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ADTRAN, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from the line of Vivek Arya with Merrill Lynch.

Vivek Arya – Merrill Lynch

Hi, thank you. Hello Tom. Hello Jim. A couple of questions, first is Tom can you give us a sense for the drivers of your HDSL business, I mean that has been a pleasant surprise last year. And I think for '09 you're guiding it to be down. Can you give us a sense for what the drivers are there? How much of it is tied to wireless, much of it is tied to small medium sized business? Any color around that would be great.

Thomas Stanton

Well Vivek I can basically just give you the color that we have because just to remind everybody we actually ship most of our HDSL equipment to the large carriers and they don't then distinguish for us whether or not it is going for wireline capacity, wireless capacity or what the actual usage might be. Our sense and I think just from a sense from the current conditions and what we're kind of seeing in general in the business environment that the majority of -- or definitely the uptick or let us say the positive surprise are really the uptick for the year 2008 where revenue has been driven by wireless and we have continued to hear and we had heard really since the beginning or since the middle of last year about backhaul increases and bandwidth upgrades and we are expecting that same type of activity to probably drive some of the numbers going forward into 2009.

Vivek Arya – Merrill Lynch

And then on the broadband access business, the TA 5000 is expected to grow in '09 but how much of that growth could be offset by declines in either the 1100 or the TA 3000?

Thomas Stanton

I think -- I think the real the potential decline was much more centered around the 3000 series platform than the 1100 or 1200 series platforms. The 1100 or 1200 you know are -- were very active in getting these products today. We have some fairly large customers who have projected usages for these things. So we are thinking the 1100 and 1200 series to be fairly stable and you know, would not at all be surprised to see some good growth out of those product lines this year. The 3000 will probably decline but of our DSLAM area it is by far the smallest. So and that is our traditional ATM DSLAM.

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