

ADC TELECOMMUNICATIONS INC

Form DEF 14A

December 15, 2009

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**SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO SECTION 14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

- Filed by the Registrant
  - Filed by a Party other than the Registrant
- Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

ADC TELECOMMUNICATIONS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
    - 1) Title of each class of securities to which transaction applies:
    - 2) Aggregate number of securities to which transaction applies:
    - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
    - 4) Proposed maximum aggregate value of transaction:
    - 5) Total fee paid:
  - Fee paid previously with preliminary materials.
    - Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
      - 1) Amount Previously Paid:
      - 2) Form, Schedule or Registration Statement No.:
      - 3) Filing Party:
      - 4) Date Filed:
-

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

**ADC TELECOMMUNICATIONS, INC.**

**December 18, 2009**

Dear ADC Shareowner:

You cordially are invited to attend the annual shareowners' meeting of ADC Telecommunications, Inc. The annual meeting will be held in the Auditorium at ADC's World Headquarters on Tuesday, February 9, 2010, at 9:00 a.m. Central Standard Time. ADC's World Headquarters are located at 13625 Technology Drive, Eden Prairie, Minnesota 55344. Details of the business to be conducted at the annual meeting are given in the attached notice of annual shareowners' meeting.

If you do not plan to attend the annual meeting, please vote your shares either by telephone, Internet or the mail. Instructions on voting your shares are on the notice of Internet availability of proxy materials you received for the annual meeting. If you received paper copies of our proxy materials, instructions on voting your shares are on the enclosed proxy card. If you decide to attend the annual meeting and wish to change your proxy vote, you may do so automatically by voting in person at the annual meeting.

We look forward to seeing you at the annual meeting.

Robert E. Switz  
Chairman of the Board, President and Chief  
Executive Officer

**YOUR VOTE IS IMPORTANT**

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

**NOTICE OF ANNUAL SHAREOWNERS MEETING  
TO BE HELD FEBRUARY 9, 2010**

To the Shareowners of ADC Telecommunications, Inc.:

NOTICE IS HEREBY GIVEN that the annual shareowners meeting of ADC Telecommunications, Inc. will be held in the Auditorium of ADC's World Headquarters, 13625 Technology Drive, Eden Prairie, Minnesota 55344, on Tuesday, February 9, 2010, at 9:00 a.m. Central Standard Time, for the purpose of considering and acting upon:

1. A proposal to set the number of directors at ten;
2. The election of three directors for terms expiring in 2013 and one director for a term expiring in 2011;
3. A proposal to approve the 2010 Global Stock Incentive Plan;
4. The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our 2010 fiscal year; and
5. The transaction of such other business as may come properly before the meeting or any adjournment thereof.

Shareowners of record at the close of business on December 10, 2009, are the only persons entitled to notice of, and to vote at, the annual meeting.

Your attention is directed to the proxy statement. **We encourage you to vote on the Internet or by telephone in order to reduce our mailing and handling expenses.** If you choose to return the proxy card by mail, a pre-addressed envelope is enclosed for which no postage is required if mailed in the United States.

By Order of the Board of Directors

Jeffrey D. Pflaum  
*Vice President, General Counsel  
and Secretary*

December 18, 2009

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

**PROXY STATEMENT**  
**ANNUAL SHAREOWNERS MEETING**  
**TO BE HELD ON FEBRUARY 9, 2010**

**GENERAL INFORMATION ABOUT THE MEETING**

This proxy statement has been prepared on behalf of the Board of Directors of ADC Telecommunications, Inc. in connection with the solicitation of proxies for our annual shareowners meeting to be held on Tuesday, February 9, 2010, and at any and all adjournments of the annual meeting.

*Costs Associated with this Proxy Statement and our 2010 Annual Meeting*

The cost of soliciting proxies, including the cost of preparing and mailing the notice of annual shareowners meeting, the notice of Internet availability of proxy materials, and this proxy statement, is being paid by us. In addition, we will, upon the request of brokers, dealers, banks, voting trustees and their nominees who are holders of record of shares of our common stock on the record date specified below, bear their reasonable expenses for mailing copies of these materials to the beneficial owners of these shares. We have engaged The Proxy Advisory Group, LLC, to assist in the solicitation of proxies and provide related advice and informational support, for a services fee and the reimbursement of customary disbursements that are not expected to exceed \$15,000 in the aggregate. In addition, our officers and other employees may solicit proxies in person or by telephone or facsimile but will receive no extra compensation for these services.

