

ADC TELECOMMUNICATIONS INC  
Form 10-Q  
September 14, 2004

## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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### FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 31, 2004

OR

**TRANSACTION REPORT PURSUANT TO SECTION 13 or  
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from N/A to N/A

Commission file number 0-1424

### **ADC Telecommunications, Inc.**

(Exact name of registrant as specified in its charter)

**Minnesota**

(State or other jurisdiction of incorporation or  
organization)

**41-0743912**

(I.R.S. Employer Identification No.)

**13625 Technology Drive, Eden Prairie, MN 55344-2252**

(Address of principal executive offices) (Zip code)

**(952) 938-8080**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES

NO

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES

NO

**APPLICABLE ONLY TO CORPORATE ISSUERS:**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock, \$0.20 par value: 808,872,064 shares as of September 7, 2004

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

ADC TELECOMMUNICATIONS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS UNAUDITED

(In millions)

	July 31, 2004	October 31, 2003
<b>ASSETS:</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 413.9	\$ 718.7
Available-for-sale securities	7.4	26.7
Accounts receivable, net	152.4	91.3
Unbilled revenue	31.4	28.0
Inventories, net	112.2	57.6
Assets of discontinued operations	21.7	60.1
Prepaid and other current assets	39.8	44.2
Total current assets	778.8	1,026.6
PROPERTY AND EQUIPMENT, NET	240.5	176.6
ASSETS HELD FOR SALE	6.9	25.1
RESTRICTED CASH	19.8	15.6
GOODWILL	175.7	
INTANGIBLES, NET	73.9	3.4
AVAILABLE-FOR-SALE SECURITIES	23.2	19.5
OTHER ASSETS	35.8	30.1
Total assets	\$ 1,354.6	\$ 1,296.9
<b>LIABILITIES AND SHAREOWNERS INVESTMENT:</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 68.8	\$ 44.9
Accrued compensation and benefits	57.0	45.1
Other accrued liabilities	89.3	62.5
Income taxes payable	23.8	18.9

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Restructuring accrual	34.0	29.6
Liabilities of discontinued operations	20.2	57.9
Notes payable	0.6	8.0
<b>Total current liabilities</b>	<b>293.7</b>	<b>266.9</b>
<b>PENSION OBLIGATIONS</b>	<b>60.6</b>	
<b>LONG-TERM NOTES PAYABLE</b>	<b>400.4</b>	<b>400.0</b>
<b>OTHER LONG-TERM LIABILITIES</b>	<b>4.4</b>	<b>2.3</b>
<b>Total liabilities</b>	<b>759.1</b>	<b>669.2</b>
<b>SHAREOWNERS INVESTMENT</b> (809.0 and 806.6 shares outstanding, respectively)	<b>595.5</b>	<b>627.7</b>
<b>Total liabilities and shareowners investment</b>	<b>\$ 1,354.6</b>	<b>\$ 1,296.9</b>

See accompanying notes to condensed consolidated financial statements.

## ADC TELECOMMUNICATIONS, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS UNAUDITED

(In millions, except per share amounts)

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2004	2003	2004	2003
<b>NET SALES:</b>				
Product	\$ 196.0	\$ 120.5	\$ 440.6	\$ 365.5
Service	39.2	31.7	98.1	91.8
<b>TOTAL NET SALES</b>	<b>235.2</b>	<b>152.2</b>	<b>538.7</b>	<b>457.3</b>
<b>COST OF SALES:</b>				
Product	108.7	67.6	235.6	210.4
Service	37.3	27.6	90.7	84.2
<b>TOTAL COST OF SALES</b>	<b>146.0</b>	<b>95.2</b>	<b>326.3</b>	<b>294.6</b>
<b>GROSS PROFIT</b>	<b>89.2</b>	<b>57.0</b>	<b>212.4</b>	<b>162.7</b>
<b>OPERATING EXPENSES:</b>				
Research and development	18.0	15.5	48.0	51.4
Selling and administration	67.3	36.6	143.5	133.1
Impairment charges		0.2	1.5	14.8