

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K/A

Current Report

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

Date of Report (Date of earliest event reported): April 26, 2016

OPTICAL CABLE CORPORATION

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation or organization)

000-27022
(Commission File Number)

54-1237042
(I.R.S. Employer Identification
Number)

5290 Concourse Drive
Roanoke, VA
(Address of principal executive offices)

24019
(Zip Code)

(540) 265-0690
(Registrant's telephone number, including area code)

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 (see General Instruction A.2. below):

- 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))
-

EXPLANATORY NOTE: This amended report on Form 8-K/A is being filed to include Exhibits 4.1 through 4.7 previously omitted from the Current Report on Form 8-K filed on May 2, 2016.

Table of Contents

Item 1.01	<u>Entry into a Material Definitive Agreement</u>	2
Item 1.02	<u>Termination of a Material Definitive Agreement</u>	4
Item 9.01	<u>Financial Statements and Exhibits</u>	5
	<u>Signatures</u>	6
	<u>Exhibits</u>	7

Item 1.01. Entry into a Material Definitive Agreement

On April 26, 2016, Optical Cable Corporation (the “Company”), as borrower, and Bank of North Carolina, as Lender entered into a Credit Agreement (the “Credit Agreement”), a Revolving Credit Note (“Revolver”), as well as certain other ancillary documents to provide the Company with a \$7,000,000 revolving line of credit (the “Revolving Loan”). Also on April 26, 2016, the Company, as borrower, and Bank of North Carolina, as Lender, entered into Term Loan A Note in the amount of \$1,816,609.03 and Term Loan B Note in the amount of \$5,271,410.83 (together, Term Loan A Note and Term Loan B Note are the “Notes”). The Revolving Loan replaced the entire indebtedness the Company had with SunTrust Bank, N.A. The Notes replaced and restated the entire indebtedness the Company had with Bank of North Carolina, as successor to Valley Bank.

The Credit Agreement and Revolver

Under the Credit Agreement and Revolver, the Lender agreed to provide the Company with one or more revolving loans in a collective maximum principal amount of \$7,000,000 until February 28, 2017, at which time the Revolving Loan will step down to a maximum principal amount of \$6,500,000. On February 28, 2018, the maximum principal amount will again step down to \$6,000,000 and remain until the Revolving Loan terminates.

The Revolving Loan is for general corporate purposes including raising working capital and supporting general business operations.

The Company is not obligated to borrow any amount under the Revolving Loan Limit. Within the Revolving Loan Limit, the Company may borrow, repay, and reborrow, at any time or from time to time while the Revolving Loan is in effect.

The Revolving Loan accrues interest at the Adjusted London InterBank Offered Rate plus 3.65%. The Revolving Loan is payable in monthly payment of interest only with principal and any outstanding interest due and payable at maturity. Maturity for the Revolving Loan is February 28, 2018, unless the Revolving Loan is extended.

The Revolving Loan is secured by a perfected first lien security interest on all assets, including but not limited to, Accounts, As-extracted collateral, Chattel Paper, Commodity Accounts, Commodity Contracts, Deposit Accounts, Documents, Equipment, Fixtures, Furniture, General Intangibles, Goods, Instruments, Inventory, Investment Property, Letter of Credit Rights, Payment Intangibles, Promissory Notes, Software and general tangible and intangible assets owned now or later acquired. The Revolving Loan is also cross-collateralized with the Company’s real property located at 5290 Concourse Drive, Roanoke, Virginia and 33 Superior Way, Swannanoa, North Carolina and 112 Buckeye Cove Road, Swannanoa, North Carolina.

During the term of the Revolving Loan, the Company is required to maintain the following financial covenants:

Fixed Charge Coverage Ratio. A Fixed Charge Coverage Ratio of not less than 1.10 to 1.00 for the Company’s fiscal year ending October 31, 2016, stepping up to 1.50 to 1.00 thereafter until maturity of the Revolving Loan. The Fixed Charge Coverage Ratio is defined as Adjusted EBITDA less cash dividends (excluding cash dividends paid in November 2015) paid, all divided by the sum of Annual Debt Service and income taxes paid. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization excluding non-cash share-based compensation and including any new money equity investments and/or indebtedness fully subordinated to Lender. Annual Debt Service means the sum of all regularly scheduled payments of principal (excluding the required annual \$500,000 step downs (when applicable) on the Revolving Loan) plus interest paid.

Debt to Worth. The Company is required to maintain a ratio of Total Liabilities to Tangible Net Worth of no greater than 0.95:1, determined quarterly beginning with the Company's quarter ending April 30, 2016. Total Liabilities means all liabilities of the Company as set forth in the Company's financial statements determined in accordance with GAAP. Tangible Net Worth means Total Assets minus Total Liabilities minus any Intangible Assets as set forth in the Company's financial statements determined in accordance with GAAP.

Current Ratio. The Company is required to maintain a Current Ratio of not less than 3.00 to 1.0, monitored quarterly beginning with the Company's quarter ending April 30, 2016. Current Ratio means Current Assets divided by Current Liabilities, as such terms are classified and determined in accordance with GAAP.

The Company also agreed to maintain its primary depository accounts with Lender.

As a result of this transaction, the Company paid off the amount of the loans outstanding from SunTrust and borrowed \$6,013,797.33.

The Notes

On April 26, 2016, the Company, as borrower and Bank of North Carolina, as Lender, entered into Term Loan A Note in the amount of \$1,816,609.03 and Term Loan B Note in the amount of \$5,271,410.83. The Notes accrue interest at the rate of 4.25% per annum, computed on the bases of the actual number of days elapsed over a 360-day year. Monthly payments on Term Loan A Note are \$12,533.02 payable monthly commencing May 1, 2016 and continuing thereafter with a final payment of principal and interest of \$1,674,217.22 (and any other outstanding principal, interest, fees and costs) due on April 30, 2018. Monthly payments on Term Loan B Note are \$36,426.17 payable monthly commencing May 1, 2016 and continuing thereafter with a final payment of principal and interest of \$4,858,220.37 (and any other outstanding principal, interest, fees and costs) due on April 30, 2018.

Modification of Credit Line Deed of Trust (Virginia)

The Modification of Credit Line Deed of Trust (the "Virginia Modification") amends and restates certain terms of the Virginia Deed of Trust dated May 30, 2008 and corrected by a Corrected Deed of Trust dated June 4, 2008. The Virginia Modification grants to the Lender a security interest in the real property owned by the Company located at 5290 Concourse Drive, Roanoke, Virginia 2019 (the "Virginia Property"). Under the Virginia Modification, the Company grants to the trustee named in the Virginia Modification certain collateral, all as more specifically described in the Virginia Modification.

The Virginia Modification secures the Company's obligations under the Credit Agreement, Revolver, Notes and other ancillary documents (as described in the Credit Agreement).

Modification of Deed of Trust, Security Agreement and Assignment of Leases and Rents (North Carolina)

The Modification of Deed of Trust, Security Agreement and Assignment of Leases and Rents (the "North Carolina Modification") amends and restates certain terms of the North Carolina Deed of Trust dated May 30, 2008. The North Carolina Modification grants to the Lender a security interest in the real property owned by the Company located at 33 Superior Way, Swannanoa, North Carolina and 112 Buckeye Cove Road, Swannanoa, North Carolina (the "North Carolina Properties"). Under the North Carolina Modification, the Company grants to the trustee named in the North Carolina Modification certain collateral, all as more specifically described in the North Carolina Modification.

The North Carolina Modification secures the Company's obligations under the Credit Agreement, Revolver, Notes and other ancillary documents (as described in the Credit Agreement).

Transaction Fees

As a result of the transaction and excluding certain legal and accounting fees payable as a result of the transaction, the Company paid \$70,000 to the Lender as a fee for the Revolving Loan and incurred closing fees and costs equal to \$26,451.00.

All capitalized terms used in this section but not otherwise defined herein or in the Third Amended Credit Agreement shall have the meanings provided for by the Uniform Commercial Code.

Item 1.02 Termination of a Material Definitive Agreement.

The information set forth under Item 1.01 of this report is incorporated by reference in this Item 1.02.

Effective as of April 26, 2016, the following were terminated or restated:

- 1 Credit Agreement dated May 30, 2008 by and between Optical Cable Corporation and Superior Modular Products Incorporated as borrowers and Valley Bank as lender in the amount of \$17,000,000 consisting of a Revolver in the amount of \$6,000,000; Term Loan A in the amount of \$2,240,000; Term Loan B in the amount of \$6,500,000; and a Capital Acquisitions Term Loan in the amount of \$2,260,000.
- 2 Term Loan A Note in the amount of \$2,240,000 by Optical Cable Corporation and Superior Modular Products Incorporated dated May 30, 2008.
- 3 Term Loan B Note in the amount of \$6,500,000 by Optical Cable Corporation and Superior Modular Products Incorporated dated May 30, 2008.
- 4 First Loan Modification Agreement dated February 16, 2010 by and between Optical Cable Corporation and Valley Bank.
- 5 Second Loan Modification Agreement dated April 30, 2010 by and between Optical Cable Corporation, for itself and as successor by merger to Superior Modular Products Incorporated, and Valley Bank.
- 6 Addendum A to Commercial Note dated April 30, 2010 by and between Optical Cable Corporation and SunTrust Bank.
- 7 Third Loan Modification Agreement dated April 22, 2011 by and between Optical Cable Corporation, for itself and as successor by merger to Superior Modular Products Incorporated, and Valley Bank.
- 8 Fourth Loan Modification Agreement dated July 25, 2011 by and between Optical Cable Corporation, for itself and as successor by merger to Superior Modular Products Incorporated, and Valley Bank.
- 9 Fifth Loan Modification Agreement dated August 31, 2012 by and between Optical Cable Corporation, for itself and as successor by merger to Superior Modular Products Incorporated, and Valley Bank.
- 10 Commercial Note dated August 30, 2013 by and between Optical Cable Corporation and SunTrust Bank in the principal amount of \$9,000,000.
- 11 Agreement to Commercial Note dated August 30, 2013 by and between Optical Cable Corporation and SunTrust Bank.
- 12 Addendum A to Commercial Note dated August 30, 2013 by and between Optical Cable Corporation and SunTrust Bank.

