

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 9, 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))
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**Item 2.02 Results of Operations and Financial Condition.**

On October 9, 2012, ADTRAN, Inc. announced its financial results for the fiscal quarter ended September 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 October 25, 2012. The ex-dividend date is October 23, 2012 and the payment date is November 8, 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 September 30, 2012 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.

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
99.1	Press Release dated October 9, 2012.
99.2	Revenues by product and segment classification

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## 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 10, 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)

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## EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated October 9, 2012.
99.2	Revenues by product and segment classification

## **ADTRAN, Inc. Reports Results for the Third Quarter 2012 and Declares Quarterly Cash Dividend**

HUNTSVILLE, Ala.--(BUSINESS WIRE)--October 9, 2012--ADTRAN, Inc. (NASDAQ:ADTN) reported results for the third quarter 2012. For the quarter, sales were \$162,125,000 compared to \$192,194,000 for the third quarter of 2011. Net income was \$9,272,000 for the quarter compared to \$36,213,000 for the third quarter of 2011. Earnings per share, assuming dilution, were \$0.15 for the quarter compared to \$0.56 for the third quarter of 2011. Non-GAAP earnings per share for the quarter were \$0.20 compared to \$0.61 for the third quarter of 2011. 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, "This quarter's performance came in line with our revised expectations. Although current market conditions limit near term visibility, we are confident that our market share position and globalization efforts will lead to significantly better performance in the future."

The Company also announced that its Board of Directors declared a cash dividend for the third 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 October 25, 2012. The ex-dividend date is October 23, 2012 and the payment date is November 8, 2012.

Non-GAAP earnings per share exclude the effect of acquisition related expenses, amortizations and adjustments, and stock compensation expense.

The Company confirmed that its third quarter conference call will be held Wednesday, October 10, 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 [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, 2011 and our quarterly report on Form 10-Q for the quarter ended June 30, 2012. These risks and uncertainties could cause actual results to differ materially from those in the forward-looking statements included in this press release.

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

	<u>September 30,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 43,535	\$ 42,979
Short-term investments	190,333	159,347
Accounts receivable, net	102,693	76,130
Other receivables	8,260	9,743
Inventory	107,183	87,800
Prepaid expenses	4,354	3,119
Deferred tax assets, net	12,729	12,125
<b>Total Current Assets</b>	<b>469,087</b>	<b>391,243</b>
Property, plant and equipment, net	81,905	75,295
Deferred tax assets, net	6,843	8,345
Goodwill	3,492	3,492
Other assets	13,825	7,131
Long-term investments	327,106	332,008
<b>Total Assets</b>	<b>\$ 902,258</b>	<b>\$ 817,514</b>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable	\$ 52,285	\$ 29,404
Unearned revenue	31,672	9,965
Accrued expenses	10,310	5,876
Accrued wages and benefits	16,894	13,518
Income tax payable, net	4,186	3,169
<b>Total Current Liabilities</b>	<b>115,347</b>	<b>61,932</b>
Non-current unearned revenue	19,085	4,874
Other non-current liabilities	15,882	12,077
Bonds payable	46,500	46,500
<b>Total Liabilities</b>	<b>196,814</b>	<b>125,383</b>
<b>Stockholders' Equity</b>	<b>705,444</b>	<b>692,131</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 902,258</b>	<b>\$ 817,514</b>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Sales	\$ 162,125	\$ 192,194	\$ 480,858	\$ 541,943
Cost of sales	82,153	82,718	231,598	226,845
<b>Gross Profit</b>	<b>79,972</b>	<b>109,476</b>	<b>249,260</b>	<b>315,098</b>
Selling, general and administrative expenses	34,114	31,475	103,130	91,925
Research and development expenses	35,582	26,894	92,835	75,150
<b>Operating Income</b>	<b>10,276</b>	<b>51,107</b>	<b>53,295</b>	<b>148,023</b>
Interest and dividend income	1,864	2,037	5,651	5,829
Interest expense	(587)	(599)	(1,756)	(1,795)
Net realized investment gain	2,530	2,982	7,353	9,121
Other income (expense), net	(368)	(155)	265	(397)
Gain on bargain purchase of a business	-	-	1,753	-
<b>Income before provision for income taxes</b>	<b>13,715</b>	<b>55,372</b>	<b>66,561</b>	<b>160,781</b>
Provision for income taxes	(4,443)	(19,159)	(23,259)	(53,367)
<b>Net Income</b>	<b>\$ 9,272</b>	<b>\$ 36,213</b>	<b>\$ 43,302</b>	<b>\$ 107,414</b>
Weighted average shares outstanding - basic	63,066	64,023	63,495	64,300
Weighted average shares outstanding - diluted <sup>(1)</sup>	63,304	64,961	64,139	65,697
Earnings per common share - basic	\$ 0.15	\$ 0.57	\$ 0.68	\$ 1.67
Earnings per common share - diluted <sup>(1)</sup>	\$ 0.15	\$ 0.56	\$ 0.68	\$ 1.63

