

**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: February 23, 2023
(Date of earliest event reported)

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

Minnesota
(State or Other Jurisdiction of Incorporation)

0-16106
(Commission File No.)

41-1347235
(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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.01 par value	CLFD	The Nasdaq Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Items under Sections 1 through 4 and Sections 6 through 8 are not applicable and therefore omitted.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The Board of Directors of Clearfield, Inc. (the "Company") adopted the Clearfield, Inc. 2022 Stock Incentive Plan on January 6, 2023, subject to approval by our shareholders, and then amended the 2022 Stock Incentive Plan on January 23, 2023 clarify that stock options may not be surrendered for cash or other equity in the Company without shareholder approval (the 2022 Stock Incentive Plan, as amended, the "2022 Plan"). As described below, at the 2023 Annual Meeting of Shareholders held on February 23, 2023, the Company's shareholders approved the 2022 Plan. The 2022 Plan is effective on the date of shareholder approval and no further awards may be made under the Clearfield, Inc. Amended and Restated 2007 Stock Compensation Plan (the "Prior Plan") following the effective date of the 2022 Plan.

The total number of shares of stock reserved and available for distribution under the 2022 Plan is 600,000 shares, plus the number of shares remaining for grant and delivery under the Prior Plan as of the effective date of shareholder approval of the 2022 Plan, plus any shares subject to outstanding awards under the Prior Plan as of the effective date that are forfeited, cancelled or settled for cash.

The material terms of the 2022 Plan are described in "[Proposal No. 4 – Approval of the 2022 Stock Compensation Plan](#)" in the Company's definitive proxy statement on filed with the Securities and Exchange Commission (the "SEC") on January 10, 2023 and the definitive additional proxy soliciting material filed with the SEC on January 25, 2023, each of which are incorporated herein by reference.

The Compensation Committee of the Board will administer the 2022 Plan. The Compensation Committee has adopted a form of stock option agreement and a form of restricted stock award agreement for use with the 2022 Plan setting forth the standard terms and conditions that apply to grants of these types of awards pursuant to the 2022 Plan, although awards may be granted under the 2022 Plan that deviate from these standard terms and conditions and the Committee may adopt different types of awards under the 2022 Plan.

The foregoing descriptions of the 2022 Plan and the forms of award agreements thereunder are qualified in their entirety by reference to the text of the 2022 Plan and the forms of award agreements, which are filed as Exhibits 10.1, 10.2 and 10.3 to this Current Report on Form 8-K and are incorporated herein by reference.

Item 5.07 Submission of Matters to a Vote of Security Holders.

On February 23, 2023, the Company held its 2023 Annual Meeting of Shareholders (the "Annual Meeting"). Of the 15,212,843 shares of the Company's common stock outstanding and entitled to vote, 12,155,162 shares, or 79.90%, were present at the Annual Meeting.

The following describes the matters considered by the Company's shareholders at the Annual Meeting, as well as the results of the votes cast at the meeting:

- To elect eight (8) directors of the Company to serve until the next Annual Meeting of Shareholders or until their respective successors have been elected and qualified.

<u>Nominee</u>	<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Vote</u>
Cheryl Beranek	10,142,202	61,981	19,541	1,931,438
Ronald G. Roth	9,633,049	570,967	19,708	1,931,438
Patrick Goepel	9,999,192	38,055	186,477	1,931,438
Roger Harding	10,166,366	37,331	20,027	1,931,438
Charles N. Hayssen	10,085,293	118,168	20,263	1,931,438
Donald R. Hayward	9,168,092	1,034,873	20,759	1,931,438
Walter L. Jones, Jr.	9,838,943	364,060	20,721	1,931,438
Carol A. Wirsbinski	10,153,890	50,087	19,747	1,931,438

- To approve, on a non-binding advisory basis, the compensation paid to our named executive officers.

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Vote</u>
8,612,745	1,502,516	108,463	1,931,438

- To approve, on a non-binding advisory basis, the frequency of future advisory votes on executive compensation.

