**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

# FORM 8-K

## CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the**
**Securities Exchange Act of 1934**

**Date of Report: April 28, 2016**
(Date of earliest event reported)

**CLEARFIELD, INC.**
(Exact Name of Registrant as Specified in Charter)

| **Minnesota** | **000-16106** | **41-1347235** |
|---|---|---|
| (State or Other Jurisdiction of Incorporation) | (Commission File No.) | (IRS Employer Identification No.) |

**7050 Winnetka Avenue North, Suite 100, Brooklyn Park, Minnesota 55428**
(Address of Principal Executive Offices)(Zip Code)

**(763) 476-6866**
(Registrant’s Telephone Number, Including Area Code)

**Not Applicable**
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Items under Sections 1 and 3 through 7 are not applicable and therefore omitted.

**Item 2.02 Results of Operations and Financial Condition.**

Clearfield, Inc. (the “Company”) hereby furnishes as Exhibit 99.1 a press release issued on April 28, 2016 disclosing material non-public information regarding its results of operations for the second quarter ended March 31, 2016.

In the April 28, 2016 earnings release, the Company directs readers to a page of its website to access an investor communication entitled “FY16 Q2 FieldReport,” which is furnished hereto as Exhibit 99.2. The FY16 Q2 FieldReport consists of a slide presentation and a related embedded audio recording of remarks by Cheryl P. Beranek, the Company’s President and Chief Executive Officer, and Daniel R. Herzog, the Company’s Chief Financial Officer, discussing the second quarter ended March 31, 2016 results, as well as the business and prospects of the Company.

**Item 8.01 Other Events.**

As described above, the Company made the FY16 Q2 FieldReport, furnished hereto as Exhibit 99.2, available on its website on April 28, 2016. The Company is not including the information on its website as a part of, or incorporating it by reference into, this Current Report on Form 8-K.

**Item 9.01 Financial Statements and Exhibits.**

| Exhibit No. | Description |
| --- | --- |
| 99.1 | Press Release Issued by Clearfield, Inc. on April 28, 2016. |
| 99.2 | FY16 Q2 FieldReport – Presentation dated April 28, 2016 and Transcript of Remarks of Cheryl P. Beranek, President and Chief Executive Officer, and Daniel Herzog, Chief Financial Officer, of Clearfield, Inc. |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CLEARFIELD, INC.

By /s/ Daniel Herzog
Daniel Herzog, Chief Financial Officer

Dated: April 28, 2016

**Clearfield Reports Fiscal Second Quarter 2016 Results**

MINNEAPOLIS, April 28, 2016 (GLOBE NEWSWIRE) -- **Clearfield, Inc.** (NASDAQ:CLFD), the specialist in fiber management and connectivity platforms for communication service providers, reported results for the fiscal second quarter ended March 31, 2016.

**Fiscal Q2 2016 Financial Summary**

| *(in millions except per share data and percentages)* | Q2 2016 | vs. Q2 2015 | Change | Change (%) |
|---|---|---|---|---|
| **Revenue** | **$ 16.9** | $ 12.4 | $ 4.5 | **37%** |
| **Gross Profit** | **$ 7.3** | $ 4.8 | $ 2.5 | **53%** |
| **Gross Margin** | **43.0%** | 38.4% | 4.6% | **12%** |
| **Pre-Tax Income** | **$ 2.2** | $ 0.5 | $ 1.7 | **347%** |
| **Income Tax Expense** | **$ 0.7** | $ 0.2 | $ 0.5 | **272%** |
| **Net Income** | **$ 1.4** | $ 0.3 | $ 1.1 | **398%** |
| **Net Income per Diluted Share** | **$ 0.11** | $ 0.02 | $ 0.09 | **450%** |

**Fiscal Q2 YTD 2016 Financial Summary**

| *(in millions except per share data and percentages)* | 2016 YTD | vs. 2015 YTD | Change | Change (%) |
|---|---|---|---|---|
| **Revenue** | **$ 32.6** | $ 26.4 | $ 6.2 | **24%** |
| **Gross Profit** | **$ 14.0** | $ 10.5 | $ 3.5 | **33%** |
| **Gross Margin** | **42.8%** | 39.8% | 3.0% | **7%** |
| **Pre-Tax Income** | **$ 4.2** | $ 2.1 | $ 2.1 | **97%** |
| **Income Tax Expense** | **$ 1.4** | $ 0.8 | $ 0.6 | **78%** |
| **Net Income** | **$ 2.8** | $ 1.4 | $ 1.4 | **108%** |
| **Net Income per Diluted Share** | **$ 0.21** | $ 0.10 | $ 0.11 | **110%** |

**Fiscal Q2 2016 Financial Results**

Revenue for the second quarter of fiscal 2016 increased 37% to $16.9 million from $12.4 million in the same year-ago quarter. The improvement was primarily due to increased deployments by the company's wireless, wireline and cable TV customers. The revenue increase was also due to new business generated from expanded sales distribution channels, which was partially offset by lower international sales.