*Date of Proxy Statement and Record Date*

This proxy statement and the forms of proxy are first being made available to shareowners on or around December 18, 2009.

Shareowners of record at the close of business on December 10, 2009, are the only persons entitled to notice of, and to vote at, the annual meeting. As of that date, there were 96,626,431 issued and outstanding shares of our common stock, our only outstanding voting securities.

*Voting Procedures Shareowners of Record and Beneficial Owners*

Each shareowner of record is entitled to one vote for each share held, and there is no cumulative voting.

If your shares are registered directly in your name, you are considered the shareowner of record with respect to those shares. If you hold shares through a stock brokerage account or through a bank, trust or other nominee, then the broker, bank, trust or other nominee is considered the shareowner of record with respect to those shares and you are

considered to be the beneficial owner of those shares. Beneficial owners, however, generally cannot vote their shares directly and must instead instruct the broker, bank or other nominee on how to vote their shares. Generally this is done by following the voting instructions provided by the nominee that are included in the notice of Internet availability of proxy materials that was mailed to you, or if you have received or request a hard copy of this proxy statement and accompanying voting instruction form, by signing dating and mailing the voting instruction form.



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Shareowners typically can vote their shares through the Internet, by telephone or by mail. Instructions on voting your shares are on the notice of Internet availability of proxy materials you received for the annual meeting. If you received paper copies of our proxy materials, instructions on voting your shares are on the enclosed proxy card. The Internet and telephone voting procedures are designed to verify shareowners' identities, allow shareowners to give voting instructions and confirm that their instructions have been recorded properly. Shareowners who vote through the Internet should be aware that they may incur costs to access the Internet, such as usage charges from telephone companies or Internet service providers, and that these costs must be borne by the shareowner. Shareowners who vote by Internet or telephone need not return a proxy card by mail.

Abstentions and broker non-votes are included in determining the number of shares present or represented at the Annual Meeting for purposes of determining whether a quorum exists. A broker non-vote occurs when a broker or other nominee returns a proxy but does not have either discretionary authority by law to vote on a particular proposal or specific voting instructions from the beneficial owner of the shares with respect to a particular proposal. Brokers and other nominees have discretionary authority by law to vote generally only on routine proposals.

At our annual meeting the proposals over which brokers will have discretionary authority to vote without having received specific voting instructions from the beneficial owner of the shares are the proposals to set the number of our directors at ten and the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our 2010 fiscal year. In all other instances, brokers and other shareowners of record who serve as nominees for a beneficial owner may not vote on a proposal without having voting instructions from the beneficial owner.

Whether shareowners submit their proxies by mail, telephone or the Internet, a shareowner may revoke a proxy by sending a written notice of revocation or submitting another proxy with a later date (either by mail, telephone or the Internet) at any time prior to the date of the annual meeting. Shareowners of record may also vote in person at the annual meeting as may beneficial owners who have authorization to do so from the shareowner of record. Unless so revoked, properly executed proxies will be voted in the manner set forth in this proxy statement or as otherwise specified by the shareowner giving the proxy.

**Important Notice Regarding the Availability of Proxy Materials for the Shareowners' Meeting to be Held on February 9, 2010: This proxy statement and our 2009 Annual Report and Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com)**

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**SECURITY OWNERSHIP OF CERTAIN  
BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the number of shares of our common stock that were beneficially owned as of December 4, 2009 by our directors, our executive officers included in the Summary Compensation Table set forth under the caption Executive Compensation below, all of our directors and executive officers as a group and all shareowners known by us to be beneficial owners of more than five percent of our common stock. Except as otherwise indicated, the shareowners listed in the table have sole voting and investment power with respect to the common stock owned by them, and the shares are not subject to any pledge.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Common Stock Outstanding
FMR LLC 82 Devonshire Street Boston, MA 02109	12,006,360(1)	12.43%
Advisory Research, Inc. 180 North Stetson Street, Suite 5500 Chicago, IL 60601	9,915,247(2)	10.26%
Citadel Investment Group, L.L.C. 131 S. Dearborn Street Chicago, IL 60603	5,813,555(3)	6.02%
Barclays Global Investors, NA 45 Fremont Street San Francisco, CA 94105	4,862,828(4)	5.03%
Robert E. Switz	1,396,920(5)	1.43%
James G. Mathews	101,537(5)	*
Patrick D. O'Brien	220,441(5)	*
Laura N. Owen	224,828(5)	*
Richard B. Parran, Jr.	109,291(5)	*
William R. Spivey, Ph.D.	16,969(6)	*
John J. Boyle III	42,739(6)	*
Mickey P. Foret	42,343(6)(7)	*
Lois M. Martin	17,696(6)	*
Krish A. Prabhu, Ph.D.	0	*
John E. Rehfeld	17,696(6)	*
David A. Roberts	0	*
Larry W. Wangberg	35,659(6)	*
John D. Wunsch	33,656(6)	*
All executive officers and directors as a group (14 persons)	2,259,502(8)	2.29%

\* Less than 1%.