<u>1 Year</u>	<u>2 Years</u>	<u>3 Years</u>	<u>Abstain</u>
9,717,952	23,967	453,195	28,610

- To approve the Company's 2022 Stock Compensation Plan.

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Vote</u>
9,897,699	281,357	44,668	1,931,438

- To ratify the appointment of Baker Tilly US, LLP as the independent registered public accounting firm for the Company for the fiscal year ending September 30, 2023.

<u>For</u>	<u>Against</u>	<u>Abstain</u>
12,067,755	56,263	31,144

As a result, all nominees identified in Proposal 1 were elected as directors. With respect to Proposal 2, the shareholders approved, on an advisory basis, the compensation paid to our named executive officers. With respect to Proposal 3, the shareholders approved, on an advisory basis, holding future advisory votes on executive compensation every year. Further, shareholders approved each of Proposals 4 and 5.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>10.1</u>	<u>Clearfield, Inc. 2022 Stock Compensation Plan, as amended through January 23, 2023 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 25, 2023)</u>
<u>10.2</u>	<u>Form of Stock Option Agreement under the Clearfield, Inc. 2022 Stock Compensation Plan</u>
<u>10.3</u>	<u>Form of Restricted Stock Award Agreement under the Clearfield, Inc. 2022 Stock Compensation Plan</u>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

Dated: February 24, 2023

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



Clearfield, Inc.
2022 Stock Compensation Plan
Non-Qualified Stock Option Agreement

Participant: _____

Grant Date: _____

Number Of Option Shares: _____

Exercise Price Per Share: _____

Expiration Date: _____

Exercise Schedule:

*Portion of Option Shares
Vesting and Date Exercisable*

THIS NON-QUALIFIED STOCK OPTION AWARD AGREEMENT (this "Agreement") is made as of the Grant Date set forth above, by and between Clearfield, Inc., a Minnesota corporation (the "Company"), and the person named above (the "Participant") setting forth the terms and conditions of an award of Stock Options granted pursuant to the terms of the Clearfield, Inc. 2022 Stock Compensation Plan (the "Plan").

Capitalized terms used herein and not defined shall have the meaning given such terms in the Plan.

1. **Grant.** The Company hereby grants to Participant the right and option to purchase all or any part of the aggregate number of Shares set forth above as the Option Shares on the terms and conditions set forth in the Plan and this Agreement. This Stock Option is not intended to qualify as an "incentive stock option" within the meaning of Section 422 of the Code.

2. **Exercise Price.** The purchase price of each Option Share shall be the Exercise Price Per Share set forth above.

3. **Exercise Schedule.** Subject to the provisions of this Agreement, this Stock Option shall vest and become exercisable as to the number of Option Shares on the dates specified in the Exercise Schedule. Except as provided in Sections 6 and 7 of this Agreement, the Stock Option shall not be exercisable until the first anniversary of the Grant Date. The Exercise Schedule shall be cumulative; thus, to the extent this Stock Option has not already been exercised and has not expired, terminated or been cancelled, Participant may at any time, and from time to time, purchase all or any portion of the Option Shares then purchasable under the Exercise Schedule until the expiration of the Stock Option. In the case of fractional shares, the number of Option Shares vesting on any date shall be rounded down to the nearest whole share and the number of Option Shares vesting on the last date shall be correspondingly increased by such fractional remainders.

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4. **Expiration.** This Stock Option shall expire at the earliest of:

(a) 5:00 p.m. Central Time on the Expiration Date specified above;

(b) following termination of employment of Participant other than for Cause, 5:00 p.m. Central Time on the last day this Stock Option is exercisable as provided in Section 6 of this Agreement; or

(c) following termination of employment of Participant for Cause, immediately as of the date of the event giving rise to Cause.

In no event may this Stock Option be exercised, in whole or in part, after it has expired, notwithstanding any other provision of this Agreement.