Gross profit increased 53% to $7.3 million, or 43.0% of revenue, from $4.8 million, or 38.4% of revenue, in the second fiscal quarter of 2015. The increase in gross profit and gross margin for the quarter was due to increased volume over the prior quarter, as well as a higher percentage of sales associated with optical component technologies, which typically have higher margins.

Operating expenses were $5.1 million, an increase of 20% compared to $4.3 million in the same year-ago quarter. The increase was due to additional personnel supporting sales and operational expansion.

Pre-tax income increased 347% to $2.2 million from $0.5 million in the same year-ago quarter.

Net income increased 398% to $1.4 million or $0.11 per diluted share from $0.3 million or $0.02 per diluted share in the same year-ago quarter.

During the quarter ended March 31, 2016, cash, cash equivalents and investments increased 1% to $36.7 million from $36.2 million at the end of the prior quarter. The Company had no debt at quarter end.

Order backlog (defined as purchase orders received but not yet fulfilled) at March 31, 2016 increased 143% to $8.2 million from $3.4 million at December 31, 2015, and increased 156% from $3.2 million compared to March 31, 2015.

**Fiscal Six Month 2016 Financial Results**

Revenue increased 24% to $32.6 million for the six month period ending March 31, 2016 from $26.4 million during the same period in fiscal 2015.

Gross profit was $14.0 million, or 42.8% of revenue, for the six month period ending March 31, 2016, an increase of 33% from $10.5 million, 39.8% of revenue, during the same period in fiscal 2015.

Operating expenses increased 17% to $9.8 million for the six month period ending March 31, 2016 from $8.4 during the same period in fiscal 2015.

Pre-tax income totaled $4.2 million for the six month period ending March 31, 2016 compared to $2.1 million during the same period in fiscal 2015.

Net income totaled $2.8 million or $0.21 per diluted share for the six month period ending March 31, 2016, an increase of 108% from $1.4 million or $0.10 per diluted share during the same period in fiscal 2015.

**Management Commentary**
"Building on the strong momentum we established in the fiscal first quarter, Q2 marked another pivotal period in our company's history," said Clearfield CEO, Cheri Beranek. "Apart from our continued success in solidifying our market share in the wireline fiber-to-the-home community, sales and backlog booked demonstrate our penetration of the wireless and cable (MSO) markets.

"Over the last six months, we have taken significant strides toward achieving the key growth initiatives we laid out in the beginning of fiscal 2016. We have bolstered our presence at large service providers through the expansion of our management team and testing investments. Concurrent with our standard third-party Telcordia testing, which we have discussed previously, we were invited by a Tier 1 group to build an in-house test facility. This investment, while under the supervision of Telcordia, will allow us to rapidly respond to customer test requests on a broader product suite. In addition, we recently hired a regional sales manager for the Mexican market, enriching our international sales resources with a focus on expanding our customer base and orders pipeline.

"These achievements have largely translated into the positive financial results we generated during the quarter and first half of fiscal 2016. Revenue and gross profit both saw a healthy increase from where they were a year ago, demonstrating how our unique business model is built to scale. Gross margins, as well, were better than we anticipated, indicating the growing demand for our optical components packaging business. We believe this key area of our business will enable us to retain existing customers, as well as secure new ones who rely on Clearfield's expertise in packaging and pre-connecting these optical components for demanding environments.

"At this time, we believe it is appropriate to raise our previous revenue guidance of 10%+ to a 15%+ growth rate for the full year. As we demonstrate Clearfield's reach as a "Fiber Anywhere" provider, we believe that our success in the wireline, wireless, and cable TV market will enable us to achieve an approximate growth rate of 15% for the second half of 2016. Due to the project nature of our business as well as industry catalysts beyond our control, we are maintaining our current guidance for fiscal 2017 revenue growth of 15%+, but will continue to monitor our long-term opportunities.

"Overall, we are encouraged by our financial performance and operational progress thus far, but by no means are we resting on our laurels. Significant opportunities to enhance our business are constantly on the rise and we are taking proactive steps to best take advantage of them."

