



Corporate Office
901 Explorer Blvd.
Huntsville, AL 35806

U.S. Mail
P.O. Box 140000
Huntsville, AL 35814-4000

Toll Free: 1 800 9ADTRAN
Telephone: 256 963.8000
www.adtran.com

Code of Business Conduct and Ethics

October 2010

To all Employees, Officers and Directors:

ADTRAN's Board of Directors has adopted a Code of Business Conduct and Ethics that reaffirms the Company's commitment to high standards of ethical conduct and reinforces our business ethics, policies and procedures.

Our vision is to **enable a fully connected world where the power to communicate is available to everyone, everywhere**. In doing so, we must demonstrate the highest level of ethics and integrity in our business dealings with all stakeholders (employees, customers, shareholders, and our communities).

All of us have a shared responsibility to maintain the highest standard of integrity and ensure that we sustain a place where we are proud to work. If you are faced with an ethical dilemma, you have a responsibility to speak up and seek resolution. We all must be accountable for acting with integrity and upholding the values of our Company.

Please review the Code of Business Conduct and Ethics and ensure that you and those around you comply with its provisions.

Tom Stanton
Chairman and CEO

CODE OF BUSINESS CONDUCT AND ETHICS

INTRODUCTION

This Code of Business Conduct and Ethics (the “Code”) applies to ADTRAN, Inc. and all subsidiaries and entities controlled by it (collectively, the “Company”) and the Company’s directors, officers and employees. Compliance with the Code is required of all Company personnel at all times. Because any illegal or unethical action is unacceptable, including the appearance of misconduct or impropriety by anyone acting on the Company’s behalf, the Company’s agents, representatives and consultants should also follow the Code. No one has authority to require or influence anyone else to violate this Code, and any attempt to do so may result in, if an employee, immediate disciplinary action, up to and including termination of employment or, if contracted with the Company, immediate termination of the contractual relationship.

The Code is based on the following general principles:

1. Compliance with the Law

ADTRAN and its employees will abide by the requirements of all laws and regulations applicable to our business, and will act in such a manner that the full disclosure of all facts related to any activity will always reflect favorably upon the Company.

2. Adherence to High Ethical Standards

ADTRAN and its employees will adhere to the highest ethical standards of conduct in all business activities, and will act in a manner that enhances ADTRAN’s standing as an ethical competitor within the business community.

3. Responsible Business Citizenship

ADTRAN and its employees will act as responsible citizens in the communities where the Company does business.

The Code, however, is not intended to be a comprehensive manual that covers every situation that Company personnel might encounter. In many cases, more specific requirements are contained in the various corporate policies, procedures and guidelines, which can be obtained from your department manager and through the ADTRAN Human Resources Department.

ADTRAN reserves the right to vary, revoke or amend any terms of the Code as required by the needs of the business.

ENFORCEMENT

The Board of Directors has charged the Company’s senior management with ensuring that this Code and the Company’s corporate policies will govern, without exception, all business activities of the Company.

If you have any questions on the Code, please contact the Director of Internal Audit, at (256) 963-8477.

RESPONSIBILITY

All directors, officers and employees of ADTRAN are expected to act honestly in all dealings, comply with the laws and regulations governing our business, and maintain an ethical work environment.

Everyone is expected to take responsibility for their actions, including:

- Observance of the guidelines outlined in this Code and other company policies
- Compliance with all laws and regulations governing the business of ADTRAN in the locality where business is being conducted

Management has additional responsibility to:

- Be familiar with ADTRAN's Code and resolution procedures
- Promote and maintain a work environment in which honest, ethical and legal business conduct is expected and required
- Take appropriate action to see that reports of all possible employee or business misconduct are reported to the Company as required by the Code

The absence of a guideline covering a particular situation does not relieve any of us from the responsibility for acting ethically.