5. **Procedure to Exercise Stock Option.**

(a) **Notice of Exercise.** Subject to the other provisions of this Agreement, this Stock Option may be exercised in whole or in part as to the Option Shares vested and exercisable in accordance with the Exercise Schedule at any time until the expiration of this Stock Option by giving written notice of exercise to the Company specifying the number of Option Shares to be purchased in the Company's Exercise Notice Form.

(b) **Effective Date of Exercise.** This Stock Option shall be deemed to be exercised on the date the Company receives both the properly completed and signed Exercise Notice and payment in full of the aggregate Exercise Price Per Share for all Option Shares being purchased. No Shares shall be issued until full payment therefor has been made.

(c) **Tender of Payment.** Participant shall provide for payment of the aggregate Exercise Price Per Share for the Option Shares being purchased through one or a combination of the following methods, at the election of Participant:

(1) Cash (including check, bank draft or money order);

(2) To the extent permitted by law, through a broker-assisted cashless exercise in which Participant simultaneously exercises the Stock Option and sells all or a portion of the Option Shares thereby acquired pursuant to a brokerage or similar relationship and uses the proceeds from such sale to pay the aggregate Exercise Price Per Share of the Option Shares being purchased;

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- (3) By tender of a full recourse promissory note having such terms as may be approved by the Committee;
- (4) By delivery to the Company (or by attestation to the Company) of unencumbered Shares owned by Participant having an aggregate Fair Market Value on the date of exercise equal to the aggregate Exercise Price Per Share of the Option Shares being purchased; or
- (5) By authorizing the Company to retain from the total number of Option Shares as to which the Stock Option is exercised that number of Option Shares having a Fair Market Value on the date of exercise equal to the aggregate Exercise Price Per Share of the Option Shares being purchased.

(d) **Limitation.** Notwithstanding the foregoing, Participant shall not be permitted to pay any portion of the purchase price with Shares or by authorizing the Company to retain Option Shares upon exercise of the Stock Option, if the Committee, in its sole discretion, determines that payment in such manner shall not be permitted.

6. **Employment Requirement.** This Stock Option may be exercised only while Participant remains employed with the Company or a Subsidiary thereof, and only if Participant has been continuously so employed since the Grant Date; *provided that*:

(a) This Stock Option may be exercised for ninety (90) days after Participant's employment by the Company terminates by reason other than death, Disability or for Cause, but only to the extent that it was exercisable immediately prior to the date of termination of employment.

(b) This Stock Option may be exercised for twelve (12) months after Participant's employment by the Company terminates because of death or Disability of Participant, but only to the extent that it was exercisable immediately prior to the date of termination of employment.

(c) This Stock Option shall expire, and all rights to purchase Option Shares hereunder shall terminate, immediately as of the date of the event giving rise to termination of employment of Participant for Cause.

Notwithstanding the above, the Stock Option may not be exercised after 5:00 p.m. Central Time on the Expiration Date.

7. **Acceleration of Vesting.** Notwithstanding any other provision of this Agreement, the Stock Option shall become fully exercisable and vested upon (1) a termination of employment by the Company without Cause or by the Participant for Good Reason, within twenty-four (24) months following a Change in Control where the Plan is assumed by the successor corporation or the Company is the surviving entity and the Plan continues, or (2) the occurrence of a Change in Control, if the Plan is not assumed by the successor corporation.

8. **Limitation on Transfer.** During the lifetime of Participant, only Participant or Participant's guardian or legal representative may exercise the Stock Option. The Stock Option may not be assigned or transferred by Participant otherwise than by will or the laws of descent and distribution.

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9. **No Shareholder Rights Before Exercise.** No person shall have any of the rights of a shareholder of the Company with respect to any Option Shares until such Option Shares are actually issued upon exercise of the Stock Option.

