

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): **July 10, 2012**

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 July 10, 2012, ADTRAN, Inc. announced its financial results for the fiscal quarter ended June 30, 2012 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 July 26, 2012. The ex-dividend date is July 24, 2012 and the payment date is August 9, 2012.

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 June 30, 2012 on the Investor Relations page of its website, 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 July 10, 2012. |
| 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 July 11, 2012.

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 July 10, 2012. |
| 99.2 | Revenues by product and segment classification |

ADTRAN, Inc. Reports Results for the Second Quarter 2012 and Declares Quarterly Cash Dividend

HUNTSVILLE, Ala.--(BUSINESS WIRE)--July 10, 2012--ADTRAN, Inc. (NASDAQ:ADTN) reported results for the second quarter 2012. For the quarter, sales were \$183,998,000 compared to \$184,227,000 for the second quarter of 2011. Net income was \$21,070,000 for the quarter compared to \$36,943,000 for the second quarter of 2011. Earnings per share, assuming dilution, were \$0.33 for the quarter compared to \$0.56 for the second quarter of 2011. Non-GAAP earnings per share for the quarter were \$0.38 compared to \$0.59 for the second quarter of 2011. Non-GAAP earnings per share exclude the effect of acquisition related expenses, amortizations and adjustments related to the acquisitions of the NSN Broadband Access business and Bluesocket, Inc. and stock compensation expense. 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, "Our results for the second quarter reflect a tightening spending environment. Total quarterly revenues grew 37% sequentially, with organic revenues (excluding the recently acquired NSN BBA business) up 20%, representing a flat year over year performance. Our Broadband Access category grew 38% (8% organic) over the same period last year. Our Internetworking category grew 6% over the same period last year. Total core products which include Broadband Access, Optical and Internetworking, grew 17% (flat organically) over the same period last year and now represent 84% of total revenues. Decreasing visibility leaves us cautious for the near term but we are confident that our strong customer alignment and increasing global footprint will deliver long term growth for the company."

The Company also announced that its Board of Directors declared a cash dividend for the second quarter of 2012. The quarterly cash dividend is \$0.09 per common share to be paid to holders of record at the close of business on July 26, 2012. The ex-dividend date is July 24, 2012 and the payment date is August 9, 2012.

The Company confirmed that its second quarter conference call will be held Wednesday, July 11, 2012 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 <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 a leading global provider of networking and communications equipment, with a portfolio of more than 1,700 solutions. 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, contact the company at 800 9ADTRAN (800 923-8726) or via email at info@adtran.com. On the Web, visit www.adtran.com.

To supplement our consolidated financial statements presented on a GAAP basis, ADTRAN, Inc. uses non-GAAP measures of net income per share, which are adjusted to exclude certain costs and expenses we believe appropriate to enhance an overall understanding of our past financial performance. The presentation of this additional information is not meant to be considered in isolation or as a substitute for diluted net income per share prepared in accordance with generally accepted accounting principles in the United States.

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, 2011, and Form 10-Q for the quarter ended March 31, 2012. 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)

| | June 30, 2012 | December 31, 2011 |
|---|--------------------------|------------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 36,968 | \$ 42,979 |
| Short-term investments | 169,449 | 159,347 |
| Accounts receivable, net | 118,511 | 76,130 |
| Other receivables | 8,124 | 9,743 |
| Inventory | 103,776 | 87,800 |
| Prepaid expenses | 4,670 | 3,119 |
| Deferred tax assets, net | 12,803 | 12,125 |
| Total Current Assets | 454,301 | 391,243 |
| Property, plant and equipment, net | 81,981 | 75,295 |
| Deferred tax assets, net | 8,368 | 8,345 |
| Goodwill | 3,492 | 3,492 |
| Other assets | 14,323 | 7,131 |
| Long-term investments | 348,424 | 332,008 |
| Total Assets | \$ 910,889 | \$ 817,514 |
| Liabilities and Stockholders' Equity | | |
| Accounts payable | \$ 46,978 | \$ 29,404 |
| Unearned revenue | 27,251 | 9,965 |
| Accrued expenses | 12,577 | 5,876 |
| Accrued wages and benefits | 15,709 | 13,518 |
| Income tax payable, net | 10,677 | 3,169 |
| Total Current Liabilities | 113,192 | 61,932 |
| Non-current unearned revenue | 23,009 | 4,874 |
| Other non-current liabilities | 14,908 | 12,077 |
| Bonds payable | 46,500 | 46,500 |
| Total Liabilities | 197,609 | 125,383 |
| Stockholders' Equity | 713,280 | 692,131 |
| Total Liabilities and Stockholders' Equity | \$ 910,889 | \$ 817,514 |

