

**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 16, 2006

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 16, 2006, ADTRAN, Inc. announced its financial results for the third quarter ended September 30, 2006 and certain other information. ADTRAN also announced that its Board of Directors declared a quarterly cash dividend. The quarterly cash dividend is \$0.09 per common share to be paid to holders of record at the close of business on November 2, 2006. The ex-dividend date is October 31, 2006 and the payment date is November 16, 2006. 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.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

The following exhibit is furnished as part of this Current Report on Form 8-K.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated October 16, 2006

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 16, 2006.

ADTRAN, Inc.
(Registrant)

By: /s/ James E. Matthews

James E. Matthews
Senior Vice President - Finance,
Chief Financial Officer and Treasurer

EXHIBIT INDEX

Exhibit Number -----	Description -----
99.1	Press Release dated October 16, 2006

EXHIBIT 99.1

ADTRAN, Inc. Reports Third Quarter 2006 Results and Declares Quarterly Cash Dividend

HUNTSVILLE, Ala.--(BUSINESS WIRE)--Oct. 16, 2006--ADTRAN, Inc. (NASDAQ:ADTN) reported results for the third quarter of 2006. Sales were \$132,650,000 for the quarter compared to \$149,170,000 for the third quarter of 2005. For the third quarter 2006, GAAP net income was \$24,208,000 and GAAP earnings per share, assuming dilution, were \$0.33. Non-GAAP net income was \$26,012,000 for the quarter and non-GAAP earnings per share, assuming dilution, were \$0.35 for the quarter. For the third quarter 2005, GAAP net income was \$33,015,000 and GAAP earnings per share, assuming dilution, were \$0.42. Non-GAAP net income and non-GAAP earnings per share for the third quarter of 2006 exclude the effect of stock compensation expense resulting from the application of Statement of Financial Accounting Standards No. 123R, Share-Based Payment ("SFAS 123R"). SFAS 123R was adopted on a prospective basis effective January 1, 2006. See the table below for reconciliation between non-GAAP and GAAP net income and earnings per share.

ADTRAN Chief Executive Officer Tom Stanton stated, "During the quarter, we continued to see sequential revenue increases in both our traditional and primary growth areas. Our market position improved through market share expansion within existing customers along with key customer approvals in our primary growth product areas."

The Company also announced that its Board of Directors declared a cash dividend for the third quarter of 2006. The quarterly cash dividend is \$0.09 per common share to be paid to holders of record at the close of business on November 2, 2006. The ex-dividend date is October 31, 2006 and the payment date is November 16, 2006.

The Company also confirmed that its third quarter conference call will be held Tuesday, October 17 at 9:30 a.m. Central Time. Guidance for the fourth quarter will be issued during this conference call. This conference call will be web cast live through StreetEvents.com. To listen, simply visit the Investor Relations site at <http://www.adtran.com> or <http://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 <http://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 <http://www.adtran.com> for at least 12 months following the call.

ADTRAN, Inc. is one of the world's most successful network access equipment suppliers, with an 18-year history of profitability and a portfolio of more than 1,400 solutions for use in the last mile of today's telecommunications networks. Widely deployed by carriers and enterprises alike, ADTRAN solutions enable voice, data, video, and Internet communications across copper, fiber, and wireless network infrastructures. ADTRAN solutions are currently in use by every major U.S. service provider and many global ones, as well as by thousands of public, private and governmental organizations worldwide.

For more information, contact the company at 800 9ADTRAN (800 923-8726) or via email at info@adtran.com. On the Web, visit 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, 2005. These risks and uncertainties could cause actual results to differ materially from those in the forward-looking statements included in this press release.

This release includes non-GAAP net income, non-GAAP earnings per share data, and other non-GAAP line items from the Non-GAAP Information table in this release, including costs of sales, gross profit, selling, general and administrative expenses, research and development expenses, profit from operations, income before provision for income taxes and provision for income taxes. These measures exclude the effect of stock compensation expense for employee stock options associated with the application of SFAS 123R, which ADTRAN adopted effective January 1, 2006. These measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from non-GAAP measures used by other companies. ADTRAN believes that the presentation of the non-GAAP measures, when shown in conjunction with the corresponding GAAP measures, provides useful information to management and investors regarding financial and business trends relating to its financial condition and results of operations. ADTRAN further believes that where adjustments used in calculating non-GAAP net income and non-GAAP earnings per share are based on specific, identified charges that impact different line items in the statements of income, it is useful to investors to know how these specific line items are affected by these adjustments. In particular, as ADTRAN applies SFAS 123R, it believes that it is useful to investors to understand how the expenses associated with the application of SFAS 123R are reflected in its results of operations. The presentation of these non-GAAP measures permits both investors and management to more readily compare past results, which do not include the impact of SFAS 123R, with future results, and to better understand ADTRAN's performance over the periods presented.

