

**ADTRAN, Inc. Reports First Quarter 2004 Results and Declares Quarterly Cash Dividend**

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HUNTSVILLE, Ala. - (BUSINESS WIRE) - April 13, 2004 - ADTRAN, Inc. (NASDAQ:ADTN) reported results for the first quarter ended March 31, 2004. Sales increased 32% to \$114,039,000 for the quarter compared to \$86,223,000 for the first quarter of 2003.

Net income increased 94% to \$20,398,000 for the quarter compared to \$10,539,000 for the first quarter of 2003. Earnings per share, assuming dilution, were \$0.25 for the quarter compared to \$0.14 for the first quarter of 2003.

Gross margin improved to 57.5% for the quarter compared to 54.6% in the first quarter of 2003. The increase in gross margin is principally the result of continuing improvements in manufacturing efficiencies and product cost reductions.

Net cash provided by operating activities totaled \$28 million for the first quarter. Cash and marketable securities, net of debt, totaled \$352 million, at March 31, 2004.

ADTRAN Chairman and Chief Executive Officer Mark Smith stated, "Expanding revenues for new products were a significant contributor to record first quarter sales and earnings for our company. In spite of the normal seasonal weakness of the first quarter, this quarter's results showed the first sequential increase in revenue from the fourth quarter since 1999. We anticipate increasing revenues from new products will persist in providing our primary growth, augmented by continuing share gains and recovering traditional markets."

The Company also announced that its Board of Directors declared a cash dividend for the fourth consecutive quarter. The quarterly cash dividend is \$0.08 per common share to be paid to holders of record at the close of business on May 4, 2004. The ex-dividend date is April 30, 2004 and the payment date is May 18, 2004.

The Company also confirmed that its first quarter conference call will be held Wednesday, April 14 at 9:30 a.m. Central Time. Guidance for the second quarter and year 2004 will be issued during this conference call. This conference call will be webcast 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 an established supplier of advanced transmission products that provide users access to today's expansive telecommunications networks. Widely deployed in carrier, enterprise and global networks worldwide, ADTRAN products support all major digital access technologies. ADTRAN equipment is widely deployed by major Incumbent Local Exchange Carriers, Inter-exchange Carriers, ISPs, Competitive Service Providers, international service providers, public and private enterprises, and original equipment manufacturers.

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, 2003. Such risks and uncertainties could cause actual results to differ materially from those in the forward-looking statements included in this press release.

Condensed Statements of Income  
For the quarter ending 3/31/04 and 3/31/03  
(In thousands, except per share data)  
Unaudited

|  | First<br>Quarter<br>2004 | First<br>Quarter<br>2003 |
|--|--------------------------|--------------------------|
|  | -----                    | -----                    |
| Sales  | \$114,039                | \$86,223                 |
| Cost of Sales                                | \$48,521                 | \$39,150                 |
|  | -----                    | -----                    |
| Gross Profit                                 | \$65,518                 | \$47,073                 |
| Selling, general and administrative expenses | \$22,272                 | \$20,152                 |
| Research and development expenses            | \$14,817                 | \$14,271                 |
|  | -----                    | -----                    |
| Profit from operations                       | \$28,429                 | \$12,650                 |
| Interest expense                             | (\$644)                  | (\$660)                  |
| Other income (primarily interest)            | \$2,434                  | \$2,855                  |
|  | -----                    | -----                    |
| Income before provision for income taxes     | \$30,219                 | \$14,845                 |
| Provision for income taxes                   | (\$9,821)                | (\$4,306)                |
|  | -----                    | -----                    |
| Net income                                   | \$20,398                 | \$10,539                 |
|  | =====                    | =====                    |
| Weighted average shares outstanding          |                          |                          |
| Basic  | 79,500                   | 75,190                   |
| Diluted (1)                                  | 82,792                   | 77,924                   |
| Earnings per common share                    |                          |                          |
| Basic  | \$0.26                   | \$0.14                   |
| Diluted (1)                                  | \$0.25                   | \$0.14                   |

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

Condensed Balance Sheet  
March 31, 2004  
Unaudited  
(In thousands)

|  |                   |
|--|-------------------|
|  | March 31,<br>2004 |
|  | -----             |
| Assets                                     |                   |
| Cash & cash equivalents                    | \$171,166         |
| Short-term investments                     | \$21,550          |
| Accounts receivable (net)                  | \$66,718          |
| Other receivables                          | \$5,044           |
| Income tax receivables                     | \$0               |
| Inventory (net)                            | \$44,380          |
| Prepaid expenses and other current assets  | \$6,277           |
|  | -----             |
| Total current assets                       | \$315,135         |
| Equipment (net)                            | \$26,103          |
| Land                                       | \$4,263           |
| Bldg. & land improvements (net)            | \$64,692          |
| Other assets                               | \$493             |
| Deferred tax assets                        | \$2,580           |
| Long-term investments                      | \$210,984         |
|  | -----             |
| Total long-term assets                     | \$309,115         |
| Total assets                               | \$624,250         |
|  | =====             |
| Liabilities and stockholders' equity       |                   |
| Accounts payable                           | \$28,446          |
| Accrued wages and benefits                 | \$8,559           |
| Accrued liabilities                        | \$13,333          |
|  | -----             |
| Total current liabilities                  | \$50,338          |
| Deferred tax liabilities                   | \$7,398           |
| Other non-current liabilities              | \$1,303           |
| Long-term debt                             | \$50,000          |
|  | -----             |
| Total long-term liabilities                | \$58,701          |
| Total liabilities                          | \$109,039         |
| Stockholders' equity                       | \$515,211         |
|  | -----             |
| Total liabilities and stockholders' equity | \$624,250         |
|  | =====             |

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