- 13 Sixth Loan Modification Agreement dated August 30, 2013 by and between Optical Cable Corporation, for itself and as successor by merger to Superior Modular Products Incorporated, and Valley Bank.
- 14 Binding Letter of Renewal dated August 11, 2014 by and between Optical Cable Corporation and SunTrust Bank.
- 15 Binding Letter of Renewal dated May 7, 2015 by and between Optical Cable Corporation and SunTrust Bank.
- 16 Amended and Restated Security Agreement dated May 7, 2015 by Optical Cable Corporation in favor of SunTrust Bank.
- 17 Seventh Loan Modification Agreement dated January 25, 2016, by and between Optical Cable Corporation, for itself and as successor by merger to Superior Modular Products Incorporated, and BNC Bancorp, successor in interest to Valley Bank.
- 18 Modification to Commercial Note and Agreement to Commercial Note dated January 25, 2016 by and between Optical Cable Corporation and with SunTrust Bank.
- 19 Second Amended and Restated Security Agreement dated January 25, 2016 by Optical Cable Corporation, in favor of SunTrust Bank, its present and future affiliates and their successors and assigns.

No fees were due or owing as a result of the termination of the aforementioned agreements.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit No.	Description
4.1	Credit Agreement dated April 26, 2016 by and between Optical Cable Corporation as borrower and Bank of North Carolina as lender in the amount of \$7,000,000. FILED HEREWITH.
4.2	Revolving Credit Note in the amount of \$7,000,000 by Optical Cable Corporation dated April 26, 2016. FILED HEREWITH
4.3	Term Loan A Note in the amount of \$1,816,609.03 by Optical Cable Corporation dated April 26, 2016. FILED HEREWITH.
4.4	Term Loan B Note in the amount of \$5,271,410.83 by Optical Cable Corporation dated April 26, 2016. FILED HEREWITH.
4.5	Modification of Credit Line Deed of Trust dated April 26, 2016 by and between Optical Cable Corporation (successor by merger to Superior Modular Products Incorporated) as Grantor, Andrew B. Agee (in substitution of LeClairRyan) as Trustee and Bank of North Carolina (successor by merger with Valley Bank) as Beneficiary, modifying that certain Credit Line Deed of Trust dated May 30, 2008. FILED HEREWITH.
4.6	Modification of Deed of Trust, Security Agreement, And Assignment of Leases and Rents dated April 26, 2016 by and between Optical Cable Corporation (successor by merger to Superior Modular Products Incorporated) as Grantor, Andrew B. Agee (in substitution of LeClairRyan) as Trustee and Bank of North Carolina (successor by merger with Valley Bank) as Beneficiary, modifying that certain Deed of Trust, Security Agreement And Assignment of Leases and Rents dated May 30, 2008. FILED HEREWITH.
4.7	Security Agreement dated April 26, 2016 between Optical Cable Corporation and Bank of North Carolina. FILED HEREWITH.

SIGNATURES

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

OPTICAL CABLE CORPORATION

By: /s/ TRACY G. SMITH

Name: Tracy G. Smith

Title: Senior Vice President and Chief Financial Officer

Dated: May 3, 2016

CREDIT AGREEMENT
BETWEEN
BANK OF NORTH CAROLINA
AND
OPTICAL CABLE CORPORATION

April 26, 2016

(Credit Agreement)

TABLE OF CONTENTS

SECTION 1.		
THE REVOLVING CREDIT FACILITY		
1.1.	Advances Under Revolving Credit Facility	1
1.2.	Procedure for Requesting Advances	2
1.3.	Interest on and Principal of Advances	2
1.4.	Revolving Credit Note; Use of Proceeds	2
1.5.	Voluntary Prepayments	3
1.6.	Extension of Revolving Credit Expiration Date By Lender	3
1.7.	No Advances Under Term Loan Notes	3
1.8.	Commitment Fee	3
SECTION 2.		
GENERAL PROVISIONS APPLICABLE TO THIS AGREEMENT, THE REVOLVING CREDIT NOTE, THE ADVANCES, AND THE TERM LOAN NOTES		
2.1.	Interest Calculation	3
2.2.	Late Charges	3
2.3.	Loan Payments	3
2.4.	Interest on Overdue Amounts	4
2.5.	Yield Protection	4
2.6.	Maximum Lawful Rate of Interest	4
2.7.	Other Security Documents	5
SECTION 3.		
CONDITIONS PRECEDENT		
3.1.	Conditions Precedent to Effectiveness of this Agreement and Further Advances	5
3.2.	Special Conditions Precedent with Respect to Revolving Credit Facility	6
3.3.	Limited Waiver of Conditions Precedent	7
SECTION 4.		
REPRESENTATIONS AND WARRANTIES		
4.1.	Subsidiaries	7
4.2.	Authority, Etc.	7
4.3.	Litigation	7
4.4.	Financial Condition	8
4.5.	Taxes	8
4.6.	Title to Properties and Collateral	8
4.7.	Borrower's Name, Jurisdiction of Formation, and Business Premises	8
4.8.	Compliance with Laws, Etc.	9

(Credit Agreement)

4.9.	Material Agreements	9
4.10.	Federal Reserve Board Regulations	9
4.11.	ERISA	9
4.12.	Licenses, Etc.	9
4.13.	Labor Matters	9
4.14.	Accuracy of Information	10

SECTION 5.
AFFIRMATIVE COVENANTS

5.1.	Financial Statements and Other Reports	10
5.2.	Conduct of Business and Maintenance of Existence	11
5.3.	Compliance with Laws, Etc.	11
5.4.	Payment of Liabilities and Taxes	12
5.5.	Contractual Obligations	12
5.6.	Reserved	12
5.7.	Inspection	12
5.8.	Notices	13
5.9.	Depository Accounts	13
5.10.	Release of SunTrust Liens	13
5.11.	Subsidiaries	13

SECTION 6.
NEGATIVE COVENANTS

6.1.	Indebtedness	14
6.2.	Liens	14
6.3.	Loans and Investments	14
6.4.	Reserved	14
6.5.	Mergers, Acquisitions, Etc.	15
6.6.	Sale of Assets and Liquidation	15
6.7.	Change of Business	15
6.8.	Change of Name, Location, Etc.	15
6.9.	Fiscal Year	15
6.10.	Bylaws; Articles of Incorporation	15
6.11.	Affiliates	16
6.12.	Sale and Leaseback Transactions	16
6.13.	ERISA	16
6.14.	Financing Statements	16

(Credit Agreement)

SECTION 7.
FINANCIAL COVENANTS

7.1.	Fixed Charge Coverage Ratio Through Fiscal Year End 2016	16
7.2.	Fixed Charge Coverage Ratio After Fiscal Year End 2016	16
7.3.	Fixed Charge Coverage Ratio Defined	16
7.4.	Adjusted EBITDA Defined	16
7.5.	Annual Debt Service Defined	16
7.6.	Debt to Worth Ratio	16
7.7.	Current Ratio	17

SECTION 8.
EVENTS OF DEFAULT

8.1.	Payment of Obligations	17
8.2.	Perform, Etc.; Certain Provisions of this Agreement	17
8.3.	Representations and Warranties	17
8.4.	Events of Default under other Financing Documents	17
8.5.	Liquidation, Termination, Dissolution, Etc.	17
8.6.	Default under other Indebtedness	17
8.7.	Attachment	18
8.8.	Judgments	18
8.9.	Inability to Pay Debts, Etc.	18
8.10.	Bankruptcy	18
8.11.	Receiver, Etc.	18
8.12.	Financial Condition	18
8.13.	Invalidity; Repudiation	18
8.14.	Delisting Stock	19
8.15.	Perform, Etc.; other Provisions of this Agreement	19

SECTION 9.
RIGHTS AND REMEDIES

9.1.	Rights and Remedies	19
9.2.	Default Rate	19
9.3.	Liens, Set-Off	19
9.4.	Enforcement Costs	20

(Credit Agreement)

9.5.	Application of Proceeds	20
9.6.	No Waiver, Etc.	20
9.7.	Termination	20

SECTION 10.
MISCELLANEOUS

10.1.	Course of Dealing; Amendment	20
10.2.	Waiver of Default	21
10.3.	Notices	21
10.4.	Right to Perform	21
10.5.	Costs and Expenses	21
10.6.	Indemnification	22
10.7.	Further Assurances	22
10.8.	Cumulative Nature and Non-Exclusive Exercise of Rights and Remedies	22
10.9.	Governing Law; Jurisdiction	22
10.10.	WAIVER OF JURY TRIAL	22
10.11.	Certain Definitional Provisions	23
10.12.	Severability	23
10.13.	Survival	23
10.14.	Binding Effect	23
10.15.	Entire Agreement	23
10.16.	Time of Essence	23
10.17.	Duplicate Originals and Counterparts	23
10.18.	Headings	23
10.19.	Certain Obligations Excluded	23
10.20.	Prior Credit Agreement; No Novation	24
Annex A	- Definitions	
Schedule 6.11	- Transactions with Affiliates	

(Credit Agreement)

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement") dated as of this April 26, 2016, is entered into by and between OPTICAL CABLE CORPORATION, a Virginia corporation (the "Borrower"), and BANK OF NORTH CAROLINA, a North Carolina banking corporation (the "Lender").

