

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **October 8, 2013**

**ADTRAN, Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State of Incorporation)*

**0-24612**

*(Commission file number)*

**63-0918200**

*(I.R.S. Employer  
Identification Number)*

**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)*

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions ( *see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 2.02 Results of Operations and Financial Condition.**

On October 8, 2013, ADTRAN, Inc. announced its financial results for the fiscal quarter ended September 30, 2013 and certain other information.

ADTRAN also announced that its Board of Directors declared a quarterly cash dividend of \$0.09 per common share to be paid to holders of record at the close of business on October 24, 2013. The ex-dividend date is October 22, 2013 and the payment date is November 7, 2013.

A copy of ADTRAN's press release announcing such financial results and other information is attached as Exhibit 99.1 hereto and incorporated by reference herein.

In addition, ADTRAN has posted supplemental information regarding revenues by product category, subcategory and segment for the fiscal quarter ended September 30, 2013 on the Investor Relations page of its website, [www.adtran.com](http://www.adtran.com). A copy of the supplemental information is attached as Exhibit 99.2 hereto and incorporated by reference herein.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

The following exhibits are furnished as part of this Current Report on Form 8-K.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated October 8, 2013
99.2	Revenues by product and segment classification

---

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on October 9, 2013.

**ADTRAN, Inc.**  
**(Registrant)**

By: /s/ James E. Matthews  
James E. Matthews  
Senior Vice President – Finance,  
Chief Financial Officer, Treasurer,  
Secretary and Director  
(Principal Accounting Officer)

---

## EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated October 8, 2013
99.2	Revenues by product and segment classification

## **ADTRAN, Inc. Reports Results for the Third Quarter 2013 and Declares Quarterly Cash Dividend**

HUNTSVILLE, Ala.--(BUSINESS WIRE)--October 8, 2013--ADTRAN, Inc. (NASDAQ:ADTN) reported results for the third quarter 2013. For the quarter, sales were \$177,404,000 compared to \$162,125,000 for the third quarter of 2012. Net income was \$16,205,000 for the quarter compared to \$9,272,000 for the third quarter of 2012. Earnings per share, assuming dilution, were \$0.28 for the quarter compared to \$0.15 for the third quarter of 2012. Non-GAAP earnings per share for the quarter were \$0.32 compared to \$0.20 for the third quarter of 2012. The reconciliation between GAAP earnings per share, diluted, and non-GAAP earnings per share, diluted, is in the table provided.

ADTRAN Chief Executive Officer Tom Stanton stated, "The performance for the quarter was driven by lower operating expenses combined with a strong performance by both our Carrier and Enterprise businesses. The results were positively impacted by our international business which achieved a record revenue level."

The Company also announced that its Board of Directors declared a cash dividend for the third quarter of 2013. The quarterly cash dividend is \$0.09 per common share to be paid to holders of record at the close of business on October 24, 2013. The ex-dividend date is October 22, 2013 and the payment date is November 7, 2013.

The Company confirmed that its third quarter conference call will be held Wednesday, October 9, 2013 at 9:30 a.m. Central Time. This conference call will be web cast live through StreetEvents.com. To listen, simply visit the Investor Relations site at [www.adtran.com](http://www.adtran.com) or [www.streetevents.com](http://www.streetevents.com) approximately 10 minutes prior to the start of the call and click on the conference call link provided.

An online replay of the conference call will be available for seven days at [www.streetevents.com](http://www.streetevents.com). In addition, an online replay of the conference call, as well as the text of the Company's earnings release, will be available on the Investor Relations site at [www.adtran.com](http://www.adtran.com) for at least 12 months following the call.

ADTRAN, Inc. is a leading global provider of networking and communications equipment. ADTRAN's products enable voice, data, video and Internet communications across a variety of network infrastructures. ADTRAN solutions are currently in use by service providers, private enterprises, government organizations, and millions of individual users worldwide. For more information, please visit [www.adtran.com](http://www.adtran.com).

For more information, contact the company at 800 9ADTRAN (800 923-8726) or via email at [info@adtran.com](mailto:info@adtran.com). On the Web, visit [www.adtran.com](http://www.adtran.com).

This press release contains forward-looking statements which reflect management's best judgment based on factors currently known. However, these statements involve risks and uncertainties, including the successful development and market acceptance of new products, the degree of competition in the market for such products, the product and channel mix, component costs, manufacturing efficiencies, and other risks detailed in our annual report on Form 10-K for the year ended December 31, 2012 and on Form 10-Q for the quarter ended June 30, 2013. These risks and uncertainties could cause actual results to differ materially from those in the forward-looking statements included in this press release.