**FieldReport**
Clearfield issued its FieldReport for fiscal Q2 2016, which is available in the investor relations section of the Company's website or by clicking here. Comprised of presentation slides with audio and video, the report provides additional insight into Clearfield's financial and operational performance.

**About Clearfield, Inc.**
Clearfield, Inc. (NASDAQ:CLFD) designs, manufactures and distributes fiber optic management products for the communications networks of leading ILECS, CLECs, MSO/cable TV companies and mobile broadband providers. The Company helps service providers solve the Fiber Puzzle, which is how to reduce the high costs associated with deploying, managing, protecting and scaling a fiber optic network to deliver the mobile, residential and business services customers want. Based on the patented Clearview™ Cassette, Clearfield's unique single-architected, modular fiber management platform is designed to lower the cost of broadband deployment and maintenance by consolidating, protecting and distributing incoming and outgoing fiber circuits, and enabling its customers to scale their operations as their subscriber revenues increase. Headquartered in Minneapolis, MN, Clearfield deploys more than a million fiber ports each year. For more information, visit www.seeclearfield.com.

**Cautionary Statement Regarding Forward-Looking Information**
*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.*

**CLEARFIELD, INC.**
**CONDENSED STATEMENTS OF OPERATIONS**
UNAUDITED

| | Three Months Ended March 31 | | Six Months Ended March 31 | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| Revenues | $ 16,947,187 | $ 12,370,784 | $32,636,902 | $26,357,404 |
| Cost of sales | 9,666,738 | 7,617,347 | 18,679,657 | 15,861,453 |
| Gross profit | 7,280,449 | 4,753,437 | 13,957,245 | 10,495,951 |
| Operating expenses | | | | |
| Selling, general and administrative | 5,136,952 | 4,289,304 | 9,833,967 | 8,415,301 |
| Income from operations | 2,143,497 | 464,133 | 4,123,278 | 2,080,650 |
| Interest income | 39,169 | 24,528 | 72,708 | 50,384 |
| Income before income taxes | 2,182,666 | 488,661 | 4,195,986 | 2,131,034 |
| Income tax expense | 744,000 | 200,000 | 1,374,000 | 773,000 |
| Net income | $ 1,438,666 | $ 288,661 | $ 2,821,986 | $ 1,358,034 |
| Net income per share: | | | | |
| Basic | $ 0.11 | $ 0.02 | $ 0.21 | $ 0.10 |
| Diluted | $ 0.11 | $ 0.02 | $ 0.21 | $ 0.10 |
| Weighted average shares outstanding: | | | | |
| Basic | 13,309,181 | 13,191,234 | 13,298,874 | 13,206,877 |
| Diluted | 13,581,810 | 13,546,572 | 13,578,430 | 13,564,173 |

**CLEARFIELD, INC.**
**CONDENSED BALANCED SHEETS**

| | (Unaudited) March 31, 2016 | (Audited) September 30, 2015 |
|---|---|---|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | $ 20,550,592 | $ 18,071,210 |
| Short-term investments | 8,394,075 | 7,925,000 |
| Accounts receivable, net | 7,854,107 | 6,010,900 |
| Inventories | 8,102,529 | 7,182,854 |
| Other current assets | 582,186 | 1,563,665 |
| Total current assets | 45,483,489 | 40,753,629 |
| Property, plant and equipment, net | 5,377,459 | 5,689,673 |
| Other Assets | | |
| Long-term investments | 7,783,000 | 8,290,000 |
| Goodwill | 2,570,511 | 2,570,511 |
| Other | 350,793 | 323,804 |
| Total other assets | 10,704,304 | 11,184,315 |

| | | |
|---|---|---|
| Total Assets | $ 61,565,252 | $ 57,627,617 |
| | | |
| Liabilities and Shareholders' Equity | | |
| Current Liabilities | | |
| Accounts payable | $ 3,155,222 | $ 2,357,791 |
| Accrued compensation | 2,533,939 | 2,598,661 |
| Accrued expenses | 53,153 | 80,803 |
| Total current liabilities | 5,742,314 | 5,037,255 |
| | | |
| Other Liabilities | | |
| Deferred taxes – long-term | 436,988 | 1,082,887 |
| Deferred rent | 237,874 | 228,345 |
| Total other liabilities | 674,862 | 1,311,232 |
| Total Liabilities | 6,417,176 | 6,348,487 |
| | | |
| Commitment and contingencies | | |
| | | |
| Shareholders' Equity | | |
| Common stock | 137,306 | 137,057 |
| Additional paid-in capital | 56,934,561 | 55,887,850 |
| Accumulated deficit | (1,923,791) | (4,745,777) |
| Total Shareholders' Equity | 55,148,076 | 51,279,130 |
| Total Liabilities and Shareholders' Equity | $ 61,565,252 | $ 57,627,617 |