- (1) Based on information in a Schedule 13G/A dated December 8, 2009, FMR LLC, a parent holding company ( FMR ), and Edward C. Johnson 3d reported that as of November 30, 2009, FMR, through its control of Pyramis Global Advisors Trust Company ( PGATC ), and Mr. Johnson each had sole voting power of 5,566,180 shares and sole dispositive power of 8,071,240 shares owned by the institutional accounts managed by PGATC. Additionally, FMR, through its control of Pyramis Global Advisors, LLC ( PGALLC ), and Mr. Johnson reported that each had sole voting and dispositive power of 1,007,240 shares owned by the institutional accounts advised by PGALLC. Fidelity Management & Research Company ( Fidelity ), a wholly owned subsidiary of FMR and a registered investment adviser, reported beneficial ownership of 114,100 shares as a result of acting as investment advisor to various registered investment companies. Mr. Johnson and FMR, through its control of Fidelity, and the funds each

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reported sole power to dispose of the 114,100 shares owned by the funds. Members of Mr. Johnson's family are the predominant owners, directly or through trusts, of Series B voting common shares of FMR representing approximately 49% of the voting power of FMR. The Johnson family group and all other Series B shareholders of FMR have entered into a shareowners' voting agreement under which all Series B shares will be voted in accordance with the majority vote of Series B shares. Neither FMR nor Mr. Johnson has the sole power to vote or direct the voting of the shares owned directly by the Fidelity funds, which power resides with the funds' Boards of Trustees. Strategic Advisors, Inc., a wholly owned subsidiary of FMR and a registered investment adviser, reported beneficial ownership of 1,000 shares. PGALLC, an indirect wholly-owned subsidiary of FMR and a registered investment advisor, reported beneficial ownership of 1,007,240 as a result of its serving as investment advisor to institutional accounts owning such shares. PGATC, an indirect wholly owned subsidiary of FMR and a bank as defined in Section 3(a)(6) of the Securities Exchange Act of 1934, reported beneficial ownership 8,071,240 shares as a result of its serving as investment manager of institutional accounts owning such shares.

- (2) Based on information in a Schedule 13G/A dated November 4, 2009, Advisory Research, Inc., an investment adviser, reported that it had sole voting power and sole dispositive power with respect to 9,915,247 shares as of October 31, 2009.
- (3) Based on information in a Schedule 13G dated January 2, 2009, Citadel Investment Group, L.L.C. and a group of affiliated entities reported that each member of the group had shared voting power with respect to 5,813,555 shares as of December 23, 2008. Citadel Holdings Ltd., a Cayman Islands company ( CH ), is majority owned by Citadel Kensington Global Strategies Fund Ltd., a Bermuda company ( CKGSF ). Citadel Equity Fund Ltd. ( CEF ) is a subsidiary of CH. CKGSF and CH do not have control over the voting or disposition of securities held by CEF. Citadel Derivatives Group LLC ( CDG ) is majority owned by Citadel Derivatives Group Investors, LLC, a Delaware limited liability company ( CDGI ). CDGI does not have control over the voting or disposition of securities held by CDG. Citadel Derivatives Trading Ltd. ( CDT ) is majority owned by CLP Holdings LLC, a Delaware limited liability company ( CLPH ). CLPH does not have control over the voting or disposition of securities held by CDT.
- (4) Based on information in a Schedule 13G/A dated May 8, 2008, Barclays Global Investors, NA and a group of affiliated entities reported as follows that they had sole power to vote and to dispose of shares as of April 30, 2008: (a) Barclays Global Investors, NA had sole voting power with respect to 2,313,782 shares and sole dispositive power with respect to 2,763,537 shares, (b) Barclays Global Fund Advisors had sole voting power with respect to 1,330,927 shares and sole dispositive power with respect to 1,853,086 shares, (c) Barclays Global Investors, Ltd. had sole voting power with respect to 40,747 shares and sole dispositive power with respect to 179,633 shares, and (d) Barclays Global Investors Japan Limited had sole voting power and sole dispositive power with respect to 66,572 shares. The shares reported are held in trust accounts for the economic benefit of the beneficiaries of these accounts.
- (5) Includes (a) shares issuable pursuant to stock options exercisable within 60 days after December 4, 2009, (b) shares issuable in connection with the vesting of restricted stock units within 60 days after December 4, 2009, and (c) shares held in trust for the benefit of the executive officers pursuant to our Retirement Savings Plan, which we call the 401(k) Plan in this proxy statement, as follows: for Mr. Switz, (a) options to purchase 914,587 shares, and (b) 295,000 shares from the vesting of restricted stock units; for Mr. Mathews, (a) options to purchase 85,450 shares, (b) 5,600 shares from the vesting of restricted stock units, and (c) 2,987 401(k) Plan shares; for Mr. O'Brien, (a) options to purchase 155,161 shares, (b) 33,200 shares from the vesting of restricted stock units, and (c) 4,803 401(k) Plan shares; for Ms. Owen, (a) options to purchase 163,093 shares, (b) 26,000 shares from the vesting of restricted stock units, and (c) 8,994 401(k) Plan shares; and for Mr. Parran, (a) options to purchase 80,036 shares, and (b) 23,700 shares from the vesting of restricted stock units.

