

Consolidated Statements of Changes in Stockholders' Equity

Years ended December 31, 2002, 2001 and 2000

	Number of shares	Common Stock Par Value (\$01 Per Share)	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Unrealized Gain on Marketable Equity Securities	Total Stockholders' Equity
Balance, December 31, 1999	39,445,198	\$394,452	\$93,564,326	\$212,103,142	(\$22,009,449)	\$116,000,000	\$400,052,471
Net income				120,802,261			120,802,261
Change in unrealized gain on marketable equity securities (net of deferred tax of \$22,994,436)						(40,719,712)	(40,719,712)
Reclassification adjustment for amounts included in net income (net of income tax of \$29,954,217)						(55,410,000)	(55,410,000)
Stock options exercised: various prices per share			140,217		6,627,900		6,768,117
Purchase of treasury stock: 1,176 shares					(70,426)		(70,426)
Income tax benefit from exercise of non-qualified stock options			3,002,720				3,002,720
Balance, December 31, 2000	39,445,198	\$394,452	\$96,707,263	\$332,905,403	(\$15,451,975)	\$19,870,288	\$434,425,431
Net Income				17,328,529			17,328,529
Change in unrealized gain on marketable securities (net of deferred tax of \$4,077,218)						(7,220,144)	(7,220,144)
Reclassification adjustment for amounts included in net income (net of income tax of \$1,849,820)						(3,275,755)	(3,275,755)
Stock options exercised: various prices per share			(339,623)		793,017		453,394
Purchase of treasury stock: 215,000 shares					(4,100,350)		(4,100,350)
Income tax benefit from exercise of non-qualified stock options			16,451				16,451
Balance, December 31, 2001	39,445,198	\$394,452	\$96,384,091	\$350,233,932	(\$18,759,308)	\$9,374,389	\$437,627,556
Net Income				24,775,962			24,775,962
Change in unrealized gain on marketable securities (net of deferred tax of \$4,002,730)						(7,088,238)	(7,088,238)
Reclassification adjustment for amounts included in net income (net of income tax of \$457,700)						810,519	810,519
Stock options exercised: various prices per share			1,252		3,694,868		3,696,120
Purchase of treasury stock: 1,340,135 shares					(25,206,523)		(25,206,523)
Income tax benefit from exercise of non-qualified stock options			596,732				596,732
Balance, December 31, 2002	39,445,198	\$394,452	\$96,982,075	\$375,009,894	(\$40,270,963)	\$3,096,669	\$435,212,127

ADTRAN™ issued 187,750 shares, 37,956 shares, and 315,314 shares of treasury stock to accommodate employee stock option exercises during 2002, 2001 and 2000, respectively.

Comprehensive income in 2002 of \$18,498,242 consists of net income of \$24,775,962 and unrealized losses on marketable securities of \$6,277,720 (net of deferred tax).

Comprehensive income in 2001 of \$6,832,630 consists of net income of \$17,328,529 and unrealized losses on marketable securities of \$10,495,899 (net of deferred tax).

Comprehensive income in 2000 of \$24,672,549 consists of net income of \$120,802,261 and unrealized losses on marketable securities of \$96,129,712 (net of deferred tax).

The accompanying notes are an integral part of these consolidated financial statements.