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

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ADTRAN HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

87-2164282
(IRS Employer
Identification No.)

901 Explorer Boulevard
Huntsville, Alabama 35806-2807
Tel No.: (256) 963-8000
(Address of Principal Executive Offices, including Zip Code)

ADVA OPTICAL NETWORKING SE OPTION RIGHTS AGREEMENTS UNDER THE STOCK OPTION RIGHTS PROGRAM 2011
(Full titles of the plan)

Michael Foliano
Chief Financial Officer
ADTRAN Holdings, Inc.
901 Explorer Boulevard
Huntsville, Alabama 35806-2807
Tel No.: (256) 963-8000
(Name, address, and telephone number, including area code, of agent for service)

With a Copy to:

Timothy W. Gregg
Maynard, Cooper & Gale, P.C.
1901 Sixth Avenue North
1700 Regions/Harbert Plaza
Birmingham, Alabama 35203
(205) 254-1000

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

EXPLANATORY NOTE

This Registration Statement on Form S-8 (this “Registration Statement”) is being filed by ADTRAN Holdings, Inc., a Delaware corporation (“ADTRAN Holdings” or the “Registrant”), to register the issuance of an aggregate of 2,267,561 shares of common stock, par value \$0.01 per share, of ADTRAN Holdings, Inc. (the “Shares”), which represents the maximum number of Shares that are issuable pursuant to option awards that may be assumed by the Registrant pursuant to that certain Business Combination Agreement dated August 30, 2021, by and among the Registrant; ADTRAN, Inc., a Delaware corporation (the “Predecessor”); Acorn MergeCo, Inc., a Delaware corporation and wholly-owned subsidiary of the Registrant (“Merger Sub”); and ADVA Optical Networking SE, a company organized and existing under the laws of Germany (“ADVA”) (the “Business Combination Agreement”), pursuant to which (a) Merger Sub agreed to merge with and into the Predecessor, with the Predecessor surviving the business combination as a wholly-owned direct subsidiary of the Registrant (the “Merger”) and (b) the Registrant agreed to submit a voluntary public exchange takeover offer within the meaning of Section 29 para. 1, Section 31 para. 2 of the German Takeover Act to the holders of ADVA shares (the “Exchange Offer” and, together with the Merger, the “Business Combination”). Pursuant to the Business Combination Agreement, the Registrant has agreed to assume certain outstanding options that had been granted by ADVA under its Stock Option Rights Program 2011 (the “Assumed Options”).

At or following the settlement of the Exchange Offer (the “Effective Time”), each holder of an option to purchase one share of common stock of ADVA (each, an “ADVA Option”) outstanding immediately prior to the Effective Time may elect to convert such ADVA Option into an option to purchase 0.8244 Shares of the Registrant (such ratio, the “Exchange Ratio”). The exercise price for each Assumed Option is equal to (a) the exercise price of the ADVA Option immediately prior to the consummation of the Exchange Offer divided by (b) the Exchange Ratio. Such exercise price will be converted into United States dollars at the applicable foreign exchange rate (USD/EUR) on the date of the consummation of the Exchange Offer. Upon assumption by the Registrant, the Assumed Options will otherwise generally be governed by the same terms and conditions as those that apply to options outstanding under ADTRAN 2015 Employee Stock Incentive Plan (the “ADTRAN 2015 Plan”), except for certain changes to the vesting requirements and/or expiration terms of the Assumed Options. This Registration Statement registers the maximum number of Shares that may be acquired under the Assumed Options, assuming that all holders of ADVA Options elect to convert such options into Assumed Options to purchase Shares of the Registrant. The foregoing description of the Assumed Options is not complete and is qualified in its entirety by reference to the Summary of Terms of Assumed Options filed herewith as Exhibit 4.1, which is incorporated herein by reference. The Registrant’s Shares trade on the NASDAQ Global Market under the trading symbol “ADTN”.

PART I
INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

Item 1. Plan Information.

The documents containing the information specified in this Item 1 will be sent or given to employees, officers, directors or others as specified by Rule 428(b)(1) under the Securities Act of 1933, as amended (the “Securities Act”). In accordance with the rules and regulations of the Securities and Exchange Commission (the “Commission”) and the instructions to Form S-8, such documents are not being filed with the Commission either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424 under the Securities Act.

Item 2. Registrant Information and Employee Plan Annual Information.

The documents containing the information specified in this Item 2 will be sent or given to employees, officers, directors or others as specified by Rule 428(b)(1) under the Securities Act. In accordance with the rules and regulations of the Commission and the instructions to Form S-8, such documents are not being filed with the Commission either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424 under the Securities Act. Such documents, together with the documents incorporated by reference herein pursuant to Item 3 of Part II of this Registration Statement on Form S-8, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act, and are available without charge, upon written or oral request to: ADTRAN Holdings, Inc., 901 Explorer Boulevard, Huntsville, Alabama 35806-2807; telephone (256) 963-8000; Attention: Corporate Secretary.

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents, which have previously been filed by the Predecessor or the Registrant with the Commission, are incorporated by reference and made a part hereof:

- The Predecessor’s Annual Report on [Form 10-K](#) for the fiscal year ended December 31, 2021, filed with the Commission on February 25, 2022;
- The information contained in the Predecessor’s Definitive Proxy Statement on [Schedule 14A](#), filed with the SEC on March 29, 2022 and incorporated into Part III of the Predecessor’s Annual Report on [Form 10-K](#) for the fiscal year ended December 31, 2021;
- The Predecessor’s Quarterly Report on [Form 10-Q](#) for the quarter ended March 31, 2022, filed with the Commission on May 6, 2022;
- The Predecessor’s Current Reports on Form 8-K filed with the Commission on [January 6, 2022](#); [April 6, 2022](#); [May 13, 2022](#); [May 23, 2022](#); and [July 8, 2022](#); and
- The Registrant’s Current Report on Form 8-K filed with the Commission on [July 11, 2022](#) (which evidences the registration of the Registrant’s Shares under Section 12 of the Exchange Act and includes therein a description of the Shares), including any amendment or report filed for the purpose of updating such description.

The Registrant is not incorporating by reference any Current Reports on Form 8-K through which it or the Predecessor furnished, rather than filed, information with the Commission.

Additionally, all reports and other documents filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act on or after the effective date of this Registration Statement, and prior to the filing of a post-effective amendment to this Registration Statement which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be part hereof from the date of filing of such reports and other documents.

Any statement contained herein or in any document to be incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

Section 145(a) of the Delaware General Corporation Law (the “DGCL”) provides, in general, that a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director or officer, of corporation against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person’s conduct was unlawful.

Section 145(b) of the DGCL provides, in general, that a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor because the person is or was a director or officer of the corporation, against any expenses (including attorneys’ fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to be indemnified for such expenses which the Court of Chancery or such other court shall deem proper.

Under Section 145(c) of the DGCL, present and former directors, and certain present and former officers, who have been successful on the merits or otherwise in defense of any action, suit or proceeding referenced in Section 145(a) or 145(b) of the Delaware General Corporation Law, or in defense of any claim, issue or matter therein, are entitled to mandatory indemnification against expenses (including attorneys’ fees) actually and reasonably incurred by such person in connection therewith.

Section 145(e) of the DCGL permits a corporation to pay expenses (including attorneys' fees) incurred by an officer or director of the corporation in defending any civil, criminal, administrative or investigative action, suit or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation.

Section 145(g) of the DCGL provides, in general, that a corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation against any liability asserted against the person in any such capacity, or arising out of the person's status as such, whether or not the corporation would have the power to indemnify the person against such liability under the provisions of the law.

As permitted by the DGCL, the Registrant's Amended and Restated Certificate of Incorporation provides that (1) the Registrant is required to indemnify each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the Registrant or is or was serving at the request of the Registrant as a director or officer of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer, to the fullest extent permitted by the DGCL as it exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Registrant to provide broader indemnification rights than said law permitted the Registrant to provide prior to such amendment); provided, however, that with respect to proceedings seeking to enforce rights to indemnification, the Registrant shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Registrant; (2) it is permitted to indemnify its other employees and agents to the extent to the fullest extent permitted by the DGCL as it exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Registrant to provide broader indemnification rights than said law permitted the Registrant to provide prior to such amendment); (3) it is required to advance expenses, as incurred, to its directors and officers in connection with a legal proceeding, provided, however, that, if the DGCL requires it, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding shall be made only upon an undertaking by such director or officer to repay all amounts so advanced if it shall ultimately be determined that they are not entitled to be indemnified; and (4) the rights conferred in its Amended and Restated Certificate of Incorporation are not exclusive.

As permitted by the DGCL, the Registrant's Amended and Restated Certificate of Incorporation includes a provision that eliminates the personal liability of the Registrant's directors for monetary damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the Registrant or its stockholders; (2) for acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law; (3) under Section 174 of the DGCL (regarding unlawful dividends, stock purchases and redemptions); or (4) for any transaction from which the director derived an improper personal benefit. If the DGCL is subsequently amended to further eliminate or limit the liability of a director then a director of the Registrant, in addition to the circumstances in which a director is not personally liable as set forth in the preceding sentence, shall not be liable to the fullest extent permitted by the amended DGCL.

The Registrant maintains directors' and officers' liability insurance covering the directors and officers of the Registrant against claims arising out of the performance of their duties as such. The Registrant also has entered into indemnification agreements with its non-employee directors providing such individuals with rights to indemnification and expense advancement to the fullest extent permitted under the law.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

The following exhibits are filed with or incorporated by reference into this Registration Statement.