- (6) Includes the following shares issuable pursuant to options exercisable within 60 days after December 4, 2009: for Dr. Spivey, 16,696 shares; for Mr. Boyle, 30,266 shares; for Mr. Foret, 20,564 shares; for Ms. Martin, 16,696 shares; for Mr. Rehfeld, 16,696 shares; for Mr. Wangberg, 34,945 shares; and for Mr. Wunsch 26,837 shares.

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- (7) During December 2008, Mr. Foret acquired the equivalent of 1,779 shares of our variable rate convertible unsecured subordinated notes at 48.5% of face value. The notes mature on June 15, 2013 and have a variable interest rate equal to 6-month LIBOR plus 0.375%. Holders of these notes may convert all or some of their notes into shares of our common stock at any time prior to maturity at a conversion price of \$28.091 per share.
- (8) Includes (a) 1,561,027 shares issuable pursuant to stock options exercisable within 60 days after December 4, 2009, (b) 383,500 shares from the vesting of restricted stock units within 60 days after December 4, 2009, and (c) 16,784 shares held in trust for the benefit of executive officers pursuant to the 401(k) Plan.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, and persons who own more than 10% of our common stock, to file initial reports of ownership and reports of changes in ownership of our common stock and other equity securities with the United States Securities and Exchange Commission (the SEC). Executive officers, directors and greater-than-10% shareowners are required by SEC regulation to furnish us with copies of all Section 16(a) reports they file. To our knowledge, based solely on a review of the copies of Section 16(a) reports furnished to us during fiscal 2009, all Section 16(a) filing requirements applicable to our executive officers, directors and greater-than-10% beneficial owners were satisfied on a timely basis in fiscal 2009.

**CORPORATE GOVERNANCE AND BOARD MATTERS**

**Governance Principles and Code of Ethics**

Our Board of Directors (the Board) is committed to sound and effective corporate governance practices. The Board has adopted written Principles of Corporate Governance which govern the composition of the Board, Board meetings and procedures and the standing committees of the Board. The Board has the following standing committees: Audit Committee, Compensation Committee, Governance Committee (which includes Board nomination responsibility), and Finance and Strategic Planning Committee. Each of these committees has a written charter. Our Principles of Corporate Governance and the charters for each of our standing committees are available for review on our website at <http://investor.adc.com/governance.cfm>.

Our Principles of Corporate Governance provide that a majority of our directors and all members of our Audit Committee, Compensation Committee and Governance Committee will be independent. Our Board makes an annual determination regarding the independence of each Board member under the current NASDAQ Global Select Market listing standards. Our Board has determined that all of our directors are independent under these standards, except for our Chairman, Robert E. Switz, who also serves as our President and Chief Executive Officer. Dr. Spivey currently serves as the Independent Lead Director to our Board. A description of the roles of Independent Lead Director and Executive Chairman can be found on our website at <http://investor.adc.com/governance.cfm>.