Condensed Balance Sheet September 30, 2006 Unaudited

(In thousands)

	September 30, 2006

Assets	
Cash & cash equivalents	\$ 30,381
Short-term investments	114,833
Accounts receivable (net)	73,498
Other receivables	7,071
Inventory (net)	47,455
Prepaid expenses and other current assets	9,192

Total current assets	282,430
Equipment (net)	18,822
Land	4,263
Bldg. & land improvements (net)	58,477
Other assets	517
Long-term investments	197,697

Total long-term assets	279,776

Total assets	\$ 562,206
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Liabilities and stockholders' equity	
Accounts payable	\$ 35,077
Accrued wages and benefits	7,708
Accrued liabilities	14,282

Total current liabilities	57,067
Deferred tax liabilities	1,167
Other non-current liabilities	4,388
Long term-debt	48,812

Total long-term liabilities	54,367
Total liabilities	111,434
Stockholders' equity	450,772

Total liabilities and stockholders' equity	\$ 562,206
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Condensed Statements of Income For the three and nine month periods ended September 30, 2006 and 2005

(In thousands, except per share data)

Unaudited

	Three Months Ended		Nine Months Ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005

Sales	\$132,650	\$149,170	\$363,594	\$372,620
Cost of Sales	54,015	59,856	148,020	153,532

Gross Profit	78,635	89,314	215,574	219,088
Selling, general and administrative expenses	26,012	25,011	77,222	72,257
Research and development				

expenses	18,346	15,087	53,581	47,797
Profit from operations	34,277	49,216	84,771	99,034
Interest expense	(633)	(693)	(1,900)	(1,901)
Other income, net	3,619	3,107	12,132	8,950
Income before provision for income taxes	37,263	51,630	95,003	106,083
Provision for income taxes	(13,055)	(18,615)	(33,726)	(37,129)
Net income (1)	\$24,208	\$33,015	\$61,277	\$68,954
Weighted average shares				
Basic	71,688	75,710	74,537	75,602
Diluted (2)	73,478	78,213	76,550	77,675
Earnings per common share				
Basic	\$0.34	\$0.44	\$0.82	\$0.91
Diluted (2)	\$0.33	\$0.42	\$0.80	\$0.89

(1) Net income for the three and nine months ended September 30, 2006 included stock-based compensation expense recognized related to stock options, net of tax, of \$1.8 million and \$5.3 million, respectively, under SFAS 123(R). There was no stock-based compensation expense related to stock options under SFAS 123 in the three and six month period ended September 30, 2005 because we did not adopt the recognition provisions of SFAS 123.

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

Non-GAAP Information (1) (2) For the three and nine month periods ended September 30, 2006 and 2005

(In thousands, except per share data)

Unaudited

	Non-GAAP (excludes effects of SFAS 123R)	Effects of SFAS 123R	GAAP	GAAP
	Three Months Ended September 30, 2006	Three Months Ended September 30, 2006	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005
Sales	\$132,650	\$0	\$132,650	\$149,170
Cost of Sales (a)	53,925	90	54,015	59,856
Gross Profit (a)	78,725	90	78,635	89,314
Selling, general and administrative expenses (a)	25,020	992	26,012	25,011
Research and development expenses (a)	17,363	983	18,346	15,087
Profit from				