---

**Condensed Consolidated Balance Sheet**  
**(Unaudited)**  
**(In thousands)**

	<u>September 30, 2013</u>	<u>December 31, 2012</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 54,311	\$ 68,457
Short-term investments	136,640	160,481
Accounts receivable, net	108,018	81,194
Other receivables	20,268	16,253
Inventory	92,972	102,583
Prepaid expenses	4,693	4,148
Deferred tax assets, net	13,494	13,055
<b>Total Current Assets</b>	<b><u>430,396</u></b>	<b><u>446,171</u></b>
Property, plant and equipment, net	77,658	80,246
Deferred tax assets, net	11,605	10,261
Goodwill	3,492	3,492
Other assets	11,711	13,482
Long-term investments	298,122	332,729
<b>Total Assets</b>	<b><u>\$ 832,984</u></b>	<b><u>\$ 886,381</u></b>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable	\$ 74,172	\$ 42,173
Unearned revenue	19,658	38,051
Accrued expenses	16,527	10,309
Accrued wages and benefits	16,594	15,022
Income tax payable, net	548	1,211
<b>Total Current Liabilities</b>	<b><u>127,499</u></b>	<b><u>106,766</u></b>
Non-current unearned revenue	26,373	23,803
Other non-current liabilities	20,459	17,406
Bonds payable	46,000	46,000
<b>Total Liabilities</b>	<b><u>220,331</u></b>	<b><u>193,975</u></b>
<b>Stockholders' Equity</b>	<b><u>612,653</u></b>	<b><u>692,406</u></b>
<b>Total Liabilities and Stockholders' Equity</b>	<b><u>\$ 832,984</u></b>	<b><u>\$ 886,381</u></b>

**Consolidated Statements of Income**  
**(Unaudited)**  
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Sales	\$ 177,404	\$ 162,125	\$ 482,650	\$ 480,858
Cost of sales	94,857	82,153	250,628	231,598
<b>Gross Profit</b>	<b>82,547</b>	<b>79,972</b>	<b>232,022</b>	<b>249,260</b>
Selling, general and administrative expenses	32,794	34,114	96,082	103,130
Research and development expenses	32,543	35,582	98,114	92,835
<b>Operating Income</b>	<b>17,210</b>	<b>10,276</b>	<b>37,826</b>	<b>53,295</b>
Interest and dividend income	1,579	1,864	5,021	5,651
Interest expense	(581)	(587)	(1,737)	(1,756)
Net realized investment gain	1,751	2,530	6,949	7,353
Other income (expense), net	22	(368)	(1,521)	265
Gain on bargain purchase of a business	-	-	-	1,753
<b>Income before provision for income taxes</b>	<b>19,981</b>	<b>13,715</b>	<b>46,538</b>	<b>66,561</b>
Provision for income taxes	(3,776)	(4,443)	(12,584)	(23,259)
<b>Net Income</b>	<b>\$ 16,205</b>	<b>\$ 9,272</b>	<b>\$ 33,954</b>	<b>\$ 43,302</b>
Weighted average shares outstanding - basic	57,947	63,066	59,561	63,495
Weighted average shares outstanding - diluted <sup>(1)</sup>	58,617	63,304	59,929	64,139
Earnings per common share - basic	\$ 0.28	\$ 0.15	\$ 0.57	\$ 0.68
Earnings per common share - diluted <sup>(1)</sup>	\$ 0.28	\$ 0.15	\$ 0.57	\$ 0.68

<sup>(1)</sup> Assumes exercise of dilutive stock options calculated under the treasury stock method.

**Consolidated Statements of Comprehensive Income**  
(Unaudited)  
(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net Income	\$ 16,205	\$ 9,272	\$ 33,954	\$ 43,302
<b>Other Comprehensive Income (Loss), net of tax:</b>				
Unrealized gains (losses) on available-for-sale securities	2,562	497	(780)	2,019
Foreign currency translation	(108)	134	(1,498)	191
<b>Other Comprehensive Income (Loss), net of tax</b>	<b>2,454</b>	<b>631</b>	<b>(2,278)</b>	<b>2,210</b>
<b>Comprehensive Income, net of tax</b>	<b>\$ 18,659</b>	<b>\$ 9,903</b>	<b>\$ 31,676</b>	<b>\$ 45,512</b>



