of Floating Rate Convertible Subordinated Notes Due 2013 in a private placement in June 2003. This prospectus may be used by the selling securityholders named in this prospectus to resell these notes and up to 99,676,052 shares of our common stock that are issuable upon conversion of the notes at any time prior to their maturity. The notes and the shares of our common stock may be sold from time to time by the selling securityholders at prices determined by the prevailing market price for the securities or in negotiated transactions. We will not receive any of the proceeds from the sale of the securities by the selling securityholders.

The notes are not listed on any securities exchange or included in any automated quotation system. The notes are eligible for trading on The PORTAL Market of the National Association of Securities Dealers, Inc. 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.

Investment in our securities involves a number of risks. See section titled "Risk Factors" beginning on page 4 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. The selling securityholders may not sell these securities 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
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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.

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*.

The Offering

Securities offered by the selling securityholders	$200,000,000 aggregate principal amount of 1.00% Convertible Subordinated Notes Due 2008, $200,000,000 aggregate principal amount of Floating Rate Convertible Subordinated Notes Due 2013 and shares of common stock issuable upon conversion of the notes
Maturity date	Fixed rate notes: June 15, 2008. Floating rate notes: June 15, 2013.
Interest	Fixed rate notes: 1.0% per annum, payable semi-annually on June 15 and December 15, beginning December 15, 2003. Floating rate notes: Six-month LIBOR plus 0.375% (1.59625% for the period from issuance through December 15, 2003), reset semi-annually on each June 15 and December 15 (3.065% for the current period ending June 15, 2005). Interest is payable semi-annually on June 15 and December 15, beginning December 15, 2003.
Subordination	The notes are unsecured and subordinated obligations of ADC. The notes rank junior in right of payment to all of our existing and future senior indebtedness and rank equally in right of payment with all subordinated obligations. At October 31, 2004, we had no senior indebtedness outstanding. The notes are not guaranteed by any of our subsidiaries and, accordingly, the notes are effectively subordinated to the indebtedness and other liabilities of our subsidiaries, including trade creditors. As of October 31, 2004, our subsidiaries had total liabilities of as much as approximately $369 million, excluding liabilities of the type not required to be reflected on a balance sheet in accordance with generally accepted accounting principles. Neither we nor our subsidiaries will be restricted under the indenture from incurring debt, including additional senior indebtedness. See "Description of Notes Subordination of Notes."

Conversion rights	The notes are convertible at any time prior to maturity into shares of our common stock at a conversion price of $4.013 per share (a conversion rate of approximately 249.1901 shares per $1,000 principal amount of notes), subject to certain adjustments. Upon conversion, you generally will not receive any cash representing accrued and unpaid interest; accrued interest will be deemed paid by the common stock received. See "Description of Notes Interest" and " Conversion of Notes."
Optional redemption	Fixed rate notes: We may not redeem the fixed rate notes prior to their maturity date. See "Description of Notes Optional Redemption by ADC; No Sinking Fund." Floating rate notes: We may redeem any or all of the notes at any time on or after June 23, 2008 at the prices described under "Description of Notes Optional Redemption by ADC; No Sinking Fund."
Sinking fund	None.
Purchase of notes at your option upon change of control	Upon a change of control, you may require us to repurchase all or a portion of your notes at 100% of the principal amount of the notes, together with any accrued and unpaid interest and additional interest, if any, to, but excluding, the repurchase date. We may elect to pay all or a portion of the purchase price in common stock subject to certain conditions. See "Description of Notes Purchase of Notes at Your Option upon a Change in Control."
Use of proceeds	We will not receive any proceeds from the sale of securities by the selling securityholders.
Trading	The notes are eligible for trading in PORTAL. However, we can give no assurance as to the liquidity of or trading market for the notes. Our common stock is quoted on The NASDAQ National Market under the symbol "ADCT."
Risk factors	See "Risk Factors" included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our securities.