**CLEARFIELD, INC.**
**CONDENSED STATEMENTS OF CASH FLOWS**
UNAUDITED

| | Six Months Ended March 31, 2016 | Six Months Ended March 31, 2015 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 2,821,986 | $ 1,358,034 |
| Adjustments to reconcile net income to cash provided by operating activities: | | |
| Depreciation and amortization | 706,176 | 545,782 |
| Deferred income taxes | 501,000 | 712,000 |
| Loss (gain) on disposal of assets | 1,390 | (13,290) |
| Stock-based compensation expense | 473,193 | 564,466 |
| Tax benefit from stock-based awards | (741,000) | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | (1,843,207) | 272,089 |
| Inventories | (919,675) | 226,121 |
| Other current assets | (166,124) | (363,352) |
| Accounts payable and accrued expenses | 1,455,588 | (386,692) |
| Net cash provided by operating activities | 2,289,327 | 2,915,158 |
| | | |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment and intangible assets | (421,637) | (3,328,579) |
| Purchase of investments | (3,820,075) | (4,168,000) |
| Proceeds from maturities of investments | 3,858,000 | 4,166,000 |
| Net cash used in investing activities | (383,712) | (3,330,579) |
| | | |
| Cash flows from financing activities: | | |
| Tax benefit from stock-based awards | 741,000 | - |
| Repurchase of common stock | (333,761) | (849,157) |
| Proceeds from issuance of common stock under employee stock purchase plan | 118,013 | 105,615 |
| Proceeds from issuance of common stock | 84,738 | 28,967 |
| Tax withholding related to vesting of restricted stock grants and exercise of stock options | (36,223) | - |

| | | |
|---|---|---|
| Net cash provided by (used in) financing activities | 573,767 | (714,575) |
| Increase (decrease) in cash and cash equivalents | 2,479,382 | (1,129,996) |
| | | |
| Cash and cash equivalents at beginning of period | 18,071,210 | 18,191,493 |
| Cash and cash equivalents at end of period | $ 20,550,592 | $ 17,061,497 |
| | | |
| Supplemental cash flow information | | |
| Cash paid during the year for income taxes | $ 83,884 | $ 4,750 |
| | | |
| Non-cash financing activities | | |
| Cashless exercise of stock options | $ 234,460 | $ 80,802 |

Investor Relations Contact:

Matt Glover and Najim Mostamand
Liolios Group, Inc.
949-574-3860
CLFD@liolios.com

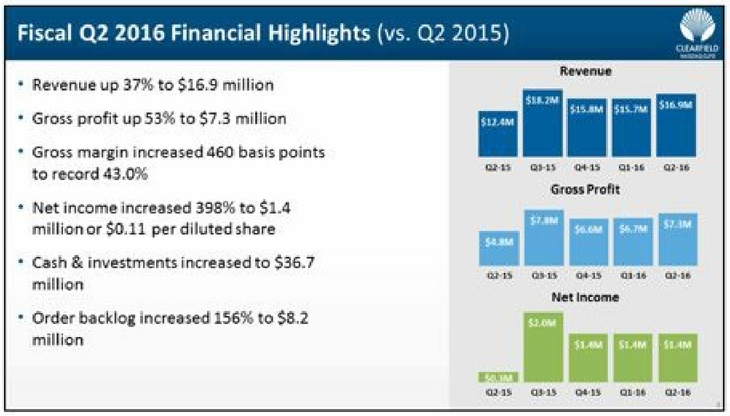

Hello, this is Cheri Beranek, President and CEO of Clearfield. Welcome to our fiscal second quarter 2016 FieldReport. Before we begin, I'd like to provide some important cautions regarding forward-looking statements made during today's presentation.


Certain important factors could have a material impact on the Company's performance, including these set forth in the slide entitled "Important Cautions Regarding Forward-Looking Statements," as well as the factors set forth in Clearfield's Annual Report on Form 10-K for the year ended September 30, 2015 and other filings with the Securities and Exchange Commission.