operations (a)	36,342	2,065	34,277	49,216
Interest expense	(633)	0	(633)	(693)
Other income, net	3,619	0	3,619	3,107
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Income before provision for income taxes (a)	39,328	2,065	37,263	51,630
Provision for income taxes (b)	(13,316)	(261)	(13,055)	(18,615)
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Net income (a)(b)	\$26,012	\$1,804	\$24,208	\$33,015
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Weighted average shares				
Basic	71,688	71,688	71,688	75,710
Diluted (3)	73,282	73,478	73,478	78,213
Earnings per common share				
Basic	\$0.36	(\$0.02)	\$0.34	\$0.44
Diluted (3)	\$0.35	(\$0.02)	\$0.33	\$0.42
	Non-GAAP (excludes effects of SFAS 123R)	Effects of SFAS 123R	GAAP	GAAP
	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005
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Sales	\$363,594	\$0	\$363,594	\$372,620
Cost of Sales (a)	147,760	260	148,020	153,532
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Gross Profit (a)	215,834	260	215,574	219,088
Selling, general and administrative expenses (a)	74,270	2,952	77,222	72,257
Research and development expenses (a)	50,699	2,882	53,581	47,797
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Profit from operations (a)	90,865	6,094	84,771	99,034
Interest expense	(1,900)	0	(1,900)	(1,901)
Other income, net	12,132	0	12,132	8,950
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Income before provision for income taxes (a)	101,097	6,094	95,003	106,083
Provision for income taxes (b)	(34,500)	(774)	(33,726)	(37,129)
<hr/>				
Net income (a)(b)	\$66,597	\$5,320	\$61,277	\$68,954

Weighted average shares				
Basic	74,537	74,537	74,537	75,602
Diluted (3)	76,440	76,550	76,550	77,675
Earnings per common share				
Basic	\$0.89	(\$0.07)	\$0.82	\$0.91
Diluted (3)	\$0.87	(\$0.07)	\$0.80	\$0.89

(1) A reconciliation between net income on a GAAP basis and non-GAAP net income including items (a) through (b) is provided in the table below.

(2) There was no stock-based compensation expense recorded in fiscal 2005, as we had adopted the footnote disclosure only provision of SFAS 123.

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

RECONCILIATION OF GAAP TO NON-GAAP NET INCOME AND EARNINGS PER SHARE

(In thousands)

	Three Months Ended		Nine Months Ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
GAAP Net Income	\$24,208	\$33,015	\$61,277	\$68,954
(a) Stock-based compensation expense related to stock options (1)	2,065	0	6,094	0
(b) Income tax effect of stock-based compensation expense	(261)	0	(774)	0
Non-GAAP Net Income	\$26,012	\$33,015	\$66,597	\$68,954
GAAP Earnings per common share - diluted	\$0.33	\$0.42	\$0.80	\$0.89
Per share effect of stock-based compensation expense	\$0.02	N/A	\$0.07	N/A
Non-GAAP Earnings per common share - diluted	\$0.35	\$0.42	\$0.87	\$0.89

(1) For the three months ended September 30, 2006, stock-based compensation expense was allocated as follows: \$90 to cost of sales expense, \$992 to selling, general and administrative expense, and \$983 to research and development expense. For the nine months ended September 30, 2006, stock-based compensation expense was allocated as follows: \$260 to cost of sales expense, \$2,952 to selling, general and administrative expense, and \$2,882 to research and development expense.

COMPARISON OF NET INCOME INCLUDING THE EFFECT OF STOCK-BASED COMPENSATION EXPENSE RELATED TO EMPLOYEE STOCK OPTIONS UNDER SFAS 123(R) and SFAS 123 (1)

(In thousands)

	Three Months Ended		Nine Months Ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005

Net Income as reported	\$24,208	\$33,015	\$61,277	\$68,954
Plus: total stock-based compensation included in the determination of reported net income, net of tax	1,804	266	5,320	266
Less: total stock-based compensation expense determined under fair value based method for all awards, net of tax	(1,804)	(1,425)	(5,320)	(5,695)

Non-GAAP net income for calculation of diluted earnings per share	\$24,208	\$31,856	\$61,277	\$63,525
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Earnings per share				
Diluted - as reported	\$0.33	\$0.42	\$0.80	\$0.89
Diluted - non-GAAP	n/a	\$0.41	n/a	\$0.82

(1) Stock-based compensation expense prior to January 1, 2006 is based on the pro forma application of SFAS 123. Net income and net income per share prior to January 1, 2006 did not include stock-based compensation for stock options because ADTRAN did not adopt the recognition provisions of SFAS 123.

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