

Welcome to Clearfield's Annual Meeting

2/25/2016



CLEARFIELD

NASDAQ:CLFD

Leader in Fiber Optic Management & Connectivity Solutions

This meeting was called by a
notice and proxy statement first mailed on
January 15, 2016
to all shareholders of record on
December 30, 2015

We have received proxies representing more than a majority
of the outstanding shares of common stock.

Therefore, this meeting has been duly called and a
quorum is present.

Agenda



- Elect five (5) directors to serve until the next Annual Meeting of the Shareholders or until their respective successors have been elected and qualified;
- Approve Amended and Restated Bylaws of Clearfield, Inc.;
- Ratify the appointment of Baker Tilly Virchow Krause LLP as the independent registered public accounting firm for Clearfield, Inc. for the fiscal year ending September 30, 2016.

Voting



2/25/2016

Adjournment



2/25/2016

Awards



2/25/2016

Important Cautions Regarding Forward-Looking Statements



Forward-looking statements contained herein and in the FieldReport are made pursuant to the safe harbor provisions of the Private Litigation Reform Act of 1995. Words such as “may,” “will,” “expect,” “believe,” “anticipate,” “estimate,” “outlook,” or “continue” or comparable terminology are intended to identify forward-looking statements. Such forward looking statements include, for example, statements about the Company’s future revenue and operating performance, growth of the FTTH market, effectiveness of the Company’s sales and marketing strategies and organization, utilization of manufacturing capacity, and the development and marketing of products. These statements are based upon the Company’s current expectations and judgments about future developments in the Company’s business. Certain important factors could have a material impact on the Company’s performance, including, without limitation: our results of operations could be adversely affected now that the stimulus funds of the American Recovery and Reinvestment Act are fully allocated and projections are nearing completion; National Broadband Plan’s transitioning from the USF to the CAF program may cause our customers and prospective customers to delay or reduce purchases; a significant percentage of our sales in the last three fiscal years have been made to a small number of customers, and the loss of these major customers would adversely affect us; intense competition in our industry may result in price reductions, lower gross profits and loss of market share; our results of operations could be adversely affected by economic conditions and the effects of these conditions on our customers’ businesses; our operating results may fluctuate significantly from quarter to quarter, which may make budgeting for expenses difficult and may negatively affect the market price of our common stock; to compete effectively, we must continually improve existing products and introduce new products that achieve market acceptance; we may face circumstances in the future that will result in impairment charges, including, but not limited to, significant goodwill impairment charges; we rely on single-source suppliers, which could cause delays, increases in costs or prevent us from completing customer orders, all of which could materially harm our business; we face risks associated with expanding our sales outside of the United States; our success depends upon adequate protection of our patent and intellectual property rights; further consolidation among our customers may result in the loss of some customers and may reduce sales during the pendency of business combinations and related integration activities; we are dependent on key personnel; product defects or the failure of our products to meet specifications could cause us to lose customers and sales or to incur unexpected expenses; and other factors set forth in Part I, Item IA. Risk Factors of Clearfield’s Annual Report on Form 10-K for the year ended September 30, 2015 as well as other filings with the Securities and Exchange Commission. The Company undertakes no obligation to update these statements to reflect actual events.

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One Year in our New Home



Clearfield, Inc.
7050 Winnetka Ave. N, Minneapolis, MN 55428

Mexico and China Augment with High Volume/Low Mix

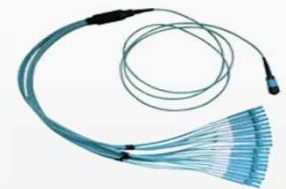


Shenzhen and Shanxi, China

- Established 2009
- Dedicated workers with ability to scale rapidly
- On-site Clearfield personnel
 - Performs supplier audits and oversight
 - Monitors quality and corrective actions
 - Assists with new design implementations

Mexico

- Established 2014
- Managed by Clearfield Director of Manufacturing
- Capacity available to grow 400%

