

**IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF ALBERTA, BRITISH COLUMBIA, MANITOBA AND Québec**

**AND**

**IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF ADC TELECOMMUNICATIONS, INC.**

**MRRS DECISION DOCUMENT**

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Manitoba and Québec (the "Jurisdictions") has received an application from ADC Telecommunications, Inc. ("ADC") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file a preliminary and a final prospectus and obtain receipts therefor (the "Prospectus Requirement") shall not apply to the issuance and subsequent first trade of common shares (the "Shares") of ADC made in accordance with the terms and conditions of ADC's Global Employee Stock Purchase Plan amended as of February 2, 2000 (the "Plan") to eligible employees of ADC and its subsidiaries (the "Plan Participants");

2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;

3. AND WHEREAS ADC has represented to the Decision Makers that:

3.1 ADC is incorporated under the laws of Minnesota and its head office is located in Minnetonka, Minnesota;

3.2 ADC maintains the following subsidiaries in Canada: ADC Telecom Canada, Inc., ADC Software Holding Ltd., ADC Software Systems Canada Ltd., PCS Solutions Canada, Inc., PairGain Canada Holdings, inc. and PairGain Canada, Inc. (the "Canadian Subsidiaries");

3.3 ADC and the Canadian Subsidiaries are not, and have no present intention of becoming, reporting issuers or the equivalent under the Legislation of any of the

Jurisdictions, but ADC is subject to the reporting requirements of the United States of America (the "United States") *Securities and Exchange Act of 1934*;

3.4 ADC's authorized capital consists of 1,200,000,000 Shares and 10,000,000 preferred shares. As at June 6, 2000, 321,289,306 Shares were issued and outstanding while no preferred shares were issued and outstanding;

3.5 Shares subject to the Plan are listed and posted for trading in the United States on The Nasdaq Stock Market ("NASDAQ");

3.6 the Plan became effective on April 1, 2000 and under the Plan, Plan Participants will be able to purchase Shares through payroll deductions at a 15% discount from the fair market price of the Shares on certain specified dates;

3.7 ADC has engaged the services of MAVRICC Management Systems, Inc. (the "Custodian") to establish and maintain an account for each Plan Participant recording the payroll deductions of each Plan Participant and will provide order processing services under the Plan pursuant to the instructions of Plan Participants;

3.8 ADC has also engaged the services of Painewebber Incorporated (the "Agent"), to maintain the accounts in which Shares purchased under the Plan are to be held and to provide day-to-day brokerage services to Plan Participants;

3.9 neither the Custodian nor the Agent is a registrant under the Legislation. The Agent is registered to trade in securities under the applicable laws of the United States of America and will carry out its duties under the Plan in accordance with those laws;

3.10 as at June 6, 2000, there were approximately 612 employees in the Jurisdictions who are eligible to participate in the Plan (584 in Alberta, 5 in British Columbia, 1 in Manitoba and 22 in Québec);

3.11 participation in the Plan by Plan Participants is voluntary and Plan Participants will not be induced to participate in the Plan by expectation of or as a condition of employment or continued employment;

3.12 Plan Participants will be provided with:

3.12.1 a Plan prospectus prepared in accordance with U.S. securities laws that describes the terms and conditions of the Plan;

3.12.2 all disclosure material relating to ADC which is provided to holders of Shares resident in the United States, and

3.12.3 a copy of this decision document;

Plan Participants resident in Quebec will be provided with a French language version of such Plan prospectus in addition to each of the documents mentioned in 3.12.1 to 3.12.3;

3.13 a Plan Participant will not be able to purchase Shares under the Plan if the right to purchase such Shares under the Plan would result in the Plan Participant owning, directly or indirectly, 5% or more of the total combined voting power of ADC or its subsidiaries;

3.14 Plan Participants who wish to sell Shares acquired pursuant to the Plan may do so through a request to the Custodian, who will in turn direct the Agent to sell such Shares;

3.15 any resale of Shares will be effected through the facilities of and in accordance with the rules of the NASDAQ or such other stock exchange or market outside of Canada in which the Shares may be listed or quoted for trading;

3.16 the direct and indirect holders of Shares in each Jurisdiction, as at June 6, 2000, do not hold more than 10% of the outstanding Shares of ADC;

3.17 if at any time the number of holders of Shares in any one Jurisdiction exceeds 10% of all holders or if the holders in any one Jurisdiction hold, in aggregate, in excess of 10% of the total number of issued and outstanding Shares, ADC will apply to the relevant Decision Maker for an order with respect to further trades to and by the Plan Participants in that Jurisdiction in respect of Shares acquired under the Plan;

3.18 the Legislation of certain Jurisdictions does not contain exemptions from the Registration Requirement and the Prospectus Requirement for the issuance of Shares by ADC to Plan Participants under the Plan;

3.19 the Legislation of certain Jurisdictions deems the first trade by the Plan Participants in Shares acquired under the Plan to be a distribution under the Legislation unless, among other things, ADC has been a reporting issuer for the 12 months immediately preceding the trade;

3.20 the Legislation of certain Jurisdictions contains an exemption from the Prospectus Requirement for any trade by Plan Participants in Shares acquired under the Plan provided that certain conditions are met;

4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. THE DECISION of the Decision Makers under the Legislation is that:

6.1 the Registration Requirement and the Prospectus Requirement shall not apply to intended trades in Shares under the Plan to Plan Participants;

6.2 the first trade in Shares acquired under the Plan by Plan Participants is deemed a distribution under the Legislation unless the trade is executed through the facilities of an exchange or organized market outside of Canada in accordance with all the laws and rules applicable to such stock exchange or market;

6.3 the Registration Requirement shall not apply to the first trade in Shares acquired under the Plan by Plan Participants through the Agent.

**DATED** this "11<sup>th</sup>" day of "October" 2000.

Eric T. Spink, Vice-Chair    Glenda A. Campbell, Vice-Chair

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - intended trades in shares under employee purchase plan exempted from prospectus and/or registration requirements in the jurisdictions provided that first trades occur on a market outside of Canada

**Applicable Alberta Statutory Provisions**

Securities Act, S.A., 1981, c.S-6.1, as amended, s. 116(1)