Ratio of Earnings to Fixed Charges

The following table sets forth the ratios of earnings to fixed charges of ADC and the deficiency of earnings to fixed charges for the periods indicated (deficiency stated in millions):

	Fiscal Year Ended October 31				
	2004	2003	2002	2001	2000
Ratio of Earnings to Fixed Charges Displayed	3.3	(5.7)	(74.2)	(104.5)	206.8
Deficiency of Earnings to Fixed Charges		$ 47.9	$ 729.3	$ 1,709.8	

We have calculated our ratio of earnings to fixed charges as follows: Earnings consist of pre-tax income or loss from continuing operations less our loss from equity investees plus fixed charges. Fixed charges consist of (i) interest expense and (ii) the estimated interest expense within operating lease rental expense. A copy of the calculation of the ratio of earnings to fixed charges is available upon your request.

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.

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;
- 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.

Risks Related to the Notes

The notes are subordinated, and there are no financial covenants in the indenture. We may be unable to repay our obligations under the notes.

The notes are our general unsecured obligations and are subordinated in right of payment to any of our future senior indebtedness. In the event of our bankruptcy, liquidation or reorganization, or upon acceleration of the notes due to an event of default under the indenture and in certain other events, including covenant defaults on our designated senior indebtedness, our assets will be available to pay obligations on the notes only after all senior indebtedness has been paid. As a result, there may not be sufficient assets remaining to pay amounts due on any or all of the outstanding notes. In addition, we will not make any payments on the notes in the event of payment defaults or other specified defaults on future senior indebtedness.

Neither we nor our subsidiaries are restricted from incurring additional debt, including senior indebtedness, under the indenture. If we incur additional debt or liabilities, our ability to pay our obligations on the notes could be adversely affected. We expect that we will from time to time incur

additional indebtedness and other liabilities. In addition, we are not restricted from paying dividends or issuing or repurchasing our securities under the indenture.

There are no financial covenants in the indenture. You are not protected under the indenture in the event of a highly leveraged transaction or change in control of our company, except to the extent that we purchase the notes at your option upon a change in control, as described in the indenture.

The notes are effectively subordinated to the obligations of our subsidiaries.

In addition to the formal subordination provisions of the notes, the notes effectively are subordinated to all liabilities of our subsidiaries, to the extent of their assets, since they are separate and distinct legal entities with no obligation to pay any amounts due on the notes or to provide us with funds to enable us to meet our payment obligations, whether by dividends, distributions, loans or other payments. We conduct a substantial portion of our operations through subsidiaries. Our subsidiaries may incur additional obligations in the future and the indenture will not impose any restrictions on the incurrence of such obligations.

We may be unable to meet the requirements under the indenture to purchase your notes upon a change in control.

Upon certain types of a change in control (as defined in the indenture), you may require us to purchase all or a portion of your notes. If such a change in control were to occur, we might not have enough funds to pay the purchase price for all tendered notes. The indenture will permit us to issue shares of common stock to satisfy this obligation, but we may not have sufficient authorized shares to do so.

Future credit agreements or other agreements relating to our indebtedness might prohibit the redemption or repurchase of the notes and provide that a change in control constitutes an event of default. If a change in control occurs at a time when we are prohibited from purchasing the notes, we could seek the consent of our lenders to purchase the notes or could attempt to refinance this debt. If we do not obtain a consent, we could not purchase the notes. Our failure to purchase tendered notes would constitute an event of default under the indenture, which might constitute a default under the terms of our other debt. In such circumstances, or if a change in control would constitute an event of default under our senior indebtedness, the subordination provisions of the indenture would possibly limit or prohibit payments to you.

The term "change in control" is limited to certain specified transactions and may not include other events that might harm our financial condition or impair the value of your notes. Our obligation to offer to purchase the notes upon a change in control would not necessarily afford you protection in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us.

A market may not develop for the notes.