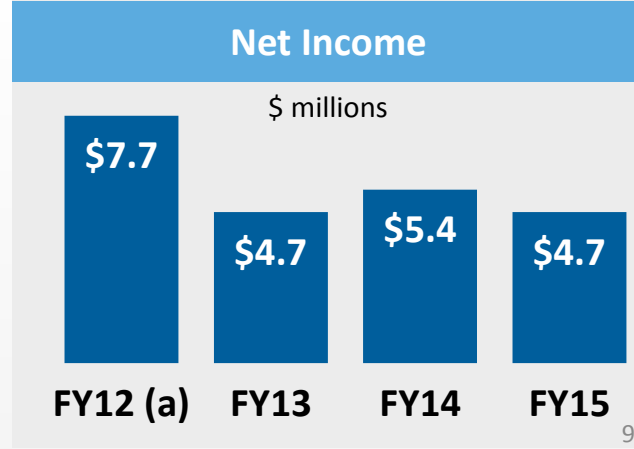
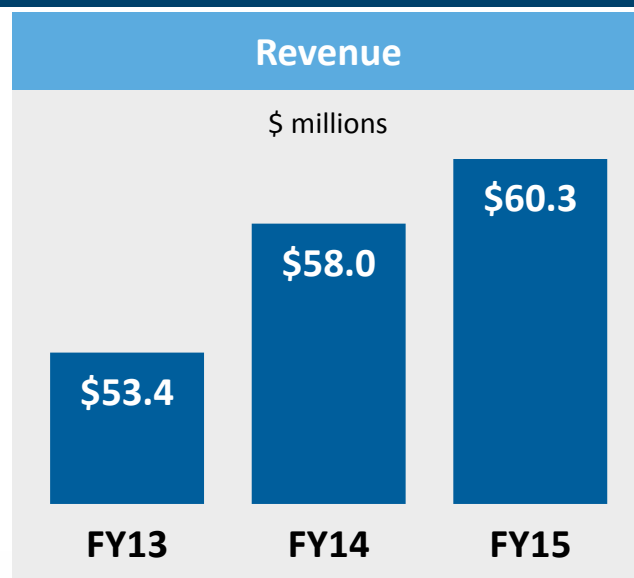


Clearfield: Key Stats



Stock Price (2/23/16)	\$14.21
52 Week Low-High	\$11.59-20.28
Avg. Vol. (3 mo.)	52,849
Shares Outstanding	13.7M
Free Float (est.)	11.2M
Insider Holdings (est.)	18%
Institutional Holdings	27%
Market Cap	\$194.6M
Founded (as APA Enterprises)	1979
Relaunched (as Clearfield)	2008
Full-time Employees	185
Data source: Yahoo Finance!, Capital IQ a.) Includes impact of a reversal of a valuation allowance of deferred tax assets that increased net income by \$3.5M	

Total Revenue (FY15)	\$60.3M
Gross Profit (FY15)	\$24.9M
Net Income (FY15)	\$4.7M
Cash and Investments at December 31, 2015	\$36.2M
Total Assets at December 31, 2015	\$57.1M
Working Capital	\$38.3M
Current Ratio	11.4x



Fiscal 2016 Key Initiatives

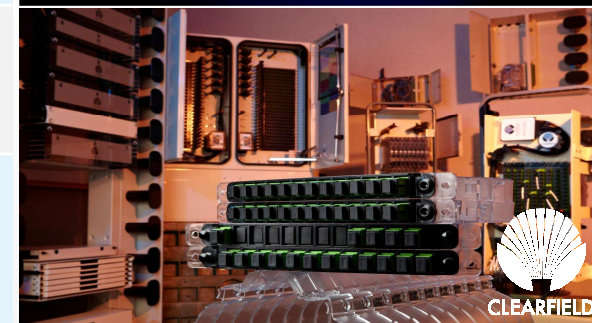
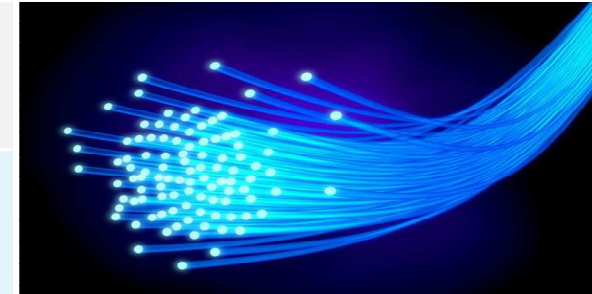
- Expand sales force and increase international presence
- Enhance management team with senior sales and marketing personnel
- Accelerate momentum of core **ILEC** business at **Tier 2** and **Tier 3** levels
- Pursue and achieve product certifications required at **Tier 1 ILEC** level
- Begin field trials with expanded base of **Tier 1** and **Tier 2** players