EDUCATION and AWARENESS

All employees are required to review, understand and comply with the Code. As part of ADTRAN's effort to assure ethical behavior, every employee, current and future, of the Company will be required to certify that the employee has read, understands and commits to abide by the requirements of the Code

CONFLICTS OF INTEREST

Business decisions and actions must be based on the best interests of the Company, and must not be motivated by personal considerations or relationships. Relationships with prospective or existing suppliers, contractors, customers, competitors or regulators must not affect your independent and sound judgment on behalf of the Company. General guidelines to help personnel better understand several of the most common examples of situations that may cause a Code conflict of interest are listed below. However, personnel are required to disclose to management any situation that may be, or appear to be, a conflict of interest. When in doubt, it is best to discuss your specific situation with your supervisor or the Director of Internal Audit.

Outside Employment

Company personnel may not work for, or receive payments for services from, any competitor, customer, distributor or supplier of the Company without approval of the Chief Executive Officer. Any outside activity must be strictly separated from Company employment and should not impact job performance at the Company.

Board Memberships

Serving on the board of directors or a similar body for an outside company or government agency requires the advance approval of the Chief Executive Officer. Helping the community by serving on boards of non-profit or community organizations is encouraged, and does not require prior approval.

Family Members and Close Personal Relationships

Company personnel may not use personal influence to direct Company business to a company in which any family member or friend has an interest.

Investments

Company personnel may not allow their personal investments to influence, or appear to influence, their independent and sound judgment on behalf of the Company. If there is any doubt about how an investment might be perceived, it should be disclosed to your supervisor or the Director of Internal Audit.

BRIBES, GIFTS and ENTERTAINMENT

ADTRAN does not offer or accept kickbacks or bribes, or accept gifts of any value, all of which are strictly forbidden. The purpose of business entertainment and gifts of nominal value offered by the Company is to create good will and sound working relationships. It is your duty to exercise good judgment and to act with moderation in offering entertainment or gratuities.

Gifts

1. Gifts to Employees- Company personnel may not accept bribes, kickbacks, gifts or gratuities.

2. Gifts Given by the Company- Some business situations call for giving gifts. The Company's gifts must be legal, reasonable, and approved by your manager in advance. Company personnel must never pay bribes or kickbacks.

Company personnel may not provide any gift if it is prohibited by law or the policy of the recipient's organization. For example, the employees of many governmental entities are prohibited from accepting gifts. If in doubt, discuss your specific circumstances with your manager.

Entertainment

1. Entertainment of Employees- Company personnel may accept entertainment that is reasonable in the context of the Company's business and that advances the Company's interests. For example, accompanying a business associate to a local cultural or sporting event, or to a business meal, would in most cases be acceptable.

Entertainment that is lavish or frequent may appear to influence one's independent judgment on behalf of the Company. Accepting entertainment that may appear inappropriate should be discussed with your manager in advance.

2. Entertainment by the Company- Company personnel may provide entertainment that is reasonable in the context of the Company's business. If you have a concern about whether providing entertainment is appropriate, discuss the issue with your manager in advance.

Travel

1. Acceptance of Travel Expenses- Company personnel may accept transportation and lodging provided by a Company supplier or other third party, if the trip is for business and is approved in advance by the individual's manager.

2. Providing Travel- Unless prohibited by law or the policies of the recipient's organization, the Company may pay the transportation and lodging expenses incurred by customers, agents or suppliers in connection with a visit to a Company facility or product installation. The visit must be for a business purpose and must be approved in advance by your manager.

Political Contributions and Activities

No employee may make any political contribution of any kind in the name of, or by utilizing Company funds, assets, services or facilities without the prior approval of the Company's Chief Executive Officer. Any employee is free to make personal political contributions or engage in personal political activities so long as such contributions or activities do not infringe upon the employee's duties for the Company, are not inconsistent with this Code, and the employee does not do so in the name of the Company.

The laws governing participation by corporations in the political process of countries other than the United States vary widely. In certain countries, contributions to the political process (including contributions to political parties) are lawful and expected as a matter of good corporate citizenship. To ensure compliance with the law, any contribution to be made by the Company must be reviewed and approved in advance by the Company's Chief Executive Officer.

INVOLVEMENT IN THE COMMUNITY

ADTRAN's aim is to be an active partner with the local communities in which we operate through the support of community initiatives and charities. The Company will work with our communities by volunteering and financially supporting education and other worthy causes.