10. **Withholding Taxes.** Participant will be responsible for all tax obligations that arise as a result of the grant, vesting, or settlement of this Stock Option. The Company has the right to deduct from any payment made under this Agreement or to require Participant to pay the amount of any federal, state or local taxes of any kind required by law to be withheld with respect to the grant, vesting, payment or settlement of this Stock Option or otherwise under this Agreement, or to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. Unless Participant has made arrangements prior to the date of exercise to satisfy such tax withholding amount in cash or by delivery to the Company (or by attestation to the Company) of unencumbered Shares owned by Participant, Participant acknowledges and agrees that such tax withholding amount shall be satisfied by the Company retaining from the number of Option Shares that would otherwise be deliverable to Participant such number of Shares as the Company determines to be sufficient to satisfy such tax withholding obligation. Notwithstanding the foregoing, in no event shall payment of withholding taxes be made by retention of Shares by the Company unless the Company retains only shares with a Fair Market Value equal to the minimum amount of taxes required to be withheld. The Company may also deduct from any award under the Plan payment of any other amounts due by Participant to the Company.

11. **Interpretation of this Agreement.** This Stock Option is in all respects subject to and governed by all of the provisions of the Plan. In accordance with the Plan, all decisions of the Board or Committee shall be final and binding upon Participant and the Company. If there is any inconsistency between the provisions of this Agreement and the Plan, the provisions of the Plan shall govern.

12. **Discontinuance of Employment.** This Agreement shall not give Participant a right to continued employment with the Company or any parent or Subsidiary of the Company, and the Company or any such parent or Subsidiary employing Participant may terminate Participant's employment at any time and otherwise deal with Participant without regard to the effect it may have upon Participant under this Agreement.

13. **Binding Effect.** This Agreement shall be binding in all respects on the heirs, representatives, successors and assigns of Participant.

14. **Governing Law.** This Agreement and any matter relating to the Stock Option or the Option Shares will be construed, administered and governed in all respects under and by the applicable laws of the State of Minnesota, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement, the Plan, this Award of Stock Options or the Option Shares to the substantive law of another jurisdiction.

15. **Tax Consequences.** The Participant may incur tax liability as a result of the exercise of the Stock Option and/or the subsequent disposition of Option Shares. THE PARTICIPANT SHOULD CONSULT A TAX ADVISOR BEFORE EXERCISING THE STOCK OPTION OR THE DISPOSITION OF THE OPTION SHARES.

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16. **Representations by Participant.** The Participant has read this Agreement and is familiar with its terms and provisions. The Participant has reviewed with personal tax advisors the Federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that he or she (and not the Company) shall be responsible for any tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board (or committee with delegated authority) upon any questions arising under this Agreement.

IN WITNESS WHEREOF, the Company and Participant have executed and delivered this Agreement as of the Grant Date set forth above.

CLEARFIELD, INC.

By: _____

Its:

PARTICIPANT:

Print Name of Participant

Signature of Participant



CLEARFIELD, INC.
2022 STOCK COMPENSATION PLAN
RESTRICTED STOCK AWARD AGREEMENT

PARTICIPANT:

AWARD DATE:

SHARES OF RESTRICTED STOCK:

LAPSE OF RESTRICTIONS: The Restricted Stock shall vest and the Restrictions on the Restricted Stock shall lapse on _____ (except as otherwise provided in this Agreement)

THIS RESTRICTED STOCK AWARD AGREEMENT (this "Agreement") is made as of the Award Date set forth above, by and between Clearfield, Inc., a Minnesota corporation (the "Company"), and the person named above ("Participant") setting forth the terms and conditions of an award of Restricted Stock granted pursuant to the terms of the Clearfield, Inc. 2022 Stock Compensation Plan (the "Plan").

Capitalized terms used herein and not defined shall have the meaning given such terms in the Plan.

1. **Grant of Restricted Stock.** In accordance with the terms of the Plan and subject to the further terms, conditions and restrictions contained in this Agreement, the Company hereby grants to Participant the number of shares of Restricted Stock set forth above. "Restricted Stock" means shares of the Company's common stock (the "Shares") subject to the Restrictions set forth in Section 3 of this Agreement.