<u>Exhibit No.</u>	<u>Exhibit Description</u>
3.1	<u>Amended and Restated Certificate of Incorporation of ADTRAN Holdings, Inc. (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated July 8, 2022 and incorporated herein by reference)</u>
3.2	<u>Amended and Restated Bylaws of ADTRAN Holdings, Inc. (filed as Exhibit 3.2 to the Registrant's Current Report on Form 8-K dated July 8, 2022 and incorporated herein by reference)</u>
4.1*	<u>Summary of Terms of Assumed Options of ADVA Optical Networking SE</u>
5.1*	<u>Opinion of Maynard, Cooper & Gale, P.C., counsel to the Registrant</u>
23.1*	<u>Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm</u>
23.2*	<u>Consent of Maynard, Cooper & Gale, P.C. (contained in Exhibit 5.1 to this Registration Statement)</u>
24.1*	<u>Powers of Attorney (included on the signature pages to this Registration Statement)</u>
107.1*	<u>Filing Fee Table</u>

* Filed herewith.

Item 9. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

- (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;
- (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Huntsville, State of Alabama, on July 11, 2022.

ADTRAN, INC.

/s/ Thomas R. Stanton

Name: Thomas R. Stanton

Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Thomas R. Stanton and Michael Foliano, and each of them severally, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act, and to file the same, with exhibits thereto, and other documents in connection therewith, with the Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their substitute or his, her or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Form S-8 Registration Statement has been signed below by the following persons in the capacities indicated on the 11th day of July, 2022.

Signature

/s/ Thomas R. Stanton

Thomas R. Stanton

/s/ Michael Foliano

Michael Foliano

Title

Chief Executive Officer and Chairman of the Board (Principal Executive Officer)

Senior Vice President of Finance and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

/s/ H. Fenwick Huss
H. Fenwick Huss

Director

/s/ Gregory McCray
Gregory McCray

Director

/s/ Balan Nair
Balan Nair

Director

/s/ Jacqueline H. Rice
Jacqueline H. Rice

Director

/s/ Kathryn A. Walker
Kathryn A. Walker

Director

SUMMARY OF TERMS

**ADVA Optical Networking SE Stock Options Assumed by
ADTRAN Holdings, Inc.**

With respect to those employees of ADVA Optical Networking SE (“ADVA”) who held stock options (“ADVA Options”) pursuant to the ADVA Stock Option Right Program 2011 and applicable option rights agreements entered into thereunder (together, the “ADVA Option Agreements”) and who have elected for their ADVA Options to be assumed by ADTRAN Holdings, Inc. (“ADTRAN”), thereafter representing options to purchase shares of ADTRAN (the “Assumed Options”), such Assumed Options will be subject to the terms and conditions of the ADTRAN, Inc. 2015 Employee Stock Incentive Plan (the “ADTRAN Plan”), which is attached as Exhibit A hereto, except to extent set forth in the table below. Capitalized terms used but not defined below have the meanings ascribed to such terms in the Business Combination Agreement, dated as of August 30, 2021, by and among ADVA, ADTRAN (previously known as Acorn HoldCo, Inc.), ADTRAN, Inc. and Acorn MergeCo, Inc. (the “Business Combination Agreement”).

Number of Assumed Options Exercisable for New ADTRAN Shares	The number of ADVA Options held by the employee multiplied by 0.8244 (the Exchange Ratio under the Exchange Offer) and rounded down to the nearest whole share.
Exercise Price	The exercise price of the existing ADVA Option, divided by the Exchange Ratio, and converted into USD at the FX rate (USD/EUR), at xe.com, on either (i) the date that consent declarations were distributed to holders of ADVA Options or (ii) the date of Closing of the Exchange Offer, whichever rate is more favourable to the holders of the ADVA Options, and rounded up to the nearest whole cent.
Expiration	Expiration terms applicable to the Assumed Options are as provided under the ADVA Option Rights Agreements.
Vesting	Vesting terms applicable to the Assumed Options are as provided under the ADVA Option Rights Agreements.
Performance Hurdles	None beyond continued employment.

EXHIBIT A

ADTRAN, INC. 2015 EMPLOYEE STOCK INCENTIVE PLAN

ARTICLE I

PLAN INFORMATION

- 1.1 Background. ADTRAN, Inc. (the “Company”) hereby adopts this new equity incentive plan for the benefit of its employees to replace certain Prior Plans that have expired, or will soon expire. This new plan shall be known as the ADTRAN, Inc. 2015 Employee Stock Incentive Plan (the “Plan”).
- 1.2 General Purpose. The purpose of the Plan is to further the growth and development of the Company by offering employees of the Company and its Affiliates the opportunity to own a proprietary interest in the Company. The Company intends that the Plan will provide such employees with an added incentive to continue in the employ, promote the growth, efficiency and profitability, and help to attract outstanding employees to the service, of the Company and its Affiliates.
- 1.3 Types of Awards Available Under the Plan. The Plan permits Awards of Stock Options, Stock Appreciation Rights (“SARs”), Restricted Stock and Restricted Stock Units (“RSUs”). The types of Stock Options permitted under the Plan are incentive stock options (“ISOs”) and nonqualified stock options (“NQSOs”).
- 1.4 Intended Tax Effects of Awards. The Company intends that ISOs granted under the Plan qualify as incentive stock options under Code Section 422. Restricted Stock Awards are subject to taxation under Code Section 83. Nonqualified Stock Options and Stock Appreciation Rights are subject to taxation when the Nonqualified Stock Option or Stock Appreciation Right is exercised. Restricted Stock Units are subject to taxation when the underlying shares of Common Stock are issued to the Participant. It is intended that some Awards under the Plan will qualify as “performance-based compensation” under Code Section 162(m).
- 1.5 Effective Date of the Plan. The Plan shall be effective on May 13, 2015 (the “Effective Date”), the date of the Company’s annual meeting of shareholders and provided that the Plan is approved at such meeting by the Company’s shareholders in accordance with applicable law (including, without limitation, approvals required under Rule 16b-3, Code Section 162(m) and Code Section 422) and any registration or stock exchange rule. Notwithstanding the above, any Stock Option that is designated as an Incentive Stock Option shall automatically be treated as a Nonqualified Stock Option if the Plan is not approved by the shareholders of the Company within twelve (12) months after the Effective Date of the Plan; no Award that is intended to qualify as “performance-based compensation” within the meaning of Code Section 162(m) that is granted to a Covered Employee shall be effective unless and until the Plan is approved by the Company’s shareholders; and no Restricted Stock Award shall be granted prior to approval by the Company’s shareholders.
- 1.6 Term. Unless earlier terminated by the Board pursuant to the provisions of Section 10 hereof, the Plan shall remain in effect until the tenth anniversary of January 20, 2015, the date the Plan was adopted by the Board; provided, however, that no Award that is intended to be “performance-based compensation” under Code Section 162(m) that is granted to a Covered Employee (other than an Stock Option or Stock Appreciation Right) shall be granted on or after the five (5) year anniversary of the shareholder approval of the Plan unless the Performance Measures have been reapproved (or other designated business criteria has been approved) by the Company’s shareholders within the previous five (5) years as required by the “performance-based compensation” exemption under Code Section 162(m). Notwithstanding its termination, the Plan shall remain in effect with respect to outstanding Awards as long as any Awards are outstanding.
- 1.7 Operation, Administration and Definitions. The operation and administration of the Plan are subject to the provisions of this Plan document. Capitalized terms used in the Plan are defined in Article II below or may be defined within the Plan.
- 1.8 Legal Compliance. The Plan is intended to comply with (A) the requirements for ISOs under Code Section 422, (B) Code Section 409A, to the extent any Awards are treated as nonqualified deferred compensation under Code Section 409A, (C) the exemption of Awards under the provisions of Rule 16b-3 and (D) Code Section 162(m), to the extent any Awards are intended to be “performance-based compensation” under Code Section 162(m).

ARTICLE II

PLAN DEFINITIONS

For purposes of the Plan, the terms listed below are defined as follows:

- 2.1 162(m) Performance Award means any Award that is intended to meet the exemption for “performance-based compensation” as defined under Code Section 162(m).
- 2.2 Affiliate means an entity that, directly or indirectly, controls, is controlled by, or is under common control with the Company, within the meaning of Rule 12b-2 of the Exchange Act.
- 2.3 Award means any award or benefit granted to Participant under the Plan, including, without limitation, the grant of Stock Options, Stock Appreciation Rights, Restricted Stock and/or Restricted Stock Units.
- 2.4 Award Agreement means the written (or electronic) agreement issued by the Company to the Participant that sets forth the terms and provisions of the Award granted under the Plan.
- 2.5 Base Value means the per share base price of a Stock Appreciation Right.
- 2.6 Board or Board of Directors means the Board of Directors of the Company.
- 2.7 Cause means, as defined in such Participant’s employment, severance or similar agreement (if any) with the Company or an Affiliate if such an agreement exists as of the Participant’s Separation from Service and contains a definition of cause (or a like term) or, if no such agreement exists or such agreement does not contain a definition of cause (or a like term), then Cause means:
 - (A) willful and continued failure to substantially perform his duties with the Company within ten (10) business days after a written demand for substantial performance is delivered to the Participant which identifies the manner in which the Company believes that the Participant has not substantially performed his duties;
 - (B) unlawful or willful misconduct which is economically injurious to the Company or to any Affiliate;
 - (C) commission of, or a plea of guilty or *nolo contendere* to, a felony charge (other than a traffic violation);
 - (D) habitual drug or alcohol abuse that impairs the Participant’s ability to perform the essential duties of his position;
 - (E) an act of embezzlement or fraud;
 - (F) competition with the business of the Company or an Affiliate, either directly or indirectly; or
 - (G) a breach of any provision of any employment, confidentiality, intellectual property or non-competition agreement with the Company or an Affiliate, and to the extent curable, such breach is not cured by the Participant within ten (10) business days after a written notice is delivered to the Participant.
- 2.8 Change of Control means the occurrence of any of the following events on or after the Effective Date of this Plan:
 - (A) Change in Ownership. A change in the ownership of the Company occurs on the date that any one person, or more than one person acting as a group, acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company. However, if any one person or more than one person acting as a group, is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Company or to cause a change in the effective control of the Company (within the meaning of subsection (B) below). An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this Section. This applies only when there is a transfer of stock of the Company (or issuance of stock of the Company) and stock in the Company remains outstanding after the transaction.