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

| | Three Months Ended | | Six Months Ended | |
|--|---------------------------|------------------|-------------------------|------------------|
| | June 30, | | June 30, | |
| | 2012 | 2011 | 2012 | 2011 |
| Sales | \$ 183,998 | \$ 184,227 | \$ 318,733 | \$ 349,749 |
| Cost of sales | 88,797 | 77,400 | 149,445 | 144,127 |
| Gross Profit | 95,201 | 106,827 | 169,288 | 205,622 |
| Selling, general and administrative expenses | 35,905 | 30,898 | 69,017 | 60,450 |
| Research and development expenses | 32,458 | 24,619 | 57,252 | 48,256 |
| Operating Income | 26,838 | 51,310 | 43,019 | 96,916 |
| Interest and dividend income | 1,926 | 2,003 | 3,787 | 3,792 |
| Interest expense | (581) | (594) | (1,168) | (1,196) |
| Net realized investment gain | 2,356 | 3,372 | 4,823 | 6,139 |
| Other expense, net | 492 | (117) | 633 | (242) |
| Gain on bargain purchase of a business | 1,753 | - | 1,753 | - |
| Income before provision for income taxes | 32,784 | 55,974 | 52,847 | 105,409 |
| Provision for income taxes | (11,714) | (19,031) | (18,816) | (34,208) |
| Net Income | \$ 21,070 | \$ 36,943 | \$ 34,031 | \$ 71,201 |
| Weighted average shares outstanding - basic | 63,619 | 64,690 | 63,720 | 64,441 |
| Weighted average shares outstanding - diluted ⁽¹⁾ | 64,393 | 66,135 | 64,628 | 66,044 |
| Earnings per common share - basic | \$ 0.33 | \$ 0.57 | \$ 0.53 | \$ 1.10 |
| Earnings per common share - diluted ⁽¹⁾ | \$ 0.33 | \$ 0.56 | \$ 0.53 | \$ 1.08 |

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

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

| | Three Months Ended | | Six Months Ended | |
|--|---------------------------|------------------|-------------------------|------------------|
| | June 30, | | June 30, | |
| | 2012 | 2011 | 2012 | 2011 |
| Net Income | \$ 21,070 | \$ 36,943 | \$ 34,031 | \$ 71,201 |
| Other Comprehensive Income (Loss), net of tax: | | | | |
| Net change in unrealized gains (losses) on marketable securities | (5,054) | (3,140) | 1,701 | (5,791) |
| Reclassification adjustments for amounts Included in net income | (181) | (236) | (179) | (395) |
| Foreign currency translation | (96) | 369 | 58 | 456 |
| Other Comprehensive Income (Loss), net of tax | (5,331) | (3,007) | 1,580 | (5,730) |
| Comprehensive Income, net of tax | \$ 15,739 | \$ 33,936 | \$ 35,611 | \$ 65,471 |

