ADTRAN INC

FORM 10-Q
(Quarterly Report)

Filed 11/12/1999 For Period Ending 9/30/1999

Address	901 EXPLORER BLVD
	HUNTSVILLE, Alabama 35806
Telephone	256-963-8000
CIK	0000926282
Industry	Communications Equipment
Sector	Technology
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the Quarterly Period Ended September 30, 1999

OR

[ ] Transition Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the Transition Period from ______ to ______

Commission File Number 0-24612

ADTRAN, INC.

(Exact name of Registrant as specified in its charter)

Delaware	63-0918200
(State of Incorporation)	(I.R.S. Employer Identification No.)

901 Explorer Boulevard, Huntsville, Alabama 35806-2807
(Address of principal executive offices, including zip code)

(256) 963-8000
(Registrant's telephone number, including area code)

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 twelve 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 x No

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Indicate the number of shares outstanding of each of the issuer's classes of Common Stock as of the latest practicable date:

Class	Outstanding at October 31, 1999
Common Stock, $.01 Par Value	39,475,864 shares

ADTRAN, INC.

Quarterly Report on Form 10-Q
For the Quarter Ended September 30, 1999

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ADTRAN, INC.

CONDENSED BALANCE SHEETS

ASSETS

	September 30, 1999	December 31, 1998
	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 45,144,130	$ 10,009,320
Short-term investments	15,157,431	40,795,068
Accounts receivable, less allowance for doubtful accounts of $812,378 and $958,805 in 1999 and 1998 respectively	63,920,727	46,588,319
Other receivables	2,167,338	697,074
Inventory	61,860,145	65,700,576
Prepaid expenses	1,199,148	1,354,366
Deferred income taxes	2,416,686	2,416,685
Total current assets	191,865,605	167,561,408
Property, plant and equipment, less accumulated depreciation of $37,771,372 and $29,902,941 in 1999 and 1998, respectively	99,345,256	78,894,317
Other assets	220,000	220,000
Long-term investments	55,575,079	55,035,000
	$347,005,940	$301,710,725

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 1999	December 31, 1998
Current liabilities:		
Accounts payable	$ 14,055,758	$ 10,980,097
Accrued salaries	4,128,074	1,828,462
Accrued income taxes	5,961,603	1,060,795
Accrued taxes other than income taxes	718,758	252,548
Warranty liability	1,519,945	1,519,945
Compensated absences	1,578,961	1,384,802
Total current liabilities	27,963,099	17,026,649
Long term liabilities:		
Bonds payable	50,000,000	50,000,000
Deferred income taxes	3,295,140	3,295,140
Total liabilities	81,258,239	70,321,789
Stockholders' equity:		
Common stock, par value $.01 per share 200,000,000 shares authorized: 39,469,794 and 39,423,479 shares issued in 1999 and 1998, respectively	394,698	394,235
Additional paid-in capital	91,342,728	90,640,451
Retained earnings	197,547,220	163,570,297
Less treasury stock at cost: 1,120,136 and 1,100,081 shares in 1999 and 1998, respectively	(23,536,945)	(23,216,047)
Total stockholders' equity	265,747,701	231,388,936
	$347,005,940	$301,710,725

See notes to condensed financial statements

ADTRAN, INC.
CONDENSED STATEMENTS OF INCOME

Unaudited

	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 1998
Sales	$97,067,399	$77,043,635	$262,736,919	$213,526,321
Cost of sales	46,604,689	34,734,064	129,485,356	96,364,654
Gross profit	50,462,710	42,309,571	133,251,563	117,161,667
Selling, general and administrative expenses	18,353,928	16,022,809	52,357,951	44,300,674
Research and development expenses	10,885,778	9,909,567	30,914,252	27,759,729
Income from operations	21,223,004	16,377,195	49,979,360	45,101,264
Interest expense	(582,667)	(582,667)	(1,729,000)	(1,693,428)
Other income, net	913,630	1,426,290	3,118,245	4,287,323
Income before income taxes	21,553,967	17,220,818	51,368,605	47,695,159
Provision for income taxes	(7,403,779)	(5,779,562)	(17,391,682)	(16,216,354)
Net income	$14,150,188	$11,441,256	$ 33,976,923	$ 31,478,805
Weighted average shares outstanding assuming dilution (1)	39,069,099	39,138,763	38,696,373	39,276,989
Earnings per common share assuming dilution (1)	$ .36	$ .29	$ .88	$ .80
Earnings per common share - basic	$ .37	$ .29	$ .89	$ .81

(1) Assumes exercise of dilutive stock options calculated under the treasury stock method.