Building on the strong momentum we established in the fiscal first quarter, Q2 marked another pivotal period in our company's history. Apart from our continued success in solidifying our market share in the wireline fiber-to-the-home community, sales and backlog booked demonstrate our penetration of the wireless and cable (or MSO) markets.

Optical component technology is stepping onto a grander stage and expanding our scope of significant revenue opportunities, while our Clearview cassette concept integrated alongside our FieldShield fiber pathway solution continue to prove why we are an innovative leader in helping deliver fiber not just to the home, but truly anywhere.

Over the last six months, we have made important, strategic investments in our business to support a platform from which we can elevate our future growth trajectory. Some of these investments are part of large-scale initiatives, such as hiring a national sales manager for the Verizon account, to gain visibility and traction in this Tier 1 fiber-to-the-home opportunity. Others have had a more near-term objective, such as expanding our sales capabilities with leading partner distributors to reach a broader customer base, including the national wireless carriers and cable TV operators. But beyond our investments in people and processes, we continue to adhere to our tradition of innovation by regularly bringing new solutions to the market—solutions that consistently redefine how fiber can be managed feasibly and cost-effectively.




These achievements have largely translated into the positive financial results generated during the quarter and first half of fiscal 2016. Revenue and gross profit both saw a healthy increase from the year-ago period, demonstrating how our unique business model is built to scale. Gross margin advancements were made possible by this expanding scale as well as a changing product mix that is led by a growing demand for our optical component technologies. Our bottom line shared in this tremendous growth for the quarter and six month period, even after accounting for the near-term investments we've made to reduce future costs, expand our sales presence, and support our successful entry into new and promising markets.

But before I discuss our operational results in a greater detail and provide our outlook for fiscal 2016 and 2017, I would like to turn the presentation over to our CFO, Dan Herzog, who will walk us through the financial performance for both the fiscal second quarter and first half of 2016.


Thank you, Cheri.

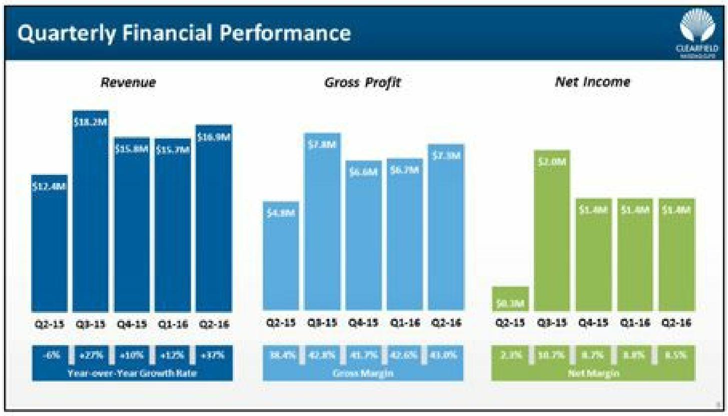
Now, going into our financial results…


Our revenue in the second quarter of fiscal 2016 increased 37% to $16.9 million from $12.4 million during the same year-ago period. For the first six months of fiscal 2016, revenue increased 24% to $32.6 million from $26.4 million during the same period in fiscal 2015. The improvement for both the quarter and first six months of 2016 was driven primarily by increased deployments by our wireline, wireless, and cable TV customers, as well as new business through our expanded sales distribution channels.

Our international revenue in fiscal Q2 was $713,000, or 4% of total revenue. This compares to $1.4 million, or 11% of our total revenue in the same year-ago period. For the first six months of the year, international revenue was $1.5 million, or 4% of our total revenue, compared to $2.7 million, or 10% of our total revenue, for the first six months of fiscal 2015. The 46% year-over-year decrease was primarily due to unfavorable foreign currency exchange rates temporarily delaying fiber deployment projects. We believe that international sales could continue to be uneven throughout the year due to this environment.