RECITALS

A. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement.

B. Borrower understands and agrees that in granting, renewing, or extending any loan, Lender is relying on Borrower's representations, warranties, and agreements as set forth in this Agreement. Borrower understands and agrees that the granting, renewing, or extending of any loan by Lender at all times shall be subject to Lender's sole judgment and discretion.

C. Borrower understands and agrees that any and all such loans shall be and remain subject to the terms and conditions of this Agreement. This Agreement shall apply to any and all present and future loans, loan advances, extension of credit, financial accommodations and other agreements and undertakings of every nature and kind that may be entered into by and between Borrower and Lender now and in the future unless the written instrument evidencing such future loan specifically states that it is not governed by this Agreement.

D. This Agreement shall replace all other credit facilities maintained by Borrower with other lenders including the credit facility which Borrower currently maintains with SunTrust Bank.

E. This Agreement amends, modifies, continues, and restates the Credit Agreement dated May 30, 2008, by and between Borrower and Superior Modular Products Incorporated, as borrowers, and Valley Bank (successor in interest to Lender), as lender, as amended, and this Agreement governs the Term Loan Notes and the Deeds of Trust which were originally executed under such Credit Agreement dated May 30, 2008.

F. All capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Annex A attached hereto.

NOW, THEREFORE, in consideration of the premises, the respective representations, covenants and agreements hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

SECTION 1. The Revolving Credit Facility.

1.1. Advances Under Revolving Credit Facility. Subject to and upon the provisions of this Agreement and relying upon the representations and warranties set forth herein, the Lender agrees at any time and from time to time to make available to the Borrower Advances from the Effective Date until the earlier of (a) the Revolving Credit Expiration Date, and (b) the date on which this Revolving Credit Facility is terminated pursuant to Section 9 hereof, in an aggregate principal amount at any time outstanding not to exceed Seven Million and no/100 Dollars (\$7,000,000) (the "Revolving Credit Amount"), which Revolving Credit Amount automatically shall be reduced to Six Million Five Hundred Thousand and no/100 Dollars (\$6,500,000) on February 28, 2017 (the "First Step Down") and, in the event that the Lender elects to extend the Revolving Credit Expiration Date pursuant to Section 1.6, further reduced to Six Million and no/100 Dollars (\$6,000,000) on February 28, 2018 (the "Second Step Down"). In no event shall the Lender be obligated to make an Advance hereunder if a Default or an Event of Default shall have occurred and be continuing. Unless sooner terminated pursuant to other provisions of this Agreement, the Revolving Credit Facility and the obligation of the Lender to make Advances hereunder shall automatically terminate on the Revolving Credit Expiration Date, without further action by, or notice of any kind from, the Lender. Within the limitations set forth herein and subject to the provisions of this Agreement, the Borrower may borrow, repay and reborrow under the Revolving Credit Facility. The fact that there may be no Advances outstanding at any particular time shall not affect the continuing validity of this Agreement.

(Credit Agreement)

1.2. Procedure for Requesting Advances. The Lender may make any Advance pursuant to the Revolving Credit Facility in reliance upon any oral, telephonic, written, teletransmitted or other request (each, a “Request”) that the Lender in good faith believes to be valid and to have been made by the Borrower or on behalf of the Borrower by an Authorized Person. The Lender may act on the Request of any Authorized Person until the Lender shall have received from the Borrower, and had a reasonable time to act on, written notice revoking the authority of such Authorized Person. The Borrower acknowledges that the transmission between the Borrower and the Lender of any Request or other instructions with respect to the Revolving Credit Facility involves the possibility of errors, omissions, misinterpretations, fraud and mistakes, and agrees to adopt such internal measures and operational procedures as may be necessary to prevent such occurrences. By reason thereof, the Borrower hereby assumes all risk of loss and responsibility for, and releases and discharges the Lender from any and all responsibility or liability for, and agrees to indemnify, reimburse on demand and hold the Lender harmless from, any and all claims, actions, damages, losses, liability and expenses by reason of, arising out of, or in any way connected with or related to: (a) the Lender’s accepting, relying on and acting upon any Request or other instructions with respect to the Revolving Credit Facility; or (b) any such error, omission, misinterpretation, fraud or mistake, provided such error, omission, misinterpretation, fraud or mistake is not directly caused by the Lender’s gross negligence or willful misconduct or the fraudulent conduct of any employee of the Lender. The Lender shall incur no liability to the Borrower or to any other person as a direct or indirect result of making any Advance pursuant to this paragraph.

1.3. Interest on and Principal of Advances. The unpaid principal balance of the Advances shall bear interest until maturity (whether by acceleration, declaration, extension, or otherwise) at the rates, and such principal and interest shall be payable, as set forth in the Revolving Credit Note. On any date upon which the Revolving Credit Amount is decreased, the Borrower shall repay so much of the Advances as shall be necessary to decrease the unpaid principal balance thereof to an amount not greater than the then-current Revolving Credit Amount.

1.4. Revolving Credit Note; Use of Proceeds.

(a) The Borrower’s obligation to pay the Advances with interest shall be evidenced by the Revolving Credit Note. The Lender will maintain on its books the Revolving Credit Account with respect to Advances repayments and prepayments of Advances, the accrual and payment of interest on Advances and all other amounts and charges owing to the Lender in connection with Advances. Except for manifest error, the Revolving Credit Account shall be conclusive as to all amounts owing by the Borrower to the Lender in connection with, and on account of, Advances.

(b) All proceeds of the Revolving Credit Facility shall be advanced against the Revolving Credit Note and as provided therein. The proceeds of each Advance will be deposited by the Lender in the Borrower’s demand deposit account with the Lender and shall be used by the Borrower solely for the purpose of financing working capital and general corporate purposes.

(Credit Agreement)

1.5. Voluntary Prepayments. Subject to the provisions of this Agreement and the Revolving Credit Note, the Borrower may prepay any Advance in whole or in part from time to time without any prepayment penalty.

1.6. Extension of Revolving Credit Expiration Date by Lender. In the exercise of its sole and absolute discretion, from time to time the Lender may extend the Revolving Credit Expiration Date in one year increments by giving written notice of extension to the Borrower no later than February 28 of the calendar year immediately prior to the calendar year of then effective Revolving Credit Expiration Date (the "Revolving Credit Extension Deadline"). For example, if the Lender elects to extend the initial Revolving Credit Expiration Date from February 18, 2018, to February 18, 2019, the Lender will give written notice of such extension to the Borrower no later than the initial Revolving Credit Extension Deadline of February 18, 2017. In the event that the Lender does not give written notice of extension by the effective Revolving Credit Extension Deadline, unless sooner terminated pursuant to other provisions of this Agreement, the Revolving Credit Facility and the obligation of the Lender to make Advances hereunder shall automatically terminate on the Revolving Credit Expiration Date then in effect, without further action by, or notice of any kind from, the Lender.

1.7. No Advances Under Term Loan Notes. The Term Loan Notes have been fully funded and no Advances are available under either Term Loan Note.

1.8. Commitment Fee. In consideration of the Lender's agreement to make the Revolving Credit Facility available to the Borrower, the Borrower shall pay to the Lender, on the date hereof, a revolving credit commitment fee (the "Commitment Fee") in the amount of \$70,000, which is equal to one percent (1.00%) of the loan amount. The Commitment Fee shall be deemed fully-earned and non-refundable as of the date hereof.

SECTION 2. General Provisions Applicable to this Agreement, the Revolving Credit Note, the Advances, and the Term Loan Notes.

2.1. Interest Calculation. All interest and fees payable under the provisions of this Agreement with respect to any Note or with respect to the Obligations shall be computed on the basis of the actual number of days elapsed over a year of 360 days. With respect to the Revolving Credit Note, all Advances shall accrue interest at the LIBOR Adjusted Rate, and the interest rate on all amounts on which interest is calculated with respect to the LIBOR Adjusted Rate shall change immediately and contemporaneously with each change of the LIBOR Adjusted Rate.

2.2. Late Charges. If the Borrower fails to make any payment of principal, interest, prepayments, fees, or any other amount becoming due pursuant to the provisions of this Agreement, within ten (10) days of the date due and payable, the Borrower shall pay to the Lender a late charge equal to the greater of (a) \$50.00, or (b) five percent (5%) of the delinquent amount. Such 10-day period shall not be construed in any way to extend the due date of any such payment. Late charges are imposed for the purpose of defraying the Lender's expenses incident to the handling of delinquent payments, and are in addition to, and not in lieu of, the exercise by the Lender of any rights and remedies hereunder or under applicable laws and any fees and expenses of any agents or attorneys which the Lender may employ upon the occurrence of an Event of Default.

2.3. Loan Payments. Whenever any payment to be made by the Borrower under the provisions of this Agreement is due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, in the case of any payment which bears interest, such extension of time shall be included in computing interest on such payment. All payments of principal, interest, fees or other amounts to be made by the Borrower under the provisions of this Agreement or the Revolving Credit Note shall be paid without setoff or counterclaim to the Lender at any banking office of the Lender in lawful money of the United States of America in cash or in other immediately available funds. Except as otherwise expressly set forth herein or in the Revolving Credit Note, payments made on account of the Revolving Credit Facility shall be applied by the Lender to the payment of the Obligations at such time or times and in such order and manner of application as the Lender may from time to time in its reasonable discretion determine.

(Credit Agreement)

2.4. Interest on Overdue Amounts. If any amount required to be paid to the Lender hereunder is not paid when due, whether by acceleration or otherwise, and subject to any applicable notice and cure periods, the Borrower shall, on demand, from time to time pay to the Lender interest on such amount from the date due until the date of payment (after as well as before any judgment) at the Default Rate.