- (B) Change in Effective Control. A change in the effective control of the Company occurs on the date that either: (1) any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing thirty-five percent (35%) or more of the total voting power of the stock of the Company; or (2) a majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. A change in effective control may occur in any transaction in which either of the two corporations involved in the transaction has a Change of Control; or
- (C) Change in Ownership of a Substantial Portion of Assets. A change in the ownership of a substantial portion of the Company's assets shall occur on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

Notwithstanding the foregoing, if it is determined that an Award hereunder is subject to Code Section 409A, the Company will not be deemed to have undergone a Change of Control unless the Company is deemed to have undergone a "change in ownership," a "change in effective control" or a "change in the ownership of a substantial portion of the assets" within the meaning of Code Section 409A.

- 2.9 Code means the Internal Revenue Code of 1986, as amended. A reference to any provision of the Code includes any regulations and formal guidance issued thereunder and any reference to any successor provision of the Code.
- 2.10 Committee means the committee appointed by the Board pursuant to Section 3.2 hereof to administer and interpret the Plan in accordance with Article III. The Committee shall (A) consist of two or more individuals each of whom shall be, to the extent required by Rule 16b-3, a "non-employee director" as defined in Rule 16b-3, and to the extent required by Code Section 162(m), an Outside Director and (B) satisfy the applicable requirements of any stock exchange or national market system on which the Common Stock may then be listed.
- 2.11 Common Stock means the common stock of the Company, par value \$0.01 per share.
- 2.12 Company means ADTRAN, Inc., a Delaware corporation, and any successor thereto.
- 2.13 Covered Employee means a Participant who is a "covered employee" within the meaning of Code Section 162(m)(3).
- 2.14 Disability means a Participant is unable to engage in any substantial gainful activity by reason of any medically-determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months. A Participant shall be considered disabled only if he furnishes such proof of Disability as the Committee may reasonably require from time to time.
- 2.15 Effective Date means the effective date of this Plan, which is May 13, 2015, subject to shareholder approval as provided in Section 1.5.
- 2.16 Employee means any common law employee of the Company or an Affiliate who is actively employed at the time the Award is made. As required by law, only Employees of the Company and any Parent or Subsidiary are eligible to receive ISOs.
- 2.17 Exchange Act means the Securities Exchange Act of 1934, as amended.
- 2.18 Exercise Price means the purchase price of the shares of Common Stock underlying a Stock Option.

2.19 Fair Market Value of a share of Common Stock as of a date of determination means the following:

- (A) Stock Listed and Shares Traded. If the Common Stock is listed and traded on a national securities exchange (as such term is defined by the Exchange Act) or on the NASDAQ National Market System on the date of determination, the Fair Market Value per share shall be the closing price of a share of the Common Stock on said national securities exchange or NASDAQ National Market System on the business day immediately preceding the date of determination. If the Common Stock is traded in the over-the-counter market, the Fair Market Value per share shall be the average of the closing bid and asked prices of a share on the business day immediately preceding the date of determination.
- (B) Stock Listed But No Shares Traded. If the Common Stock is listed on a national securities exchange or on the NASDAQ National Market System but no shares of the Common Stock are traded on the date of determination but there were shares traded on dates within a reasonable period before the date of determination, the Fair Market Value shall be the closing price of a share of the Common Stock on the most recent date before the date of determination. If the Common Stock is regularly traded in the over-the-counter market but no shares of the Common Stock are traded on the date of determination (or if records of such trades are unavailable or burdensome to obtain) but there were shares traded on dates within a reasonable period before the date of determination, the Fair Market Value shall be the average of the closing bid and asked prices of a share of the Common Stock on the most recent date before the date of determination on which trading occurred.
- (C) Stock Not Listed. If the Common Stock is not listed on a national securities exchange or on the NASDAQ National Market System and is not regularly traded in the over-the-counter market, then the Committee shall determine the Fair Market Value of the Common Stock in a manner consistent with the requirements of Code Section 409A, and in the case of an ISO, in compliance with Code Section 422.

The Committee's determination of Fair Market Value, which shall be made pursuant to the foregoing provisions, shall be final and binding for all purposes of this Plan.

- 2.20 Family Member means a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of the Participant, any person sharing the Participant's household (other than a tenant or employee), a trust in which any one or more of these persons have more than fifty percent (50%) of the beneficial interest, a foundation in which any one or more of these persons (or the Participant) control the management of assets, and any other entity in which one or more of these persons (or the Participant) own more than fifty percent (50%) of the voting interests.
- 2.21 Incentive Stock Option or ISO means an option to purchase shares of Common Stock that is granted under Article VII hereof, designated as an incentive stock option, and intended to meet the requirements of Code Section 422.
- 2.22 Nonqualified Stock Option or NQSO means an option to purchase shares of Common Stock that is granted under Article VII hereof and not an incentive stock option within the meaning of Code Section 422.
- 2.23 Officer means "officer" as defined in Rule 16a-1(f) under Section 16(a) of the Exchange Act.
- 2.24 Outside Director means a member of the Board who qualifies as an "outside director," as that term is defined in Code Section 162(m).
- 2.25 Parent means any "parent corporation" of the Company within the meaning of Code Section 424(e).
- 2.26 Participant means an individual who has been selected to receive an Award, or with respect to whom an Award is outstanding, under the Plan.
- 2.27 Performance Measures means any one or more of the criteria or measurements by which specific performance goals may be established and performance may be measured, as determined by the Committee, in its discretion, pursuant to the provisions of Article V.
- 2.28 Plan means this ADTRAN, Inc. 2015 Employee Stock Incentive Plan.

- 2.29 Prior Plans means the:
- (A) ADTRAN, Inc. 1986 Employee Incentive Stock Option Plan (expired on February 14, 1996);
 - (B) ADTRAN, Inc. 1996 Employees Incentive Stock Option Plan (expired on February 14, 2006); and
 - (C) ADTRAN, Inc. 2006 Employee Stock Incentive Plan (expires on January 23, 2016).
- 2.30 Restricted Stock means an Award of Common Stock that is subject to such conditions, restrictions and contingencies as the Committee determines, including the satisfaction of specified Performance Measures.
- 2.31 Restricted Stock Unit or RSU means an Award of a unit representing one share of Common Stock that upon satisfaction of certain conditions, restrictions and contingencies as the Committee determines, including the satisfaction of specified Performance Measures shall result in the issuance of one share of Common Stock.
- 2.32 Retirement means the date of a Participant's Separation from Service with the Company and all of its Affiliates at any time after (A) attaining age 65 or (B) completing twenty-five (25) years of service for the Company, any Affiliate and any predecessor of the Company or Affiliate.
- 2.33 Rule 16b-3 means Rule 16b-3 under Section 16(b) of the Exchange Act, as then in effect or any successor provision.
- 2.34 Securities Act means the Securities Act of 1933, as amended.
- 2.35 Separation from Service means a termination of employment or service by a Participant with the Company and its Affiliates; provided, that if any Award that is treated as nonqualified deferred compensation (within the meaning of Code Section 409A), or any dividend or dividend credit thereon, is to be paid or distributed upon a Separation from Service, then a Separation from Service shall not occur unless it qualifies as a "separation from service" within the meaning of Code Section 409A. Unless otherwise stated in the applicable Award Agreement, a Participant's change in position, duties or status (e.g., from employee to consultant, consultant to director, employee to director) shall not result in interrupted or terminated employment or service, so long as such Participant continues to provide services to the Company or an Affiliate and a "separation from service" under Code Section 409A is not deemed to have occurred. The determination of whether an authorized leave of absence or absence for military or government service or for any other reason shall constitute a Separation from Service for purposes of any Award granted under the Plan shall be determined by the Committee and, if applicable, in accordance with Code Section 409A, which determination shall be final and conclusive.
- 2.36 Stock Appreciation Right or SAR means an Award representing a Participant's right to receive payment in the form of cash or Common Stock in an amount equal to the excess of the Fair Market Value of the exercised shares of Common Stock subject to such SAR (or portion thereof) over their Base Value.
- 2.37 Stock Option means an ISO or NQSO, as applicable, granted to an Employee under the Plan.
- 2.38 Subsidiary means any "subsidiary corporation" of the Company within the meaning of Code Section 424(f).
- 2.39 Ten Percent Shareholder means an individual who owns more than ten percent (10%) of the total combined voting power of all classes of outstanding stock of the Company, its Parent, or any of its Subsidiaries. In determining stock ownership, the attribution rules of Code Section 424(d) shall apply.

ARTICLE III

PLAN ADMINISTRATION

- 3.1 General Administration. The Plan shall be administered and interpreted by the Committee (as designated pursuant to Section 3.2). Subject to the express provisions of the Plan, the Committee shall have authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, to determine the terms and provisions of the Award Agreements by which Awards shall be evidenced (which shall not be inconsistent with the terms of the Plan), and to make all other determinations necessary or advisable for the administration of the Plan, all of which determinations shall be final, binding and conclusive on all persons.