The Optical Fiber Puzzle



The Need	<i>Consumers and businesses are demanding faster and more reliable broadband, video and voice services</i>
The Technology	<i>Gigabit broadband</i>
The Enabler	<i>Optical fiber</i>
The Challenge	<i>Cost of deployment</i>
The Opportunity	<i><10% of the U.S. market is connected to fiber today</i>
The Solution	<i>Clearfield's optical fiber delivery platform reduces the CAPEX and OPEX cost of broadband deployment</i>

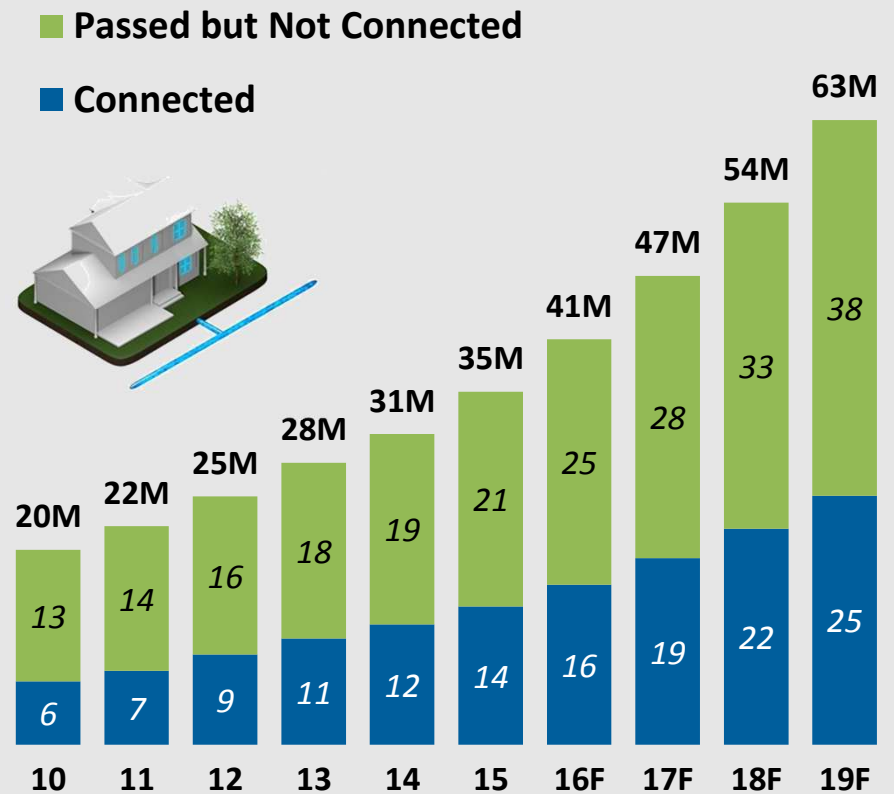


Fiber Adoption is no longer a question of "IF," only a question of "WHEN"

Growing Fiber-to-the-Home (FTTH) Addressable Market

- **77% or 118 million homes in N. America** not yet “passed” by fiber (*i.e., not in the neighborhood*)¹
- **Of 35 million homes passed**, only 9% actually connected to fiber
- **FTTH market at an inflection point:** homes with fiber available to reach **63 million** by 2019
- These factors create a growing addressable market for Clearfield, which generates \$75 for each home “passed” and \$75 for each home connected
- **Other addressable markets:** commercial, military, wireless, and other global markets are substantial and growing