Prior to the offering of the notes, there had been no trading market for the notes. At the time of the original issuance of the notes in June 2003, the initial purchasers of the notes advised us that they intended to make a market in the notes. However, the initial purchasers are not obligated to make a market and may discontinue this market-making activity at any time without notice. In addition, market making activity by the initial purchasers will be subject to the limits imposed by the Securities Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As a result, a market for the notes may not develop or, if one does develop, it may not be maintained. If an active market for the notes fails to develop or be sustained, the trading price of the notes could decline significantly. The notes will not be listed on any securities exchange or quoted on The NASDAQ National Market and will only be traded on the over-the-counter market.

The price of our common stock, and therefore the price of the notes, may fluctuate significantly. This may make it difficult for holders to resell the notes or the common stock issuable upon conversion of the notes when desired or at attractive prices.

Prior to electing to convert notes, you should compare the price at which our common stock is trading in the market to the conversion price of the notes. Our common stock trades on The NASDAQ National Market under the symbol "ADCT". On January 18, 2005, the last reported sale price of our common stock on NASDAQ was $2.41 per share. The initial conversion price of the notes is $4.013 per share.

There have been previous quarters in which we have experienced shortfalls in revenue and earnings from levels expected by securities analysts and investors, which have had an immediate and significant adverse effect on the trading price of our common stock. The market prices of our securities are subject to significant fluctuations in response to the factors set forth above and other factors, many of which are beyond our control. Such fluctuations, as well as economic conditions generally, may adversely affect the market price of our securities, including our common stock and the notes.

In addition, the stock market in recent years has experienced extreme price and trading volume fluctuations that often have been unrelated or disproportionate to the operating performance of individual companies. These broad market fluctuations may adversely affect the price of our stock, regardless of our operating performance. Because the notes are convertible into shares of our common stock, volatility or depressed prices for our common stock could have a similar effect on the trading price of the notes. Holders who receive common stock on conversion also will be subject to the risk of volatility and depressed prices of our common stock. If our common stock price is less than $1 per share for a sustained period of time, it could be delisted from The NASDAQ National Market, which could reduce demand for our stock.

Sales of substantial amounts of shares of our common stock in the public market after this offering, or the perception that those sales may occur, could cause the market price of our common stock to decline. Because the notes are convertible into common stock only at a conversion price in excess of the recent trading price, such a decline in our common stock price may cause the value of the notes to decline.

We have significantly increased our leverage as a result of the sale of the notes.

In connection with the sale of the notes, we incurred $400 million of indebtedness. As a result of this indebtedness, our interest payment obligations increased. The degree to which we will be leveraged could materially and adversely affect our ability to obtain financing for working capital, acquisitions or other purposes and could make us more vulnerable to industry downturns and competitive pressures. Our ability to meet our debt service obligations will be dependent upon our future performance, which will be subject to financial, business and other factors affecting our operations, many of which are beyond our control.

Hedging transactions and other transactions may affect the value of the notes.

We have entered into convertible note hedge and warrant transactions with respect to our common stock, the exposure for which was held at the time the notes were issued by Banc of America Securities LLC or one of its affiliates and Credit Suisse First Boston International, an affiliate of Credit Suisse First Boston LLC. The convertible note hedge and warrant transactions are expected to reduce the potential dilution from conversion of the notes and effectively increase the conversion price to us. These transactions may subject us to certain risks depending upon the creditworthiness of the counterparty.

In connection with these hedging arrangements, Banc of America Securities LLC or one of its affiliates and Credit Suisse First Boston International, an affiliate of Credit Suisse First Boston LLC, have taken or will take positions in our common stock in secondary market transactions and/or have entered or will enter into various derivative transactions at or after the pricing of the notes. Such hedging arrangements could increase the price of our common stock. Such counterparties, or any transferee of any of their positions, are likely to modify their hedge positions from time to time prior to conversion or maturity of the notes by purchasing and selling shares of our common stock, our other securities or other instruments they may wish to use in connection with such hedging.