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

| | Six Months Ended | |
|---|-------------------------|------------------|
| | June 30, | |
| | 2012 | 2011 |
| Cash flows from operating activities: | | |
| Net income | \$ 34,031 | \$ 71,201 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 6,615 | 5,469 |
| Amortization of net premium on available-for-sale investments | 4,330 | 2,992 |
| Net realized gain on long-term investments | (4,823) | (6,139) |
| Net (gain) loss on disposal of property, plant and equipment | (204) | 17 |
| Gain on bargain purchase of a business | (1,753) | - |
| Stock-based compensation expense | 4,432 | 4,165 |
| Deferred income taxes | (2,427) | (192) |
| Tax benefit from stock option exercises | 1,701 | 10,318 |
| Excess tax benefits from stock-based compensation arrangements | (1,346) | (9,180) |
| Change in operating assets and liabilities: | | |
| Accounts receivable, net | (43,062) | (12,373) |
| Other receivables | 1,997 | (6,463) |
| Income tax receivable, net | - | 1,936 |
| Inventory | 5,548 | (12,402) |
| Prepaid expenses and other assets | (1,527) | (176) |
| Accounts payable | 12,877 | 14,703 |
| Accrued expenses and other liabilities | 13,099 | 1,870 |
| Income tax payable, net | 7,508 | - |
| Net cash provided by operating activities | 36,996 | 65,746 |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (7,787) | (6,287) |
| Proceeds from disposals of property, plant and equipment | 266 | - |
| Proceeds from sales and maturities of available-for-sale investments | 138,307 | 237,459 |
| Purchases of available-for-sale investments | (161,849) | (335,870) |
| Acquisition of business | 7,496 | - |
| Net cash used in investing activities | (23,567) | (104,698) |
| Cash flows from financing activities: | | |
| Proceeds from stock option exercises | 4,328 | 33,022 |
| Purchases of treasury stock | (13,432) | - |
| Dividend payments | (11,476) | (11,596) |
| Excess tax benefits from stock-based compensation arrangements | 1,346 | 9,180 |
| Net cash provided by (used in) financing activities | (19,234) | 30,606 |
| Net decrease in cash and cash equivalents | (5,805) | (8,346) |
| Effect of exchange rate changes | (206) | 456 |
| Cash and cash equivalents, beginning of period | 42,979 | 31,677 |
| Cash and cash equivalents, end of period | \$ 36,968 | \$ 23,787 |

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 six months ended June 30, 2012 for both transactions are as follows:

| | Three Months Ended June 30, 2012 | Six Months Ended June 30, 2012 |
|--|---|---|
| <i>Bluesocket, Inc. acquisition</i> | | |
| Amortization of acquired intangible assets | \$ 267 | \$ 485 |
| Amortization of other purchase accounting adjustments | 111 | 377 |
| Subtotal | 378 | 862 |
| <i>NSN BBA acquisition</i> | | |
| Amortization of acquired intangible assets | 172 | 172 |
| Amortization of other purchase accounting adjustments | 1,052 | 1,052 |
| Acquisition related professional fees, travel and other expenses | 2,705 | 4,285 |
| Subtotal | 3,929 | 5,509 |
| Total acquisition related expenses, amortizations and adjustments | 4,307 | 6,371 |
| Tax effect | (1,361) | (2,039) |
| Total acquisition related expenses, amortizations and adjustments, net of tax | \$ 2,946 | \$ 4,332 |

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

| | Three Months Ended June 30, 2012 | Six Months Ended June 30, 2012 |
|--|---|---|
| Revenue (adjustments to deferred revenue recognized in the period) | \$ 508 | \$ 654 |
| Cost of goods sold | 669 | 806 |
| Subtotal | 1,177 | 1,460 |
| Selling, general and administrative expenses | 2,361 | 3,922 |
| Research and development expenses | 769 | 989 |
| Subtotal | 3,130 | 4,911 |
| Total acquisition related expenses, amortizations and adjustments | 4,307 | 6,371 |
| Tax effect | (1,361) | (2,039) |
| Total acquisition related expenses, amortizations and adjustments, net of tax | \$ 2,946 | \$ 4,332 |