See notes to condensed financial statements

ADTRAN, INC.
CONDENSED STATEMENTS OF CASH FLOWS
Unaudited

	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 1998
Cash flows from operating activities:		
Net income	$33,976,923	$31,478,805
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	7,894,391	6,459,220
Provisions for losses on accounts receivable	20,532	(98,110)
Provisions for losses on inventory	2,762,383	3,168,633
(Gain) loss on sale of property, plant and equipment	(5,000)	
(Gain) loss on short-term investments	277,227	32,810
Change in operating assets:		
Accounts receivable	(17,352,940)	(7,255,628)
Inventory	1,078,048	(24,455,323)
Other receivables	(1,472,804)	(423,658)
Prepaid expenses	155,218	(480,170)
Change in operating liabilities:		
Accounts payable	3,075,661	7,384,198
Accrued salaries	2,299,612	384,075
Accrued income taxes	4,900,808	(1,617,731)
Accrued taxes other than income taxes	466,210	3,157
Compensated absences	194,159	340,763
Warranty payable		75,000
Net cash provided by operating activities	38,270,428	14,996,041
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(28,342,791)	(14,526,334)
Proceeds from the disposition of property, plant and equipment	5,000	10,000
Redemption (Purchase) of short-term investments	25,360,410	(18,952,583)
Purchase of long-term investments	(540,079)	(5,035,000)
Net cash used in investing activities	(3,517,460)	(38,503,917)
Cash flows from financing activities:		
Proceeds from issuance of common stock	702,740	38,925
Purchase of treasury stock	(320,898)	(8,762,625)
Net cash provided by(used in) financing activities	381,842	(8,723,700)
Net increase (decrease) in cash and cash equivalents	35,134,810	(32,231,576)
Cash and cash equivalents, beginning of period	10,009,320	45,340,961
Cash and cash equivalents, end of period	$45,144,130	$13,109,385

See notes to condensed financial statements

ADTRAN, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION

The interim condensed balance sheet of ADTRAN, Inc. (the "Company") at December 31, 1998 has been derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles. The accompanying unaudited condensed financial statements of the Company have been prepared pursuant to the rules and regulations for reporting on Form 10-Q. Accordingly, certain information and notes required by generally accepted accounting principles for complete financial statements are not included herein. In the opinion of management, all adjustments necessary for a fair presentation of these interim statements have been included and are of a normal and recurring nature. Operating results for the nine months ended September 30, 1999 are not necessarily indicative of the results that may be expected to occur for the year ending December 31, 1999. The interim statements should be read in conjunction with the financial statements and notes thereto included in the Company's latest Annual Report on Form 10-K.

Certain amounts in the 1998 condensed financial statements and notes there to have been reclassified to conform with the 1999 presentation.

2. INVENTORY

At September 30, 1999 and December 31, 1998, inventory consisted of the following:

	September 30, 1999	December 31, 1998
Raw materials	$33,939,328	$39,787,631
Work in progress	15,174,726	7,935,771
Finished goods	12,746,091	17,977,174
	$61,860,145	$65,700,576

3. RECENT ACCOUNTING DEVELOPMENTS

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 requires all derivatives to be measured at fair value and recognized as either assets or liabilities on the balance sheet. Changes in such fair value are required to be recognized immediately in net income to the extent the derivatives are not effective as hedges. SFAS No. 133 is effective for Adtran, Inc. beginning January 1, 2001. The Company does not currently hold any derivative financial instruments.