We cannot assure you that such activity will not adversely affect the market price of our common stock. In addition, the existence of the notes may encourage short selling in our common stock by market participants, which could depress the price of our common stock.

The notes may not be rated or may receive a lower rating than anticipated.

The Notes have not been rated and we believe it is unlikely that the notes will be rated. However, if one or more rating agencies rates the notes and assigns the notes a rating lower than the rating expected by investors, or reduces their rating in the future, the market price of the notes and our common stock likely would be harmed.

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 selling securityholders will receive all of the net proceeds of the resale of the notes and our common stock issuable upon conversion of the notes. We will not receive any of the proceeds from the resale of any of these securities.

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SELLING SECURITYHOLDERS

We originally issued the notes in a private placement in June 2003 to Banc of America Securities LLC, Credit Suisse First Boston LLC and Merrill Lynch Pierce Fenner & Smith Incorporated, the initial purchasers. The initial purchasers resold the notes to purchasers in transactions exempt from registration pursuant to Rule 144A. The securities are being registered to permit public secondary trading of the securities, and the selling securityholders may offer the securities for resale from time to time. See "Plan of Distribution." The following table lists the selling securityholders and sets forth certain information regarding the beneficial ownership of common stock of each selling securityholder as well as the number of shares and the principal amount of notes each selling securityholder may sell pursuant to this prospectus. No estimate can be given as to the amount of our common stock or notes that will be held by the selling securityholders after completion of this offering because the selling securityholders may offer all or some of our common stock or notes and because there currently are no agreements, arrangements or understandings with respect to the sale or distribution of any of our common stock or notes by the selling securityholders.

Name	Principal Amount at Maturity of Notes Beneficially Owned Prior to this Offering (In Thousands)(1)	Principal Amount at Maturity of Notes Beneficially Owned that May Be Sold (In Thousands)(1)	Number of Shares of Common Stock Beneficially Owned Prior to this Offering(1)(2)(3)	Maximum Number of Shares to be Sold Pursuant to this Prospectus(1)(2)(3)
Shirley Heiligman Family Trust	$ 100	$ 100	24,919	24,919
Edward Lagomarsimo & Deborah Lagomarsimo JTWROS	1,000	1,000	249,190	249,190
Frank Abbey	25	25	6,230	6,230
Robert H. Cole, Custodian for David R. Cole UTMA TX	75	75	18,689	18,689
Robert H. Cole, Custodian for Karen Cole Isbell UTMA TX	50	50	12,459	12,459
David Dercher	100	100	24,919	24,919
Gregg Goebel & Marilyn Goebel JTWROS	75	75	18,689	18,689
Garo A. Partoyan	90	90	22,427	22,427
Reese-Cole Partnership LTD	400	400	99,676	99,676
Dr. Domenic Strazzulla	200	200	49,838	49,838
William Sybesma	85	85	21,181	21,181
Dr. Stephen Schmidt	35	35	8,721	8,721
James G. Schmidt TR, Andrew Phillip Schmidt Gift Tax Exclu Trust UA 12-27-85	50	50	12,459	12,459
James G. Schmidt TR, Theodore August Schmidt Gift Tax Exclu Trust A/S 12-27-85	50	50	12,459	12,459
Kenneth W. Yee & Carole L. Yee Ten-Com	25	25	6,230	6,230
Longfellow Productions Inc. Defined Benefit Plan	50	50	12,459	12,459
Lawrency E. Jaffee Tr, Lawrence E. Jaffee Money Pn Pl U/A dtd 1/1/98	75	75	18,689	18,689