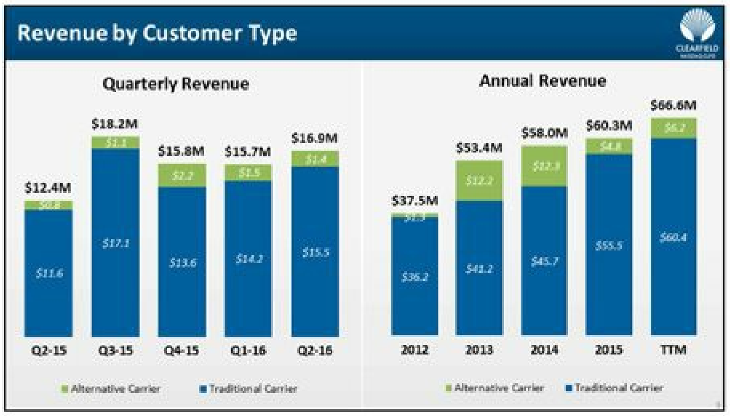

Gross profit for the second quarter of 2016 increased 53% to $7.3 million, or 43% of total revenue. This compares to $4.8 million, or 38.4% of total revenue in the same year-ago period. For the first half of fiscal 2016, gross profit increased 33% to $14 million, or 42.8% of total revenue. This compares to $10.5 million, or 39.8% of total revenue, for the first half of fiscal 2015. The increases in gross profit and gross margin for the quarter were due to increased volume over the prior quarter, as well as a higher percentage of sales associated with optical component technologies, which typically carry higher margins.

Looking more closely at our gross margin numbers, we surpassed our expected target range of 38% to 42% for both the quarter and the six month period. Moving forward, we are tightening this objective, and will operate on a target range of 40% to 42% for the remainder of fiscal year 2016.




Our operating expenses for fiscal Q2 were $5.1 million, which was up 20% from the same year-ago quarter. Operating expenses for the first six months of fiscal 2016 were $9.8 million, which was up 17% in the same year-ago period. The increases for both the quarter and the half were due to higher compensation expenses, mainly from additional personnel, wage increases, and higher performance-based compensation accruals. We expect our operating expenses will continue to increase throughout the remainder of the year to support our investments in developing our IT infrastructure, as well as securing the necessary certifications and field trials to acquire new Tier 1 and Tier 2 business.

Our net income for the fiscal second quarter increased 398% to $1.4 million, or $0.11 per diluted share from $0.3 million, or $0.02 per diluted share in the same year-ago quarter. Net income for the first six months of fiscal 2016 increased 108% to $2.8 million, or $0.21 per diluted share from $1.4 million, or $0.10 per diluted share in the first six months of fiscal 2015. The increases for both the quarter and the half were driven by higher revenue and gross profit.



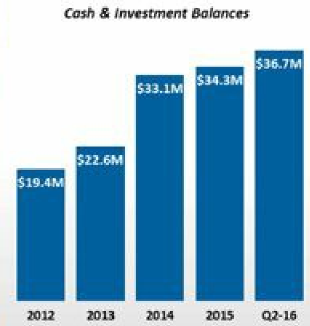

Historically, we've broken out the sources of our revenue into two customer types: the incumbent local exchange carriers (or ILECs) and the competitive local exchange carriers (or CLECs).

Generally, this classification has been appropriate, since a large proportion of our historical revenue has been driven by wireline service providers who either had an incumbent fiber footprint within their own territories (ILEC) or did not and thus had to overbuild a surrounding community to deliver gigabit fiber to its subscribers (CLEC). However, with the recent significant growth in our revenue from wireless and cable TV providers, we feel this classification no longer accurately distinguishes our sources of revenue.

Going forward, we will replace the customer type labels ILEC and CLEC with 'Traditional Carrier' and 'Alternative Carrier,' respectively. By Traditional Carrier, we refer to the incumbent service providers within the wireline, wireless, municipality and cable TV markets. The Alternative Carrier label will be used for the competitive providers that compete with the already established local exchange carriers through the process of overbuilding a network. Now, looking at our newly-labeled individual business markets for fiscal Q2 2016, our Traditional Carrier business was up 34% year-over-year. This was largely due to market share gains, as well as our ability to sell a broader range of products. Our Alternative Carrier business was up 80% year-over-year in fiscal Q2 2016. We believe this customer group is gradually re-establishing its build-rate in the fiber-to-the-home market, as it overcomes right-of-way and other permitting challenges.

## Balance Sheet Supports Growth

| $ in Millions except for per-share data | Mar. 31, 2016 | Dec. 31, 2015 |
|---|---|---|
| Cash & Investments | $36.7 | $36.2 |
| Total Assets | $61.6 | $57.2 |
| Stockholders' Equity | $55.1 | $53.1 |
| Total Debt | $0 | $0 |
| *Total Capitalization* | *$55.1* | *$53.1* |
| Current Ratio | 7.9 | 11.4x |
| Tangible Book Value | 52.6 | $50.6 |
| *Tangible Book Value/Share* | *$3.83* | *$3.69* |




During the quarter, our cash and investments increased to $36.7 million. Our current ratio also remained strong at 7.9, and our tangible net worth increased 4% from the prior quarter to $52.6 million.