4. EARNINGS PER SHARE

A summary of the calculation of basic and diluted earnings per share for the three months and six months ended September 30, 1999 and 1998 is as follows:

	For the Three Months Ended September 30, 1999		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Basic EPS			
Income available to common stockholders	$14,150,188	38,332,793	$0.37
Effect of Dilutive Securities			
Stock Options		736,306	
Diluted EPS			
Income available to common stockholders + assumed conversions	$14,150,188	39,069,099	$0.36

	For the Nine Months Ended September 30, 1999		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Basic EPS			
Income available to common stockholders	$33,976,923	38,324,349	$.89
Effect of Dilutive Securities			
Stock Options		372,024	
Diluted EPS			
Income available to common stockholders + assumed conversions	$33,976,923	38,696,373	$.88

Earnings Per Share (continued)

	For the Three Months Ended September 30, 1998		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Basic EPS			
Income available to common stockholders	$11,441,256	38,985,629	$0.29
Effect of Dilutive Securities			
Stock Options		153,134	
Diluted EPS			
Income available to common stockholders + assumed conversions	$11,441,256	39,138,763	$0.29

	For the Nine Months Ended September 30, 1998		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Basic EPS			
Income available to common stockholders	$31,478,805	39,100,156	$0.81
Effect of Dilutive Securities			
Stock Options		176,833	
Diluted EPS			
Income available to common stockholders + assumed conversions	$31,478,805	39,276,989	$0.80

5. Segment Information

The Company operates two reportable segments - (1) the Carrier Network Division (formerly Telco) and (2) the Enterprise Network Division (formerly Customer Premise Equipment "CPE"). The Company evaluates the performance of its segments based on gross profit; therefore, selling, general and administrative expenses, as well as research and development expenses, interest income/expense, and the provision for taxes are reported on an entity wide basis only. There are no intersegment revenues.

The table below presents information about the reported sales and gross profit of the Company for the three months and nine months ended September 30, 1999 and 1998. Asset information by reportable segment is not reported since the Company does not produce such information internally.

	Three Months Ended September 30, 1999		Nine Months Ended September 30, 1999	
	Sales	Gross Profit	Sales	Gross Profit
Carrier Network	$61,359,332	$28,859,624	$165,635,435	$76,206,569
Enterprise Network	35,708,067	21,603,086	97,101,484	57,044,994
Total	$97,067,399	$50,462,710	$262,736,919	$133,251,563

	Three Months Ended September 30, 1998		Nine Months Ended September 30, 1998	
	Sales	Gross Profit	Sales	Gross Profit
Carrier Network	$44,733,699	$23,227,954	$125,110,868	$65,095,022
Enterprise Network	32,309,936	19,081,617	88,415,453	52,066,645
Total	$77,043,635	$42,309,571	$213,526,321	$117,161,667

The following table presents sales information by geographic area for the three months and nine months ended September 30, 1999 and 1998.

Sales	Three Months Ended		Nine Months Ended	
	September 30, 1999	September 30, 1998	September 30, 1999	September 30, 1998
United States	$94,701,128	$74,931,625	$255,789,104	$205,655,363
Foreign	2,366,271	2,112,010	6,947,815	7,870,958
Total	$97,067,399	$77,043,635	$262,736,919	$213,526,321

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

ADTRAN, Inc. (the "Company") designs, develops, manufactures, markets and services a broad range of high speed digital transmission products utilized by telephone companies ("Telcos") and corporate end-users to implement advanced digital data services over existing telephone networks. The Company currently sells its products to Telcos, including all Regional Bell Operating Companies (what is now referred to by the Company as the Carrier Network Division), and to private end-users in the Enterprise Network Division (formerly known as the Customer Premises Equipment or CPE market).

The Company's sales have increased each year due primarily to increases in the number of units sold to both new and existing customers. These annual sales increases reflect the Company's strategy of increasing unit volume and market share through the introduction of succeeding generations of products having lower selling prices and increased functionality as compared to the prior generation of a product and to the products of competitors. An important part of the Company's strategy is to engineer the reduction of the product cost of each succeeding product generation and then to lower the product's price based on the cost savings achieved. As a part of this strategy, the Company seeks in most instances to be a low-cost, high-quality provider of products in its markets. The Company attributes a large measure of its success to its ability to initially design products with a view to their subsequent re-design, allowing efficient enhancements of the product in each succeeding product generation. This strategy enables the Company to sell succeeding generations of products to existing customers while increasing its market share by selling these enhanced products to new customers.