-
- 3.2 Appointment of Committee. The Board shall appoint the Committee from among its non-employee members to serve at the pleasure of the Board. The Board from time to time may remove members from, or add members to, the Committee and shall fill all vacancies thereon.
- 3.3 Organization. The Committee may select one of its members as its chairman and shall hold its meetings at such times and at such places as it shall deem advisable. A majority of the Committee shall constitute a quorum, and such majority shall determine its actions. The Committee shall keep minutes of its proceedings and shall report the same to the Board at least annually.
- 3.4 Individuals Eligible for Awards. The individuals eligible to receive Awards shall be active Employees of the Company or its Affiliates, including Employees who are also members of the Board. Only Employees of the Company, its Parent or any Subsidiary shall be eligible to receive ISOs.
- 3.5 Powers of Committee. The Committee may make one or more Awards under the Plan. The Committee shall decide which eligible Employees shall receive an Award and when to grant an Award, the type of Award that it shall grant and the number of shares of Common Stock covered by the Award, subject to the terms of the Plan. The Committee shall also decide the terms, conditions, performance criteria, restrictions and other provisions of the Award. The Committee shall act by a majority of its then members, at a meeting of the Committee or by unanimous written consent. The Committee shall keep adequate records concerning the Plan and the Committee's proceedings and acts in such form and detail as the Committee may decide.
- 3.6 Delegation by Committee. Unless prohibited by applicable law or the applicable rules of a stock exchange, the Committee may allocate all or some of its responsibilities and powers to any one or more of its members. The Committee also may delegate some or all of its administrative duties and powers to any Employee, including Officers of the Company or any Affiliate. The Committee hereby delegates to the Company's Chief Executive Officer the authority to grant Awards under the Plan to Employees who are not Officers of the Company or any Affiliate, provided that any such Award shall be governed by the form of Award Agreement most recently approved by the Committee for use in making Awards under the Plan and the Chief Executive Officer shall report any such grants to the Committee at its next meeting. The Committee hereby delegates to the Company's Corporate Secretary the authority to document any and all Awards made by the Committee and/or the Chief Executive Officer under the Plan by execution of the appropriate Award Agreements. The Committee may revoke any such allocation or delegation at any time.
- 3.7 Information to be Furnished to Committee. In order for the Committee to discharge its duties, it may require the Company, its Affiliates, Participants and other persons entitled to benefits under the Plan to provide it with certain data and information.
- 3.8 Deferral Arrangement. The Committee may permit or require the deferral of payment of any Award, subject to such rules and procedures as it may establish and in accordance with Code Section 409A. Unless otherwise provided in an Award Agreement, any such deferral will not include provisions for the payment or crediting of interest or dividend equivalents.
- 3.9 Indemnification. In addition to such other rights of indemnification that apply to them as members of the Board or a committee thereof, the Company shall indemnify the members of the Committee (and any designees of the Committee, as permitted under Section 3.6), to the extent permitted by applicable law, against reasonable expenses (including, without limitation, attorney's fees) actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any Award awarded hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved to the extent required by and in the manner provided by the Articles of Incorporation or the Bylaws of the Company relating to indemnification of the members of the Board) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to such matters as to which it is adjudged in such action, suit or proceeding that such Committee member or members (or their designees) did not act in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company.

ARTICLE IV

STOCK SUBJECT TO THE PLAN

- 4.1 Common Stock Subject to Awards. Common Stock subject to Awards and other provisions of the Plan shall consist of the following: (A) authorized but unissued shares of Common Stock; (B) authorized and issued shares of Common Stock held by the Company in its treasury which have been reacquired by the Company; and (C) shares of Common Stock purchased by the Company in the open market.
- 4.2 Authorized Shares. Subject to adjustment in accordance with the provisions of Section 4.3, the maximum number of shares of Common Stock that may be issued under the Plan for Awards shall equal 7,700,000 shares of Common Stock, all of which may be issued as ISOs under the Plan, and adjusted as follows:
- (A) Each Award of Restricted Stock or Restricted Stock Units granted under this Plan will reduce the number of authorized shares available under the Plan by 2.5 shares of Common Stock for each share underlying such Award.
 - (B) Shares of Common Stock underlying an Award that is cancelled, terminated, expires without exercise, is forfeited, or lapses for any reason shall again be available for issuance pursuant to Awards under this Plan; provided, however, shares of Common Stock underlying a cancelled, terminated, forfeited or lapsed Award of Restricted Stock or Restricted Stock Units shall again be available for issuance and increase the number of authorized shares available under the Plan by 2.5 shares of Common Stock for each share that was covered under such cancelled, terminated, forfeited or lapsed Award.
 - (C) Notwithstanding anything to the contrary herein, the following shares (or their multiple, as described above) shall not again become available for issuance under the Plan: (1) shares of Common Stock withheld by, or otherwise remitted to, the Company as full or partial payment of the Exercise Price to the Company upon exercise of Stock Options granted under the Plan; (2) shares of Common Stock reserved for issuance under the Plan upon the grant of SARs to the extent the number of reserved shares exceeds the number of shares actually issued upon exercise of the SARs; and (3) shares of Common Stock withheld by, or otherwise remitted to, the Company to satisfy a Participant's tax withholding obligations upon the lapse of restrictions on Restricted Stock or RSUs or upon the exercise of Stock Options or SARs or upon any other payment or issuance under the Plan.

The Committee shall establish appropriate methods for determining the number of shares available for issuance under the Plan and the number of shares that have been actually issued under the Plan at any time. In no event shall fractional shares of Common Stock be issued under the Plan.

- 4.3 Effects on Changes in Capitalization.
- (A) Changes to Common Stock. If the number of outstanding shares of Common Stock is increased or decreased or the shares of Common Stock are changed into or exchanged for a different number or kind of shares or other securities of the Company on account of any recapitalization, reclassification, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock, or other increase or decrease in such shares effected without receipt of consideration by the Company occurring after the Effective Date ("Equity Restructuring"), the number and kinds of shares for which Awards may be granted under the Plan, the Exercise Price and/or the Base Value shall be adjusted proportionately and accordingly by the Committee; provided, that any such adjustment shall comply with Code Sections 409A and 424, if applicable, and with respect to Awards intended to qualify as 162(m) Performance Awards, such adjustments shall be made only to the extent that the Committee determines that such adjustment may be made without causing the Company to be denied a tax deduction on account of Code Section 162(m). In addition, the number and kind of shares of Common Stock for which Awards are outstanding shall be adjusted proportionately and accordingly so that the proportionate interest of the Participant immediately following such event shall, to the extent practicable, be the same as immediately before such event. The conversion of any convertible securities of the Company shall not be treated as an increase in shares effected without receipt of consideration.
 - (B) Change of Control and Other Corporate Transactions. In the event of a merger, consolidation, reorganization, extraordinary dividend, tender offer for Common Stock, Change of Control or other change in capital structure of the Company that is not an Equity Restructuring under subsection (A) above, the Committee may (but is not required to) make such adjustments with respect to Common Stock that may be issued pursuant to Awards and the number and/or Exercise Price or Base Value of outstanding Awards and take such other action as it deems necessary or appropriate, including, without limitation, and subject to the requirements of Code Sections 409A and 424, if applicable:

- (1) making appropriate provision for the continuation of an Award by substituting on an equitable basis for the shares of Common Stock then subject to such Award either the consideration payable with respect to the outstanding shares of Common Stock in connection with the Change of Control or securities of any successor or acquiring entity;
- (2) upon reasonable prior written notice to the Participant, providing that: (i) the Stock Options and/or SARs held by such Participant, to the extent then exercisable, must be exercised within a specified number of days of the date of such notice, at the end of which period the Stock Options and/or SARs shall terminate without payment, and/or (ii) a grant of Restricted Stock and/or RSUs Stock must be accepted (to the extent then subject to acceptance) within a specified number of days of the date of such notice, at the end of which period the offer of the Restricted Stock and/or RSUs shall terminate;
- (3) terminating an Award, whether vested or unvested, in exchange for a payment equal to (i) for Restricted Stock and RSUs, the Fair Market Value of the shares of Common Stock subject to the Award or (ii) for Stock Options and SARs, the excess of the Fair Market Value of the shares of Common Stock subject to the Award over the Exercise Price or Base Value, as applicable;
- (4) providing that an Award shall become (as applicable) fully vested and exercisable and any vesting period or restrictions shall lapse immediately prior to the Change of Control; and/or
- (5) with respect to an Award subject to Performance Measures, providing that any incomplete performance periods shall end on the date of such Change of Control (or other corporate transaction described in this subsection (B)), and the Committee shall cause the Award to be settled based upon the higher of: (i) the Participant's actual attainment of performance goals for the performance period through the date of the Change of Control (or other corporate transaction described in this subsection (B)) or (ii) the performance target award; provided, that if the Award is intended to qualify as a 162(m) Performance Award, settlement shall be made only to the extent it complies with Code Section 162(m).

Notwithstanding anything to the contrary, an Award having an Exercise Price or Base Value equal to or greater than the Fair Market Value of the consideration to be paid per share of Common Stock in the Change of Control may be canceled without payment of consideration to the applicable Participant.

- (C) Limits on Adjustments. Any issuance by the Company of stock of any class other than the Common Stock, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of the Common Stock subject to any Award, except as specifically provided otherwise in this Plan. The grant of Awards under the Plan shall not affect in any way the right or authority of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, consolidate or dissolve, or to liquidate, sell or transfer all or any part of its business or assets. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share with no cash payment due therefor. If the Company issues any rights to subscribe for additional shares pro rata to holders of outstanding shares of the class or classes of stock then set aside for the Plan, then each Participant shall be entitled to the same rights on the same basis as holders of outstanding shares with respect to such portion of the Participant's Award as is exercised on or prior to the record date for determining shareholders entitled to receive or exercise such rights. All adjustments the Committee makes under this Plan shall be final and conclusive.

