



ADTRAN, Inc. Reports Record Fourth Quarter and Year End 1999 Results

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HUNTSVILLE, Ala.--(BUSINESS WIRE)--Jan. 12, 2000--ADTRAN, Inc. (Nasdaq:ADTN) reported record results for both the fourth quarter and the year ended December 31, 1999. Sales for the fourth quarter increased 43% to \$104,471,000 compared to sales of \$73,033,000 for the fourth quarter of 1998. Sales for 1999 increased 28% to \$367,207,000 from \$286,559,000 in 1998.

Net income for the quarter increased 92% to \$16,969,000 (\$.43 per share) compared to \$8,831,000 (\$.23 per share) in the fourth quarter of 1998. Net income for the year ended December 31, 1999 increased 26% to \$50,946,000 (\$1.31 per share) from \$40,310,000 (\$1.03 per share) in the prior year.

Commenting on the results, Mark C. Smith, Chairman and Chief Executive Officer, stated, "Both Carrier and Enterprise Network Divisions again achieved record quarters in the fourth quarter. While our growth in 1999 was principally driven by continued gains in HDSL, record sales of ATLAS and Total Access(TM) contributed significantly to fourth quarter results. This has been an exciting year for ADTRAN. We are pleased to have returned to this level of growth while preserving our margins and holding the line on costs. I am proud of the record results delivered by the entire ADTRAN team."

Commenting further on the financial results, Mr. Smith noted the significant increase in shipments of Total Access 750 and MX2800, ADTRAN's new broadband multiplexer. These new products contributed over 40% of the revenue growth from the third to fourth quarter of 1999. With these products now shipping in significant quantities, ADTRAN will continue to expand its presence in the rapidly growing CLEC market.

Mr. Smith also noted that the Company is required to report an increase of \$116,000,000 in stockholders' equity to reflect the fair value (less tax effect) at December 31, 1999 of the Company's net investment of slightly less than \$2,000,000 in Dialog Semiconductor following Dialog's IPO during the fourth quarter 1999 which the Company holds as a long term investment.

ADTRAN, Inc. designs, develops, and markets a broad range of high-speed digital transmission products utilized by Telcos, corporate end users and OEMs to implement digital data service over existing telephone networks.

This press release contains forward-looking statements that 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, 1998. Such risks and uncertainties could cause actual results to differ materially from those in the forward-looking statements included in this press release.

ADTRAN
Condensed Balance Sheet
December 31, 1999
Unaudited

Assets

Cash & cash equivalents

\$ 37,405,325

Short-term investments	41,080,776
Accounts receivable	60,036,876
Other receivables	4,553,874
Inventory	58,568,773
Prepaid expenses	5,480,223

Total current assets	207,125,847
Equipment (net)	28,849,320
Land	4,263,104
Bldg. & Land improvements (net)	71,475,331
Other assets	220,000
Long term investments	244,362,579

Totals	\$556,296,181
	=====
Liabilities and stockholders' equity	
Accounts payable	\$ 10,406,925
Accrued salaries	3,240,692
Accrued income taxes	6,415,149
Accrued taxes other than income taxes	728,077
Warranty payable	1,519,945
Accrued vacation	1,619,534
Interest payable	0
Other payables	2,366,923

Total current liabilities	26,297,245
Long term liabilities	130,265,155

Total liabilities	156,562,400
Stockholders' equity	399,733,781

Totals	\$556,296,181
	=====

ADTRAN
Condensed Statements of Income
For the periods ending 12/31/99 and 12/31/98
Unaudited

	Fourth Quarter 1999	Fourth Quarter 1998
	-----	-----
Sales	\$104,470,518	\$73,032,629
Cost of Sales	49,205,395	33,635,002
	-----	-----
Gross Profit	55,265,123	39,397,627
Selling, general and administrative expenses	19,323,541	17,864,173
Research and development expenses	11,095,886	9,368,335
	-----	-----
Profit from operations	24,845,696	12,165,119
Interest expense	(582,667)	(593,393)
Other income (primarily interest)	1,558,596	1,348,370
	-----	-----
Income before income taxes	25,821,625	12,920,096
Provision for income taxes	(8,852,996)	(4,089,252)
	-----	-----
Net income	\$ 16,968,629	\$ 8,830,844
	=====	=====
Weighted average shares outstanding assuming dilution	39,208,001	38,554,242
	=====	=====

Earnings per common share assuming dilution (1)	\$0.43 =====	\$0.23 =====
Earnings per common share	\$0.44 =====	\$0.23 =====

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

ADTRAN
Condensed Statements of Income
For the periods ending 12/31/99 and 12/31/98
Unaudited

	For the Year Ended December 31, 1999	For the Year Ended December 31, 1998
Sales	\$367,207,437	\$286,558,950
Cost of Sales	178,629,643	130,009,879
Gross Profit	188,577,794	156,549,071
Selling, general and administrative expenses	71,734,959	62,060,907
Research and development expenses	42,017,779	37,221,780
Profit from operations	74,825,056	57,266,384
Interest expense	(2,311,667)	(2,286,821)
Other income (primarily interest)	4,676,842	5,635,693
Income before income taxes	77,190,231	60,615,256
Provision for income taxes	(26,244,679)	(20,305,606)
Net income	\$50,945,552 =====	\$40,309,650 =====
Weighted average shares outstanding assuming dilution	38,831,091 =====	39,163,763 =====
Earnings per common share assuming dilution (1)	\$1.31 =====	\$1.03 =====
Earnings per common share	\$1.33 =====	\$1.03 =====

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

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