During fiscal 2009, our independent directors met in an executive session of the Board without management on eight occasions. Under our Principles of Corporate Governance, executive sessions of the Board are led by our Independent Lead Director, or, in his absence, by the Chair of the Governance Committee. In addition, each of our Board's standing committees regularly meets in an executive session led by the Chair of the committee.

We maintain a Global Business Conduct Program which sets forth our standards for ethical behavior and legal compliance and governs the manner in which we conduct our business. Our Global Business Conduct Program includes a Financial Code of Ethics applicable to all directors, officers and employees. We conduct required ethics

training for our employees. A copy of our Global Business Conduct Program and our Financial Code of Ethics can be found on our website at <http://investor.adc.com/governance.cfm>.

### **Meeting Attendance**

Each of our directors is expected to make reasonable efforts to attend all meetings of the Board, meetings of each committee on which he or she serves and our annual shareholders meeting. All ten of our directors who were serving on the Board at the time of our 2009 annual meeting attended that meeting. During fiscal 2009, the Board held nine meetings. During fiscal 2009, each of our directors attended at least 75% of the

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aggregate of the total number of these meetings plus the total number of meetings of all committees of the Board on which he or she served.

### **Standing Committees**

The Audit Committee has sole authority to appoint, review and discharge our independent registered public accounting firm. The Audit Committee also reviews and approves in advance the services provided by our independent registered public accounting firm, oversees our internal audit function, reviews our internal accounting controls and administers our Global Business Conduct Program. The Audit Committee currently is composed of Ms. Martin, Dr. Prabhu and Messrs. Foret, Rehfeld, and Wunsch, all of whom meet the existing independence and experience requirements of the NASDAQ Global Select Market and the SEC. Mr. Foret is the Chair of this committee. The Board has determined that each of Mr. Foret and Ms. Martin may be considered an audit committee financial expert under the rules of the SEC. During fiscal 2009, the Audit Committee held six meetings. The Audit Committee appointed Ernst & Young LLP as our independent registered public accounting firm for fiscal 2010 and is recommending that our shareowners ratify this appointment at our annual meeting. The report of our Audit Committee is found on page 52 of this proxy statement.

The Compensation Committee determines the compensation for our executive officers and non-employee directors, establishes our compensation policies and practices, and reviews annual financial performance under our employee incentive plans. The Compensation Committee currently is composed of Dr. Spivey and Messrs. Rehfeld, Roberts, Wangberg and Wunsch, all of whom are independent under the current NASDAQ Global Select Market listing standards. Mr. Rehfeld is the Chair of this committee. During fiscal 2009, the Compensation Committee held 12 meetings.

The Governance Committee reviews and makes recommendations to the Board regarding nominees for director, establishes and monitors compliance with our Principles of Corporate Governance and conducts an annual review of the effectiveness of our Board and the performance of our President and Chief Executive Officer. The Governance Committee will consider qualified director nominees recommended by shareowners. Our process for receiving and evaluating Board member nominations from our shareowners is described below under the caption Nominations. The Governance Committee currently is composed of Ms. Martin and Messrs. Boyle, Roberts and Wangberg, all of whom are independent under the current NASDAQ Global Select Market listing standards. Mr. Wangberg is the Chair of this committee. During fiscal 2009, the Governance Committee held four meetings.

The Finance and Strategic Planning Committee assists the Board with respect to strategic planning, the evaluation of investment, acquisition and divestiture transactions, and the review of any proposed changes to ADC's capital structure. The Finance and Strategic Planning Committee is composed of Drs. Prabhu and Spivey and Messrs. Boyle and Foret, all of whom are independent under the current NASDAQ Global Select Market listing standards. Mr. Boyle is the Chair of this committee. During fiscal 2009, the Finance and Strategic Planning Committee held four meetings.

### **Nominations**

Our Governance Committee is the standing committee responsible for selecting the slate of director nominees for election by our shareowners. The committee recommends these nominees to the Board for approval. All director nominees approved by the Board and all directors appointed to fill any vacancies created between our annual meetings of shareowners are required to stand for election by our shareowners at the next annual shareowners meeting.

