



Charter of the Compensation Committee of the Board of Directors

Purpose

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of ADTRAN, Inc. (the "Company") shall assist the Board in discharging its responsibilities relating to reviewing and determining executive compensation of the Company. The Committee seeks to establish and put into practice competitive human resource compensation programs to attract, retain and motivate qualified officers and to align those officers' financial interests with the interests of the Company's shareholders.

Organization and Membership

The Committee shall be comprised of three or more directors, as determined by the Board, each of whom must be an "Independent Director" as defined in the listing standards of the Nasdaq Stock Market. In addition, each member of the Committee must qualify as a "Non-Employee Director" as defined by Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and an "Outside Director" as defined by Section 162(m) of the Internal Revenue Code of 1986, as amended, and regulations issued there under.

Members of the Committee shall be appointed by the full Board at a Board meeting immediately following the annual meeting of shareholders and shall serve one year terms. Members may be removed by the Board at any time with or without cause. Upon the death, removal or resignation of a member, the full Board may appoint a successor to serve the remainder of the unexpired term. Unless a chairman of the Committee (the "Chair") is appointed by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership. The Committee shall have the power to create subcommittees with such powers as the Committee shall from time to time confer.

Meetings

The Committee will hold at least two meetings per year or more frequently as circumstances dictate. The Chair of the Committee will establish the agenda for each Committee meeting. The Committee shall meet in executive session to discuss and approve compensation of the Chief Executive Officer (the "CEO") and of any other officers of the Company whose compensation or performance is discussed or determined at such a meeting. The Committee shall also meet with the CEO, the director of Human Resources and such other members of management or other persons as it deems appropriate at each meeting. The Committee shall be responsible for maintaining appropriate records of its actions and minutes of its meetings. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.



Responsibilities, Duties and Authority

To fulfill its responsibilities and duties, the Committee will:

1. Review this Committee charter at least annually and update, as necessary, and recommend any proposed changes to the Board for approval.
2. Discharge the Board's responsibilities relating to compensation of the Company's executive officers within the guidelines established by the Board. In reviewing, evaluating and making recommendations regarding executive compensation, incentive compensation plans and equity-based plans (including whether to adopt, amend or terminate any such plans), the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation ("Say on Pay Vote") required by Section 14A of the Exchange Act.
3. Review and make recommendations to the Board with respect to incentive compensation plans and equity-based plans.
4. Review the Company's incentive compensation arrangements to consider whether they encourage excessive risk-taking, review and discuss at least annually the relationship between risk management policies and practices and compensation, and evaluate compensation policies and practices that could mitigate any such risk.
5. Review and approve annual performance goals and objectives relevant to the CEO's compensation.
6. Evaluate the CEO's performance in light of the corporate goals and objectives and set the CEO's compensation level based upon this evaluation within the parameters established by the Board. In evaluating and determining CEO compensation, the Committee shall consider the results of the Say on Pay Vote. The CEO cannot be present during any voting or deliberations by the Committee on his or her compensation.
7. Review and approve executive officers' compensation and annual performance goals and objectives relevant to executive officers' compensation for a fiscal year.
8. Review on behalf of the Board the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act.
9. Review and make recommendations to the Board regarding any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the CEO and other executive officers, which includes the ability to adopt, amend and terminate such agreements, arrangements or plans.
10. Review and determine all director compensation and benefits for service on the Board and Board committees at least once a year and recommend any changes to the Board as necessary.



11. In its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser.
12. Be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other adviser retained by the Committee. However, the Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other advisor, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.
13. Determine the appropriate funding for payment of reasonable compensation to a compensation consultant, legal counsel or any other adviser retained by the Committee, which funding will be provided by the Company.
14. Select, or receive advice from, a compensation consultant, legal counsel or other adviser, other than in-house legal counsel, only after taking into consideration the following factors:
 - (i) the provision of other services to the Company by the person/entity that employs the compensation consultant, legal counsel or other adviser;
 - (ii) the amount of fees received from the Company by the person/entity that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person/entity that employs the compensation consultant, legal counsel or other adviser;
 - (iii) the policies and procedures of the person/entity that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
 - (iv) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
 - (v) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
 - (vi) any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person/entity employing the adviser with an executive officer of the Company.

The Committee shall also evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K.

15. Approve option grants and stock awards, and seek shareholder approval as necessary, under the Company's incentive compensation plans and equity-based plans, including designation of the employees to whom the awards are to be granted, the amount of the award or equity to be



granted and the terms and conditions applicable to each award or grant, subject to the provisions of each plan.

16. Exercise general oversight of the Company's benefit plans and evaluate any proposed new retirement or executive benefit plans.
17. Oversee succession planning for executive positions.
18. Advise the Board on trends in compensation programs for non-employee directors, with a view towards aligning such compensation with shareholder interests.
19. Produce an annual report on executive compensation for inclusion in the Company's proxy statement, as required by the rules and regulations of the Securities and Exchange Commission, including reviewing and discussing with management the Company's Compensation Discussion and Analysis ("**CD&A**") and the related executive compensation information, recommending that the CD&A and related executive compensation information be included in the Company's annual report on Form 10-K and proxy statement, and producing the compensation committee report on executive officer compensation required to be included in the Company's proxy statement or annual report on Form 10-K.
20. Report to the Board on a regular basis and submit minutes of all meetings to the Board.
21. Annually review and evaluate the performance of the Committee and present the results of the evaluation to the Board.
22. Ensure that this Charter is posted on the Company's website.
23. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.