

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF
ADTRAN, INC.**

1. 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 the compensation of the Company’s officers. 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.

2. 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, and an “Outside Director” as defined by Section 162(m) of the Internal Revenue Code of 1986, as amended, and regulations issued thereunder.

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 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 Company shall have the power to create subcommittees with such powers as the Committee shall from time to time confer.

3. 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”). 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.

4. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Committee will:

1. Discharge the Board’s responsibilities relating to compensation of the Company’s executive officers within the guidelines established by the Board.

2. Make recommendations to the Board with respect to incentive compensation plans and equity-based plans.
3. Review and approve annual performance goals and objectives relevant to the CEO's compensation.
4. 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.
5. Review and approve executive officers' compensation and annual performance goals and objectives relevant to executive officers' compensation for a fiscal year within the first 90 days of that fiscal year.
6. Have sole authority, without full Board action, to retain and terminate outside advisors, such as compensation consultants.
7. Approve option grants and stock awards, and seek shareholder approval as necessary, under the Company's stock option plans.
8. Exercise general oversight of the Company's benefit plans and evaluate any proposed new retirement or executive benefit plans.
9. Advise the Board on trends in compensation programs for non-employee directors, with a view towards aligning such compensation with shareholder interests.
10. 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.
11. Report to the Board on a regular basis and submit minutes of all meetings to the Board.
12. Annually review and evaluate the performance of the Committee.
13. Ensure that this Charter is posted on the Company's website.
14. 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.