Our Governance Committee determines the selection criteria and qualifications for director nominees. As set forth in our Principles of Corporate Governance, a candidate must possess the ability to apply good business judgment and properly exercise his or her duties of loyalty and care. Candidates should also exhibit proven leadership capabilities,



high integrity and experience in senior levels of responsibility in their chosen fields, and have the ability to grasp complex business and financial concepts and communications technologies. In general, candidates will be preferred who hold a senior level position in business, finance, law, education,

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research or government. The Governance Committee considers these criteria in evaluating nominees recommended to the Governance Committee by shareowners. When current Board members are considered for nomination for reelection, the Governance Committee also takes into consideration their prior contributions, performance and meeting attendance records with ADC.

The Governance Committee will consider for possible nomination qualified Board candidates who are submitted by our shareowners by the deadline set forth in our annual proxy statement for shareholder proposals to be considered for inclusion in our proxy statement. Shareowners wishing to make such a submission may do so by sending the following information to the ADC Governance Committee, c/o ADC Corporate Secretary, P.O. Box 1101, Minneapolis, MN 55440: (1) the name, age, business address and personal address of the person being nominated; (2) the principal occupation of the person being nominated; (3) the number of shares of our common stock beneficially owned by the person being nominated; (4) a description of all arrangements, undertakings or material relationships between the shareowner making the nomination and the person being nominated; and (5) any other information relating to the person being nominated that is required to be disclosed in solicitations of proxies for elections of directors or otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including, without limitation, the written content of the person being nominated to being named in the proxy statement, if any, as a nominee and to serving as a director of ADC if elected and a completed questionnaire concerning the person's business experience, beneficial ownership of our common stock, relations and transactions with our company, independence and other matters typically contained in our directors and officers questionnaire).

The Governance Committee will make a preliminary assessment of each proposed nominee based upon the resume or biographical summary, his or her willingness to serve as a director and other information obtained by the committee. Each proposed nominee is evaluated against the criteria set forth above and our specific needs at the time. Based upon the preliminary assessment, those candidates who appear best suited to be directors of ADC may be invited to participate in a series of interviews, which are used as a further means of evaluating potential candidates. On the basis of information obtained during this process, the Governance Committee determines which nominees to recommend to the Board for submission to our shareowners at the next annual meeting. The Governance Committee uses the same process for evaluating all proposed nominees, regardless of the original source of the candidate.

No candidates for director nominations were submitted to the Governance Committee by any shareowner in connection with the 2010 annual meeting. Any shareowners desiring to present a nomination for consideration by the Governance Committee prior to our 2011 annual meeting must do so by August 20, 2010, in order to provide adequate time for the Committee to give due consideration to the nominee.

## **Shareowner Communications with Board**

The Board has implemented a process by which our shareowners may send written communications to the Board. Any shareowner desiring to communicate with the Board, or one or more of our directors, may send a letter addressed to the ADC Board of Directors, c/o ADC Corporate Secretary, P.O. Box 1101, Minneapolis, MN 55440. Our Corporate Secretary has been instructed by the Board to forward promptly all such communications to the Board or to the individual Board members specifically addressed in the communication.

## **Related Party Transaction Policies and Procedures**

The Board maintains a written policy regarding transactions between ADC and related parties. Under the policy, a related party includes any:

- (1) ADC executive officer, director or director nominee;

- (2) shareowner who beneficially owns more than 5% of our common stock;
- (3) immediate family member of any of the foregoing; or

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(4) firm, corporation, charity or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has control or a substantial ownership interest.

In accordance with the policy, the Audit Committee is responsible for the review and approval or ratification of any interested transaction with a related party. An interested transaction is defined in the policy as any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which ADC is a participant and any related party has or will have a material direct or indirect interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity). The terms of the policy provide that if advance Audit Committee approval of an interested transaction is not feasible, then the interested transaction shall be considered at the next regularly scheduled Audit Committee meeting and ratified if the Audit Committee determines it to be appropriate. In determining whether to approve or ratify an interested transaction, the Audit Committee will take into account, among other factors it deems appropriate, whether the interested transaction is on terms generally consistent with those available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the transaction.

Also, under the policy, the following transactions are deemed to be pre-approved:

Employment of executive officers;

Director compensation;

Any transaction with another company at which a related party's only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that company's shares, if the aggregate amount involved does not exceed the lesser of \$1,000,000, or two percent of that company's total annual revenues;

Any charitable contribution, grant or endowment by ADC or the ADC Foundation to a charitable organization, foundation or university at which a related party's only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved does not exceed the lesser of \$1,000,000, or five percent of the charitable organization's total annual receipts;

Any transaction where the related party's interest arises solely from the ownership of our common stock and all holders of our common stock received the same benefit on a pro rata basis;

Certain regulated transactions;

Certain banking-related services; and

Any transaction in the ordinary course of business in which the aggregate amount involved will not exceed \$100,000.