**Consolidated Statements of Cash Flows**  
(Unaudited)  
(In thousands)

	Nine Months Ended September 30,	
	2013	2012
<b>Cash flows from operating activities:</b>		
Net income	\$ 33,954	\$ 43,302
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,021	10,366
Amortization of net premium on available-for-sale investments	4,688	6,343
Net realized gain on long-term investments	(6,949)	(7,353)
Net (gain) loss on disposal of property, plant and equipment	6	(213)
Gain on bargain purchase of a business	-	(1,753)
Stock-based compensation expense	6,516	6,783
Deferred income taxes	(1,296)	(1,156)
Tax benefit from stock option exercises	113	1,813
Excess tax benefits from stock-based compensation arrangements	(106)	(1,412)
Change in operating assets and liabilities:		
Accounts receivable, net	(25,844)	(26,178)
Other receivables	(3,724)	1,866
Inventory	8,584	2,142
Prepaid expenses and other assets	(417)	(1,193)
Accounts payable	30,960	17,607
Accrued expenses and other liabilities	(4,839)	12,769
Income tax payable, net	(678)	1,022
<b>Net cash provided by operating activities</b>	<b>51,989</b>	<b>64,755</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(6,510)	(10,759)
Proceeds from disposals of property, plant and equipment	-	266
Proceeds from sales and maturities of available-for-sale investments	275,581	198,566
Purchases of available-for-sale investments	(216,129)	(220,355)
Acquisition of business	-	7,496
<b>Net cash provided by (used in) investing activities</b>	<b>52,942</b>	<b>(24,786)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from stock option exercises	2,332	4,932
Purchases of treasury stock	(104,147)	(28,578)
Dividend payments	(16,220)	(17,173)
Excess tax benefits from stock-based compensation arrangements	106	1,412
<b>Net cash used in financing activities</b>	<b>(117,929)</b>	<b>(39,407)</b>
Net increase (decrease) in cash and cash equivalents	(12,998)	562
Effect of exchange rate changes	(1,148)	(6)
<b>Cash and cash equivalents, beginning of period</b>	<b>68,457</b>	<b>42,979</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 54,311</b>	<b>\$ 43,535</b>

**Supplemental Information**  
**Acquisition Related Expenses, Amortizations and Adjustments**  
**(Unaudited)**  
**(In thousands)**

On August 4, 2011, we closed on the acquisition of Bluesocket, Inc. and on May 4, 2012, we closed on the acquisition of the Nokia Siemens Networks Broadband Access business (NSN BBA). Acquisition related expenses, amortizations and adjustments for the three and nine months ended September 30, 2013 and 2012 for both transactions are as follows:

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<i>Bluesocket, Inc. acquisition</i>				
Amortization of acquired intangible assets and other purchase accounting adjustments	\$ 283	\$ 305	\$ 863	\$ 1,167
<i>NSN BBA acquisition</i>				
Amortization of acquired intangible assets	291	300	873	472
Amortization of other purchase accounting adjustments	235	666	987	1,718
Acquisition related professional fees, travel and other expenses	93	252	329	4,537
<b>Subtotal</b>	<b>619</b>	<b>1,218</b>	<b>2,189</b>	<b>6,727</b>
<b>Total acquisition related expenses, amortizations and adjustments</b>	<b>902</b>	<b>1,523</b>	<b>3,052</b>	<b>7,894</b>
Provision for income taxes	(302)	(496)	(1,015)	(2,660)
<b>Total acquisition related expenses, amortizations and adjustments, net of tax</b>	<b>\$ 600</b>	<b>\$ 1,027</b>	<b>\$ 2,037</b>	<b>\$ 5,234</b>

The acquisition related expenses, amortizations and adjustments above were recorded in the following Consolidated Statements of Income categories for the three and nine months ended September 30, 2013 and 2012:

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Revenue (adjustments to deferred revenue recognized in the period)	\$ 221	\$ 497	\$ 718	\$ 1,151
Cost of goods sold	(57)	126	94	932
<b>Subtotal</b>	<b>164</b>	<b>623</b>	<b>812</b>	<b>2,083</b>
Selling, general and administrative expenses	101	258	375	4,180
Research and development expenses	637	642	1,865	1,631
<b>Subtotal</b>	<b>738</b>	<b>900</b>	<b>2,240</b>	<b>5,811</b>
<b>Total acquisition related expenses, amortizations and adjustments</b>	<b>902</b>	<b>1,523</b>	<b>3,052</b>	<b>7,894</b>
Provision for income taxes	(302)	(496)	(1,015)	(2,660)
<b>Total acquisition related expenses, amortizations and adjustments, net of tax</b>	<b>\$ 600</b>	<b>\$ 1,027</b>	<b>\$ 2,037</b>	<b>\$ 5,234</b>

