

ADTRAN, INC.**Consolidated Statements of Changes in Stockholders' Equity**

Years ended December 31, 2013, 2012 and 2011

<i>(In thousands)</i>	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balance, December 31, 2010	79,652	\$797	\$193,866	\$731,962	\$(381,251)	\$26,948	\$572,322
Net income				138,577			138,577
Other comprehensive loss, net of tax						(13,846)	(13,846)
Dividend payments				(23,124)			(23,124)
Dividends accrued for unvested restricted stock units				(52)			(52)
Stock options exercised				(6,345)	40,470		34,125
Restricted stock units vested				(812)	812		—
Purchase of treasury stock: 1,112 shares					(35,565)		(35,565)
Income tax benefit from exercise of stock options			10,525				10,525
Stock-based compensation expense			9,169				9,169
Balance, December 31, 2011	79,652	\$797	\$213,560	\$840,206	\$(375,534)	\$13,102	\$692,131
Net income				47,263			47,263
Other comprehensive loss, net of tax						(1,834)	(1,834)
Dividend payments				(22,813)			(22,813)
Dividends accrued for unvested restricted stock units				15			15
Stock options exercised				(2,659)	8,708		6,049
Restricted stock units vested			(212)	(547)	547		(212)
Purchase of treasury stock: 1,786 shares					(39,362)		(39,362)
Income tax benefit from exercise of stock options			1,905				1,905
Stock-based compensation expense			9,264				9,264
Balance, December 31, 2012	79,652	\$797	\$224,517	\$861,465	\$(405,641)	\$11,268	\$692,406
Net income				45,794			45,794
Other comprehensive loss, net of tax						(515)	(515)
Dividend payments				(21,412)			(21,412)
Dividends accrued for unvested restricted stock units				(23)			(23)
Stock options exercised				(762)	4,391		3,629
Restricted stock units vested			(248)	(611)	611		(248)
Purchase of treasury stock: 5,608 shares					(124,267)		(124,267)
Income tax benefit from exercise of stock options			169				169
Stock-based compensation expense			9,073				9,073
Balance, December 31, 2013	79,652	\$797	\$233,511	\$884,451	\$(524,906)	\$10,753	\$604,606

We issued 217 shares, 393 shares and 1,813 shares of treasury stock to accommodate employee stock option exercises, vesting of restricted stock, and vesting of restricted stock units during 2013, 2012 and 2011, respectively. During 2011, we received 7 shares, previously held by employees for at least six months as payment of the exercise price for employee stock options. None of the transactions with respect to these shares were made in the open market. The average price paid per share with respect to these transactions was based on the closing price of the common stock on the NASDAQ Global Select Market on the date of the transaction. There were no such transactions during 2012 and 2013.

See notes to consolidated financial statements.