ARTICLE V

PERFORMANCE-BASED COMPENSATION

- 5.1 Awards of Performance-Based Compensation. The Committee may determine that a Restricted Stock or RSU Award granted to a Participant who is designated by the Committee as likely to be a Covered Employee is intended to qualify as a 162(m) Performance Award. In such a case, the grant, exercise, vesting and/or settlement of such Award shall be contingent upon achievement of pre-established Performance Measures and other terms set forth in this Article V. Awards intended to qualify as 162(m) Performance Awards shall be granted by a committee of Outside Directors. Any payment of compensation with respect to an Award that is intended to qualify as a 162(m) Performance Award will be subject to the written certification of the Committee that the Performance Measures were satisfied prior to the payment of the Award. This written certification may include the approved minutes of the Committee meeting in which the certification is made.
- 5.2 Establishing Performance Measures. For each 162(m) Performance Award, the Performance Measures shall be established by the Committee in writing no later than 90 days after the commencement of the performance period or at such other date as may be required or permitted for “performance-based compensation” under Code Section 162(m). The Performance Measures shall consist of one or more of the business criteria set forth in Section 5.3 and a targeted level or levels of performance with respect to each of such Performance Measures, as specified by the Committee consistent with this Article V. Performance Measures shall be objective and shall otherwise meet the requirements of Code Section 162(m), including the requirement that the level or levels of performance targeted by the Committee result in the achievement of Performance Measures being “substantially uncertain.” Performance Measures may differ for each 162(m) Performance Award granted to any one Participant or to different Participants.
- 5.3 Performance Measures. Performance Measures may include any one or more of the following: (i) earnings before all or any taxes (“EBT”); (ii) earnings before all or any of interest expense, taxes, depreciation and amortization (“EBITDA”); (iii) earnings before all or any of interest expense, taxes, depreciation, amortization and rent (“EBITDAR”); (iv) earnings before all or any of interest expense and taxes (“EBIT”); (v) net earnings; (vi) net income; (vii) operating income or margin; (viii) earnings per share; (ix) growth; (x) return on shareholders’ equity; (xi) capital expenditures; (xii) expenses and expense ratio management; (xiii) return on investment; (xiv) improvements in capital structure; (xv) profitability of an identifiable business unit or product; (xvi) profit margins; (xvii) stock price; (xviii) market share; (xvix) revenues; (xx) costs; (xxi) cash flow; (xxii) working capital; (xxiii) return on assets; (xxiv) economic value added; (xxv) industry indices; (xxvi) peer group performance; (xxvii) regulatory ratings; (xxviii) asset quality; (xxix) gross or net profit; (xxx) net sales; (xxxi) total shareholder return; (xxxii) sales (net or gross) measured by product line, territory, customers or other category; (xxxiii) earnings from continuing operations; (xxxiv) net worth; and (xxxv) levels of expense, cost or liability by category, operating unit or any other delineation. Performance Measures may relate to the Company and/or one or more of its Affiliates, one or more of its divisions or units or any combination of the foregoing, on a consolidated or nonconsolidated basis, and may be applied on an absolute basis or be relative to one or more peer group companies or indices, or any combination thereof, all as the Committee determines. In addition, to the extent consistent with the requirements of Code Section 162(m), the Performance Measures may be calculated without regard to extraordinary items.
- 5.4 Shareholder Approval. For Awards to qualify as 162(m) Performance Awards, the material terms of Performance Measures must be disclosed to and subsequently approved (or reapproved, if applicable) by the Company’s shareholders. Performance Measures shall not be altered or replaced by any other criteria except to the extent approved by the Company’s shareholders if shareholder approval is needed to preserve the tax deductibility of 162(m) Performance Awards to the Company.
- 5.5 Settlement of Awards. 162(m) Performance Awards shall be settled in Common Stock, cash or other property, in the discretion of the Committee, on a date specified in the Award Agreement. The Committee may, in its sole discretion, reduce the amount of any payment due to be made on 162(m) Performance Awards, in accordance with Code Section 162(m), but may not increase the amount of any payment due under the Award. No 162(m) Performance Award shall exceed the maximum annual limit as set forth in Section 6.1.

ARTICLE VI

RULES APPLICABLE TO AWARDS

- 6.1 Maximum Annual Limits on Awards. Subject to adjustment as provided in Section 4.3, the number of shares of Common Stock underlying Awards granted to a Participant in any calendar year shall not exceed 250,000 shares of Common Stock.
- 6.2 Transferability.
- (A) Except as provided in subsection (B) below: (1) no Award shall be assignable or transferable by the Participant to whom it is granted, other than by will or the laws of descent and distribution; (2) Awards shall be exercisable during the Participant's lifetime only by the Participant (or a legal representative if the Participant becomes incapacitated); and (3) nothing contained in this Section 6.2 shall preclude a Participant from transferring shares of Restricted Stock that have vested, or shares of Common Stock that are issued in settlement of a Stock Option, SAR or RSUs, subject to the remaining provisions of this Plan and applicable law.
- (B) A Participant may transfer not for value any Award other than an ISO to any Family Member of the Participant using such form and subject to such additional administrative procedures as approved by the Committee from time to time; provided, however, that any such Award shall remain subject to all vesting, forfeiture, and other restrictions provided herein and in the Award Agreement to the same extent as if it had not been transferred. For purposes of this subsection (B), a "not for value" transfer is a transfer which is (1) a gift, (2) a transfer under a domestic relations order in settlement of marital property rights; or (3) a transfer to an entity in which more than fifty percent (50%) of the voting interests are owned by Family Members (or the Participant) in exchange for an interest in that entity. Subsequent transfers of transferred Awards are prohibited except to Family Members of the Participant in accordance with this subsection (B) or by will or the laws of descent and distribution.
- 6.3 Accelerated Exercisability and Vesting. The Committee shall always have the discretionary power to accelerate the exercisability or vesting of any Award granted under the Plan. Unless otherwise determined by the Committee and set forth in the applicable Award Agreement, in the event of one of the following events, any outstanding Awards shall immediately become fully exercisable or vested: (1) the Participant's death; (2) the Participant's Separation from Service due to Disability; or (3) a Change of Control of the Company; provided, however, if an outstanding Award of Restricted Stock or RSUs remains subject to any other type of vesting schedule or requirement (*e.g.*, a performance-based schedule), then upon one of the above events, a proportion of the shares subject to such Award shall become vested and nonforfeitable, equal to the proportion of the time completed through the date of the applicable event to the performance measurement period for the Award, with target performance level deemed to be achieved as of the date of the applicable event, and in the event the Restricted Stock or RSU Award was originally scheduled without a designated target performance level (*e.g.*, a single performance level or minimum and maximum performance levels), then the performance level that, if met, would have resulted in the least number of shares becoming vested shall be treated as the target level. Except to the extent specifically authorized by the Committee, no acceleration of vesting of an Award intended to qualify as a 162(m) Performance Award shall occur if such accelerated vesting would cause the Award to no longer qualify as a 162(m) Performance Award.
- 6.4 Separation From Service. Unless the Committee decides otherwise, all Awards (or portions thereof) that remain unexercisable or unvested upon the Participant's Separation from Service for any reason other than the events listed in Section 6.3 shall be forfeited by the Participant immediately upon the date of such Separation from Service with the Company or its Affiliates.
- 6.5 Waiver of Restrictions. The Committee may elect, in its sole discretion, to waive any or all restrictions with respect to any Award under the Plan.
- 6.6 No Repricing of Awards. Except as provided in Section 4.3, the Committee shall not amend any Stock Option or SAR to reduce its Exercise Price or Base Value, and shall not issue to any Participant a new Award in exchange for the surrender and cancellation of any other Award, if such new Award has an Exercise Price or Base Value (as applicable) lower than that of the Award for which it is exchanged, or take any other action that would have the effect of reducing the Exercise Price or Base Value of a Stock Option or SAR.

ARTICLE VII

STOCK OPTIONS

- 7.1 Grant of Stock Options. The Committee may grant Stock Options for shares of Common Stock in such amounts as it may determine and subject to the provisions of the Plan. A Stock Option shall constitute an ISO only if the Participant is an employee of the Company, its Parent or a Subsidiary and it is specifically designated as an Incentive Stock Option in the applicable Award Agreement.
- 7.2 Award Agreement. An Award of a Stock Option shall be evidenced by an Award Agreement that specifies the following terms and any additional terms and conditions determined by the Committee and not inconsistent with the Plan: (A) the name of the Participant; (B) the total number of shares of Common Stock to which the Stock Option pertains; (C) the Exercise Price of the Stock Option; (D) the date as of which the Committee granted the Stock Option; (E) the type of Stock Option granted; (F) the requirements for the Stock Option to become exercisable, such as continuous service, time-based schedule, period and goals for Performance Measures to be satisfied, additional consideration, etc.; and (G) the expiration date of the Stock Option.
- 7.3 Exercise Price. The per share Exercise Price of a Stock Option shall not be less than 100% of the Fair Market Value of a share of Common Stock as of the date of grant (or, in the case of an ISO granted to a Ten Percent Shareholder, 110% of the Fair Market Value of a share of Common Stock as of the date of grant).
- 7.4 Exercisability.

- (A) General Schedule. Unless the Committee specifies otherwise in the Award Agreement, each Stock Option shall become exercisable according to the following schedule, measured from the date of grant:

<u>Anniversary of the date of grant:</u>	<u>Vested percentage:</u>
One-year anniversary	25%
Two-year anniversary	25%
Three-year anniversary	25%
Four-year anniversary	25%

Under the above schedule, before the one-year anniversary of its date of grant, no part of the Stock Option is exercisable. Once a portion of a Stock Option is exercisable, that portion continues to be exercisable until the Stock Option expires (as described in Section 7.5). Fractional shares shall be disregarded for exercise.