In addition, our order backlog, which we define as purchase orders received but not yet fulfilled, increased 143% sequentially and 156% year-over-year to $8.2 million.

Finally, during the fiscal second quarter, we repurchased 6,210 shares under our stock repurchase program, which was authorized in November 2014. As of March 31, 2016, we have repurchased an aggregate of 99,179 shares for approximately $1.2 million under the program. We are authorized to repurchase an additional $6.8 million should the opportunity arise to benefit our shareholders.

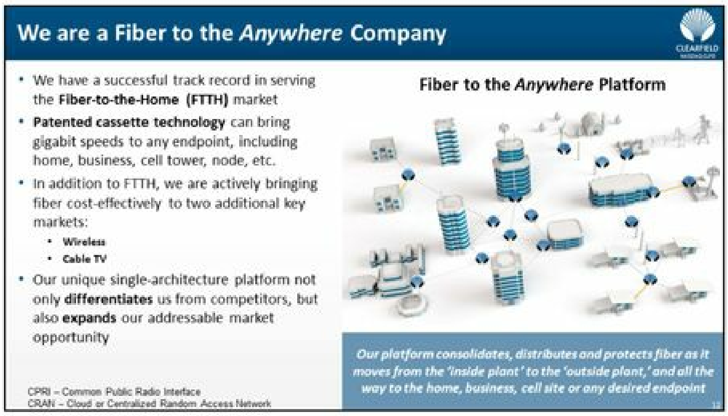
Now with that, I would like to turn the presentation back over to Cheri for her insights into our operations for the quarter and first half, as well as our outlook and strategic initiatives for the rest of fiscal 2016.

Cheri?


Thanks, Dan.

Since Clearfield was founded, we have prided ourselves on our field engineering expertise, innovative product solutions, and ability to understand our customers' unique fiber deployment needs. This combination has allowed us to carve out a profitable niche mainly in the Tier 3 wireline space, where we see continued growth and increasing market share.

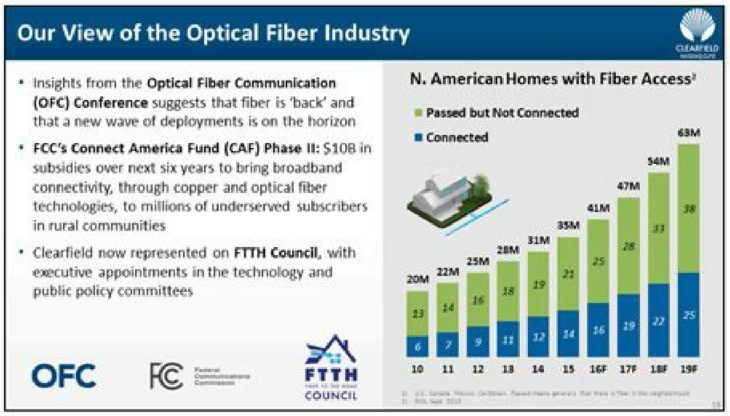
In recent FieldReports, we have also mentioned how our extensive field experience and unique modular, single-architecture platform enable us to compete in the Tier 1 and Tier 2 market, where we offer a cost-effective and innovative solution that overcomes outdated approaches to storing, managing, and deploying fiber. We are leveraging the footprint we've established in the fiber-to-the-home community to help bring gigabit speeds to any desired endpoint, including very demanding and space-constrained environments. We refer to this as our Fiber-to-the-Anywhere platform.




Revenue shipped and backlog accumulated during the first half of fiscal 2016 is a continuation of our success in the FTTH market as well as our active involvement in markets outside of fiber-to-the-home, such as the wireless and cable TV space.

As wireless operators look to improve the operational efficiencies of their 3G, 4G and LTE environments, Clearfield has stepped up to provide packaging and termination expertise in the delivery of CPRI and CRAN technologies. Beyond the wireline provider that traditionally provided backhaul support, this is an opportunity for us to take our success to the next level, as we can now target the national carriers themselves.

Another area where we have seen encouraging progress and success has been in the cable TV market. As broadband service providers look to increase average revenue per subscriber, the cable providers are looking to take fiber deeper into their networks and closer to the actual subscriber, usually by segmenting the network into individual serving areas or access points that can be easily managed. This has presented us with a clear and viable revenue opportunity, as our recently launched FieldSmart 144-PON cabinet solution significantly reduces the number of access points and secondary distribution fiber needed to reach the home.




