



## ADTRAN, Inc. Reports Second Quarter 1999 Results

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HUNTSVILLE, Ala.--(BUSINESS WIRE)--July 14, 1999--ADTRAN, Inc. (Nasdaq:ADTN) reported results for both the second quarter and the first six months ended June 30, 1999. Sales for the quarter increased 24% to \$88,507,000 from sales of \$71,155,000 for the quarter ended June 30, 1998. Sales for the six-month period ended June 30, 1999 increased 21% to \$165,670,000 compared to sales of \$136,483,000 for the first six months of 1998.

Net income for the quarter increased 5.6% to \$10,716,000 from net income of \$10,145,000 for the quarter ended June 30, 1998. Net income for the first six months of 1999 was \$19,827,000 compared to net income of \$20,038,000 for the first six months of 1998. Earnings per share, assuming dilution, for the second quarter increased eight percent to \$0.28 compared to earnings per share of \$0.26 for the second quarter of 1998.

Commenting on the results, ADTRAN Chairman and Chief Executive Officer Mark C. Smith stated, "Our business was brisk throughout the quarter. Carrier Networks was particularly strong, increasing 43% year to year (19% from the first quarter). Our strategy of pursuing growth in the HDSL market is bearing fruit. During the second half of the year, as our 6th Generation product begins to ship, we expect to see improved gross margins in this part of our business as well as continuing sales growth. Our market share gains over the past two years also mean that we are well positioned for the transition to HDSL2 by our customers. Enterprise Networks began a rebound during the quarter and sales were up over eight percent from the first quarter."

Looking to the remainder of the year, Mr. Smith noted that "We are excited about prospects for the Company in the second half of 1999 due to continuing HDSL activity, introduction of the Total Access(TM) - 750 for the CLEC market, and the wide acceptance and deployment of our Total Reach(R) technology."

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

### Condensed Balance Sheet

June 30, 1999

Unaudited

June 30,  
1999

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#### Assets

Cash & cash equivalents	\$ 37,599,951
Short-term investments	24,132,108

Accounts receivable	61,247,914
Other receivables	1,476,173
Inventory	55,448,469
Prepaid expenses	3,934,535
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Total current assets	183,839,150
Equipment (net)	29,306,091
Land	4,263,104
Bldg. & Land improvements (net)	59,624,312
Other assets	220,000
Long term investments	55,734,945
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Totals	\$332,987,602
	=====
Liabilities and stockholders' equity	
Accounts payable	\$ 16,441,354
Accrued salaries	4,502,326
Accrued income taxes	2,710,999
Accrued taxes other than income taxes	477,604
Warranty payable	1,519,945
Accrued vacation	1,594,900
Interest payable	0
Other payables	1,487,205
	-----
Total current liabilities	28,734,334
Long term liabilities	53,295,140
Total liabilities	82,029,474
Stockholders' equity	250,958,127
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Totals	\$332,987,602
	=====

Condensed Statements of Income  
For the periods ending 06/30/99 and 06/30/98

	Second Quarter 1999	Second Quarter 1998
	-----	-----
Sales	\$ 88,506,872	\$ 71,155,452
Cost of Sales	45,151,016	32,205,894
	-----	-----
Gross Profit	43,355,856	38,949,558
Selling, general and administrative expenses	17,463,138	15,064,329
Research and development expenses	10,362,428	9,443,911
	-----	-----
Profit from operations	15,530,290	14,441,318
Interest expense	( 576,333)	( 576,333)
Other income (primarily interest)	1,160,678	1,506,073
	-----	-----
Income before income taxes	16,114,634	15,371,057
Provision for income taxes	( 5,398,403)	( 5,226,160)
	-----	-----
Net income	\$ 10,716,232	\$ 10,144,898
	=====	=====
Weighted average shares outstanding assuming dilution	38,552,383	39,431,601
	=====	=====
Earnings per common share assuming dilution (1)	\$ 0.28	\$ 0.26
	=====	=====
Earnings per common share	\$ 0.28	\$ 0.26
	=====	=====

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

Condensed Statements of Income  
For the periods ending 06/30/99 and 06/30/98

	First Half 1999	First Half 1998
	-----	-----
Sales	\$ 165,669,520	\$ 136,482,686
Cost of Sales	82,635,552	61,614,431
	-----	-----
Gross Profit	83,033,968	74,868,255
Selling, general and administrative expenses	34,218,521	28,321,919
Research and development expenses	20,059,091	17,822,267
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Profit from operations	28,756,356	28,724,069
Interest expense	( 1,146,333)	( 1,110,761)
Other income (primarily interest)	2,204,616	2,861,033
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Income before income taxes	29,814,639	30,474,341
Provision for income taxes	( 9,987,904)	( 10,436,792)
	-----	-----
Net income	\$ 19,826,735	\$ 20,037,549
	=====	=====
Weighted average shares outstanding assuming dilution	38,552,383	39,500,980
	=====	=====
Earnings per common share assuming dilution (1)	\$ 0.51	\$ 0.51
	=====	=====
Earnings per common share	\$ 0.52	\$ 0.51
	=====	=====

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

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