The Company intends to retain all earnings for use in the development of its business and does not anticipate paying any cash dividends in the foreseeable future.

When used in this Form 10-Q, the words "believe," "anticipate," "think," "intend," "will be," and similar expressions identify forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof. Readers are also urged to carefully review and consider the various disclosures made by the Company which attempt to advise interested parties of the factors which affect the Company's business, including the disclosures made in other periodic reports on Forms 10-K, 10-Q and 8-K filed with the Securities and Exchange Commission.

Results of Operations - Three Months and NINE months Ended September 30, 1999 Compared to Three Months and NINE months Ended September 30, 1998

SALES

The Company's sales increased 26.0% from $77,043,635 in the three months ended September 30, 1998 to $97,067,399 in the three months ended September 30, 1999. Sales increased 23.0% from $213,526,321 in the nine months ended September 30, 1998 to $262,736,919 in the nine months ended September 30, 1999. The increased sales resulted from an increase in sales volume to existing customers and from increased market penetration. The financial effect of the increase in overall unit volume was offset somewhat by lower unit selling prices for many of the Company's products. Carrier Network sales increased from $44,733,699 in the three months ended September 30, 1998 to $61,359,332 in the three months ended September 30, 1999 and increased from $125,110,868 in the nine months ended September 30, 1998 to $165,635,435 in the nine months ended September 30, 1999. The increase in Carrier Network sales for the 1999 period resulted primarily from increased sales of High bit-rate Digital Subscriber Line ("HDSL") products. Carrier Network sales as a percentage of total sales increased from 58.1% in the three months ended September 30, 1998 to 63.2% in the three months ended September 30, 1999 and increased from 58.6% in the nine months ended September 30, 1998 to 63.0% in the nine months ended September 30, 1999. Enterprise Network sales increased slightly from $32,309,936 in the three months ended September 30, 1998 to $35,708,067 in the three months ended September 30, 1999, as a result of increased sales of "T-1" products, (a digital transmission link with a capacity of 1.544 Megabits per second used predominantly in North America). Sales of Enterprise Network products increased 9.8% from $88,415,453 in the nine months ended September 30,1998 to $97,101,484 in the nine months ended September 30, 1999. As a percentage of total sales, Enterprise Network sales decreased from 41.9% in the three months ended September 30, 1998 to 35.8% in the three months ended September 30, 1999 and decreased from 41.4% in the nine months ended September 30, 1998 to 37.0% in the nine months ended September 30, 1999.

COST OF SALES

Cost of sales increased 34.2% from $34,734,064 in the three months ended September 30, 1998 to $46,604,689 in the three months ended September 30, 1999 and increased 34.4% from $96,364,654 in the nine months ended September 30, 1998 to $129,485,356 in the nine months ended September 30, 1999. As a percentage of sales, cost of sales increased from 45.1% in the three months ended September 30, 1998 to 48.0% in the three months ended September 30, 1999 and increased from 45.1% in the nine months ended September 30, 1998 to 49.3% in the nine months ended September 30, 1999. An important part of the Company's strategy is to reduce the product cost of each succeeding product generation and then to lower the product's price based on the cost savings achieved. This strategy sometimes results in variations in the Company's gross profit margin due to timing differences between the recognition of cost reductions and the lowering of product selling prices. In view of the rapid pace of new product introductions by the Company, this strategy may result in variations in gross profit margins that, for any particular financial period, can be difficult to predict.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES
Selling, general and administrative expenses increased 14.5% from $16,022,809 in the three months ended September 30, 1998 to $18,353,928 in the three months ended September 30, 1999 and increased 18.2% from $44,300,674 in the nine months ended September 30, 1998 to $52,357,951 in the nine months ended September 30, 1999. The increase was due to additional sales and support expenditures necessary as a result of the Company's increased sales. Selling, general and administrative expenses as a percentage of sales decreased from 20.8% in the three months ended September 30, 1998 to 18.9% in the three months ended September 30, 1999 and decreased slightly from 20.8% in the nine months ended September 30, 1998 to 19.9% in the nine months ended September 30, 1999. Sales and support organization expansion, which resulted in increased costs during the quarter, will continue because they are necessary to position the Company to accumulate market share and maintain growth over the longer term.