2.5. Yield Protection. If any law or any governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any interpretation thereof, or compliance of the Lender with such,

(a) subjects the Lender to any increase in any tax, duty, charge or withholding on or from payments due from the Borrower (excluding taxation of the overall net income or gross revenues of the Lender), or changes the basis of taxation of payments to the Lender in respect of the Revolving Credit Facility or other amounts due it hereunder, or

(b) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Lender (other than reserves and assessments taken into account in determining the interest rate applicable to the Revolving Credit Facility), or

(c) imposes any other condition the result of which is to increase the cost to the Lender of making, funding or maintaining the Revolving Credit Facility or reduces any amount receivable by the Lender in connection with the Revolving Credit Facility, or requires the Lender to make any payment calculated by reference to the amount of the Revolving Credit Facility held or interest received by it, by an amount deemed material by the Lender, or

(d) affects the amount of capital required to be maintained by the Lender or any corporation controlling the Lender or the Lender determines the amount of capital required is increased by or based upon the existence of this Agreement,

then, within thirty (30) days after demand by the Lender (together with a copy of the applicable change in the law and calculations of amounts due), the Borrower shall pay to the Lender, as the case may be, that portion of such increased expense incurred (including any reduction in the rate of return on capital to an amount below that which it could have achieved but for such change in regulation after taking into account the Lender's policies as to capital adequacy) or reduction in an amount received which the Lender, as the case may be, reasonably determines is attributable to making, funding and maintaining the Revolving Credit Facility, provided that the Lender shall provide to the Borrower a certificate setting forth such amount.

2.6. Maximum Lawful Rate of Interest. The rate of interest payable on the Revolving Credit Facility or under the Term Loan Notes shall in no event exceed the maximum rate permissible under applicable laws (the "Maximum Legal Rate"). If the rate of interest payable on the Revolving Credit Facility or any of the Term Loan Notes is ever reduced as a result of this Section 2.6 and at any time thereafter the Maximum Legal Rate shall exceed the rate of interest provided for in this Agreement, then the rate provided for in this Agreement shall be increased to the Maximum Legal Rate for such period as is required so that the total amount of interest received by the Lender is that which would have been received by the Lender but for the operation of the first sentence of this Section 2.6.

(Credit Agreement)

2.7. Other Security Documents. As of the date hereof, the Obligations shall also be secured by, among other things, the Security Agreement and the Deeds of Trust, as modified by the Deed of Trust Modification Agreements.

SECTION 3. Conditions Precedent.

3.1. Conditions Precedent to Effectiveness of this Agreement and Further Advances. The Lender shall not be obligated to make any Advance available hereunder unless the following conditions precedent have been waived by the Lender or satisfied in a manner acceptable to the Lender:

(a) Borrower's Corporate Documents. The Lender shall have received a certificate executed by an officer of the Borrower in which such officer shall (i) certify to the Lender a true and correct copy of the bylaws of the Borrower, together with all amendments and that such bylaws, together with any such amendments, are in full force and effect and have not been otherwise amended, rescinded or revoked, (ii) furnish to the Lender the Articles of Incorporation of the Borrower, certified as of a recent date by the Virginia State Corporation Commission, (iii) furnish to the Lender copies of all necessary resolutions or consents (either authorizing the transactions described herein or ratifying such actions, including the execution and delivery of this Agreement, the Security Agreement, and the Revolving Credit Note), and (iv) furnish to the Lender a certificate of good standing, issued as of recent date by the Virginia State Corporation Commission and the Secretary of State of each jurisdiction in which it is qualified to do business.

(b) Insurance. The Lender shall have received certificates of insurance listing the various insurances carried by the Borrower, and providing the coverages required by the Security Agreement and the Deeds of Trust.

(c) Solvency and No Default Certificate. The Lender shall have received a certificate, in form and substance satisfactory to it, from a knowledgeable Responsible Officer of the Borrower certifying that, after giving effect to the effectiveness of this Agreement and transactions hereunder, (i) the Borrower is solvent; (ii) no Default or Event of Default exists; (iii) the representations and warranties set forth in Section 4 are true, complete and correct; and (iv) the Borrower has complied with all agreements and conditions to be satisfied by it under the Financing Documents.

(d) Opinions. The Lender shall have received such opinions from counsel to the Borrower, in form and substance satisfactory to the Lender, as the Lender shall request.

(e) Costs and Expenses. All other costs and expenses to be paid by the Borrower in connection with the closing of the transactions contemplated hereby shall have been paid in full.

(f) Financing Documents. The Lender shall have received fully executed originals of this Agreement, the Revolving Credit Note, the Term Loan Notes, the Security Agreement, the Deed of Trust Modification Agreements, and the other Financing Documents to be executed and delivered on the date hereof.

(Credit Agreement)

(g) Financing Statements. The Lender shall have received evidence satisfactory to the Lender of the filing of UCC financing statements in form and substance satisfactory to the Lender with all appropriate filing offices as determined by the Lender.

(h) Lien Searches. The Lender shall have received UCC financing statement, federal tax lien, judgment, and litigation searches for the Borrower, in each case as of a date not earlier than thirty (30) days prior to the Effective Date.

(i) Lease and Management Agreement Certificates. The Lender shall have received a certificate from a knowledgeable Responsible Officer of the Borrower as to such matters as the Lender may reasonably request dated as of the Effective Date.

(j) Fee. The Lender shall have received from the Borrower payment of the Commitment Fee.

(k) Recordation of Documents and Title Insurance. The Lender shall have received evidence of due recordation of the Deed of Trust Modification Agreements in the Clerk's Office of the Circuit Court of Roanoke County, Virginia, and the Register of Deeds for Buncombe County, North Carolina, respectively, and endorsements from Investors Title Insurance Company endorsing the existing lender's title insurance policies insuring the Deeds of Trust, which endorsements shall update the effective dates of the title insurance coverage consistent with the actual recordation of the Deed of Trust Modification Agreements, increase the lender's title insurance coverage to \$17,000,000.00, insure the Deeds of Trust (as modified by the Deed of Trust Modification Agreements) as first-lien deeds of trust encumbering the Real Property, without any additional title exceptions which are unacceptable to the Lender, and in form and substance satisfactory to the Lender.

(l) Miscellaneous. The Lender shall have received such other documents, papers and other information as the Lender or its counsel may have reasonably requested in writing from the Borrower.

3.2. Special Conditions Precedent with Respect to Revolving Credit Facility. The Lender shall not be required to fund any Advance or grant any other accommodation to or for the benefit of the Borrower unless the following conditions are satisfied:

(a) No Default. No Default or Event of Default shall exist at the time of, or result from the funding of, any requested Advance.

(b) Representations and Warranties. The representations and warranties of the Borrower in the Financing Documents shall be true and correct on the date of, and upon giving effect to, such Advance (except for representations and warranties that expressly relate to an earlier date).

(c) Termination of SunTrust Credit Facility. Prior to or simultaneous with the first Advance, the SunTrust Credit Facility and all other loans or obligations owed by the Borrower to SunTrust Bank or to any of its affiliates have been paid and satisfied in full.

(Credit Agreement)

(d) Conditions Precedent. All conditions precedent in Section 3.1 and any other Financing Document shall be satisfied.

(e) No Material Adverse Effect. No event shall have occurred or circumstances exist that has or could reasonably be expected to have a material adverse effect on the Borrower's financial condition, business or prospects.

Each Request (or deemed Request) by the Borrower for an Advance shall constitute a representation by the Borrower that the foregoing conditions are satisfied on the date of such Request and on the date of such funding.

3.3. Limited Waiver of Conditions Precedent. If the Lender funds any Advance or grants any other accommodation when any conditions precedent are not satisfied (regardless of whether the lack of satisfaction was known or unknown at the time), it shall not operate as a waiver of (a) the right of Lender to insist upon satisfaction of all conditions precedent with respect to any subsequent funding, issuance or grant; nor (b) any Default or Event of Default due to such failure of conditions or otherwise.

SECTION 4. Representations and Warranties. The Borrower represents and warrants to the Lender that the following statements are true, correct and complete as of the date hereof and, except as otherwise limited below, as of the date of any requested Advance and as of the date of funding of such Advance:

4.1. Subsidiaries. As of the date hereof the Borrower has no Subsidiary except for the following: Applied Optical Systems, Inc.; Centric Solutions, LLC; Clearwater Ventures, Inc.; and; Superior Modular Products Incorporated (collectively, the "Subsidiaries"). At the Lender's request, the Borrower agrees to grant the Lender a lien on all assets of the Borrower's Subsidiaries in accordance with the requirements of Section 5.11 below. Notwithstanding anything to the contrary herein or in any of the other Financing Documents, (i) the Borrower is permitted to hold up to \$10,000,000 of assets in the aggregate in the Subsidiaries (but no real estate or real estate interests other than real estate leases entered into by such Subsidiary as lessee in the ordinary course of business), after giving effect to netting intercompany receivables and payables among the Borrower and any of its Subsidiaries, and (ii) the Borrower is permitted to hold Liens in favor of the Borrower encumbering the assets of the Subsidiaries, however, at the Lender's request, the Borrower will subordinate all such Liens to the Lender's Liens in order to comply with the requirements of Section 5.11 below.

