

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

FORM 8-K

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

Date of Report (Date of earliest event reported): **October 13, 2009**

**ADTRAN, Inc.**

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

**Delaware**

*(State of Incorporation)*

**0-24612**

*(Commission file number)*

**63-0918200**

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

**901 Explorer Boulevard, Huntsville, Alabama 35806-2807**

*(Address of principal executive offices, including zip code)*

**(256) 963-8000**

*(Registrant's telephone number, including area code)*

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

On October 13, 2009, ADTRAN, Inc. announced its financial results for the fiscal quarter ended September 30, 2009 and certain other information.

ADTRAN also announced that its Board of Directors declared a quarterly cash dividend of \$0.09 per common share to be paid to holders of record at the close of business on October 29, 2009. The ex-dividend date is October 27, 2009 and the payment date is November 12, 2009.

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

In addition, ADTRAN has posted supplemental information regarding revenues by product category, subcategory and segment for the fiscal quarter ended September 30, 2009 on the Investor Relations page of its website, [www.adtran.com](http://www.adtran.com). A copy of the supplemental information is attached as Exhibit 99.2 hereto and incorporated by reference herein.

**Item 9.01. Financial Statements and Exhibits.**

(c) Exhibits.

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

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated October 13, 2009.
99.2	Revenues by product and segment classification

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## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on October 13, 2009.

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

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

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## EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated October 13, 2009.
99.2	Revenues by product and segment classification

## **ADTRAN, Inc. Reports Results for Third Quarter 2009 and Declares Quarterly Cash Dividend**

HUNTSVILLE, Ala.--(BUSINESS WIRE)--October 13, 2009--ADTRAN, Inc. (NASDAQ:ADTN) reported results for the third quarter of 2009. Sales were \$128,062,000 for the quarter, compared to \$137,195,000 for the third quarter of 2008. Net income was \$21,583,000 for the quarter, compared to \$22,411,000 for the third quarter of 2008. Earnings per share, assuming dilution, were \$0.34 for the quarter, compared to \$0.35 for the third quarter of 2008.

ADTRAN Chief Executive Officer Tom Stanton stated, "In the third quarter, our growth categories continued to perform well, achieving 20% year over year growth and posting another record revenue level. Broadband Access revenues grew 29% as we saw increasing acceptance of our Carrier Ethernet and Broadband services platforms. Optical Access revenues showed impressive strength growing 20% as carriers increased investment in wireless bandwidth upgrades. Internetworking revenues continued to expand as our success in this area continued to reflect the broad-based support we are seeing in our carrier distribution and value added reseller channels. Two of these areas set record revenue levels and our growth areas in total achieved a new high."

The Company also reported that stock-based compensation expense for the third quarter of 2009 reduced diluted earnings per share by \$0.02 compared to \$0.03 for the third quarter of 2008.

The Company also announced that its Board of Directors declared a cash dividend for the third quarter of 2009. The quarterly cash dividend is \$0.09 per common share to be paid to holders of record at the close of business on October 29, 2009. The ex-dividend date is October 27, 2009 and the payment date is November 12, 2009.

The Company also confirmed that its third quarter conference call will be held Wednesday, October 14, 2009 at 9:30 a.m. Central Time. This conference call will be web cast live through StreetEvents.com. To listen, simply visit the Investor Relations site at <http://www.adtran.com> or <http://streetevents.com> approximately 10 minutes prior to the start of the call and click on the conference call link provided.

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

ADTRAN, Inc. is a leading global provider of networking and communications equipment, with a portfolio of more than 1,700 solutions for use in the last mile of today's telecommunications networks. Widely deployed by carriers and enterprises alike, ADTRAN solutions enable voice, data, video, and Internet communications across copper, fiber, and wireless network infrastructures. ADTRAN solutions are currently in use by every major U.S. service provider and many global ones, as well as by thousands of public, private and governmental organizations worldwide.

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

This press release contains forward-looking statements which reflect management's best judgment based on factors currently known. However, these statements involve risks and uncertainties, including the successful development and market acceptance of new products, the degree of competition in the market for such products, the product and channel mix, component costs, manufacturing efficiencies, and other risks detailed in our annual report on Form 10-K for the year ended December 31, 2008 and Form 10-Q for the quarter ended June 30, 2009. These risks and uncertainties could cause actual results to differ materially from those in the forward-looking statements included in this press release.