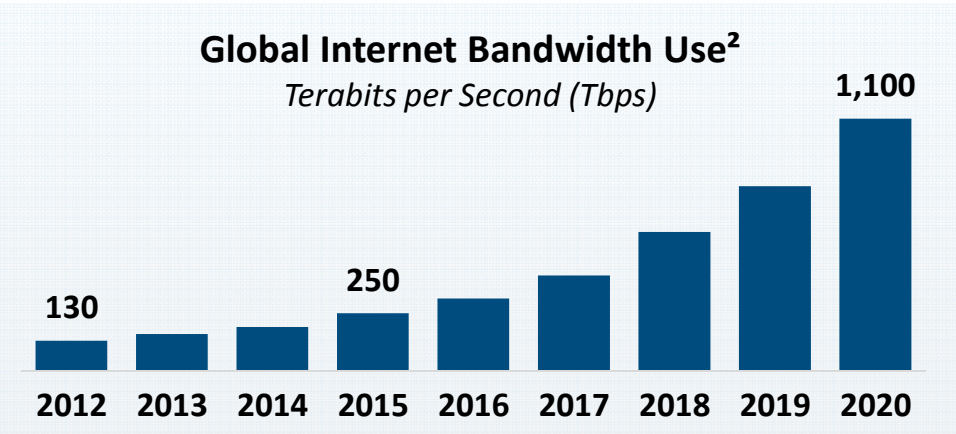
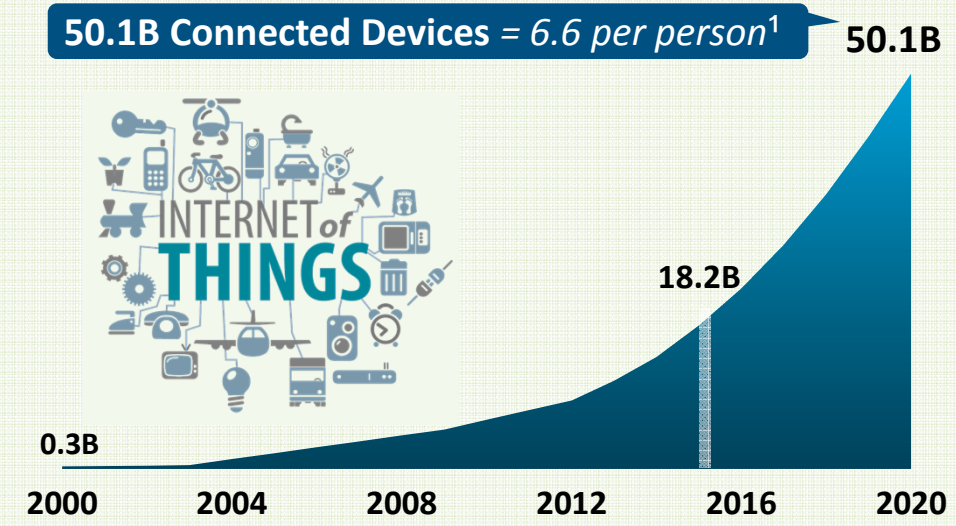
N. American Homes with Fiber Access²



1) U.S., Canada, Mexico, Caribbean. Passed means generally that there is fiber in the neighborhood
2) RVA, Sept. 2015

What's Driving Demand?

- Increasing number of Internet-connected devices — the *'Internet-of-Things'*
- Growing consumer demand for faster and more reliable broadband
- Competition among service providers to prevent subscriber churn & improve customer satisfaction
 - Incumbent providers (e.g. AT&T, CenturyLink, Comcast) motivated to respond to Google Fiber
 - Wireline is the *"umbilical cord"* into the home and considered the last relevant service offering
- Government incentives
 - Connect America Fund (Phase II): \$10B in subsidies over the next six years to bring broadband coverage and access to 3.4M underserved subscribers across the U.S.
- Decreasing equipment & labor costs