Frontpoint Convertible Arbitrage Fund LP		2,000		2,000	498,380	498,380
Merrill Lynch, Pierce, Fenner & Smith		250		250	62,297	62,297
SunTrust Bank		150		150	37,378	37,378
JP Morgan Securities Inc.		5,050		5,050	1,258,410	1,258,410
Banc of America Securities LLC		250		250	62,297	62,297
Context Convertible Arbitrage Offshore, Ltd.		3,725		3,725	928,233	928,233
Credit Suisse First Boston LLC		75		75	18,689	18,689
Lehman Brothers Inc.		9,200		9,200	2,292,549	2,292,549
Saranac Capital Management, L.P., on behalf of Citigroup Alternative Investments Diversified Arbitrage Strategies Fund Ltd.		3,253		3,253	810,615	810,615
Saranac Capital Management, L.P., on behalf of Citigroup Alternative Investments Enhanced Arbitrage Strategies Fund		875		875	218,041	218,041
Saranac Capital Management, L.P., on behalf of Citigroup Alternative Investments Market Neutral Arbitrage Fund L.P.		481		481	119,860	119,860
Saranac Capital Management, L.P., on behalf of Citigroup Alternative Investments QIP Multi Strategy Arbitrage Portfolio		14,288		14,288	3,560,428	3,560,428
Saranac Capital Management, L.P., on behalf of Saranac Erisa Arbitrage LTD		1,482		1,482	369,299	369,299
Saranac Capital Management, L.P., on behalf of Saranac Erisa Arbitrage LP		381		381	94,941	94,941
Other Security Holders		356,055		356,055	88,725,401	88,725,401
TOTAL	**$**	**400,000**	**$**	**400,000**	**99,676,052**	**99,676,052**

(1) Pursuant to Rule 416(a) of the Securities Act of 1933, as amended (the "Securities Act"), this registration statement also covers any additional securities that may be offered or issued to prevent dilution resulting from stock splits, stock dividends or similar transactions.

(2) The table sets forth, to our knowledge, certain information about the selling securityholders as of January 20, 2005. Except as otherwise indicated, the number of shares owned represents less than

1% of our outstanding shares as of January 20, 2005. Information about the beneficial ownership of our shares prior to and after this offering has been given to us by the selling securityholders. The inclusion of any shares in this table does not constitute an admission of beneficial ownership for the named selling securityholder.

(3)

Assumes conversion of all the holder's notes at a conversion price of approximately $4.013 per share of common stock. However, this conversion price will be subject to adjustment as described under "Description of Notes Conversion of Notes." As a result, the amount of common stock issuable upon conversion of the notes may increase or decrease in the future.

When we refer to the "selling securityholders" in this prospectus, we mean those persons listed in the table above, as well as donees, pledgees, transferees or other successors-in-interest selling securities received from a named selling securityholder as a gift, pledge, distribution to members or partners or other non-sale-related transfer after the date of this prospectus. Information about the selling securityholders may change over time. Any changed information will be set forth in prospectus supplements.

PLAN OF DISTRIBUTION

We are registering the securities on behalf of the selling securityholders. The selling securityholders may sell the securities from time to time at prices and on terms then prevailing or at prices related to the then current market price, or in negotiated transactions. The selling securityholders will act independently of us in making decisions with respect to the timing, manner and size of each sale. As used in this prospectus, the term "selling securityholders" includes donees, pledgees, transferees or other successors-in-interest selling securities received from a named selling securityholder as a gift, pledge, distribution to members or partners or other non-sale-related transfer after the date of this prospectus. The selling securityholders will offer and sell the securities to which this prospectus relates for their own accounts. We will not receive any proceeds from the sale of the securities. We will bear all costs, expenses and fees in connection with the registration of the selling securityholders' securities. Brokerage commissions and similar selling expenses, if any, attributable to the sale of the securities will be borne by the selling securityholders.

The securities may be sold in:

- block trades, where a broker or dealer will try to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- transactions where a broker or dealer acts as principal and resells the securities for its account pursuant to this prospectus;
- exchange distributions in accordance with the rules of such exchange;
- ordinary brokerage transactions and transactions in which the broker solicits purchases; or
- the writing of options.