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

	<b>September 30, 2009</b>	<b>December 31, 2008</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 25,236	\$ 41,909
Short-term investments	169,480	96,277
Accounts receivable, net	65,324	52,749
Other receivables	4,143	2,896
Inventory, net	44,696	47,406
Prepaid expenses	2,924	2,974
Deferred tax assets, net	8,498	8,653
<b>Total current assets</b>	<b>320,301</b>	<b>252,864</b>
Property, plant, and equipment, net	74,792	75,487
Deferred tax assets, net	-	3,920
Other assets	1,533	103
Long-term investments	158,865	141,241
<b>Total assets</b>	<b>\$ 555,491</b>	<b>\$ 473,615</b>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable	\$ 26,133	\$ 20,313
Unearned revenue	6,122	6,141
Accrued expenses	4,874	3,536
Accrued wages and benefits	9,416	9,868
Income tax payable, net	4,032	266
<b>Total current liabilities</b>	<b>50,577</b>	<b>40,124</b>
Deferred tax liabilities, net	1,272	-
Other non-current liabilities	11,405	9,422
Bonds payable	48,250	48,250
<b>Total liabilities</b>	<b>111,504</b>	<b>97,796</b>
<b>Stockholders' equity</b>	<b>443,987</b>	<b>375,819</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 555,491</b>	<b>\$ 473,615</b>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Sales	\$ 128,062	\$ 137,195	\$ 359,954	\$ 388,263
Cost of Sales	53,605	55,512	146,347	156,946
<b>Gross Profit</b>	<b>74,457</b>	<b>81,683</b>	<b>213,607</b>	<b>231,317</b>
Selling, general and administrative expenses	25,001	26,317	73,583	77,573
Research and development expenses	20,497	21,688	62,029	61,456
<b>Operating income</b>	<b>28,959</b>	<b>33,678</b>	<b>77,995</b>	<b>92,288</b>
Interest and dividend income	1,798	2,187	5,273	6,689
Interest expense	(613)	(626)	(1,825)	(1,905)
Net realized investment gain (loss)	760	(47)	(1,443)	(151)
Other income, net	107	243	72	709
<b>Income before provision for income taxes</b>	<b>31,011</b>	<b>35,435</b>	<b>80,072</b>	<b>97,630</b>
Provision for income taxes	(9,428)	(13,024)	(24,466)	(35,758)
<b>Net Income</b>	<b>\$ 21,583</b>	<b>\$ 22,411</b>	<b>\$ 55,606</b>	<b>\$ 61,872</b>
Weighted average shares outstanding				
Basic	62,762	63,096	62,417	63,975
Diluted(1)	63,870	64,101	63,258	64,961
Earnings per common share				
Basic	\$ 0.34	\$ 0.36	\$ 0.89	\$ 0.97
Diluted(1)	\$ 0.34	\$ 0.35	\$ 0.88	\$ 0.95

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

**Supplemental Information**  
**Stock Based Compensation Expense**  
(In thousands)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2009	2008	2009	2008
<b>Stock-based compensation expense included in cost of sales</b>	<b>\$ 66</b>	<b>\$ 79</b>	<b>\$ 196</b>	<b>\$ 237</b>
Selling, general and administrative expense	658	912	2,160	2,755
Research and development expense	860	1,011	2,639	3,009
<b>Stock-based compensation expense included in operating expenses</b>	<b>1,518</b>	<b>1,923</b>	<b>4,799</b>	<b>5,764</b>
Total stock-based compensation expense	1,584	2,002	4,995	6,001
Tax benefit for expense associated with non-qualified options	(157)	(196)	(453)	(600)
<b>Total stock-based compensation expense, net of tax</b>	<b>\$ 1,427</b>	<b>\$ 1,806</b>	<b>\$ 4,542</b>	<b>\$ 5,401</b>