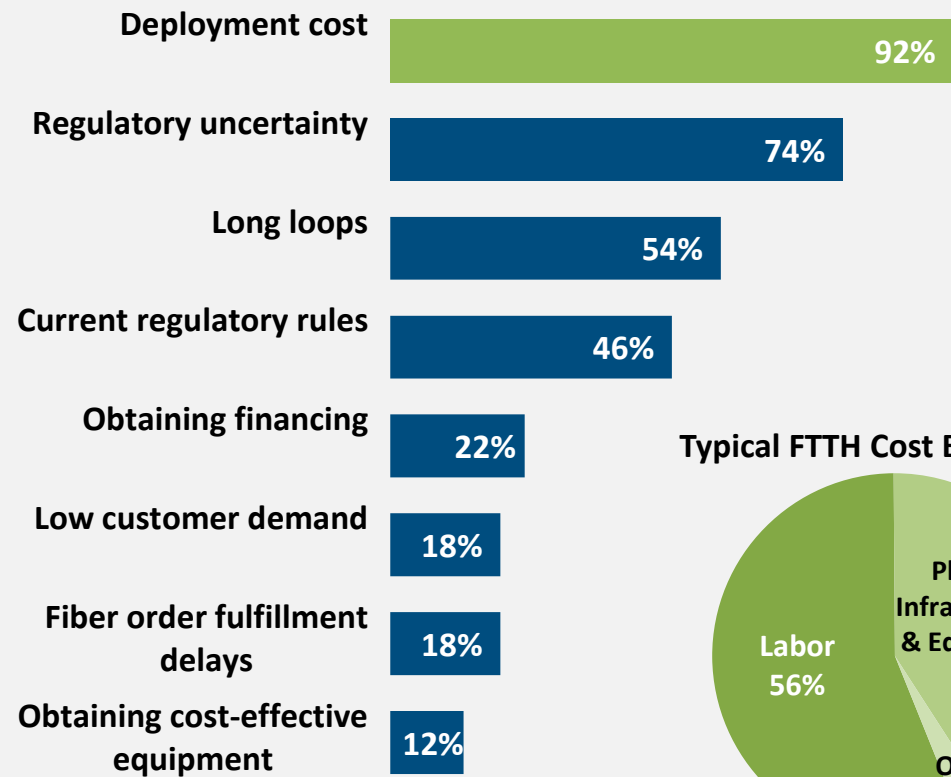
1) Cisco, 2014. 2) "Visual Networking Index Forecast and Methodology, 2012-2017, Cisco 2013.

Deployment Cost Remains Greatest Challenge for Fiber Network Build-Out

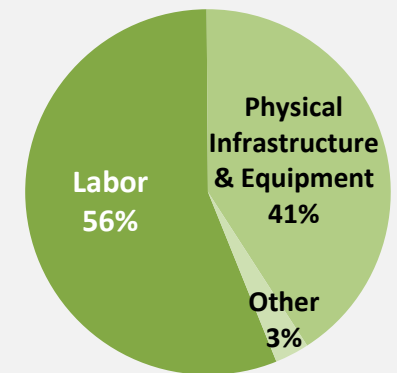


- Cost of FTTH deployment historically a barrier for most "last mile" service providers (e.g. cable and phone companies)
- Traditional deployment methods are expensive, time-consuming & labor-intensive
- Labor accounts for 56% of the capital expenditure required to build a fiber network

Deployment Cost #1 Barrier to FTTH Adoption¹



Typical FTTH Cost Breakdown²



1) NTCA 2014 Broadband/Internet Availability Survey Report
2) Lightwave, Oct. 2011

Competitive Advantages: *Why Clearfield Wins*



✓ Unmatched Performance & Scalability

- Only provider with a single architecture throughout the entire network
- Modular system allows customers to scale installations based on demand

✓ Unrivaled ability to deliver

- 8-day average lead time vs. multiple weeks for competitors
- 95% on-time delivery

✓ Lowest total cost of ownership

- Clearfield solutions reduce total cost of ownership by nearly 50%

Total Cost of Ownership Comparison (Base Case)¹

	Competitor Direct-Bury Cable	Clearfield FieldShield Pushable/Duct	Difference
Initial Installation	\$400	\$429	+\$29 (+7%)
Maintenance & Restoration (15 yrs.)	\$818	\$222	-\$596 (-73%)
Total Cost of Ownership	\$1,218	\$651	-\$567 (-47%)

Our Technology 'Game Changers'



1) RVA & Clearfield.