TAKING COMPANY BUSINESS OPPORTUNITIES

Company personnel may not take for themselves opportunities that rightfully belong to the Company. These opportunities rightfully belong to the Company when, for example, the Company has pursued the opportunity, when it has been offered to the Company, when it is the kind of business the Company competes in, when the Company has funded it, when the Company has devoted facilities or personnel to develop it, or when it is in the same line of business as the Company's business.

PROTECTION OF COMPANY PROPERTY and ASSETS

All employees have a responsibility to protect the Company's assets from loss, damage, misuse or theft. The Company's assets, such as funds, equipment, products or computers, may only be used for business purposes and other purposes approved by your manager consistent with Company policy. The Company's assets may never be used for illegal purposes. The Company's property should not be taken out of Company facilities unless necessary and authorized in connection with Company work.

PROPRIETARY INFORMATION

All confidential information of the Company must be protected. Confidential information includes, for example, pricing, inventions, financial data, trade secrets and know-how, acquisition and divestiture opportunities, marketing and sales programs, research and development information and customer and supplier information. Confidential information also includes information that suppliers and customers have entrusted to us.

No employee may disclose the Company's confidential or proprietary information to anyone within or outside of the Company unless the recipient is required to use the information to carry out his or her assigned responsibilities as an employee of the Company, or as an outsider who has been properly authorized by an officer of the Company to receive such information. The obligation not to disclose the Company's confidential or proprietary information continues after employment with the Company terminates.

MEDIA RELATIONS

Employees may be asked by representatives of the news media for information concerning the Company's position on public issues. Employees should coordinate any responses to the media with the appropriate ADTRAN public relations staff.

In addition, employees may not release information to the news media about company activities or the activities of other employees. The ADTRAN public relations staff has established systems for responding to news media requests and for obtaining management approval for public statements. If an activity merits or requires public disclosure, its release will be coordinated by the ADTRAN public relations groups.

COMPLIANCE WITH THE LAW

ADTRAN is a global company and, as such, we are committed to following not only U.S. laws that deal with foreign business transactions, but also applicable laws and regulations in all our locations where we do business. Instances where law does not explicitly address an ethical matter requires us to use good judgment, adhering to the principles of the law, and following the principles of honesty, integrity, and common sense. If local law is stricter than the Code, then we should follow local law. If the Code is stricter than local law, then we should follow the Code.

Perceived pressure from supervisors or demands due to business conditions are not excuses for violating the law. Any questions or concerns about the legality of an action should be addressed with your manager or the Director of Internal Audit.

Due to the far-reaching provisions of some of these laws, one law in particular deserves to be further highlighted.

United States Foreign Corrupt Practices Act (FCPA)

The FCPA is U.S. federal law that applies to U.S. individuals, companies and businesses, including their controlled international subsidiaries. The FCPA has two basic parts: 1) the anti-bribery provisions and 2) accounting and recordkeeping requirements. The anti-bribery section prohibits payment of a bribe to a non-U.S. official or non-U.S. political party, party official or candidate for political office. The FCPA defines a bribe as anything of value given or offered to a non-U.S. official for the purpose of influencing an act or decision to obtain, retain or direct business. Anything of value can include things other than cash. Despite the reference to foreign practices, the FCPA's accounting and recordkeeping provisions apply to domestic and international operations of publicly traded U.S. companies, such as ADTRAN. These rules originally were intended to prevent the creation of unreported slush funds or illegal payments to non-U.S. officials. But the government also uses them to challenge a wide range of recordkeeping practices unrelated to illegal payments or non-U.S. operations.

Problems relating to the FCPA are most likely to occur by a person or entity performing services outside the United States on behalf of or for the benefit of the Company. For this reason, the Company has adopted mandatory procedures that must be followed before any person or entity outside of the United States can be retained to perform services directly on behalf or for the benefit of the Company.

While the FCPA's accounting provisions basically restate generally accepted accounting principles, it is important to understand that strict accuracy in documentation and reporting is required. These provisions include proper documentation and reporting of relatively small sums disbursed from petty cash funds. Any director, officer, employee or agent of ADTRAN, or any stockholder acting on behalf of ADTRAN, who is convicted of violating the FCPA is subject to substantial fines and/or imprisonment. If convicted, the company is also subject to substantial fines.