In connection with each regularly scheduled meeting of the Audit Committee, a summary of each new interested transaction deemed pre-approved pursuant to the policy is to be provided to the Audit Committee for its review. During fiscal 2009, no interested transactions were required to be presented to the Audit Committee for approval, ratification or review.

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**DIRECTOR COMPENSATION**

**Fiscal 2009 Compensation**

*Cash Fees.* During fiscal 2009, we paid our non-employee directors:

an annualized cash retainer fee of \$70,000, which was paid in quarterly installments, and

\$1,500 for each Board meeting and \$1,000 for each committee meeting attended in excess of the first ten Board and committee meetings that the director attends during the fiscal year.

In addition, we provided a retainer to each of Messrs. Gilligan and Spivey at an annualized rate of \$75,000 for their respective service as ADC's Independent Lead Director during portions of fiscal 2009. During February of 2009, Mr. Gilligan resigned from his service on our Board and as ADC's Independent Lead Director in connection with his appointment as President and Chief Executive Officer of Capella Education, Inc. We then appointed Dr. Spivey as our Independent Lead Director.

The Chair of each standing committee of the Board also received cash retainers which were paid in quarterly installments at the following annualized rates:

Audit Committee Chair: \$10,000

Compensation Committee Chair: \$5,000

Finance and Strategic Planning Committee Chair: \$5,000

Governance Committee Chair: \$5,000

*Equity Awards.* Time-based restricted stock unit awards ( RSUs ) having an approximate value of \$70,000 on the date of grant are made to each non-employee director on the first business day after each annual shareholders' meeting. For fiscal 2009, each non-employee director received those RSUs on March 5, 2009. The RSUs vest on the first business day of the calendar year following the grant date, however, the shares underlying the restricted stock units are not distributed until 90 days following termination of Board service. Dr. Prabhu and Mr. Roberts each also received RSUs upon their appointment to the Board on November 1, 2008. These awards each had a value of approximately \$23,600 as of that date. These awards represented a pro-rated portion of the annual grant made to other non-employee directors in March, 2008 and served as equity compensation for Dr. Prabhu's and Mr. Robert's Board service from November 1, 2008 until the date of our annual meeting held in March, 2009.

*Deferred Compensation Plan.* Directors may defer any portion of their cash or stock compensation pursuant to the Compensation Plan for Non-Employee Directors of ADC Telecommunications, Inc. Cash compensation may be deferred into an interest bearing account based upon the prime commercial rate of Wells Fargo Bank, N.A. Stock compensation deferred is converted to phantom stock indexed to ADC common stock. Any stock deferrals are converted into ADC common stock at the time of the director's termination from the Board. None of our non-employee directors deferred compensation pursuant to the Compensation Plan for Non-Employee Directors of ADC Telecommunications, Inc. during fiscal 2009.

*Charitable Donation Programs.* We offer two charitable donation programs in which our non-employee directors may participate. Under our Corporate Leaders in Community Program (the CLIC Program ), we will make a charitable contribution of up to \$5,000 in any one year period to a charitable organization in which a non-employee director is involved. Under our Matching Gift Program (the Matching Gift Program ), we will match dollar for dollar up to \$1,000 per year for donations made by our non-employee directors to charitable organizations.

*Reimbursements.* Non-employee directors are reimbursed for expenses (including costs of travel, food and lodging) incurred in attending Board, committee and shareowner meetings. Directors generally use commercial transportation or their own transportation. Directors also are reimbursed for reasonable expenses associated with other business activities related to their Board service, including participation in director education programs and memberships in director organizations.

*Liability Insurance.* We also pay premiums on directors and officers liability insurance policies covering directors as well as our officers.

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*Director Compensation Table.* The following table discloses the cash, equity awards and other compensation earned by or paid or awarded to, as the case may be, each of our non-employee directors for fiscal 2009.

**Fiscal 2009 Non-Employee Director Compensation**

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards \$(1)</b>	<b>All Other Compensation \$(2)</b>	<b>Total \$(3)</b>
J. Kevin Gilligan(4)	36,250	0	0	36,250
John A. Blanchard III(5)	23,637	0	0	23,637
John J. Boyle III	76,750	69,997	0	146,747
Mickey P. Foret	82,333	69,997	0	152,330
Lois M. Martin				