Clearfield vs. Corning

The Clearfield Advantage with Fiber Optic Cabling & Connectors

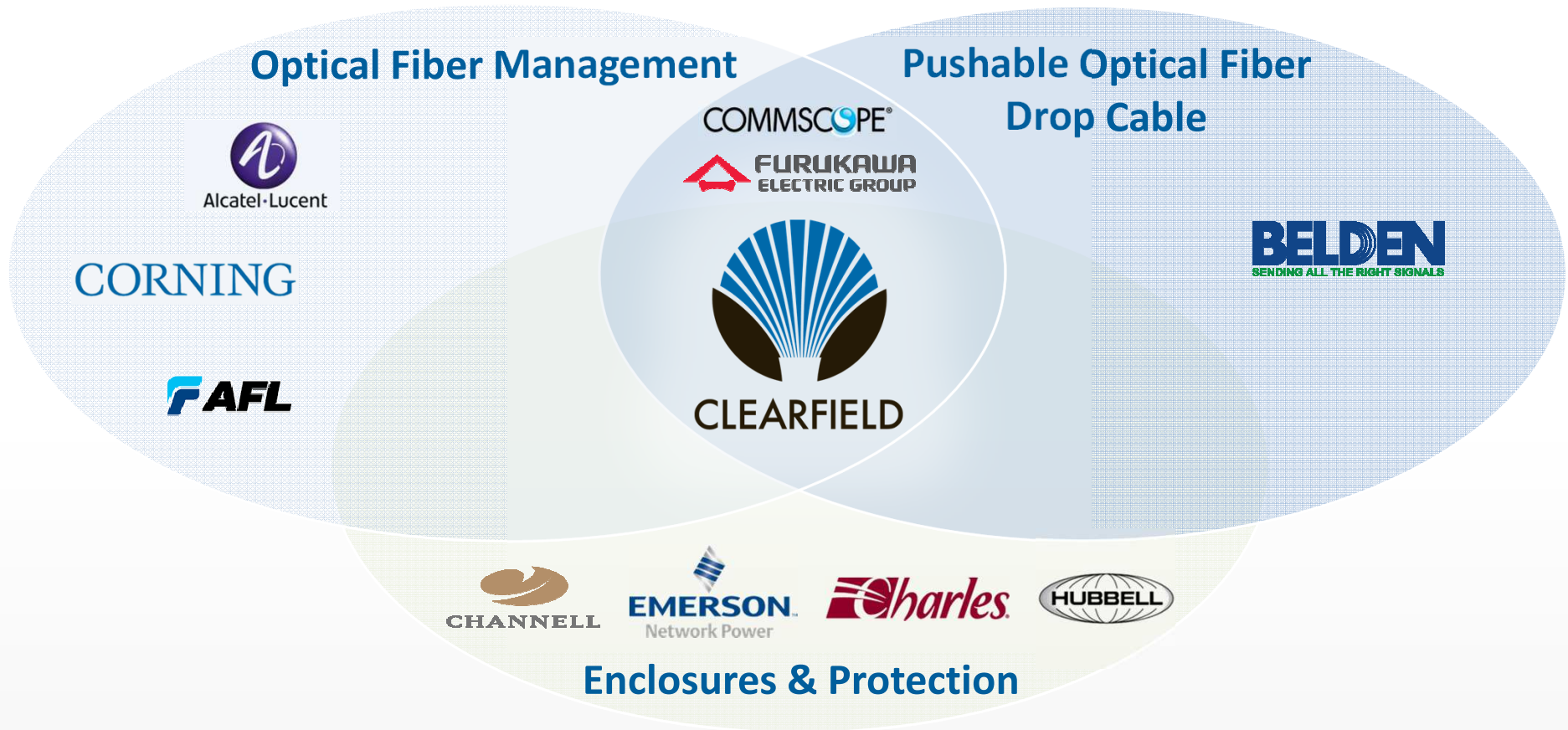
- ✓ Eliminates or reduces slack storage device
- ✓ Allows for labor-lite pre-construction engineering costs due to forgiving slack storage requirements
- ✓ Lighter and easier to handle
- ✓ Restoration is a simple coupler rather than requiring a costly and time-consuming re-trench

100 feet of Clearfield FieldShield Optical Fiber and pre-terminated FieldShield connector



100 feet of Corning Flat Drop with a pre-terminated HFOC Connector

Competitive Landscape



Clearfield is the Only Provider to Deliver a System-wide Platform Based upon a Single Architecture for the Entire Fiber Connectivity & Management Process