I recently attended the Optical Fiber Communication, or OFC, conference. What I gathered during my discussions with leading analysts, executives, and market professionals was that the optical fiber industry was back and poised for another major cycle of widespread adoption and deployment.

Part of these discussions revolved around the nature of CAF II funding, and whether or not we are seeing a direct impact on our business from the expected capex increases of several different service providers. As we explained in our last FieldReport, the CAF II subsidies are part of the multi-billion dollar government program to bring high-speed connectivity to millions of Americans living in rural, underserved areas. To date, several of the leading service providers have accepted these subsidies, with deployments anticipated to materialize in coming quarters.

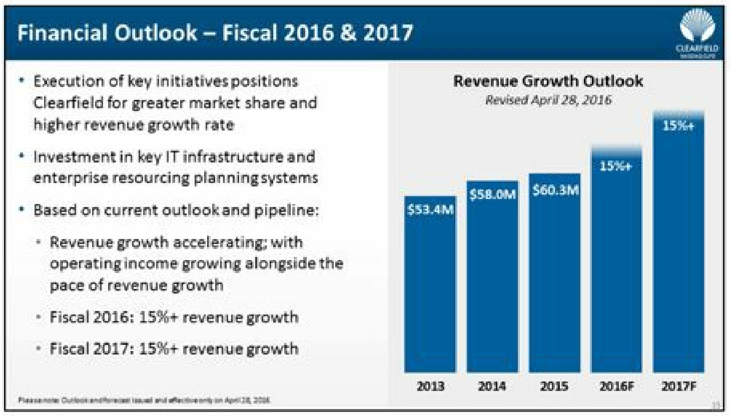
I was also recently asked by the FTTH Council to be a charter member in its public policy committee. In working with the committee to plan the agenda for its Regional Meeting, I developed some insights about the trends for future fiber deployments, many of which I believe, play well to Clearfield's strengths. Most notably, is a strong emphasis toward public-private partnerships.


As we have discussed in this FieldReport, we have made meaningful progress in achieving the key growth initiatives we laid out in the beginning of fiscal 2016.

'Feet on the street' is an important element of our go-to-market strategy, and our ongoing expansion of our sales team, including the hiring of a director of broadband sales, is a critical step toward broadening our customer outreach and building our pipeline of sales opportunities. We announced earlier this month the hiring of a regional sales manager for the Mexican market. While the valuation of the dollar has hindered our growth in non-U.S. markets in recent quarters, this investment represents our ongoing commitment to international opportunities.

Naturally, we are in the process of obtaining the necessary certifications that allow us to compete for business in these markets. While the process is lengthy, we're pleased to say that we've taken additional measures to enhance the integrity and adoption of our product lines. To that end, we have recently been invited by a Tier 1 group to build an in-house test facility that allows us to internally test with independent audit by Telcordia.

Looking to the second half of fiscal 2016, we will continue to make progress on these initiatives. Small-scale field trials at key traditional carriers, both wireline and cable, are underway. Finally, we will continue to develop our IT infrastructure enabling the continued scale in business processes and manufacturing capabilities. As a result of these investments, we expect operating expenses to rise in order to support this elevated platform for expected future growth.




At this time, we believe it is appropriate to raise our previous revenue guidance of 10%+ to a 15%+ growth rate for the full year. While revenues year-to-date are up 24%, we would caution that revenue in early 2015 was negatively influenced due to a few, non-recurring issues associated with the early 2015 launch of the CAF II funding program, which slightly distorts comparison to the prior year periods.

While our sizeable backlog does provide an accelerated track for third quarter, due to the lumpiness of last year's quarterly sales, our outlook is for the approximate growth rate of 15% for this six month period, but not necessarily for each quarterly period.

As we demonstrate Clearfield's reach as a "Fiber Anywhere" provider, we believe that our success in the wireline, wireless, and cable TV market will continue. However, due to the project nature of our business as well as industry catalysts beyond our control, we are maintaining our 15%+ revenue guidance for fiscal 2017 at this time.

That being said, we are encouraged by our financial performance and operational progress thus far, but by no means are we ready to rest on our laurels. Opportunities to scale our business are on the rise—and with the successes we've had in executing on our initiatives, we feel we are in position to take advantage of these growth-enhancing prospects.

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In closing, we encourage you to review today's earnings release and filings, and we welcome any questions you may have about our financial performance, operations, products or industry. Please send your inquiries to CLFD@liolios.com. We will post the most relevant questions and answers in the 'For Investors' section of our website.

This wraps up today's FieldReport. Thank you for your interest and support, and we look forward to speaking with you soon.