4.2. Authority, Etc. The Borrower is a corporation duly organized, existing and in good standing under the laws of the Commonwealth of Virginia and is qualified to do business in all states where it conducts business. The Borrower has the full power and authority to execute, deliver and perform this Agreement and the Borrower has the full power and authority to execute, deliver and perform any other Financing Documents to which the Borrower is a party. Neither such execution, delivery and performance, nor compliance by the Borrower with the provisions of this Agreement and of the other Financing Documents to which the Borrower is a party will conflict with or result in, a breach or violation of (i) the Borrower's organizational documents, (ii) any judgment, order, regulation, ruling or law to which the Borrower is subject or (iii) any contract or agreement to which the Borrower is a party or to which the Borrower's assets and properties is subject, or constitute a default thereunder. The execution, delivery and performance of this Agreement and all other Financing Documents to which the Borrower is a party have been duly authorized and approved by all necessary corporate action by the Borrower and constitute the legal, valid and binding obligations of the Borrower enforceable in accordance with their terms except as such enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

4.3. Litigation. There is no litigation or proceeding pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any Subsidiary which could reasonably be expected to have material adverse effect on the business, financial condition or operations of the Borrower or the ability of the Borrower to perform and comply with this Agreement or the other Financing Documents to which the Borrower is a party.

(Credit Agreement)

4.4. Financial Condition. The Borrower has heretofore furnished to the Lender certain financial statements. Such financial statements with respect to the Borrower have been and will be prepared materially in accordance with GAAP, and all financial statements and other financial information furnished or to be furnished to the Lender fairly present in all material respects the financial condition of the Borrower at such date and the results of the operations of the Borrower for the period then ended. No material adverse change in the business, financial condition or operations of the Borrower has occurred since the date of such financial statements. The Borrower has no Indebtedness or liabilities other than that reflected on such financial statements or expressly permitted by the provisions of this Agreement.

4.5. Taxes. The Borrower and each Subsidiary has filed all federal, state and local income, excise, property and other tax returns which are required to be filed and has paid all taxes as shown on such returns or assessments received by the Borrower (including, without limitation, all F.I.C.A. payments and withholding taxes, if appropriate), except for such taxes, if any, as are being contested in good faith. No tax Liens have been filed and no claims are being asserted or threatened with respect to such taxes or assessments.

4.6. Title to Properties and Collateral. The Borrower has good and marketable title to all of its assets and properties (including, without limitation, the Collateral) and such assets and properties are subject to no Liens except for those of the Lender or those expressly permitted by the provisions of this Agreement or any of the other Financing Documents. No financing statement listing the Borrower as debtor or otherwise encumbering any of the Borrower's assets is on file in any public office or land or financing statement records, except for financing statements in favor of the Lender, financing statements permitted under Section 6.14, and financing statements in favor of SunTrust Bank which are required to be terminated in accordance with Section 5.10. The Real Property constitutes all of the real property and real property interests owned by the Borrower, and the Real Property is not subject to any deed of trust or other Lien except for the Deeds of Trust. The Real Property is not subject to any easements, title exceptions, encumbrances, or Liens other than the Deeds of Trust and the Permitted Encumbrances. Each Subsidiary has good and marketable title to all of its assets and properties and such assets and properties are subject to no Liens except for those of the Lender or those expressly permitted by the provisions of this Agreement or any of the other Financing Documents. No financing statement listing any Subsidiary as debtor or otherwise encumbering any Subsidiary's assets is on file in any public office or land or financing statement records, except for financing statements in favor of the Lender, financing statements permitted under Section 6.14, financing statements for equipment leases entered into in the ordinary course of business, and financing statements in favor of the Borrower; provided, however, if any financing statement is filed against any Subsidiary which would otherwise violate this provision, the Borrower shall not be in default for such reason if, within thirty (30) days after written demand from the Lender, the Borrower obtains a termination of all such financing statements or a subordination of all such financing statements to the Liens of the Lender. The Real Property constitutes all of the real property and real property interests owned by the Borrower, and the Real Property is not subject to any deed of trust or other Lien except for the Deeds of Trust and the Permitted Encumbrances. The Real Property is not subject to any easements, title exceptions, encumbrances, or Liens other than the Deeds of Trust and the Permitted Encumbrances.

4.7. Borrower's Name, Jurisdiction of Formation, and Business Premises. The Borrower's state of formation is set forth in the first paragraph of this Agreement. The Borrower's exact legal name is as set forth in the first paragraph of this Agreement. The Borrower has not changed its legal name or changed its jurisdiction of formation. Within the past five (5) years, the Borrower has not been the surviving corporation in a merger or consolidation except as disclosed in writing to the Lender. The Borrower owns of record all of the Collateral and will maintain the Collateral only at the Business Premises or at the Lender, except that equipment of Borrower not exceeding net book value of \$500,000.00 in the aggregate may be located at Borrower's suppliers and vendors, from time to time, in the ordinary course of business in accordance with the requirements of Section 6.8 hereof; provided that, upon the written request of the Lender, the Borrower will provide a written description of all such off-premises equipment and its location and will take all commercially reasonable steps requested by the Lender to establish and confirm the Lender's perfected security interest in such off-premises equipment.

(Credit Agreement)

4.8. Compliance with Laws, Etc.

(a) The Borrower and each Subsidiary is in compliance in all material respects with all applicable federal, state or local law, statute, rule, regulation or ordinance. The Borrower and each Subsidiary has not received any notice of, or, to the knowledge of the Borrower, the Borrower and each Subsidiary is not the subject of, any investigation or complaint alleging that the Borrower, any Subsidiary, or any of the Collateral or any other property owned, leased, operated or used by the Borrower or any Subsidiary is in violation of any such law, statute, rule, regulation or ordinance, including, without limitation, any Environmental Law, which, in each case, will have a material adverse effect on the business, operations or financial condition of the Borrower.

(b) To the best of the Borrower's knowledge, no Hazardous Materials have been used, located, installed, spilled, treated, released or stored on, under or from the property except for those which have been handled in a manner not prohibited by applicable Environmental Laws and will not have a material adverse effect on the business, operations or financial condition of the Borrower.

4.9. Material Agreements. The Borrower and each Subsidiary is not in default or breach in the performance, observance or fulfillment of any of the terms, conditions or provisions of any instrument, agreement or document to which the Borrower or any Subsidiary is a party (including, without limitation, any instrument or agreement evidencing or made in connection with any Indebtedness or liabilities) which default or breach might have a material adverse effect on the business, properties, operations or financial condition of the Borrower.

4.10. Federal Reserve Board Regulations. The Borrower and each Subsidiary is not engaged in the business of extending credit for the purpose of purchasing or carrying "margin stock" within the meaning of Regulation U of the Board, and no part of the proceeds of the Revolving Credit Facility will be used for any purpose which entails a violation of Regulations U or X of the Board.

4.11. ERISA. The Borrower and each Subsidiary is not required to maintain or to contribute to any Plan. There are no Plans to which the Borrower or any Subsidiary has or formerly had an obligation to contribute and the Borrower and each Subsidiary has not incurred any liability to the PBGC in connection with any Plan.

4.12. Licenses, Etc. The Borrower and each Subsidiary has obtained and now holds all licenses, permits, franchises, patents, trademarks, copyrights and trade names which are necessary to the conduct of its business as now or contemplated to be conducted, free of any conflict with the rights of any other Person that might have a material adverse effect on the business, properties, operations, or financial condition of the Borrower.

4.13. Labor Matters. The Borrower and each Subsidiary is not subject to any collective bargaining agreements or any agreements, contracts, decrees or orders requiring the Borrower or any Subsidiary to recognize, deal with or employ any Persons organized as a collective bargaining unit or other form of organized labor. There are no strikes or other material labor disputes pending or, to the best knowledge of the Borrower, threatened against the Borrower. The Borrower and each Subsidiary has complied in all material respects with the Fair Labor Standards Act.

(Credit Agreement)

4.14. Accuracy of Information. No information, exhibit, report, statement or document furnished by the Borrower or any Subsidiary to the Lender in connection with the Revolving Credit Facility, this Agreement, or the other Financing Documents or the negotiation thereof contains any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained herein or therein not materially misleading.

SECTION 5. Affirmative Covenants. The Borrower covenants and agrees with the Lender that so long as any of the Obligations shall be outstanding:

5.1. Financial Statements and Other Reports. The Borrower shall maintain at all times a system of accounting established and administered in accordance with sound business practices, and will deliver, or cause to be delivered, to the Lender:

(a) Borrower's Annual Audited Financials. Within ninety (90) days after the end of each fiscal year of the Borrower, audited financial statements for the Borrower on a consolidated basis, consisting of balance sheets and statements of income and retained earnings and cash flows, setting forth in comparative form in each case the figures for the previous fiscal year, which financial statements shall be prepared in accordance with GAAP, certified without qualification, by the Borrower's independent auditors acceptable to the Lender. Such financial statements shall be accompanied by a certificate prepared by the Borrower in reasonable detail and certified by the Chief Financial Officer of the Borrower or other Authorized Person (each, a "Compliance Certificate") showing the calculations used in determining compliance with each of the financial covenants set forth herein, tested on an annual basis, and containing the certification of the Chief Financial Officer of the Borrower or other Authorized Person that all such financial statements present fairly, in all material respects, in accordance with GAAP the financial position, results of operations and statements of cash flows of the Borrower on a consolidated basis, as at the end of such year and for the period then ended, and that there was no Default or Event of Default in existence as of such time or, if a Default or Event of Default shall have occurred and be continuing, describing the nature thereof and all efforts undertaken to cure such Default or Event of Default;

(b) Borrower's Quarterly Financials. Within forty-five (45) days after the end of each fiscal quarter of the Borrower, interim quarterly financial statements regarding the Borrower, certified by the Chief Financial Officer of the Borrower or other Authorized Person, including (i) unaudited balance sheets as of the close of such fiscal quarter and the related statements of income and cash flow for that portion of the fiscal year ending as of the close of such fiscal quarter, and (ii) unaudited statements of income and cash flows for such fiscal quarter, in each case setting forth in comparative form the figures for the corresponding period in the prior year, all prepared in accordance with GAAP. Such financial information shall be accompanied by (A) a Compliance Certificate showing the calculations used in determining compliance with each of the financial covenants set forth herein which is tested on a quarterly basis and (B) the certification of the Chief Financial Officer of the Borrower or other Authorized Person that (i) such financial information presents fairly, in all material respects, in accordance with GAAP the financial position, results of operations and statements of cash flows of the Borrower, as at the end of such fiscal quarter and for the period then ended, (ii) any other information presented is true, correct and complete in all material respects and that there was no Default or Event of Default in existence as of such time or, if a Default or Event of Default shall have occurred and be continuing, describing the nature thereof and all efforts undertaken to cure such Default or Event of Default;

(c) Borrower's Tax Returns. If requested by the Lender, within thirty (30) days after the date due for filing, copies of the Borrower's state and federal income tax returns, together with a compliance certificate of a Responsible Officer, in form and substance satisfactory to the Lender, demonstrating in reasonable detail and in manner reasonably satisfactory to the Lender compliance with the financial covenants contained in this Agreement;

(Credit Agreement)

(d) Budget. By January 31 of each fiscal year, the proposed year's budget for the Borrower; and

(e) Additional Information. Upon request of the Lender, such other financial information as the Lender shall from time to time reasonably request including, but not limited to, the consolidating worksheets prepared from time to time by the Borrower with regard to Subsidiaries and the annual letters from the Borrower to its accountants in connection with their audit examination detailing contingent liabilities and material litigation matters.