Upcoming Ad Campaign



WITH CLEARFIELD ANYTHING IS POSSIBLE

Multiply the Power of Your Fiber Network

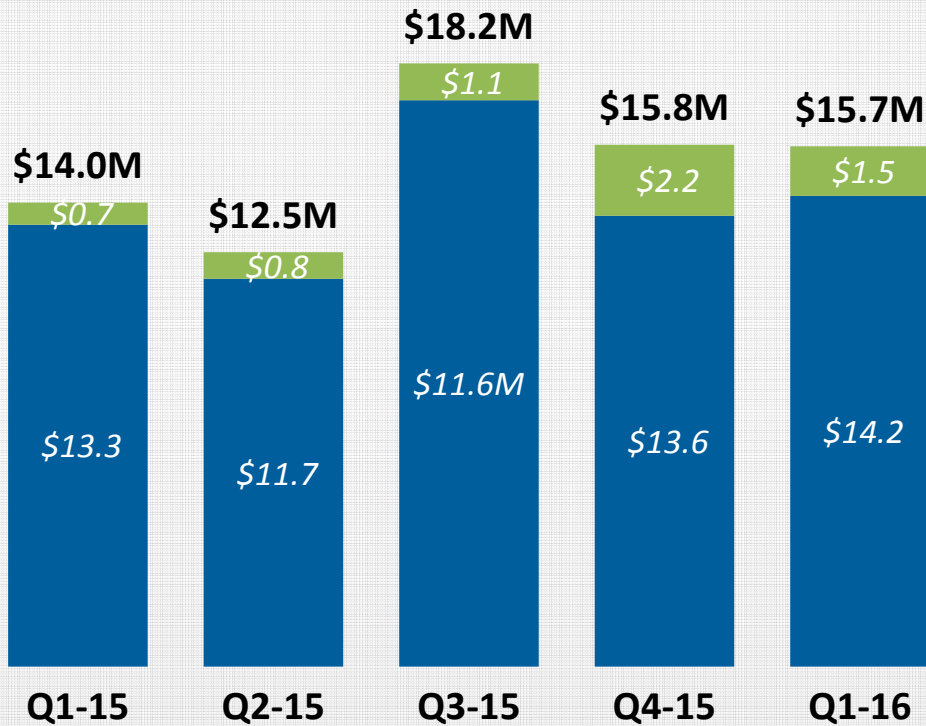
With our menu-driven architecture, Clearfield allows you to choose the à la carte configuration optimal for your fiber network. Solving for  lets you multiply the power of your network to your exact taste, while reducing total cost of ownership through industry-leading labor-savings. With Clearfield, there's no need to compromise.