RESEARCH AND DEVELOPMENT EXPENSES
Research and development expenses increased 9.9% from $9,909,567 in the three months ended September 30, 1998 to $10,885,778 in the three months ended September 30, 1999 and increased 11.4% from $27,759,729 in the nine months ended September 30, 1998 to $30,914,252 in the nine months ended September 30, 1999. The increase was due to increased investment in product development and product cost reduction through engineering. As a percentage of sales, research and development expenses decreased from 12.9% in the three months ended September 30, 1998 to 11.2% in the three months ended September 30, 1999 and decreased from 13.0% in the nine months ended September 30, 1998 to 11.8% in the nine months ended September 30, 1999. The Company will continue to invest in these product development activities because they are necessary to position the Company to accumulate market share and maintain growth over the longer term.

INTEREST EXPENSE
Interest expense was $582,667 for both the three months ended September 30, 1998 and the three months ended September 30, 1999, but increased 2.1% from $1,693,428 in the nine months ended September 30, 1998 to $1,729,000 in the nine months ended September 30, 1999.

NET INCOME
As a result of the above factors, net income increased 23.7% from $11,441,256 in the three months ended September 30, 1998 to $14,150,188 in the three months ended September 30, 1999 and increased 7.9% from $31,478,805 in the nine months ended September 30, 1998 to $33,976,923 in the nine months ended September 30, 1999. As a percentage of sales, net income decreased slightly from 14.9% in the three months ended September 30, 1998 to 14.6% in the three months ended September 30, 1999 and decreased from 14.7% in the nine months ended September 30, 1998 to 12.9% in the nine months ended September 30, 1999.

LIQUIDITY AND CAPITAL RESOURCES

The Company is continuing a project to expand its facilities in Huntsville in several phases over the next two years at a cost of approximately $150,000,000, of which $59,032,332 had been incurred as of September 30, 1999. The debt associated with $50,000,000 of this project was approved for participation in an incentive program offered by the Alabama State Industrial Development Authority (the "Authority"). Pursuant to the incentive program, the Authority issued $50,000,000 of its taxable revenue bonds (the "Amended and Restated Bond"), and loaned the proceeds from the sale of the Amended and Restated Bond to the Company. The Company will make payments to the Authority in amounts necessary to pay the principal of and interest on the Amended and Restated Bond, which matures on January 1, 2020.

The Company's working capital position increased 8.9% from $150,534,759 as of December 31, 1998 to $163,902,506 as of September 30, 1999 due to cash generated from operations. The Company has used, and expects to continue to use, the cash generated from operations for working capital and other general corporate purposes, including (i) product development activities to enhance its existing products and develop new products and (ii) expansion of sales and marketing activities. Inventory decreased 5.8% from December 31, 1998 to September 30, 1999.

On March 31, 1997, the Board of Directors authorized the Company to re-purchase up to 1,000,000 shares of the Company's outstanding common stock. In October 1998, the Board approved the re-purchase of an additional 2,000,000 shares. As of September 30, 1999, the Company had re-purchased 1,120,136 shares of its common stock at a total cost of $23,536,945.

Capital expenditures totaling $23,095,854 for the year ended December 31, 1998 and $28,342,791 in the first nine months of 1999 were used to expand the Company's headquarters and to purchase equipment.

At September 30, 1999, the Company's cash on hand of $45,144,130, short-term investments of $15,157,431 and $10,000,000 available under a bank line of credit placed the Company's potential cash availability at $70,301,561, of which a portion is being used to expand the Company's facilities under the incentive program described above. The Company's $10,000,000 bank line of credit bears interest at the rate of 87.5 basis points over the 30 day London inter-bank offered rate and expires in May 2000.

The Company intends to finance its operations in the future with cash flow from operations, amounts available under the bank line of credit, remaining borrowed taxable revenue bond proceeds, and possible additional public financing. These available sources of funds are expected to be adequate to meet the Company's operating and capital needs for the foreseeable future.