The securities may also be sold through long or short sales, put or call option transactions, swaps and other derivative transactions, cross trades, trades through market makers, trades not through market makers or established trading markets, direct sales through agents, loans or pledges of the securities, hedging or similar transactions, a combination of such methods, or by any other legally available means. The selling securityholders may or may not involve brokers or dealers in any of these transactions. In effecting sales, brokers or dealers engaged by the selling securityholders may arrange for other brokers or dealers to participate. Brokers or dealers will receive commissions or discounts from the selling securityholders in amounts to be negotiated immediately prior to sale. Offers and sales may also be made directly by the selling securityholders, or other bona fide owner of the securities, so long as an applicable exemption from state broker-dealer registration requirements is available in the jurisdiction of sale. The selling securityholders, brokers or dealers and any other participating brokers or dealers may be deemed to be "underwriters" within the meaning of the Securities Act in connection with these sales, and any discounts and commissions received by them and any profit realized by them on the resale of the securities may be deemed to be underwriting discounts and commissions under the Securities Act. Because the selling securityholders may be deemed to be "underwriters" within the meaning of the Securities Act, the selling securityholders will be subject to the prospectus delivery requirements of the Securities Act.

In connection with sales of the notes or common stock or otherwise, the selling securityholders may enter into hedging transactions with broker-dealers and other financial institutions. These broker-dealers or other financial institutions may in turn engage in short sales of the notes or common stock in the course of hedging their positions. The selling securityholders may also sell the notes or common stock short and deliver notes or common stock to close out short positions, or loan or pledge notes or common stock to broker-dealers that may in turn sell the notes or common stock.

Upon notification to us by a selling securityholder that any material arrangement has been entered into with a broker or dealer for the sale of securities through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus will be filed, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (i) the name of each such selling securityholder and of the participating brokers or dealers, (ii) the amount of securities involved, (iii) the price at which such securities were sold, (iv) the commissions paid or discounts or concessions allowed to such brokers or dealers, where applicable, (v) that such brokers or dealers did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus and (vi) other facts material to the transaction. In addition, upon notification to us by a selling securityholder that a donee, pledgee, transferee or other successor-in-interest intends to sell more than 500 shares of common stock, a supplement to this prospectus will be required.

There can be no assurance that any selling securityholder will sell any or all of the securities pursuant to this prospectus. In addition, all or any portion of the securities covered by this prospectus that qualify for sale under Rule 144 under the Securities Act may be sold under Rule 144 rather than pursuant to this prospectus.

The selling securityholders and any other person participating in such distribution will be subject to the Exchange Act. The Exchange Act rules include, without limitation, Regulation M, which may limit the timing of purchases and sales of any of securities by the selling security holders and any other such person. In addition, Regulation M of the Exchange Act may restrict the ability of any person engaged in the distribution of the securities to engage in market-making activities with respect to the particular securities being distributed for a period of up to five business days prior to the commencement of such distribution. This may affect the marketability of the securities and the ability of any person or entity to engage in market-making activities with respect to the securities.

We do not intend to apply for listing of the notes on any securities exchange or for quotation through NASDAQ. Accordingly, no assurance can be given as to the development of liquidity or any trading market for the notes. A description of the risks associated with this is described above under the heading "Risk Factors Risks Related to the Notes A market may not develop for the notes."

Pursuant to the registration rights agreement filed as an exhibit to this registration statement, we and the selling securityholders will be indemnified by the other against certain liabilities, including certain liabilities under the Securities Act, or will be entitled to contribution in connection with these liabilities.

To the extent required, the specific notes or common stock to be sold, the names of the selling securityholders, the respective purchase prices and public offering prices, the names of any agent, dealer or underwriter, and any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement of which this prospectus is a part.

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

	ADC(a)	Historical KRONE(b)	Pro Forma Adjustments	Pro Forma ADC
INCOME (LOSS) FROM CONTINUING OPERATIONS	31.3	0.5	(5.8)	26.0
AVERAGE COMMON SHARES OUTSTANDING BASIC	808.3			808.3
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