(f) Effect of Public Filings. Notwithstanding anything to the contrary herein, the Lender acknowledges that the Borrower is a public company, and to the extent any financial information is reported by the Borrower in any public filing, the Borrower shall not be required to separately provide such information to the Lender except for fourth quarter financial statements which are required by this Agreement to be provided to the Lender prior to the expected date of public filing.

5.2. Conduct of Business and Maintenance of Existence. The Borrower and each Subsidiary shall continue to engage in business of the same general type as now being conducted by it or is contemplated hereby, and do and cause to be done all things necessary to maintain and keep in full force and effect its corporate or limited liability company existence, as the case may be, in good standing in each jurisdiction in which it conducts business.

5.3. Compliance with Laws, Etc.

(a) The Borrower and each Subsidiary shall comply with all laws, statutes, ordinances, orders, rules or regulations applicable to the Borrower, the Subsidiaries, or to the Collateral (or any part thereof) or to any other property owned, leased, operated or used by the Borrower or any Subsidiary, including, without limitation, Environmental Laws, a violation of which may have a material adverse effect on the business, operation or financial condition of the Borrower or any Subsidiary.

(b) The Borrower and each Subsidiary shall not use, locate, install, spill, treat, release or store Hazardous Materials on, under or from the property owned, leased, operated or used by the Borrower or any Subsidiary unless such Hazardous Materials are handled in a manner not prohibited by applicable Environmental Laws and are handled in a manner and in such quantities that would not constitute a hazard to the environment or human health and safety, subject the Borrower to any prosecution or material liability in connection therewith, or result in a material adverse effect on the business, properties, operations, or financial condition of the Borrower. The Borrower and each Subsidiary will dispose of all Hazardous Materials only at facilities and/or with carriers that maintain governmental permits under applicable Environmental Laws. The Borrower and each Subsidiary shall promptly, at its sole cost and expense, take all action necessary or required by Environmental Laws to remedy or correct any violation of Environmental Laws by the Borrower or any Subsidiary with respect to the Collateral (or any part thereof) or any other property owned, leased, used or operated by the Borrower or any Subsidiary.

(c) The Borrower hereby grants to the Lender and its designees and agents the right to enter the Real Property and all property leased by the Borrower or any Subsidiary during normal business hours and upon not less than forty-eight (48) hours prior notice (and at any time in the event of an emergency) for the purpose of making such audits, tests, inspections, examinations and assessments (including, without limitation, subsurface exploration and testing) as reasonably necessary to determine whether the Real Property is in compliance with applicable Environmental Laws. The Borrower agrees to cooperate with, and will cause its employees and agents and the employees and agents of its Subsidiaries to cooperate with, the Lender and its designees and agents to provide any information reasonably requested by such Persons in connection with such investigations and inspections. All costs and expenses advanced, incurred and paid by the Lender with respect to the foregoing audits, tests, inspections, examinations and assessments shall be paid by the Borrower and shall be a part of the Enforcement Costs and the Obligations.

(Credit Agreement)

(d) The Borrower hereby agrees to indemnify, defend, and hold the Lender and its employees and agents harmless from and against any and all liability, loss, damage, costs and expenses suffered or incurred by the Lender during or after the term of this Agreement arising out of or resulting from a violation of any Environmental Laws by the Borrower or by any Subsidiary, or with respect to the Collateral (or any part thereof) or any other property owned, leased, used, or operated by the Borrower or any Subsidiary. The obligations and liabilities of the Borrower under the foregoing indemnity, together with interest thereon from the date due until paid in full at the applicable interest rate under the Revolving Credit Note (or if the Revolving Credit Note has been paid and satisfied, the applicable interest rate under the Term Loan Notes), shall be paid by the Borrower to the Lender upon demand and shall be a part of the Obligations hereunder. The foregoing indemnity shall survive the payment of all other Obligations, the expiration or termination of this Agreement and the other Financing Documents and the release of any or all of the Collateral.

5.4. Payment of Liabilities and Taxes. The Borrower and each Subsidiary shall pay, when due, all of its Indebtedness and liabilities (including, without limitation, the Obligations), and pay and discharge promptly all taxes, assessments and governmental charges and levies (including, without limitation, F.I.C.A. payments and withholding taxes) upon the Borrower or such Subsidiary or upon the income, profits or property (including, without limitation, the Collateral) of the Borrower or any Subsidiary, except to the extent the amount or validity thereof is contested in good faith and diligently pursued, and adequate reserves have been set aside therefor if required by GAAP.

5.5. Contractual Obligations. The Borrower and each Subsidiary shall comply with any agreement or undertaking to which the Borrower or any Subsidiary is a party and maintain in full force and effect all contracts and leases to which the Borrower or any Subsidiary is or becomes a party except to the extent that either (a) the failure to do so could not reasonably be expected to have a material adverse effect on the business, operation, properties or financial condition of the Borrower, or (b) a controversy with respect to any such agreement, contract, or undertaking is being contested by the Borrower or such Subsidiary in good faith diligently pursued.

5.6. [Reserved].

5.7. Inspection. The Borrower and each Subsidiary shall permit the Lender, by its representatives and agents, in compliance with all applicable Laws, to inspect the Real Property, books and financial records of the Borrower and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Borrower and any Subsidiary, and to discuss the affairs, finances and accounts of the Borrower and any Subsidiary with, and to be advised as to the same by, the Borrower (or its representatives) or any Subsidiary at such reasonable times and intervals as the Lender may designate. In connection with the foregoing, the Lender, by its representatives and agents, but at the sole cost and expense of the Borrower, shall have the right to (a) enter any Business Premises of the Borrower, the business premises of any Subsidiary, or any other premises where the Collateral and the records relating thereto may be located and to audit, appraise, examine and inspect the Collateral and all records related thereto and to make extracts therefrom and copies thereof, and (b) verify under reasonable procedures the validity, amount, quality, quantity, value and condition of, and any other matter relating to, the Collateral, including contacting account debtors or any Person possessing any of the Collateral.

(Credit Agreement)

5.8. Notices. The Borrower will promptly give written notice to the Lender of:

(a) the occurrence of any Default or Event of Default;

(b) any matter that has resulted or could reasonably be expected to result in a material adverse effect on Borrower's ability to perform its obligations under the Financing Documents, including (i) breach or non-performance of, or any default under, a contractual obligation of the Borrower; (ii) any dispute, litigation, investigation, proceeding or suspension between Borrower and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting Borrower, including pursuant to any applicable Environmental Laws;

(c) the occurrence of any ERISA Event;

(d) any material change in accounting policies or financial reporting practices by Borrower, subject to the provisions of Section

5.1(f);

(e) any judicial, administrative or arbitral proceeding pending against the Borrower or any Subsidiary or any judicial, administrative or arbitral proceeding known by the Borrower to have been threatened against Borrower or any Subsidiary in a written communication which threatened proceeding, if adversely decided, could cause a material adverse effect on Borrower; and

Each notice pursuant to this subsection shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower has taken and proposes to take with respect thereto. Each such notice shall describe with particularity any and all provisions of this Agreement and any other Financing Document that have been breached as a result of such occurrence.

5.9. Depository Accounts. The Borrower shall maintain its primary depository accounts with the Lender.

5.10. Release of SunTrust Liens. Within thirty (30) days after the Effective Date, the Borrower shall obtain the release, satisfaction, and termination of record of all security interests, financing statements, and other liens, securing the SunTrust Credit Facility or any other loans or obligations owed by the Borrower to SunTrust Bank or any of its affiliates, and provide written evidence thereof to the Lender.

5.11. Subsidiaries. Within thirty (30) days after the written request of the Lender and from time to time, the Borrower shall obtain for the benefit of the Lender perfected security interests and other appropriate Liens encumbering all assets of the Subsidiaries (or any one or more Subsidiaries designated by the Lender) which security interests and Liens shall constitute a first-lien priority (subject only to Permitted Liens), and which shall be documented by lien searches obtained at Borrower's cost. The form and substance of all security agreements, control agreements, subordination agreements, and other security instruments to create and perfect such first-lien priority shall be in form and substance reasonably acceptable to the Lender and commercially reasonable under the circumstances, and the Borrower shall bear all costs in complying with the requirements of this section including paying the reasonable fees and expenses of Lender's counsel with regard to such matters.