2. **Certificates for Shares.**

(a) Certificates evidencing the Restricted Stock shall be subject to the control of the Company (either through appropriate entries in accounts at the Company's transfer agent or through the Company's physical control of a certificate relating to the Restricted Stock) until such Shares are released to Participant or forfeited in accordance with this Agreement. If requested by the Company, Participant shall, simultaneously with the delivery of this Agreement, deliver to the Company a stock power, in blank, executed by Participant. If any Restricted Stock is forfeited, the Company shall direct the transfer agent of the Shares to make the appropriate entries in its records showing the cancellation of the certificate or certificates for such Restricted Stock and the Shares represented thereby shall have the status as authorized but unissued Shares.

(b) The Share certificate or certificates evidencing the Restricted Stock issued hereunder shall be endorsed with the following legend (in addition to any other legend or legends required under applicable Federal and state securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS UPON TRANSFER AND RIGHTS OF REPURCHASE AS SET FORTH IN ANY AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDERS AND IN THE CLEARFIELD, INC. 2022 STOCK COMPENSATION PLAN, ALL AS MAY BE AMENDED FROM TIME TO TIME. ANY PERSON OR ENTITY TO WHOM SHARES REPRESENTED BY THIS CERTIFICATE, OR ANY INTEREST THEREIN, ARE TRANSFERRED SHALL BE DEEMED TO AGREE TO AND SHALL BECOME BOUND BY SUCH AGREEMENT. COPIES OF SUCH AGREEMENTS AND THE PLAN MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.

3. **Restrictions.** During the period prior to the vesting and lapse of the restrictions as set forth in Section 5 (the "Restriction Period") and subject to earlier termination of the Restriction Period or forfeiture of the Restricted Stock, the Restricted Stock and all rights with respect to the Restricted Stock, may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered or disposed of and shall be subject to the risk of forfeiture contained in Section 4 of this Agreement (such limitations on transferability and risk of forfeiture being herein referred to as "Restrictions"), but Participant shall have all other rights of a stockholder, including, but not limited to, the right to vote and receive dividends on the Restricted Stock.

4. **Forfeiture of Restricted Stock.** If Participant shall cease to be an employee of the Company and/or any of its Subsidiaries for any reason, all Shares that at that time are Restricted Stock shall thereupon be forfeited by Participant to the Company without payment of any consideration therefor, and neither Participant, nor any successor, heir, assign or personal representative shall have any right or interest in or to such Restricted Stock or the certificates evidencing the Restricted Stock.

5. **Lapse of Restrictions.**

(a) Except as provided in Section 4 or in Section 5(b), the Restricted Stock shall vest and the Restrictions on the Restricted Stock granted under this Agreement shall lapse as to the number of Shares of Restricted Stock and on the dates stated above under "Lapse of Restrictions." Upon vesting and lapse of the Restrictions in accordance with this Section, the Company shall, as soon as practicable thereafter, deliver to Participant a certificate or cause the Company's transfer agent to make appropriate credits to Participant's book entry account for the Shares with respect to which such Restrictions have vested and lapsed.

(b) Notwithstanding any other provision of this Agreement, the Restricted Stock shall vest in full and all Restrictions with respect to any Restricted Stock shall lapse upon (1) a termination of employment by the Company without Cause or by the Participant for Good Reason, within twenty-four (24) months following a Change in Control where the Plan is assumed by the successor corporation or the Company is the surviving entity and the Plan continues, or (2) the occurrence of a Change in Control, if the Plan is not assumed by the successor corporation.

6. **Non-Transferability.** Neither the Restricted Stock nor this Agreement nor any interest in the Shares or this award may be alienated, encumbered, sold, pledged, assigned, transferred or subjected to any charge or legal process, other than by will or the laws of descent and distribution, so long as the Restrictions have not lapsed as to any share of Restricted Stock and the Shares have not been delivered in accordance with the Plan, and any sale, pledge, assignment or other attempted transfer shall be null and void.