Internal Control Guidelines

ADTRAN has established systems, controls and records for authorizing, executing, and recording transactions involving assets and liabilities. The Company also controls access to assets and periodically reconciles recorded and existing assets. The following is a summary of some of the more significant internal policies and controls:

1. Compliance

No officer, employee or other person acting on behalf of the Company will engage in any activity that circumvents the Company's systems of internal controls.

2. Illegal Payments

No officer, employee or other person acting on behalf of the Company will in any way offer, make or cause to be offered or made any payment, contribution or gift of any kind in violation of any law or regulation.

3. Cash Disbursements

Cash disbursements from petty cash accounts require proper documentation, approvals and reporting from established and properly recorded petty cash accounts. All checks will be drawn only to the ultimate payee. No checks will be made payable to cash or bearer.

4. Reporting and Review Procedure

Any officer, employee or other agent of the Company who thinks a transaction may be illegal must follow at least one of the reporting processes described below in the section of this Code entitled “**WHERE to GO WITH a QUESTION, CONCERN or to REPORT a VIOLATION**”.

IMPORT/EXPORT CONTROL

It is ADTRAN’s policy to comply with all domestic and foreign import and export laws and regulations. Failure to do so could result in criminal and civil penalties, as well as the loss of ADTRAN’s ability to import or export products and services.

INSIDE INFORMATION and SECURITIES TRADING

In the course of business activities, an employee may become aware of nonpublic information regarding the business, operations or securities of the Company. The United States securities laws prohibit trading securities on the basis of such nonpublic information (often called “inside information”) if it is material. Information is deemed to be material if an investor would consider it important in deciding whether to buy, sell, or hold securities. Examples of items that may be material include:

- Financial results and forecasts.
- Possible mergers, acquisitions, divestures and investments.
- Obtaining or losing important contracts.
- Significant discoveries.
- Major litigation developments.

Information is considered to be nonpublic unless it has been adequately disclosed to the public and there has been sufficient time and opportunity for the market as a whole to assimilate the information. Generally, this means that the information has been available to the public for at least three business days.

An employee who is aware of nonpublic material information related to the Company, or to firms negotiating or competing with the Company, may not buy or sell shares or other securities of the Company or these firms. Such information may not be disclosed to anyone, other than Company employees or appropriate agents or representatives who have established their need to know, until the information has been adequately disclosed to the public by authorized Company officials.

In addition, the Company has two insider trading policies; one applies to employees and the other applies to officers and directors. All employees, officers and directors are expected to be aware of and comply with the applicable Company insider trading policy.

FAIR COMPETITION

No employee should ever use any illegal or unethical method to gather competitive information. Stealing proprietary information, possessing trade secret information that was obtained without consent or inducing such disclosures by past or present employees of other companies is prohibited.

Additionally, the Company and its employees are required to comply with the antitrust and unfair competition laws of the United States and the other countries in which the Company does business. Employees who question whether a contemplated action may violate fair competition laws should speak to their supervisors or to the Director of Internal Audit.

RESPONSIBILITY to the COMPANY's EMPLOYEES

The Company is committed to treating all employees with honesty, fairness and respect, and providing a safe and healthy work environment. Abusive, harassing or offensive conduct is unacceptable, whether verbal or physical. Examples include derogatory comments based on racial or ethnic characteristics and sexual advances. Employees are directed to report harassment when it occurs. Additionally, the Company is committed to providing all employees and others who are on Company property with a safe and secure environment. Accordingly, all personnel will comply with all health and safety laws and regulations as well as Company policies governing health and safety. All personnel are responsible for immediately reporting accidents, injuries and unsafe equipment, practices or conditions to a supervisor or other designated person.

ADTRAN is committed to a drug-free workplace and encourages identification and treatment of alcohol and chemical dependency in its early stages. The unlawful manufacture, distribution, dispensation, possession, sale, use, or to be under the influence of a controlled substance in the workplace or while engaged in ADTRAN's business while out of the office is strictly prohibited.