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|-----------------|------------------------------|-----------------|
| | 2012 | 2011 | 2012 | 2011 |
| Stock-based compensation expense included in cost of sales | \$ 97 | \$ 89 | \$ 198 | \$ 180 |
| Selling, general and administrative expense | 1,047 | 999 | 2,098 | 2,006 |
| Research and development expense | 1,067 | 988 | 2,136 | 1,979 |
| Stock-based compensation expense included in operating expenses | 2,114 | 1,987 | 4,234 | 3,985 |
| Total stock-based compensation expense | 2,211 | 2,076 | 4,432 | 4,165 |
| Tax benefit for expense associated with non-qualified options | (302) | (276) | (603) | (716) |
| Total stock-based compensation expense, net of tax | \$ 1,909 | \$ 1,800 | \$ 3,829 | \$ 3,449 |

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|----------------|------------------------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| GAAP earnings per common share – diluted | \$ 0.33 | \$ 0.56 | \$ 0.53 | \$ 1.08 |
| Acquisition related expenses, amortizations and adjustments | 0.05 | - | 0.07 | - |
| Stock-based compensation expense | 0.03 | 0.03 | 0.06 | 0.05 |
| Bargain purchase gain – NSN BBA acquisition | (0.03) | - | (0.03) | - |
| Non-GAAP earnings per common share – diluted | \$ 0.38 | \$ 0.59 | \$ 0.63 | \$ 1.13 |

CONTACT:
ADTRAN, Inc.
Jim Matthews, Senior Vice President/CFO, 256-963-8775
or
Investor Services/Assistance:
Gayle Ellis, 256-963-8220

Product and Segment Revenues
(Unaudited)
(In thousands)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|-------------------|------------------------------|-------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Product Revenues: | | | | |
| Carrier Systems | \$ 126,755 | \$ 112,289 | \$ 198,013 | \$ 199,039 |
| Business Networking | 36,590 | 35,699 | 79,732 | 72,062 |
| Loop Access | 20,653 | 36,239 | 40,988 | 78,648 |
| Total | \$ 183,998 | \$ 184,227 | \$ 318,733 | \$ 349,749 |
| Subcategories included in the above: | | | | |
| Broadband Access (included in Carrier Systems) | \$ 106,042 | \$ 77,062 | \$ 155,524 | \$ 128,844 |
| Optical Access (included in Carrier Systems) | 14,003 | 22,008 | 28,258 | 42,924 |
| Internetworking (Netvanta & Multi-service Access Gateways) (included in Business Networking) | 34,935 | 33,029 | 75,909 | 65,912 |
| Total Core Products | \$ 154,980 | \$ 132,099 | \$ 259,691 | \$ 237,680 |
| Percentage of Total Revenue | 84% | 72% | 81% | 68% |
| HDSL (does not include T1) (included in Loop Access) | \$ 19,465 | \$ 34,049 | \$ 38,424 | \$ 74,994 |
| Other Products (excluding HDSL) | 9,553 | 18,079 | 20,618 | 37,075 |
| Total Legacy Products | \$ 29,018 | \$ 52,128 | \$ 59,042 | \$ 112,069 |
| Percentage of Total Revenue | 16% | 28% | 19% | 32% |
| Total | \$ 183,998 | \$ 184,227 | \$ 318,733 | \$ 349,749 |
| Segment Revenues: | | | | |
| Carrier Networks | \$ 152,707 | \$ 150,492 | \$ 249,361 | \$ 282,852 |
| Enterprise Networks | 31,291 | 33,735 | 69,372 | 66,897 |
| Total | \$ 183,998 | \$ 184,227 | \$ 318,733 | \$ 349,749 |
| Sales by Geographic Region: | | | | |
| United States | \$ 130,389 | \$ 160,804 | \$ 246,832 | \$ 313,917 |
| International | 53,609 | 23,423 | 71,901 | 35,832 |
| Total | \$ 183,998 | \$ 184,227 | \$ 318,733 | \$ 349,749 |