- (B) Other Vesting Requirements. The Committee may impose any other conditions, restrictions and contingencies on awards of Stock Options as it determines, in its sole discretion, including a requirement of continuous service and/or the satisfaction of specified Performance Measures. The Committee may designate a single goal criterion or multiple goal criteria for performance measurement purposes.
- 7.5 Expiration Date.
- (A) Expiration Date. The expiration date of any Stock Option shall be the earliest to occur of the following:
- (1) Maximum Term. The date ten (10) years from the date of grant of the Stock Option (or for an ISO granted to a Ten Percent Shareholder, five (5) years from the date of grant);
 - (2) Termination for Cause. The date of the Participant's Separation from Service for Cause with the Company and all Affiliates;
 - (3) Separation from Service due to Death, Disability or Retirement. The one-year anniversary of the Participant's Separation from Service with the Company and all Affiliates due to death, Disability or Retirement, or such shorter period as determined by the Committee and set forth in the Award Agreement; and
 - (4) Separation from Service. The date that is three (3) months following the date of the Participant's Separation from Service with the Company and all Affiliates for any reason other than those specified elsewhere in this Section 7.5(A), or such shorter period as determined by the Committee and set forth in the Award Agreement.

-
- (5) Notwithstanding the foregoing, the Committee may, in its discretion, take formal action to amend the Award Agreement to extend the period of exercise in unusual circumstances so long as such extension does not violate Code Section 409A.
- (B) Expiration Date Following Change of Control. Notwithstanding the provisions of Section 7.5(A) above and unless the Committee specifies otherwise in the Award Agreement, at any time following a Change of Control of the Company, in the event a Participant incurs a Separation from Service with the Company and its Affiliates for any reason other than: (1) due to death or Disability, (2) for Cause or (3) due to a voluntary resignation, the term of all Stock Options held by such Participant shall be extended to the maximum term and original expiration date of the Stock Option as described in Section 7.5(A)(1) above.
- 7.6 Minimum Exercise Amount. Unless the Committee specifies otherwise in the Award Agreement, a Participant may exercise a Stock Option for less than the full number of shares of Common Stock subject to the Stock Option. However, each exercise may not be made for less than 100 shares or, if less, the total remaining shares subject to the Stock Option. The Committee may in its discretion specify other Stock Option terms, including restrictions on frequency of exercise and periods during which Stock Options may not be exercised.
- 7.7 Payment of Exercise Price. The Participant must pay the full Exercise Price for shares of Common Stock purchased upon the exercise of any Stock Option, and all applicable withholding taxes, at the time of such exercise by one of the following forms of payment: (A) cash or cash equivalents acceptable to the Company; (B) delivery (on a form acceptable to the Committee) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell shares of Common Stock and to deliver all or part of the sales proceeds to the Company in payment of the Exercise Price; (C) delivery of shares of Common Stock already owned by the Participant (and for which the Participant has good title free and clear of any liens and encumbrances) having a Fair Market Value on the date of surrender equal to the aggregate Exercise Price and taxes due; (D) with the Committee's approval, having the Company withhold shares of Common Stock that otherwise would be acquired on exercise having a Fair Market Value equal to the aggregate Exercise Price, or (E) any combination of the above forms or any other form of payment permitted by the Committee.
- 7.8 Rights as a Shareholder. A Participant shall first have rights as a shareholder of the Company with respect to shares of Common Stock covered by a Stock Option only when the Participant has paid the Exercise Price and applicable withholding taxes in full and the shares actually have been issued to the Participant.
- 7.9 Limitations on ISOs.
- (A) An Award shall qualify as an ISO only to the extent that the aggregate Fair Market Value (determined at the time the Stock Option is granted) of the shares of Common Stock with respect to which all ISOs held by such Participant become exercisable for the first time during any calendar year (under the Plan, the Prior Plans, and all other plans of the Company, its Parent or a Subsidiary) does not exceed \$100,000. This \$100,000 limitation shall be applied by taking ISOs into account in the order in which they were granted. Any portion of an ISO in excess of such \$100,000 limitation will be treated as a NQSO.
- (B) If any Participant shall make any disposition of shares of Common Stock delivered pursuant to the exercise of an ISO that is a disqualifying disposition, such Participant shall notify the Company of such disposition within ten (10) business days thereof. A disqualifying disposition is any disposition (including any sale) of Common Stock acquired upon exercise of an ISO before the later of (1) two years after the grant date of the ISO or (2) one year after the date the Participant acquired the Common Stock by exercising the ISO.
- (C) If all or part of an ISO is not exercised within (1) three months after the date of the Participant's Separation from Service for any reason except due to death or Disability or (2) within one year following Separation from Service due to death or Disability, but remains exercisable, the unexercised portion thereof shall automatically be treated as a NQSO for the remainder of the term of the Stock Option.

ARTICLE VIII

STOCK APPRECIATION RIGHTS

- 8.1 Grant of SARs. The Committee may grant Stock Appreciation Rights to Participants in such amounts as it may determine and subject to the provisions of the Plan.
- 8.2 SAR Award Agreement. An Award of SARs shall be evidenced by an Award Agreement that specifies the following terms and any additional terms and conditions determined by the Committee and not inconsistent with the Plan: (A) the name of the Participant; (B) the total number of shares of Common Stock to which the SAR pertains; (C) the Base Value of the SAR; (D) the date as of which the Committee granted the SAR; (E) the type of SAR granted; (F) the requirements for the SAR to become exercisable, such as continuous service, time-based schedule, period and goals for Performance Measures to be satisfied, additional consideration, etc.; and (G) the expiration date of the SAR.
- 8.3 Base Value. The per share Base Value of each SAR shall not be less than 100% of the Fair Market Value of a share of Common Stock as of the date of grant.
- 8.4 Exercisability.

- (A) General Schedule. Unless the Committee specifies otherwise in the SAR Agreement, each SAR shall become exercisable according to the following schedule, measured from the date of grant:

<u>Anniversary of the date of grant:</u>	<u>Vested percentage:</u>
One-year anniversary	25%
Two-year anniversary	25%
Three-year anniversary	25%
Four-year anniversary	25%

Under the above schedule, before the one-year anniversary of its date of grant, no part of the SAR is exercisable. Once a portion of a SAR is exercisable, that portion continues to be exercisable until the SAR expires (as described in Section 8.5). Fractional shares shall be disregarded for exercise.

- (B) Other Vesting Requirements. The Committee may impose any other conditions, restrictions and contingencies on awards of SARs as it determines in its sole discretion, including a requirement of continuous service and/or the satisfaction of specified Performance Measures. The Committee may designate a single goal criterion or multiple goal criteria for performance measurement purposes.
- 8.5 Expiration Date.
- (A) Expiration Date. The expiration date of any SAR shall be the earliest to occur of the following:
- (1) Maximum Term. The date ten (10) years from the date of grant of the SAR;
 - (2) Separation from Service for Cause. The date of the Participant's Separation from Service for Cause with the Company and all Affiliates;
 - (3) Separation from Service due to Death, Disability or Retirement. The one-year anniversary of the Participant's Separation from Service with the Company and all Affiliates due to death, Disability or Retirement, or such shorter period as determined by the Committee and set forth in the SAR Agreement; and
 - (4) Separation from Service. The date that is ninety (90) days following the date of the Participant's Separation from Service with the Company and all Affiliates for any reason other than those specified elsewhere in this Section 8.5(A), or such shorter period as determined by the Committee and set forth in the SAR Agreement.
 - (5) Notwithstanding the foregoing, the Committee may, in its discretion, take formal action to amend the Award Agreement to extend the period of exercise in unusual circumstances so long as such extension does not violate Code Section 409A.
- (B) Expiration Date Following Change of Control. Notwithstanding the provisions of Section 8.5(A) above and unless the Committee specifies otherwise in the Award Agreement, at any time following a Change of Control of the Company, in the event a Participant incurs a Separation from Service with the Company and its Affiliates for any reason other than: (1) due to death or Disability, (2) for Cause or (3) due to a voluntary resignation, the term of all SARs held by such Participant shall be extended to the maximum term and original expiration date of the SAR as described in Section 8.5(A)(1) above.

- 8.6 Minimum SAR Exercise Amount. Unless the Committee specifies otherwise in the SAR Agreement, a Participant may exercise a SAR for less than the full number of shares of Common Stock subject to the SAR. However, each exercise may not be made for less than 100 shares or, if less, the total remaining shares subject to the SAR. The Committee may in its discretion specify other SAR terms, including restrictions on frequency of exercise and periods during which SARs may not be exercised.
- 8.7 Exercise of SARs. SARs may be exercised upon the terms and conditions determined by the Committee, in its sole discretion.
- 8.8 Payment of SAR Amount. Upon exercise of an SAR, a Participant shall be entitled to receive payment from the Company equal to an amount determined by multiplying: (A) the difference between the Fair Market Value of a share of Common Stock on the date of exercise over the Base Value of the applicable SAR; by (B) the number of shares of Common Stock with respect to which the SAR is being exercised.
- The payment for SAR exercise may be made in cash, shares of Common Stock or in some combination thereof at the sole discretion of the Committee. The form of payment shall be specified in the Award Agreement pertaining to the grant of the SAR.
- 8.9 Rights as a Shareholder. To the extent that a Stock Appreciation Right Award is payable (in whole or in part) in the form of shares of Common Stock, a Participant shall first have rights as a shareholder of the Company with respect to shares of Common Stock covered by the Stock Appreciation Right only when the Participant has exercised the SAR pursuant to the terms and conditions of the Award and the shares actually have been issued to the Participant.