ACCURACY and RETENTION of BUSINESS RECORDS

1. **General-** Generally accepted accounting principles and applicable United States laws require that transactions and events relating to the Company's assets must be properly recorded in the books and accounts of the Company and accurately reported in the applicable reports required by and filed with the Securities and Exchange Commission (the "SEC") and other United States regulatory agencies. As a result, all financial personnel shall make and retain books, records and accounts that, in reasonable detail, accurately, completely and objectively reflect transactions and events, and conform both to required accounting principles and to the Company's systems of internal controls. No false or artificial entries may be made. No entry may be made or recorded in the Company's books and records or reported in any disclosure document that misrepresents, hides or disguises the true nature of the event or transaction, and all entries and reports must be made in a timely manner.

All employees must create accurate records that reflect the true nature of transactions and activities that are recorded (including the reporting of time and documenting attendance and absence). Discrepancies are to be resolved in any records and appropriate corrections made.

ADTRAN does not tolerate falsification or improper alteration of records. It is never appropriate to direct someone else to prepare or approve a false or misleading record.

2. Additional Requirements for Senior Financial Officers- In addition to the requirements specified in the Code, the Company's senior financial officers, including, but not limited to, the Chief Financial Officer, Controller or persons performing similar functions, must:

- conduct themselves in an honest and ethical manner, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- compile full, fair, accurate, timely and understandable disclosure in the periodic reports of the Company; and
- comply with applicable governmental rules and regulations.

Any change or waiver of the code of ethics for senior financial officers must be immediately disclosed by means of filing a Form 8-K, dissemination by the Internet or by other electronic means, or in accordance with the rules and regulations promulgated by the SEC or the stock exchange governing the Company.

DOCUMENT RETENTION

Company records must be retained according to applicable laws. You may never destroy, alter, damage or conceal any record if you have been directed to retain it, or if you know of any litigation, or any internal or external investigation concerning that record. Employees should consult the Company's various work instructions for questions related to the Company's document retention guidelines or the propriety of disposing of a Company document or record.

WHERE to GO WITH a QUESTION, CONCERN or to REPORT a VIOLATION

If you need an explanation or you want to know if a provision of the Code applies to a particular situation, the best place to start is with your supervisor or the Director of Internal Audit.

If you believe a fellow employee is violating the Code or otherwise acting in an illegal or unethical manner, you must report it. Doing so will not be considered an act of disloyalty; rather, such action demonstrates your sense of commitment, responsibility and fairness to the Company's customers, shareholders and fellow employees. Such action also helps safeguard the reputation and the assets of the Company.

Reporting violations of the code is also necessary because in some cases failure to report an illegal act by another person is itself a criminal act for which you could be prosecuted.

Violations may be reported to your supervisor/manager, the Human Resources Department, or an officer of the Company. If you do not believe that the violation has been adequately addressed, report the violation to the Director of Internal Audit. Your report will be investigated with confidentiality and you will be protected from retaliation. It is unacceptable to file a report knowing it to be false. False reports may result in disciplinary action up to and including termination of employment.

The Company will post these procedures on its website and will include a summary of these procedures in its filings with the Securities and Exchange Commission at least annually.

How to Submit a Complaint or Concern

There are four ways for you to submit complaints or concerns about the possible violations of the Code:

1. By mailing a written description of the concern or complaint to the following post office box:

ADTRAN, Inc. Hotline
P.O. Box 5765
Huntsville, AL 35814

2. By sending a written description of the concern or complaint to a designated e-mail address: hotline@adtran.com

3. By calling the following hotline number and leaving a message describing the concern or complaint:

Local: 963-6600
Toll-free: 1-888-723-8726 (1-888-7ADTRAN)

To be sure that you have reached the correct number, the hotline recording will state that it is “ADTRAN’s Employee Hotline for submission of complaints and concerns regarding the Code of Business Conduct and Ethics, including accounting, internal control and auditing matters.”

4. In person to the Director of Internal Audit located on the 8th floor in the East Tower.

Receipt and Retention of Submissions

1. Receipt- The Director of Internal Audit, or, in his or her absence, the Director of Human Resources, will check the above-mentioned post office box, e-mail address and hotline on a weekly basis and review all submissions.