7. **Successors and Heirs.** This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and upon any person that is an acquiring person in a Change in Control involving the Company. In the event of Participant's death, any Shares to which Participant may become entitled pursuant to this Agreement or the Plan will be delivered to his or her heirs or personal representative in accordance with the terms of the Plan.

8. **Governing Law.** This Agreement and any matter relating to the Restricted Stock will be construed, administered and governed in all respects under and by the applicable laws of the State of Minnesota, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement, the Plan, this Award of Restricted Stock or the Restricted Stock to the substantive law of another jurisdiction.

9. **Tax Withholding.** Participant will be responsible for all tax obligations that arise as a result of the grant, vesting and lapse of the Restrictions, or settlement of the Restricted Stock. Participant acknowledges that unless Participant makes a proper and timely Section 83(b) election as further described below, then at the time of vesting and lapse of the Restrictions on the Restricted Stock, Participant will be obligated to recognize ordinary income in an amount equal to the Fair Market Value, as of the date of vesting and lapse of Restrictions, of those Shares issuable to the Participant upon the vesting and lapse of Restrictions. Participant understands that Participant may file, within 30 days of the Award Date, an election with the Internal Revenue Service pursuant to Section 83(b) of the Internal Revenue Code to be taxed currently on the Fair Market Value of the Restricted Stock as of the Award Date. Participant acknowledges that it is Participant's sole responsibility to timely file an election under Section 83(b) of the Code. If Participant makes such an election, Participant must promptly provide the Company with a copy. The Company has no, and shall incur no, liability or obligation with respect to the Section 83(b) election made, or not made, by the Participant.

The Company shall have the power and the right to deduct or withhold, or require Participant to remit to the Company, as a condition precedent for the delivery by the Company of the Shares deliverable upon vesting and lapse of Restrictions, an amount sufficient to satisfy federal, state and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the grant, vesting and lapse of the Restrictions, or settlement of the Restricted Stock. Unless Participant has made arrangements prior to the date the tax withholding obligation arises to satisfy such tax withholding amount in cash or has made an election under Section 83(b) of the Internal Revenue Code, Participant acknowledges and agrees that such tax withholding amount shall be satisfied by the Company retaining the number of Shares from those Shares issuable to the Participant at the time of the vesting and lapse of Restrictions as the Company determines to be sufficient to satisfy such tax withholding obligation. Notwithstanding the foregoing, in no event shall payment of withholding taxes be made by retention of Shares by the Company unless the Company retains only Shares with a Fair Market Value equal to the minimum amount of taxes required to be withheld. The Company may also deduct from any award under the Plan payment of any other amounts due by Participant to the Company.

10. **Plan Controls.** Notwithstanding anything in this Agreement to the contrary, the terms of this Agreement shall be subject to the terms of the Plan. In accordance with the Plan, all decisions of the Committee shall be final and binding upon Participant and the Company.

11. **Tax Consequences.** The Participant may incur tax liability as a result of the vesting and/or disposition of the Restricted Stock, or in connection with a Section 83(b) election. THE PARTICIPANT SHOULD CONSULT A TAX ADVISOR BEFORE MAKING A SECTION 83(b) ELECTION, THE VESTING OF THE RESTRICTED STOCK OR THE DISPOSITION OF SUCH SHARES.

12. **Representations by Participant.** The Participant has read this Agreement and is familiar with its terms and provisions. The Participant has reviewed with personal tax advisors the Federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that he or she (and not the Company) shall be responsible for any tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board (or committee with delegated authority) upon any questions arising under this Agreement.

IN WITNESS WHEREOF, the Company and Participant have each executed and delivered this Agreement as of the date first above written.

CLEARFIELD, INC.

By: _____
Its: _____

PARTICIPANT:

Print Name of Participant

Signature of Participant