Revenue by Customer Type

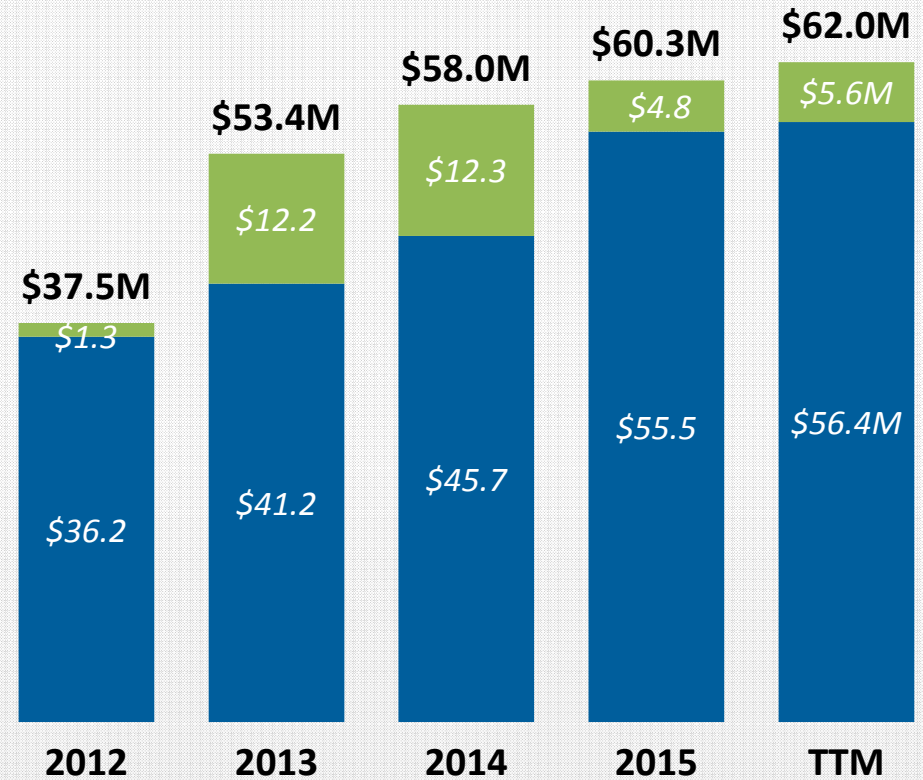


Quarterly Revenue



■ Competitive Local Exchange Carriers (CLEC)
■ Incumbent Local Exchange Carriers (ILEC)

Annual Revenue



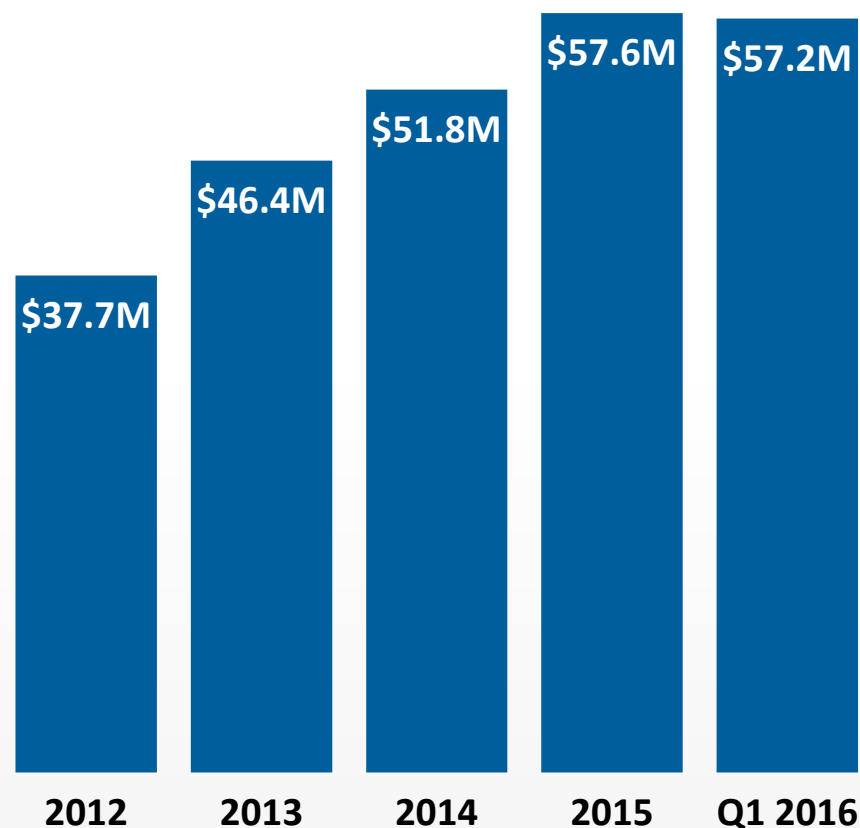
■ Competitive Local Exchange Carriers (CLEC)
■ Incumbent Local Exchange Carriers (ILEC)

Balance Sheet Supports Growth



<i>\$ in Millions</i>	Dec. 31, 2015	Sept. 30, 2015	Sept. 30, 2014
Cash & Investments	\$36.2	\$34.3	\$33.1
Total Assets	\$57.2	\$57.6	\$51.8
Stockholders' Equity	\$53.1	\$51.3	\$46.7
Total Debt	\$0	\$0	\$0
Total Capitalization	\$53.1	\$51.3	\$46.7
Current Ratio	11.4x	8.1x	7.5x
Tangible Book Value	\$50.6	\$48.7	\$44.2
Tangible Book Value/Share	\$3.69	\$3.55	\$3.22

Growth of Total Assets



Key Takeaways



- **Only provider** to deliver a system-wide integrated architecture that addresses the entire fiber connectivity & management process
- **Billion dollar industry** at inflection point
- **Eight consecutive years of profitability** and positive free cash flow
- **Healthy balance sheet:** \$36.2M in cash/investments at December 31, 2015 and no debt
- **Strong outlook** for revenue growth and market share expansion

Clearfield Revenue Outlook