ARTICLE IX

RESTRICTED STOCK AND RESTRICTED STOCK UNITS

- 9.1 Grants of Restricted Stock and Restricted Stock Units. The Committee may grant shares of Common Stock as Restricted Stock or may grant Restricted Stock Units to Participants in such amounts as it may determine and subject to the provisions of the Plan.
- 9.2 Restricted Stock and Award Agreement. An Award of Restricted Stock or Restricted Stock Units shall be evidenced by an Award Agreement that specifies the following terms: (A) the name of the Participant; (B) the total number of shares of Common Stock to which the Award of Restricted Stock or Restricted Stock Units pertain; (C) the date as of which the Committee awarded the Restricted Stock or the Restricted Stock Unit; (D) the manner in which the Restricted Stock or Restricted Stock Units will become vested, nonforfeitable and transferable and a description of any restrictions applicable to the Restricted Stock or the Restricted Stock Units; and (E) for RSUs, when RSUs will be settled after they vest.
- 9.3 Vesting.
- (A) General Vesting Schedule. Unless the Committee specifies otherwise in the Award Agreement, each Award of Restricted Stock or Restricted Stock Units shall become vested and nonforfeitable according to the following schedule, measured from the date of grant:

<u>Anniversary of the date of grant:</u>	<u>Vested percentage:</u>
One-year anniversary	25%
Two-year anniversary	25%
Three-year anniversary	25%
Four-year anniversary	25%

Under the above schedule, before the one-year anniversary, no part of the Award is vested or nonforfeitable.

- (B) Other Vesting Requirements. The Committee may impose any other conditions, restrictions and contingencies on Awards of Restricted Stock and/or Restricted Stock Units as it determines, in its sole discretion, including a requirement of continuous service and/or the satisfaction of specified Performance Measures. The Committee may determine, in accordance with Section 5 of the Plan, that such Restricted Stock Award or RSUs are intended to qualify as 162(m) Performance Awards.

9.4 Delivery of Restricted Stock.

- (A) Issuance. The Company shall issue the shares of Restricted Stock within a reasonable period of time after approval of the Restricted Stock Award; provided, if any law or regulation requires the Company to take any action (including, but not limited to, the filing of a registration statement under the Securities Act and causing such registration statement to become effective) with respect to such shares before the issuance thereof, then the date of delivery of the shares shall be extended for the period necessary to take such action. As long as any restrictions apply to the Restricted Stock, the shares of Restricted Stock shall be held by the Committee in uncertificated form in a restricted account.
- (B) Legend. Unless the certificate representing shares of the Restricted Stock is deposited with a custodian (as described in subparagraph (C)), each certificate shall bear the following legend (in addition to any other legend required by law):

“The transferability of this certificate and the shares represented hereby are subject to the restrictions, terms and conditions (including forfeiture and restrictions against transfer) contained in the ADTRAN, Inc. 2015 Employee Stock Incentive Plan and an Award Agreement dated _____, between _____ and ADTRAN, Inc. The Plan and the Award Agreement are on file in the office of the Corporate Secretary of ADTRAN, Inc.”

Such legend shall be removed or canceled from any certificate evidencing shares of Restricted Stock as of the date that such shares become nonforfeitable.

- (C) Deposit with Custodian. As an alternative to delivering a stock certificate to the Participant, the Committee may deposit or transfer such shares electronically to a custodian designated by the Committee. The Committee shall cause the custodian to issue a receipt for the shares to the Participant for any Restricted Stock so deposited. The custodian shall hold the shares and deliver the same to the Participant in whose name the Restricted Stock evidenced thereby are registered only after such shares become nonforfeitable.
- 9.5 Settlement of RSUs. Except as otherwise provided in the Award Agreement and in accordance with Code Section 409A, RSUs shall generally be settled in shares of Common Stock immediately following the date they vest; provided that the Committee may specify in the applicable Award Agreement that settlement shall be in cash or in a combination of Common Stock and cash.
- 9.6 Shareholder Rights for Restricted Stock. Upon issuance of shares of Restricted Stock, the Participant shall have immediate rights of ownership in the shares of Restricted Stock, including the right to vote the shares and the right to receive dividends with respect to the shares, notwithstanding any outstanding restrictions on the Restricted Stock. With respect to dividends, the Committee may apply any restrictions that it determines, in its sole discretion, to dividends paid on shares of Common Stock which are still subject to vesting, and such dividends shall be paid to the Participant when the underlying shares of Restricted Stock with respect to such dividends vest.
- 9.7 Shareholder Rights for RSUs; Dividend Credits. Unless otherwise designated by the Committee in the Award Agreement, the Participant shall have no shareholder rights with respect to the shares of Common Stock subject to the RSU, including any voting and dividend rights until actual shares of Common Stock are issued upon vesting of such RSU Award. However the Committee may designate that the unvested portion of an RSU Award is eligible for dividend credits, in which case such dividend credits shall be paid when such underlying shares of Common Stock subject to the RSU Award are issued to the Participant.

ARTICLE X

AMENDMENT AND TERMINATION OF PLAN AND PLAN AWARDS

- 10.1 Amendment and Termination By the Board. Subject to Section 10.2 below, the Board shall have the power at any time to add to, amend, modify or repeal any of the provisions of the Plan, to suspend the operation of the entire Plan or any of its provisions for any period or to terminate the Plan in whole or in part. In the event of any such action, to the extent it determines necessary to administer the Plan, the Committee shall prepare written procedures which, when approved by the Board, shall govern the administration of the Plan resulting from such addition, amendment, modification, repeal, suspension or termination. No Award Agreement may be amended to reprice or constructively reprice any Award.
- 10.2 Restrictions on Amendment and Termination. Notwithstanding the provisions of Section 10.1 above, the following restrictions shall apply to the Board's authority under Section 10.1 above:
- (A) Prohibition Against Adverse Affects on Outstanding Awards. No addition, amendment, modification, repeal, suspension or termination shall adversely affect, in any way, the rights of a Participant who has an outstanding Award without the consent of such Participant. The Committee shall not amend any Award Agreement that it previously has authorized under the Plan that adversely affects the Participant's rights or benefits under an Award without the written (or electronic) consent of the Participant holding such Award.
- (B) Shareholder Approval Required for Certain Modifications. No modification or amendment of the Plan may be made without the prior approval of the shareholders of the Company if (1) such modification or amendment would cause the applicable portions of the Plan to fail to qualify as an ISO plan pursuant to Code Section 422, (2) such modification or amendment would materially increase the benefits accruing to Participants under the Plan, (3) such modification or amendment would materially increase the number of securities which may be issued under the Plan, or (4) such modification or amendment would materially modify the requirements as to eligibility for participation in the Plan, or (5) such modification or amendment would modify the material terms of the Plan within the meaning of Treas. Reg. §1.162-27(e)(4). Clauses (2), (3) and (4) of the preceding sentence shall be interpreted in accordance with the provisions of paragraph (b)(2) of Rule 16b-3. Shareholder approval shall be made by a majority of the votes cast at a duly held meeting at which a quorum representing a majority of all outstanding voting stock is, either in person or by proxy, present and voting, or by the written consent in lieu of a meeting of the holders of a majority of the outstanding voting stock or such greater number of shares of voting stock as may be required by the Company's articles or certificate of incorporation and bylaws and by applicable law; provided, however, that for modifications described in clauses (2), (3) and (4) above, such shareholder approval, whether by vote or by written consent in lieu of a meeting, must be solicited substantially in accordance with the rules and regulations in effect under Section 14(a) of the Exchange Act as required by paragraph (b)(2) of Rule 16b-3.

ARTICLE XI

PLAN OPERATION

- 11.1 Compliance with Other Laws and Regulations.
- (A) The Company shall not be required to sell or issue any shares of Common Stock under any Award if the sale or issuance of such shares would constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority, including without limitation any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that the listing, registration or qualification of any shares subject to an Award upon any securities exchange or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance or purchase of shares hereunder, no shares of Common Stock may be issued or sold to the Participant exercising a Stock Option or SAR unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of the Award.

- (B) In connection with the Securities Act, upon the exercise of any Option or SAR or the delivery of any shares of Common Stock underlying an Award, unless a registration statement under the Securities Act is in effect with respect to the shares of Common Stock covered by such Award, the Company shall not be required to sell or issue such shares unless the Committee has received evidence satisfactory to it that the Participant or any other individual exercising a Stock Option may acquire such shares pursuant to an exemption from registration under the Securities Act.
- (C) The Company may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of a Stock Option or the issuance of shares of Common Stock pursuant to the Plan to comply with any law or regulation of any governmental authority. As to any jurisdiction that expressly imposes the requirement that a Stock Option or SAR shall not be exercisable until the shares of Common Stock covered by such Stock Option or SAR are registered or are exempt from registration, the exercise of such Stock Option or SAR (under circumstances in which the laws of such jurisdiction apply) shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.
- (D) The Company may require a Participant to submit evidence that the Participant is acquiring shares of Common Stock for investment purposes.
- 11.2 Rule 16b-3. During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, it is the intent of the Company that Awards and the vesting, exercise and settlement thereof qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Board or Committee does not comply with the requirements of Rule 16b-3, it shall be deemed inoperative to the extent permitted by law and deemed advisable by the Board, and shall not affect the validity of the Plan. In the event that Rule 16b-3 is revised or replaced, the Board may exercise its discretion to modify this Plan in any respect necessary to satisfy the requirements of, or to take advantage of any features of, the revised exemption or its replacement.
- 11.3 Tax Withholding. The Company or Affiliate shall have the power and the right to deduct or withhold from amounts (including withholding any shares of Common Stock that otherwise would be issued on exercise or following the vesting of an Award) to the Participant by the Company or Affiliate, or require a Participant to remit to the Company or Affiliate as a condition of any Award, an amount (in cash or in kind, subject to the approval of the Company) sufficient to satisfy the minimum Federal, state and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan. Notwithstanding the above, in the case of Stock Options and SARs, such tax withholding shall be accomplished as set forth in Sections 7.5 and 8.7.
- 11.4 Limitation of Implied Rights. No provision in the Plan or in any Award Agreement shall be construed to confer upon any individual the right to remain in the employ or service of the Company or any Affiliate, or to interfere in any way with any contractual or other right or authority of the Company or any Affiliate either to increase or decrease the compensation or other payments to any individual at any time, or to terminate any employment or other relationship between any individual and the Company or any Affiliate.
- 11.5 No Trust or Fund Created. Neither a Participant nor any other person shall, by reason of the Plan or any Award, acquire any right in or title to any assets, funds or property, other than the Common Stock of the Company or an Affiliate, including, without limitation, any specific funds, assets, or other property which the Company or its Affiliates, in its sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the Common Stock underlying Awards granted under the Plan, unsecured by any assets of the Company or an Affiliate. Nothing contained in the Plan shall constitute a guarantee that the assets of the Company or its Affiliates shall be sufficient to pay any benefits to any person.
- 11.6 Nonexclusively of the Plan. Neither the adoption of the Plan nor the submission of the Plan to the Company's shareholders for approval shall be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals).
- 11.7 Conditions of Participation in the Plan. When the Committee makes an Award, it shall require a Participant to enter into an Award Agreement in a form specified by the Committee, agreeing to the terms and conditions of the Award and to such additional terms and conditions, not inconsistent with the terms and conditions of the Plan, as the Committee may, in its sole discretion, prescribe. If there is a conflict between any provision of an Award Agreement and the Plan, the Plan shall control.