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

	Nine Months Ended September 30,	
	2009	2008
<b>Cash flows from operating activities:</b>		
Net income	\$ 55,606	\$ 61,872
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,521	7,387
Amortization of net premium of available-for-sale investments	2,626	1,482
Net realized loss on long-term investments	1,443	151
Gain (loss) on disposal of property, plant, and equipment	(32)	62
Stock-based compensation expense	4,995	6,001
Deferred income taxes	(1,119)	(587)
Tax benefit from stock option exercises	1,416	1,023
Excess tax benefit from stock-based compensation arrangements	(906)	(637)
Change in operating assets and liabilities:		
Accounts receivable, net	(12,402)	11,453
Other receivables	(1,241)	298
Inventory	2,710	226
Prepaid expenses and other assets	90	(817)
Accounts payable	5,792	2,404
Accrued expenses and other liabilities	2,495	970
Income tax payable, net	3,766	1,076
<b>Net cash provided by operating activities</b>	<b>72,760</b>	<b>92,364</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant, and equipment	(6,710)	(6,982)
Proceeds from sales and maturities of available-for-sale investments	140,047	212,840
Purchases of available-for-sale investments	(217,669)	(199,249)
Acquisition of business	(1,370)	-
<b>Net cash provided by (used in) investing activities</b>	<b>(85,702)</b>	<b>6,609</b>
<b>Cash flows from financing activities:</b>		
Proceeds from exercises of stock options	12,673	3,520
Purchases of treasury stock	(2,780)	(57,923)
Dividend payments	(16,830)	(17,290)
Payments on long-term debt	-	(250)
Excess tax benefits from stock-based compensation arrangements	906	637
<b>Net cash used in financing activities</b>	<b>(6,031)</b>	<b>(71,306)</b>
Net increase (decrease) in cash and cash equivalents	(18,973)	27,667
Effect of exchange rate changes	2,300	(843)
<b>Cash and cash equivalents, beginning of period</b>	<b>41,909</b>	<b>13,941</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 25,236</b>	<b>\$ 40,765</b>

**CONTACT:**

ADTRAN, Inc.

Jim Matthews, 256-963-8775

Senior Vice President/CFO

or

**INVESTOR SERVICES/ASSISTANCE:**

Gayle Ellis, 256-963-8220

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
<b>Product revenues:</b>				
Loop Access	\$ 42,073	\$ 57,930	\$ 128,582	\$ 157,355
Carrier Systems	59,865	53,880	158,804	162,766
Business Networking	26,124	25,385	72,568	68,142
<b>Total</b>	<b>\$ 128,062</b>	<b>\$ 137,195</b>	<b>\$ 359,954</b>	<b>\$ 388,263</b>
<b>Subcategories included in the above:</b>				
Broadband Access (included in Carrier Systems)	\$ 29,518	\$ 22,958	\$ 83,128	\$ 82,869
Optical Access (included in Carrier Systems)	20,094	16,707	44,260	41,256
Internetworking (Netvanta & Multi-service Access Gateways) (included in Business Networking)	21,276	19,185	57,018	50,084
<b>Total Growth Products</b>	<b>70,888</b>	<b>58,850</b>	<b>184,406</b>	<b>174,209</b>
<b>Percentage of Total Revenue</b>	<b>55%</b>	<b>43%</b>	<b>51%</b>	<b>45%</b>
HDSL (does not include T1) (included in Loop Access)	37,610	50,806	114,880	138,104
Other Products	19,564	27,539	60,668	75,950
<b>Total Traditional Products</b>	<b>57,174</b>	<b>78,345</b>	<b>175,548</b>	<b>214,054</b>
<b>Percentage of Total Revenue</b>	<b>45%</b>	<b>57%</b>	<b>49%</b>	<b>55%</b>
<b>Total</b>	<b>\$ 128,062</b>	<b>\$ 137,195</b>	<b>\$ 359,954</b>	<b>\$ 388,263</b>
<b>Segment Revenues:</b>				
Carrier Networks	\$ 98,643	\$ 106,394	\$ 277,493	\$ 305,457
Enterprise Networks	29,419	30,801	82,461	82,806
<b>Total</b>	<b>\$ 128,062</b>	<b>\$ 137,195</b>	<b>\$ 359,954</b>	<b>\$ 388,263</b>
<b>Sales by Geographic Region:</b>				
United States	\$ 121,403	\$ 129,357	\$ 339,906	\$ 366,218
International	6,659	7,838	20,048	22,045
<b>Total</b>	<b>\$ 128,062</b>	<b>\$ 137,195</b>	<b>\$ 359,954</b>	<b>\$ 388,263</b>