YEAR 2000 READINESS DISCLOSURE

The Company conducted a year 2000 program to assess and mitigate the impact of the year 2000 issue. The Company believes that all critical information technology and non-information technology hardware and software systems are year 2000 compliant, including, but not limited to, business systems, network infrastructure, manufacturing equipment, engineering tools, customer products and plant facilities.

The Company has completed the inventory and assessment phases of its year 2000 program. The Company's operations are not dependent upon older legacy source code or mainframe computers as is often the case with systems with significant year 2000 issues. Therefore, there is little or no date-related code remediation or conversion necessary to maintain normal business activities. The primary remaining effort in the year 2000 program is to review and validate the conclusions reached by the Company's year 2000 assessment. The Company does not believe that costs associated with completing the year 2000 compliance program will result in a material expense to the Company.

In July of 1998, the Company completed the implementation of new business software and hardware that the Company believes is year 2000 compliant. The Company upgraded some secondary systems that were identified to contain minor year 2000 issues. Likewise, testing and year 2000 simulations were performed on all Company systems to verify date processing capabilities. As of September 30, 1999, all critical systems had been tested and are believed to be year 2000 compliant.

The Company has also contacted and assessed its suppliers and subcontractors regarding the year 2000 issue and concluded that those suppliers and subcontractors, which have a material relationship with the Company, are not expected to cause significant business interruptions to occur as a result of the year 2000 issue. The Company's assessment of suppliers has identified those most critical to the Company's operations and a contingency plan has been drafted to handle issues in the future. The Company's primary external subcontractors are conducting their own independent internal year 2000 programs and are being assisted by the Company with their year 2000 preparations where appropriate.

The Company believes that its products are year 2000 compliant. Company engineers have confirmed product design specifications and have verified product date processing functionality. Customers are provided individual responses to product inquiries and the Company has posted detailed year 2000 information on its web site. The Company does not believe that it will have any material exposure to contingencies related to the year 2000 issue for products it has sold.

Based on information presently available, the Company does not anticipate any material impact on its financial condition or results of operations from the effect of the year 2000 issue on its internal systems or on those systems of its major suppliers and customers. However, there can be no guarantee that the systems of other companies on which the Company relies will be timely converted, or that a failure to convert by another company would not have a material adverse impact on the Company. Furthermore, despite the Company's assessments, there can be no guarantee that there will not be a year 2000 problem arising from the Company's own system that may have a material adverse impact on the Company.

As of September 30, 1999 the Company had spent approximately $170,000 for year 2000 compliance. The Company anticipates spending an additional $15,000 during 1999. The Company does not separately track these internal costs incurred for the year 2000 issue. However, this cost consisted primarily of the related payroll costs of its information systems group.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are being filed with this report.

Financial Data Schedule

(b) Reports on Form 8-K. None

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ADTRAN, INC.
(Registrant)

Date: November 13, 1999

/s/ John R. Cooper

John R. Cooper
Vice President - Finance and
Chief Financial Officer

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED STATEMENT OF INCOME FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1999 AND THE CONDENSED BALANCE SHEET AS OF SEPTEMBER 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 31 1999
PERIOD START	JUL 01 1999
PERIOD END	SEP 30 1999
CASH	45,144,130
SECURITIES	15,157,431
RECEIVABLES	64,733,105
ALLOWANCES	812,378
INVENTORY	61,860,145
CURRENT ASSETS	191,865,605
PP&E	137,116,628
DEPRECIATION	37,771,372
TOTAL ASSETS	347,005,940
CURRENT LIABILITIES	27,963,099
BONDS	50,000,000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	394,698
OTHER SE	265,353,003
TOTAL LIABILITY AND EQUITY	347,005,940
SALES	97,067,399
TOTAL REVENUES	97,067,399
CGS	46,604,689
TOTAL COSTS	46,604,689
OTHER EXPENSES	29,239,706
LOSS PROVISION	0
INTEREST EXPENSE	582,667
INCOME PRETAX	21,553,967
INCOME TAX	7,403,779
INCOME CONTINUING	14,150,188
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	14,150,188
EPS BASIC	.37
EPS DILUTED	.36

End of Filing