May 11, 2009

# Clearfield, Inc. Continues Profitable Momentum in FY 09

## Gross Profit Improvement Instrumental to Strong Operating Income Performance

MINNEAPOLIS--(BUSINESS WIRE)-- Clearfield, Inc. (NASDAQ: CLFD):

| | | |
|---|---|---|
| -- | Net Sales: | $5.2M, down 4% from previous year |
| -- | Gross Profit: | $1.8M, up 3% from previous year |
| -- | Gross Margin: | 35%, up from 32% from previous year |
| -- | Income from Operations: | $128K, 3x previous year |
| -- | Net Income per share: | $.01 |

Clearfield, Inc. (NASDAQ: CLFD) today announced results for the second fiscal quarter of 2009 which ended March 31, 2009. Revenue for the current quarter was $5,233,000 in comparison to $5,442,000 for the same period in 2008, a decrease of 4 percent. Gross profit was $1,818,000 in comparison to $1,766,000 for the earlier period, an increase of 3 percent. The Company reported net income of $131,000 or $.01 per share compared to $115,000 or $.01 per share for 2008.

Comments on Operations

"Despite challenging economic conditions and the seasonal orientation of our business cycle, we are satisfied with the bottom line performance of the Company," says Cheri Beranek Podzimek, president & CEO of Clearfield. "Ongoing productivity measures within our manufacturing and procurement groups has resulted in a significant gain in gross profit despite our lower revenues. Moreover, bookings exceeded revenue for the quarter by more than $500,000, resulting in a firm backlog for the upcoming quarter."

"While we have taken precautionary measures due to the economic slowdown, including the controlled reduction of inventory by $535,000, we continue to make significant investments in product development and have earned strong approval from our clients with the introduction of a number of new products within the FieldSmart fiber management platform as well as our new WaveSmart product portfolio of powered optical signal products."

"While the specifics of the Broadband funding program within the economic stimulus package have yet to be defined, the Company is tracking and prepared to respond to these opportunities. As many of our clients and prospects are engaged in the process of applying

for the associated grants and/or loans, the immediate outlook and long-term result of this program is unclear."

About Clearfield, Inc. Clearfield, Inc., designs and manufactures FieldSmart - a modular fiber management platform using the patented Clearview Cassette as an "Any Application, Anywhere" multiplier to meet the fiber management needs of the broadband service provider. Product lines include the latest generation Fiber Distribution System (FDS) for the inside plant, the Fiber Scalability Center (FSC) for the outside plant, and Fiber Delivery Points (FDP) for access networks. The FDS, FSC and FDP product lines support a wide range of panel configurations, densities, connectors and adapter options, and are offered alongside an assortment of passive optical components and a complete line of fiber and copper assemblies for indoor plant, outside plant and access environments. Clearfield is a public company traded on Nasdaq:CLFD. www.ClearfieldConnection.com

Forward-Looking Statements

Forward-looking statements contained herein are made pursuant to the safe harbor provisions of the Private Litigation Reform Act of 1995. 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, delays in or increased costs of production, delays in or lower than anticipated sales of the Company's new products, the Company's ability to sell such products at a profitable price, the Company's ability to fund operations, and other factors discussed from time to time in the Company's filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on forward-looking statements. The Company undertakes no obligation to update such statements to reflect actual events.

Clearfield, Inc.

FINANCIAL RESULTS (unaudited)

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Revenues | $ 5,232,604 | $ 5,442,493 | $ 11,165,891 | $ 10,139,933 |
| Cost of sales | 3,414,452 | 3,676,929 | 7,333,531 | 6,924,898 |
| Gross profit | 1,818,152 | 1,765,564 | 3,832,360 | 3,215,035 |
| Operating expenses | | | | |
| Selling, general and administrative | 1,689,950 | 1,721,252 | 3,494,928 | 3,143,711 |
| Income from operations | 128,202 | 44,312 | 337,432 | 71,324 |

| | | | | |
|---|---|---|---|---|
| Interest income | 17,244 | 79,285 | 48,994 | 167,091 |
| Interest expense | (1,585) | (2,836) | (3,491) | (5,972) |
| Other income | 13,931 | 15,984 | 27,575 | 29,401 |
| | 29,590 | 92,433 | 73,078 | 190,520 |
| Income before income taxes | 157,792 | 136,745 | 410,510 | 261,844 |
| Income tax expense | 26,743 | 21,407 | 61,974 | 48,577 |
| Net income from continuing operations | 131,049 | 115,338 | 348,536 | 213,267 |
| Net income from discontinued operations | - | - | - | 342,390 |
| Net loss on disposal of assets of discontinued operations | - | - | - | (44,951) |
| Total income from discontinued operations | - | - | - | 297,439 |
| Net income | $ 131,049 | $ 115,338 | $ 348,536 | $ 510,706 |
| Net income per share: | | | | |
| Continuing operations | $ .01 | $ .01 | $ .03 | $ .02 |
| Discontinued operations | $ .00 | $ .00 | $ .00 | $ .02 |
| Basic and diluted | $ .01 | $ .01 | $ .03 | $ .04 |
| Weighted average shares outstanding: | | | | |
| Basic and diluted | 11,938,131 | 11,872,331 | 11,938,131 | 11,872,331 |

Clearfield, Inc.

FINANCIAL RESULTS (unaudited -continued)

| | March 31, 2009 | September 30, 2008 |
|---|---|---|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | $ 3,133,588 | $ 4,333,709 |
| Short-term investments | 3,081,000 | - |
| Accounts receivable, net | 2,262,100 | 2,533,447 |
| Inventories | 1,553,256 | 2,088,769 |
| Other current assets | 218,084 | 115,344 |
| Total current assets | 10,248,028 | 9,071,269 |
| Property plant and equipment, net | 1,425,291 | 1,604,202 |
| Other Assets | | |
| Long-term investments | 1,839,663 | 3,143,941 |
| Goodwill | 2,570,511 | 2,570,511 |
| Other | 176,368 | 176,368 |
| Notes receivable | 412,755 | 432,846 |
| Total other assets | 4,999,297 | 6,323,666 |
| Total Assets | $ 16,672,616 | $ 16,999,137 |
| Liabilities and Shareholders' Equity | | |
| Current Liabilities | | |
| Current maturities of long-term debt | $ 64,798 | $ 62,126 |
| Accounts payable | 1,116,982 | 1,849,633 |
| Accrued compensation | 823,025 | 903,276 |
| Accrued expenses | 104,398 | 301,859 |
| Total current liabilities | 2,109,203 | 3,116,894 |
| Long-term debt, net of current maturities | - | 33,081 |
| Deferred rent | 89,758 | 89,641 |
| Deferred income taxes | 211,615 | 166,904 |
| Total Liabilities | 2,410,576 | 3,406,520 |

| | | |
|---|---|---|
| Shareholders' Equity | | |
| Undesignated shares, 4,999,500 authorized shares: no shares issued and outstanding | - | - |
| Preferred stock, $.01 par value; 500 shares; no shares outstanding | - | - |
| Common stock, authorized 50,000,000, $ .01 par value; 11,938,131 shares issued and outstanding at March 31, 2009 and September 30, 2008 | 119,381 | 119,381 |
| Additional paid-in capital | 52,223,106 | 52,166,219 |
| Accumulated deficit | (38,080,447 ) | (38,428,983 ) |
| Accumulated other comprehensive loss | - | (264,000 ) |
| Total shareholders' equity | 14,262,040 | 13,592,617 |
| Total Liabilities and Shareholders' Equity | $ 16,672,616 | $ 16,999,137 |

Source: Clearfield, Inc.