**Supplemental Information**  
**Stock-based Compensation Expense**  
**(Unaudited)**  
**(In thousands)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
<b>Stock-based compensation expense included in cost of sales</b>	<b>\$ 118</b>	<b>\$ 106</b>	<b>\$ 334</b>	<b>\$ 304</b>
Selling, general and administrative expense	1,024	1,107	3,129	3,205
Research and development expense	1,034	1,138	3,053	3,274
<b>Stock-based compensation expense included in operating expenses</b>	<b>2,058</b>	<b>2,245</b>	<b>6,182</b>	<b>6,479</b>
<b>Total stock-based compensation expense</b>	<b>2,176</b>	<b>2,351</b>	<b>6,516</b>	<b>6,783</b>
Tax benefit for expense associated with non-qualified options	(307)	(313)	(924)	(916)
<b>Total stock-based compensation expense, net of tax</b>	<b>\$ 1,869</b>	<b>\$ 2,038</b>	<b>\$ 5,592</b>	<b>\$ 5,867</b>

**Reconciliation of GAAP net income per share, diluted, to  
Non-GAAP net income per share, diluted  
(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
<b>GAAP earnings per common share – diluted</b>	<b>\$ 0.28</b>	<b>\$ 0.15</b>	<b>\$ 0.57</b>	<b>\$ 0.68</b>
Acquisition related expenses, amortizations and adjustments	0.01	0.02	0.03	0.08
Stock-based compensation expense	0.03	0.03	0.09	0.09
Gain on bargain purchase of business	-	-	-	(0.03)
	<b>\$ 0.32</b>	<b>\$ 0.20</b>	<b>\$ 0.69</b>	<b>\$ 0.82</b>
<b>Non-GAAP earnings per common share – diluted</b>	<b>\$ 0.32</b>	<b>\$ 0.20</b>	<b>\$ 0.69</b>	<b>\$ 0.82</b>

**CONTACT:**

ADTRAN, Inc.

Jim Matthews, 256-963-8775

Senior Vice President/CFO

or

Investor Services/Assistance:

Gayle Ellis, 256-963-8220

**Product and Segment Revenues**  
**(Unaudited)**  
**(In thousands)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
<b>Product Revenues:</b>				
Carrier Systems	\$ 120,778	\$ 111,577	\$ 319,119	\$ 309,590
Business Networking	44,213	36,600	127,668	116,332
Loop Access	12,413	13,948	35,863	54,936
<b>Total</b>	<b>\$ 177,404</b>	<b>\$ 162,125</b>	<b>\$ 482,650</b>	<b>\$ 480,858</b>
<b>Subcategories included in the above:</b>				
Broadband Access (included in Carrier Systems)	\$ 98,132	\$ 94,464	\$ 251,994	\$ 249,988
Optical (included in Carrier Systems)	16,640	11,160	41,500	39,418
Internetworking (Netvanta & Multi-service Access Gateways) (included in Business Networking)	43,329	35,411	124,163	111,320
<b>Total Core Products</b>	<b>158,101</b>	<b>141,035</b>	<b>417,657</b>	<b>400,726</b>
<b>Percentage of Total Revenue</b>	<b>89%</b>	<b>87%</b>	<b>87%</b>	<b>83%</b>
HDSL (does not include T1) (included in Loop Access)	11,487	12,926	33,183	51,350
Other Products (excluding HDSL)	7,816	8,164	31,810	28,782
<b>Total Legacy Products</b>	<b>19,303</b>	<b>21,090</b>	<b>64,993</b>	<b>80,132</b>
<b>Percentage of Total Revenue</b>	<b>11%</b>	<b>13%</b>	<b>13%</b>	<b>17%</b>
<b>Total</b>	<b>\$ 177,404</b>	<b>\$ 162,125</b>	<b>\$ 482,650</b>	<b>\$ 480,858</b>
<b>Segment Revenues:</b>				
Carrier Networks	\$ 141,278	\$ 131,942	\$ 374,498	\$ 381,303
Enterprise Networks	36,126	30,183	108,152	99,555
<b>Total</b>	<b>\$ 177,404</b>	<b>\$ 162,125</b>	<b>\$ 482,650</b>	<b>\$ 480,858</b>
<b>Sales by Geographic Region:</b>				
United States	\$ 113,226	\$ 112,972	\$ 348,819	\$ 359,804
International	64,178	49,153	133,831	121,054
<b>Total</b>	<b>\$ 177,404</b>	<b>\$ 162,125</b>	<b>\$ 482,650</b>	<b>\$ 480,858</b>