-
- 11.8 Evidence. Anyone required to give evidence under the Plan may give such evidence by certificate, affidavit, document or other information which the person acting on the evidence considers pertinent, reliable and signed, made or presented by the proper party or parties.
- 11.9 Gender and Number; Headings. Words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular. The headings in this Plan are for convenience of reference. Headings are not a part of the Plan and shall not be considered in the construction hereof.
- 11.10 Legal References. Any reference in this Plan to a provision of law which is later revised, modified, finalized or redesignated, shall automatically be considered a reference to such revised, modified, finalized or redesignated provision of law.
- 11.11 Notices. In order for a Participant or other individual to give notice or other communication to the Committee, the notice or other communication shall be in the form specified by the Committee and delivered to the location designated by the Committee in its sole discretion.
- 11.12 Code Section 409A. Although the Company does not guarantee to a Participant any particular tax treatment of an Award, Awards are intended to comply with, or be exempt from, the requirements of Code Section 409A, to the extent it applies. The Plan and each Award Agreement will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Committee. In no event whatsoever shall the Company or any of its Affiliates be liable for any additional tax, interest or penalties that may be imposed on a Participant pursuant to or as a result of Code Section 409A any damages for failing to qualify for an exemption from, or comply with, Code Section 409A. If the Participant is deemed on a Separation from Service to be a “specified employee” within the meaning of Code Section 409A(a)(2)(B), then with regard to any Award that is considered nonqualified deferred compensation under Code Section 409A payable on account of a Separation from Service, such Award shall be paid at the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of such a Separation from Service of the Participant, and (B) the date of the Participant’s death (the “Delay Period”). Upon the expiration of the Delay Period, all payments delayed pursuant to this Section (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid to the Participant in a lump sum and any remaining payments due under the Award shall be paid in accordance with the normal payment dates specified for them in the Plan or the applicable Award Agreement.
- 11.13 International Awards. The Committee may adopt special guidelines and provisions for Awards with respect to Participants who are employed or reside in any country other than the United States in order to comply with the applicable laws of such other country.
- 11.14 Governing Law. The Plan is governed by and shall be construed in accordance with the laws of the State of Alabama, without regard to any choice of law principles thereof or of any other jurisdiction.

[Letterhead of Maynard, Cooper & Gale, P.C.]

July 11, 2022

ADTRAN Holdings, Inc.
901 Explorer Boulevard
Huntsville, Alabama 35806-2807

Re: Registration Statement on Form S-8

Ladies and Gentlemen:

We have acted as counsel to ADTRAN Holdings, Inc., a Delaware corporation (the "Company"), in connection with the proposed issuance by the Company of up to 2,267,561 shares of common stock of the Company, \$0.01 par value per share (the "Shares"), which represents the maximum number of Shares that are issuable pursuant to option awards that may be assumed by the Company pursuant to that certain Business Combination Agreement, dated August 30, 2021, by and among the Registrant; ADTRAN, Inc., a Delaware corporation (the "Predecessor"); Acorn MergeCo, Inc., a Delaware corporation and wholly-owned subsidiary of the Registrant ("Merger Sub"); and ADVA Optical Networking SE, a company organized and existing under the laws of Germany ("ADVA"), pursuant to which (a) Merger Sub agreed to merge with and into the Predecessor, with the Predecessor surviving the business combination as a wholly-owned direct subsidiary of the Registrant (the "Merger") and (b) the Company agreed to submit a voluntary public exchange takeover offer within the meaning of Section 29 para. 1, Section 31 para. 2 of the German Takeover Act to the holders of ADVA shares (the "Exchange Offer"). The Shares will be included in a registration statement on Form S-8 (the "Registration Statement") being filed today by the Company with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Act of 1933, as amended (the "Act").

At or following the settlement of the Exchange Offer (the "Effective Time"), each holder of an option to purchase one no-par value bearer share of ADVA (each, an "ADVA Option") outstanding immediately prior to the Effective Time may elect to convert such ADVA Option into an option to purchase 0.8244 Shares of the Company (the "Assumed Options"). We have assumed that the Assumed Options will be assumed by the Company and converted into options to purchase the Shares in accordance with the terms and conditions set forth in the Summary of Terms of Assumed Options filed as Exhibit 4.1 to the Registration Statement (the "Summary of Terms").

We have participated in the preparation of the Registration Statement and have reviewed the originals or copies certified or otherwise identified to our satisfaction of the Company's certificate of incorporation and bylaws, the corporate proceedings taken by the Company in connection with the Registration Statement and the issuance of the Shares, the Assumed Options, the Summary of Terms, the ADTRAN, Inc. 2015 Employee Stock Incentive Plan (the "Plan"), and other documents and instruments as we have deemed appropriate as a basis for the opinions expressed below.

Based upon and subject to the assumptions and limitations stated in this letter, we are of the opinion that when the Shares have been duly issued and sold as contemplated by the Registration Statement and the Summary of Terms, the Shares will be validly issued, fully paid and non-assessable.

In rendering the opinion expressed above, we have assumed the authenticity of all documents submitted to us as originals and the conformity to the originals of all documents submitted to us as copies, and that the Company will cause certificates, if any, representing the Shares issued in the future to be properly executed and delivered and will take all other actions appropriate for the issuances of such Shares.

In addition, we have assumed and have not verified the accuracy as to factual matters of each document we have reviewed.

The foregoing opinion is limited to the laws of the State of Alabama and the General Corporation Law of the State of Delaware. We express no opinion as to any law or matter other than as expressly set forth above, and no opinion on any other matter may be inferred or implied herefrom. The opinions expressed herein are rendered as of the date hereof, and we expressly disclaim any obligation to update this letter or advise you of any change in any matter after the date hereof.

This letter is being furnished in accordance with the requirements of Item 8 of Form S-8 and Item 601(b)(5) of Regulation S-K, as promulgated by the Commission. We hereby consent to the filing of this opinion letter as Exhibit 5.1 to the Registration Statement. In giving such consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ Maynard, Cooper & Gale, P.C.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of ADTRAN Holdings, Inc. of our report dated February 25, 2022 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in ADTRAN, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2021.

/s/ PricewaterhouseCoopers LLP
Birmingham, Alabama
July 11, 2022

CALCULATION OF FILING FEE TABLES

FORM S-8
(Form Type)ADTRAN HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Table 1: Newly Registered Securities

Security Type	Security Class Title	Fee Calculation Rule	Amount Registered (1)(2)	Proposed Maximum Offering Price Per Share (3)	Maximum Aggregate Offering Price (3)	Fee Rate	Amount of Registration Fee
Equity	Shares of common stock, par value \$0.01 per share, of the Registrant, issuable in respect of assumed ADVA Optical Networking SE Stock Options	Rule 457(h)	2,267,561	\$9.21	\$20,884,237	\$92.70 per million dollars	\$1,936
Total Offering Amounts					\$20,884,237		\$1,936
Total Fee Offsets					—		—
Net Fee Due							\$1,936

- (1) ADTRAN Holdings, Inc., a Delaware corporation (“ADTRAN Holdings” or the “Registrant”), is filing this Registration Statement on Form S-8 (the “Registration Statement”) to register the issuance of an aggregate of 2,267,561 shares of common stock, par value \$0.01 per share, of ADTRAN Holdings, Inc. (the “Shares”), which represents the maximum number of Shares that are issuable pursuant to option awards that may be assumed by the Registrant pursuant to that certain Business Combination Agreement dated August 30, 2021, by and among the Registrant, ADTRAN, Inc. (the “Predecessor”), Acorn MergeCo, Inc. and ADVA Optical Networking SE.
- (2) Pursuant to Rule 416(a) under the Securities Act of 1933, as amended (the “Securities Act”), this Registration Statement shall also cover any additional Shares of the Registrant that become issuable under the plans set forth herein by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without receipt of consideration that increases the number of outstanding Shares of the Registrant.
- (3) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(h) of the Securities Act. The price per share and aggregate offering price are based upon the weighted average exercise price for Shares subject to outstanding options that may be assumed by the Registrant under the specified plan, utilizing the applicable foreign exchange rate (USD/EUR) on July 8, 2022.