(Credit Agreement)

SECTION 6. Negative Covenants. The Borrower covenants and agrees with the Lender that so long as any of the Obligations shall be outstanding:

6.1. Indebtedness. The Borrower and each Subsidiary shall not create, incur, assume or permit to exist any Indebtedness, except (a) Indebtedness owed to the Lender, (b) other Indebtedness existing on the date hereof and not required to be satisfied by the provisions hereof, or expressly permitted by the provisions hereof, (c) Indebtedness incurred by the endorsement of negotiable instruments for deposit or collection in the ordinary course of business, (d) Indebtedness in respect of purchase money obligations for equipment and fixtures within the limitations set forth in Section 6.2(d) below; (e) obligations to pay rent under any real estate lease or equipment lease entered into in the ordinary course of business; (f) Indebtedness incurred in the ordinary course of business as trade debt which is unsecured and consists of open accounts extended by suppliers on normal trade terms in connection with the purchase of goods and services by the Borrower or any Subsidiary; (g) Permitted Working Capital Indebtedness; and (h) Intercompany Indebtedness.

6.2. Liens. The Borrower and each Subsidiary shall not create, incur, assume or suffer to exist any Lien upon any asset of the Borrower or any Subsidiary except for the following permitted Liens (collectively, the "Permitted Liens"):

(a) Liens pursuant to any Financing Document;

(b) Liens for taxes not yet due or which are being contested in good faith diligently conducted, if reserves with respect thereto are maintained on the books of the Borrower in accordance with any applicable provisions of GAAP;

(c) Liens securing any indebtedness permitted pursuant to Section 6.1(a) or Section 6.1(b);

(d) Liens securing indebtedness permitted under Section 6.1(d); provided that (i) such liens do not at any time encumber any property other than the property financed by such Indebtedness and (ii) the Indebtedness secured thereby does not exceed the cost of the property being acquired on the date of acquisition and the aggregate amount of all such Indebtedness at any one time outstanding shall not exceed \$100,000.00;

(e) Permitted Encumbrances;

(f) Liens securing Permitted Working Capital Indebtedness or Intercompany Indebtedness provided that such Liens are subordinate to the Lender's security interests and other Liens in favor of the Lender at all times; and

(g) Possessory liens in favor of any landlord pursuant to any real estate lease entered into by the Borrower or any Subsidiary in the ordinary course of business; provided that, upon the written request of the Lender, the Borrower shall obtain for the benefit of the Lender a waiver or subordination of such possessory liens.

6.3. Loans and Investments. Except for Intercompany Indebtedness, the Borrower and each Subsidiary shall not make or permit to remain outstanding any loan or advance to, provide any guaranty for, or make or own any investment in, any Person in an aggregate amount not exceeding \$500,000.00 at any one time.

6.4. [Reserved.]

(Credit Agreement)

6.5. Mergers, Acquisitions, Etc. The Borrower and each Subsidiary shall not enter into any merger or consolidation or acquire or purchase all or substantially all of the assets, properties or stock of any other Person; provided, however, any such acquisition by Borrower through merger, consolidation, purchase, or other acquisition of less than \$3,000,000.00 in the aggregate during the term of this Agreement shall be permitted subject to the Borrower providing prompt written notice to the Lender of any such acquisition and providing written updates to the Lender (including material details of the acquisition) upon Lender's request.

6.6. Sale of Assets and Liquidation. The Borrower and each Subsidiary shall not sell, lease or otherwise dispose of, in one transaction or a series of transactions, all or substantially all of its business, assets or properties outside of the ordinary course of businesses or take any action to liquidate, dissolve or wind up the Borrower, any Subsidiary, or its business; provided, however, the Borrower may sell, liquidate, dissolve, or wind up its Subsidiary, Centric Solutions, LLC, in any commercially reasonable manner subject to the Borrower providing prompt written notice to the Lender of any transaction or act with regard thereto and providing written updates to the Lender (including material details of the matter) upon Lender's request.

6.7. Change of Name, Location, Etc. The Borrower shall not (a) change its legal name, identity or corporate structure, (b) change the location of its chief executive office or its chief place of business or jurisdiction of incorporation or organization, (c) change the location where it keeps its records concerning the Collateral, or (d) open a new place of business, unless the Borrower shall have given the Lender prior written notice thereof and shall at its cost and expense have executed, delivered, acknowledged, filed, recorded or registered all financing statements and other documents as may be required by the Lender in order to create, perfect, continue, preserve, confirm or validate the Liens of the Lender on the Collateral and their priority; provided, however, that the Borrower shall not in any event change the location of any Collateral if such change would cause any Lien of the Lender on the Collateral (or the perfection thereof) to lapse, or, if required to be perfected prior to such change, to cease to be perfected.

6.8. Change of Location of Collateral. The Borrower shall not change the location of any Collateral (except the movement, in the ordinary course of business, of motor vehicles or other Collateral intended to be mobile, the movement of Collateral between the Business Premises in the ordinary course of business, and off-premises equipment in accordance with Section 4.7 hereof), unless the Borrower shall have given the Lender prior written notice thereof and shall at its cost and expense have executed, delivered, acknowledged, filed, recorded or registered all financing statements and other documents as may be required by the Lender in order to create, perfect, continue, preserve, confirm or validate the Liens of the Lender on the Collateral and their priority; provided, however, that the Borrower shall not in any event change the location of any Collateral if such change would cause any Lien of the Lender on the Collateral (or the perfection thereof) to lapse, or, if required to be perfected prior to such change, to cease to be perfected.

6.9. Fiscal Year. The Borrower shall not change its fiscal year.

6.10. Bylaws; Articles of Incorporation. The Borrower shall not terminate the articles of incorporation of the Borrower. The Borrower shall not permit any material modification or restatement of the Borrower's Bylaws or articles of incorporation, in each case, without prior written notice to the Lender and subject to the requirement that such modification or restatement not result in the breach of any provision of this Agreement or any Financing Document.

(Credit Agreement)

6.11. Affiliates. Other than as set forth on Schedule 6.11, the Borrower shall not enter into or participate in any transaction with an affiliate except on terms and at rates no more favorable than those which would have prevailed in an arm's length transaction between unrelated third parties.

6.12. Sale and Leaseback Transactions. The Borrower and each Subsidiary shall not sell or transfer any property of the Borrower or any Subsidiary in order to concurrently or subsequently lease as lessee such or similar property without Lender's written consent and, with respect to any such property other than the Real Property, such consent shall not be unreasonably withheld, conditioned, or delayed.

6.13. ERISA. The Borrower and each Subsidiary shall not engage in any "prohibited transaction" (as such term is defined by ERISA), incur any "accumulated funding deficiency" (as such term is defined by ERISA) whether or not waived, or terminate any Plan in a manner which could result in the imposition of a Lien on the property of the Borrower or any Subsidiary pursuant to the provisions of ERISA.

6.14. Financing Statements. The Borrower shall not file any amendments, correction statements, or termination statements concerning the Collateral without the prior written consent of the Lender.

SECTION 7. Financial Covenants. The Borrower covenants and agrees with the Lender that so long as any of the Obligations shall be outstanding, the Borrower and its business operations shall comply with each of the following financial covenants, measured as of the periods ending on the dates indicated below:

7.1. Fixed Charge Coverage Ratio Through Fiscal Year End 2016. Commencing with the execution of this Agreement, the Borrower shall maintain a Fixed Charge Coverage Ratio of not less than 1.10 to 1.0 for fiscal year 2016, measured as of the last day of fiscal year 2016.

7.2. Fixed Charge Coverage Ratio After Fiscal Year End 2016. Beginning with the commencement of the fiscal year ending October 31, 2017, Borrower shall maintain a Fixed Charge Coverage Ratio of not less than 1.50 to 1.0 for fiscal year 2017, and all fiscal years thereafter, measured annually on the last day of such fiscal year.

7.3. Fixed Charge Coverage Ratio Defined: The Fixed Charge Coverage Ratio means adjusted EBITDA (as defined below) less cash dividends paid (excluding cash dividends paid in November, 2015), all divided by the sum of Annual Debt Service (as defined below) and income taxes paid.

7.4. Adjusted EBITDA Defined: Adjusted EBITDA means Earnings before Interest, Taxes, Depreciation, and Amortization, excluding non-cash share-based compensation, and including any new money equity investments and/or indebtedness fully subordinated to Lender.

7.5. Annual Debt Service Defined: Annual Debt Service means the sum of all regularly scheduled payments of principal (excluding payments made with regard to the required First Step Down or Second Step Down pursuant to Section 1.1 hereof) plus interest paid.

7.6. Debt to Worth Ratio: Borrower shall maintain a ratio of Total Liabilities to Tangible Net Worth of no greater than 0.95:1.00. This covenant shall be monitored quarterly and will commence with the fiscal quarter ending April 30, 2016.

(Credit Agreement)

7.6.1 Total Liabilities Defined: “Total Liabilities” shall mean all liabilities of Borrower as stated in the required financial statements prepared in accordance with GAAP.

7.6.2 Tangible Net Worth Defined: “Tangible Net Worth” shall mean Total Assets minus Total Liabilities minus any Intangible Assets as stated in the required financial statements prepared in accordance with GAAP.

7.7. Current Ratio: Borrower shall maintain a Current Ratio of not less than 3.00 to 1.00. This covenant shall be monitored quarterly and will commence with the fiscal quarter ending April 30, 2016.

7.7.1 Current Ratio Defined. “Current Ratio” shall be defined as Current Assets divided by Current Liabilities.

7.7.2 Current Assets and Current Liabilities Defined. “Current Assets” and “Current Liabilities” shall mean all assets and liabilities which are so classified current in accordance with GAAP.