2. Retention- All messages left on the hotline shall be transcribed and all submissions (written and oral) shall be maintained in a confidential file by the Director of Internal Audit. Access to the confidential file shall be restricted to the Director of Internal Audit, the Director of Human Resources and members of the Audit Committee. All submissions shall be maintained in such file for a minimum of seven (7) years following receipt of such submissions.

Treatment of and Response to Submissions

1. Review and Response- The Director of Internal Audit shall promptly review all submissions and report in writing all complaints or concerns contained in them to the Audit Committee in executive session, with independent and objective assessment of the complaint or concern and, to the extent relevant, recommended course of action. In appropriate circumstances, the Director of Internal Audit shall have the authority, in his or her discretion, to bring any submission immediately to the attention of the Audit Committee or to the Chairman of the Audit Committee. All submissions being reviewed at an Audit Committee meeting will be physically present at the meeting and available for Audit Committee inspection. The Audit Committee shall determine the appropriate means of addressing the concerns or complaints and delegate that task to the appropriate member of senior management, or take such other action as it deems necessary

or appropriate to address the concern or complaint, including obtaining outside counsel or other advisors to assist the Committee.

2. Follow-up- The Director of Internal Audit is the designated contact person for employees who wish to follow up on their submission. If, after discussion with the contact person, an employee concludes that appropriate action has not taken place, he or she may report the matter directly to a member of the Audit Committee.

3. Documentation of Response- Receipt of all submissions that are not anonymous must be acknowledged either orally or in writing, unless the employee submitting the complaint or concern indicates otherwise. The Director of Internal Audit shall maintain a record of its response to each submission, including the date of the acknowledgement and any other actions taken. Such records shall be maintained in the confidential file with the submissions.

DISCIPLINARY ACTION

Violations of the Code may cause an employee, officer or director to be subject to disciplinary action up to and including termination of employment.

WAIVERS OF THE CODE

In certain extraordinary situations, a waiver of a provision of the Code may be granted. Contact your department manager or the Director of Internal Audit if you believe special circumstances warrant a waiver of any of the Code's provisions. Only the Company's Board of Directors or a Committee of the Board of Directors may issue a waiver of the Code for executive officers or directors, and the waiver must be promptly disclosed to shareholders.

FREQUENTLY ASKED QUESTIONS

Q. Can I submit my complaints and concerns anonymously?

A. The Company knows that you are concerned about confidentiality and anonymity. For this reason, submissions to the hotline will not be traced by the Company and employees are free to make both written and hotline submissions anonymously.

Q. Will my complaints and concerns be kept confidential?

A. Confidentiality is a priority to the Company and we will treat all submissions as confidential. If you give your name, please be aware that the Director of Internal Audit may need to contact you for additional information. In doing so, the Director of Internal Audit will use its best efforts to keep everything confidential. There may be situations, however, where we may not be able to maintain complete confidentiality due to legal requirements, such as legal proceedings, or governmental proceedings. Please remember that you are not required to leave your name or any other identifying information.

Q. How often will the Company collect these submissions?

A. The Director of Internal Audit will check the post office box, e-mail address and hotline mentioned above weekly.

Q. Who will monitor and review the complaints?

A. All messages and letters, anonymous or otherwise, will be given serious consideration. A record of all submissions will be kept by the Director of Internal Audit. The Director of Internal Audit will review your complaints and report all complaints to the Audit Committee.

Q. *Will anyone respond to my complaint?*

A. If you provide your name, the Director of Internal Audit will contact you promptly to let you know that we have received your submission. If you give your name but do not wish to be contacted, you can simply indicate this in your message or letter.

Q. *How do I follow up on my submission?*

A. All employees who wish to follow up on a submission may contact the Director of Internal Audit. If, after the follow up discussion with the Director of Internal Audit you believe that appropriate action has not been taken, you may report the matter directly to a member of the Audit Committee.

Q. *How can I be sure there will be no retaliation?*

A. Retaliation against any employee who honestly reports a concern about possible violations, including illegal or unethical conduct, will not be tolerated and will be cause for disciplinary action up to and including termination of employment. Any employee may report retaliation by the same procedure described above for reporting concerns.