<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,	
	2012	2011	2012	2011
Net Income	\$ 9,272	\$ 36,213	\$ 43,302	\$ 107,414
<b>Other Comprehensive Income (Loss), net of tax:</b>				
Net change in unrealized gains (losses) on marketable securities	154	(5,468)	1,855	(11,259)
Reclassification adjustments for amounts included in net income	343	(287)	164	(682)
Foreign currency translation	134	(1,487)	191	(1,031)
<b>Other Comprehensive Income (Loss), net of tax</b>	<b>631</b>	<b>(7,242)</b>	<b>2,210</b>	<b>(12,972)</b>
<b>Comprehensive Income, net of tax</b>	<b>\$ 9,903</b>	<b>\$ 28,971</b>	<b>\$ 45,512</b>	<b>\$ 94,442</b>



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

	Nine Months Ended September 30,	
	2012	2011
<b>Cash flows from operating activities:</b>		
Net income	\$ 43,302	\$ 107,414
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,366	8,435
Amortization of net premium on available-for-sale investments	6,343	4,697
Net realized gain on long-term investments	(7,352)	(9,121)
Net (gain) loss on disposal of property, plant and equipment	(213)	14
Gain on bargain purchase of a business	(1,753)	-
Stock-based compensation expense	6,783	6,455
Deferred income taxes	(1,156)	128
Tax benefit from stock option exercises	1,813	10,457
Excess tax benefits from stock-based compensation arrangements	(1,412)	(9,311)
Change in operating assets and liabilities:		
Accounts receivable, net	(26,178)	(18,440)
Other receivables	1,866	(8,525)
Income tax receivable, net	-	2,741
Inventory	2,142	(12,247)
Prepaid expenses and other assets	(1,193)	207
Accounts payable	17,607	8,924
Accrued expenses and other liabilities	12,769	15,047
Income tax payable, net	1,022	1,916
<b>Net cash provided by operating activities</b>	<b>64,756</b>	<b>108,791</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(10,759)	(9,531)
Proceeds from disposals of property, plant and equipment	266	-
Proceeds from sales and maturities of available-for-sale investments	198,566	378,288
Purchases of available-for-sale investments	(220,355)	(443,275)
Acquisition of business	7,496	(22,762)
<b>Net cash used in investing activities</b>	<b>(24,786)</b>	<b>(97,280)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from stock option exercises	4,932	33,631
Purchases of treasury stock	(28,578)	(35,178)
Dividend payments	(17,173)	(17,395)
Excess tax benefits from stock-based compensation arrangements	1,412	9,311
<b>Net cash used in financing activities</b>	<b>(39,407)</b>	<b>(9,631)</b>
Net increase in cash and cash equivalents	563	1,880
Effect of exchange rate changes	(7)	(1,031)
<b>Cash and cash equivalents, beginning of period</b>	<b>42,979</b>	<b>31,677</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 43,535</b>	<b>\$ 32,526</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, 2012 and 2011 for both transactions are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
<i>Bluesocket, Inc. acquisition</i>				
Amortization of acquired intangible assets	\$ 268	\$ 198	\$ 753	\$ 198
Amortization of other purchase accounting adjustments	37	217	414	217
Acquisition related professional fees, travel and other expenses	-	630	-	630
<b>Subtotal</b>	<b>305</b>	<b>1,045</b>	<b>1,167</b>	<b>1,045</b>
<i>NSN BBA acquisition</i>				
Amortization of acquired intangible assets	300	-	472	-
Amortization of other purchase accounting adjustments	666	-	1,718	-
Acquisition related professional fees, travel and other expenses	252	931	4,537	992
<b>Subtotal</b>	<b>1,218</b>	<b>931</b>	<b>6,727</b>	<b>992</b>
<b>Total acquisition related expenses, amortizations and adjustments</b>	<b>1,523</b>	<b>1,976</b>	<b>7,894</b>	<b>2,037</b>
Tax effect	(496)	(751)	(2,660)	(776)
<b>Total acquisition related expenses, amortizations and adjustments, net of tax</b>	<b>\$ 1,027</b>	<b>\$ 1,225</b>	<b>\$ 5,234</b>	<b>\$ 1,261</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, 2012 and 2011:

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Revenue (adjustments to deferred revenue recognized in the period)	\$ 497	\$ 155	\$ 1,151	\$ 155
Cost of goods sold	126	66	932	66
<b>Subtotal</b>	<b>623</b>	<b>221</b>	<b>2,083</b>	<b>221</b>
Selling, general and administrative expenses	258	1,374	4,180	1,424
Research and development expenses	642	381	1,631	392
<b>Subtotal</b>	<b>900</b>	<b>1,755</b>	<b>5,811</b>	<b>1,816</b>
<b>Total acquisition related expenses, amortizations and adjustments</b>	<b>1,523</b>	<b>1,976</b>	<b>7,894</b>	<b>2,037</b>
Tax effect	(496)	(751)	(2,660)	(776)
<b>Total acquisition related expenses, amortizations and adjustments, net of tax</b>	<b>\$ 1,027</b>	<b>\$ 1,225</b>	<b>\$ 5,234</b>	<b>\$ 1,261</b>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
<b>Stock-based compensation expense included in cost of sales</b>	<b>\$ 106</b>	<b>\$ 100</b>	<b>\$ 304</b>	<b>\$ 280</b>
Selling, general and administrative expense	1,107	1,090	3,205	3,096
Research and development expense	1,138	1,100	3,274	3,079
<b>Stock-based compensation expense included in operating expenses</b>	<b>2,245</b>	<b>2,190</b>	<b>6,479</b>	<b>6,175</b>
<b>Total stock-based compensation expense</b>	<b>2,351</b>	<b>2,290</b>	<b>6,783</b>	<b>6,455</b>
Tax benefit for expense associated with non-qualified options	(313)	(302)	(916)	(1,018)
<b>Total stock-based compensation expense, net of tax</b>	<b>\$ 2,038</b>	<b>\$ 1,988</b>	<b>\$ 5,867</b>	<b>\$ 5,437</b>

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**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,	
	2012	2011	2012	2011
<b>GAAP earnings per common share – diluted</b>	<b>\$ 0.15</b>	<b>\$ 0.56</b>	<b>\$ 0.68</b>	<b>\$ 1.63</b>
Acquisition related expenses, amortizations and adjustments	0.02	0.02	0.08	0.02
Stock-based compensation expense	0.03	0.03	0.09	0.08
Bargain purchase gain – NSN BBA acquisition	-	-	(0.03)	-
<b>Non-GAAP earnings per common share – diluted</b>	<b>\$ 0.20</b>	<b>\$ 0.61</b>	<b>\$ 0.82</b>	<b>\$ 1.73</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,	
	2012	2011	2012	2011
<b>Product Revenues:</b>				
Carrier Systems	\$ 111,577	\$ 119,979	\$ 309,590	\$ 319,018
Business Networking	36,600	44,919	116,332	116,981
Loop Access	13,948	27,296	54,936	105,944
<b>Total</b>	<b>\$ 162,125</b>	<b>\$ 192,194</b>	<b>\$ 480,858</b>	<b>\$ 541,943</b>
<b>Subcategories included in the above:</b>				
Broadband Access (included in Carrier Systems)	\$ 94,464	\$ 86,954	\$ 249,988	\$ 215,798
Optical Access (included in Carrier Systems)	11,160	22,298	39,418	65,222
Internetworking (Netvanta & Multi-service Access Gateways) (included in Business Networking)	35,411	42,506	111,320	108,418
<b>Total Core Products</b>	<b>141,035</b>	<b>151,758</b>	<b>400,726</b>	<b>389,438</b>
<b>Percentage of Total Revenue</b>	<b>87%</b>	<b>79%</b>	<b>83%</b>	<b>72%</b>
<b>Legacy Products:</b>				
HDSL (does not include T1) (included in Loop Access)	12,926	25,297	51,350	100,291
Other Products (excluding HDSL)	8,164	15,139	28,782	52,214
<b>Total Legacy Products</b>	<b>21,090</b>	<b>40,436</b>	<b>80,132</b>	<b>152,505</b>
<b>Percentage of Total Revenue</b>	<b>13%</b>	<b>21%</b>	<b>17%</b>	<b>28%</b>
<b>Total</b>	<b>\$ 162,125</b>	<b>\$ 192,194</b>	<b>\$ 480,858</b>	<b>\$ 541,943</b>
<b>Segment Revenues:</b>				
Carrier Networks	\$ 131,942	\$ 152,492	\$ 381,303	\$ 435,344
Enterprise Networks	30,183	39,702	99,555	106,599
<b>Total</b>	<b>\$ 162,125</b>	<b>\$ 192,194</b>	<b>\$ 480,858</b>	<b>\$ 541,943</b>
<b>Sales by Geographic Region:</b>				
United States	\$ 112,972	\$ 170,343	\$ 359,804	\$ 484,260
International	49,153	21,851	121,054	57,683
<b>Total</b>	<b>\$ 162,125</b>	<b>\$ 192,194</b>	<b>\$ 480,858</b>	<b>\$ 541,943</b>