SECTION 8. Events of Default. “Event of Default” shall mean, whenever it is used in this Agreement, any one or more of the following events has occurred:

8.1. Payment of Obligations. The failure of the Borrower to pay any of the Obligations as and when due and payable in accordance with the provisions of this Agreement, any of the Notes, or any of the other Financing Documents, whether at the due date thereof, by acceleration thereof or otherwise; subject, however, to the Monetary Cure Provisions, as applicable, and any applicable cure provisions set forth in any of the Notes or other Financing Documents;

8.2. Perform, Etc.; Certain Provisions of this Agreement. The failure of the Borrower to observe or comply with any of the provisions of (a) Sections 5.4, 5.8, 5.9, 5.10 and 5.11 (Affirmative Covenants) of this Agreement, (b) Section 6 (Negative Covenants), or (c) Section 7 (Financial Covenants) of this Agreement;

8.3. Representations and Warranties. If any representation and warranty contained herein or any statement or representation made in any certificate or any other information at any time given by or on behalf of the Borrower or furnished in connection with this Agreement or any of the other Financing Documents shall prove to be false, incorrect or misleading in any material respect on the date as of which made;

8.4. Events of Default under other Financing Documents. The occurrence of an event of default (as defined and described therein) under the provisions of any of the Notes, or any of the other Financing Documents which is not cured within applicable cure periods, if any;

8.5. Liquidation, Termination, Dissolution, Etc. If the Borrower shall liquidate, dissolve or terminate its existence;

8.6. Default under other Indebtedness. If Borrower or any Subsidiary (a) shall default in any payment of any Indebtedness owing to the Lender (other than the Obligations under the Financing Documents) or (b) shall default in the payment of any other Indebtedness owed to any other Person, beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created, or default in the observance or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur the effect of which default or other event is to cause or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice, if required, such Indebtedness to become due prior to its stated maturity; provided, that, default under this paragraph (b) shall not constitute an Event of Default if such default is caused by a good faith dispute between such Person and the Borrower or Subsidiary, the amount of all such defaults does not exceed \$500,000.00 at any one time, and the Borrower in good faith diligently pursues resolution of the dispute giving rise to such default;

(Credit Agreement)

8.7. Attachment. The issuance of any attachment or garnishment against property or credits of the Borrower or any of its Subsidiaries serving as Collateral, or the issuance of any attachment or garnishment against any other property or credits of the Borrower or any Subsidiary for an amount in excess, singly or in the aggregate, of \$100,000 which shall not have been vacated, discharged, stayed or bonded pending appeal within sixty (60) after the issuance thereof;

8.8. Judgments. One or more judgments or decrees shall be entered against the Borrower or any Subsidiary involving in the aggregate a liability in excess of \$100,000 and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within sixty (60) days after the entry thereof;

8.9. Inability to Pay Debts, Etc. If the Borrower or any Subsidiary shall admit its inability to pay its debts as they mature or shall make any assignment for the benefit of any of its creditors; however, this section shall not apply to the sale, liquidation, dissolution, or winding up of Centric Solutions, LLC, in accordance with Section 6.6 hereof;

8.10. Bankruptcy. If proceedings in bankruptcy, or for reorganization of the Borrower or any Subsidiary, or for the readjustment of any of the debts of the Borrower or any Subsidiary, under the United States Bankruptcy Code (as amended) or any part thereof, or under any other applicable laws, whether state or federal, for the relief of debtors, now or hereafter existing, shall be commenced against or by the Borrower or any Subsidiary and, except with respect to any such proceedings instituted by the Borrower, shall not be discharged within sixty (60) days of their commencement; however, this section shall not apply to the sale, liquidation, dissolution, or winding up of Centric Solutions, LLC, in accordance with Section 6.6 hereof;

8.11. Receiver, Etc. A receiver or trustee shall be appointed for the Borrower or any Subsidiary or for any substantial part of the assets of the Borrower or any Subsidiary, or any proceedings shall be instituted for the dissolution or the full or partial liquidation of the Borrower or any Subsidiary and, except with respect to any such appointments requested or instituted by the Borrower or such Subsidiary, such receiver or trustee shall not be discharged within sixty (60) days of his or her appointment, and, except with respect to any such proceedings instituted by the Borrower or any Subsidiary, such proceedings shall not be discharged within sixty (60) days of their commencement; however, this section shall not apply to the sale, liquidation, dissolution, or winding up of Centric Solutions, LLC, in accordance with Section 6.6 hereof;

8.12. Financial Condition. The occurrence of any change in the financial condition of the Borrower which in the good faith judgment of the Lender is materially adverse, and any such change is not cured to the satisfaction of the Lender within thirty (30) days after the date of written notice thereof by the Lender to the Borrower;

8.13. Invalidity; Repudiation. Any Financing Document or any material provision of any Financing Document shall not be, or shall cease to be, valid and enforceable and in full force and effect (other than as a result of the indefeasible payment in full of all amounts due thereunder); or the Borrower shall disaffirm or repudiate any of its respective obligations under the Financing Documents;

(Credit Agreement)

8.14. Delisting Stock: The failure of the Borrower's common stock to be listed on NASDAQ, the New York Stock Exchange, or similar national stock exchange.

8.15. Perform, Etc.; other Provisions of this Agreement. The failure of the Borrower or any Subsidiary to perform, observe or comply with any of the provisions of this Agreement other than those covered by Sections 8.1 through 8.14 above, inclusive, and such failure is not cured to the satisfaction of the Lender within a period of thirty (30) days after the date of written notice thereof from the Lender to the Borrower.

SECTION 9. Rights and Remedies.

9.1. Rights and Remedies. If any Event of Default shall occur and be continuing, the Lender may (a) declare the Revolving Credit Facility hereunder and any obligation or commitment of the Lender hereunder to make the Revolving Credit Facility to be terminated, whereupon the same shall forthwith terminate and/or (b) declare the unpaid principal amounts of all Notes (or any of them) together with accrued and unpaid interest thereon, and all other Obligations then outstanding, to be immediately due and payable, whereupon the same shall become and be forthwith due and payable by the Borrower to the Lender, without presentment, demand, protest or notice of any kind, all of which are expressly waived by the Borrower; provided, that, in the case of any Event of Default referred to in Section 8.9, Section 8.10 or Section 8.11 above, the Revolving Credit Facility hereunder and any obligation or commitment of the Lender hereunder to make the Revolving Credit Facility hereunder shall automatically terminate and the unpaid principal amounts of all Notes together with accrued and unpaid interest thereon, and all other Obligations then outstanding shall be automatically and immediately due and payable by the Borrower to the Lender without notice, presentment, demand, protest or other action of any kind, all of which are expressly waived by the Borrower. Upon the occurrence and during the continuation of any Event of Default, then in each and every case, the Lender shall be entitled, in addition to the rights and remedies available to the Lender under the other provisions of this Agreement and the other Financing Documents, the rights and remedies of a secured party under the UCC, and all other rights and remedies available to the Lender under applicable law, without resort to judicial process, in any jurisdiction in which enforcement thereof is sought to take such steps as it deems appropriate to protect the Collateral from depredation or injury, and any expenses incurred by the Lender in taking such steps shall be paid by the Borrower as provided herein, all such rights and remedies being cumulative and enforceable alternatively, successively or concurrently.

9.2. Default Rate. Notwithstanding the entry of any decree, order, judgment or other judicial action, upon the occurrence of an Event of Default hereunder, the unpaid principal amount of the Notes and all other monetary Obligations outstanding or becoming outstanding while such Event of Default exists shall bear interest from the date of such Event of Default until such Event of Default has been cured to the satisfaction of the Lender, at a floating and fluctuating per annum rate of interest equal at all times to the Default Rate, irrespective of whether or not as a result thereof, any Note or any of the Obligations has been declared due and payable or the maturity thereof accelerated. The Borrower shall on demand from time to time pay such interest to the Lender and the same shall be a part of the Obligations hereunder.

9.3. Liens, Set-Off. As security for the payment of the Obligations and the performance of the Financing Documents, the Borrower hereby grants to the Lender a continuing Lien on, in and upon all Indebtedness owing to, and all deposits (general or special), credits, balances, monies, securities and other property of, the Borrower and all proceeds thereof, both now and hereafter held or received by, in transit to, or due by, the Lender. In addition to, and without limitation of, any rights of the Lender under applicable laws, if the Borrower becomes insolvent, however evidenced, or any Event of Default occurs and is continuing, the Lender may at any time and from time to time thereafter, without notice to the Borrower, set-off, hold, segregate, appropriate and apply at any time and from time to time thereafter all such Indebtedness, deposits, credits, balances (whether provisional or final and whether or not collected or available), monies, securities and other property, toward the payment of all or any part of the Obligations in such order and manner as the Lender in its sole discretion may determine and whether or not the Obligations or any part thereof shall then be due or demand for payment thereof made by the Lender.

(Credit Agreement)

9.4. Enforcement Costs. The Borrower agrees to pay to the Lender on demand (a) all Enforcement Costs paid, incurred or advanced by or on behalf of the Lender and (b) interest on such enforcement costs from the date paid, incurred or advanced until paid in full at a per annum rate of interest equal at all times to the Default Rate. All Enforcement Costs, with interest as above provided, shall be a part of the Obligations hereunder.

9.5. Application of Proceeds. Any proceeds of the collection of the Obligations and/or the sale or other disposition of the Collateral will be applied by the Lender to the payment of Enforcement Costs, and any balance of such proceeds (if any) will be applied by the Lender to the payment of the remaining Obligations (whether then due or not), at such time or times and in such order and manner of application as the Lender may from time to time in its sole discretion determine. If the sale or other disposition of the Collateral fails to satisfy all of the Obligations, the Borrower shall remain liable to the Lender for any deficiency.

9.6. No Waiver, Etc. No failure or delay by the Lender to insist upon the strict performance of any term, condition, covenant or agreement of this Agreement or of the other Financing Documents, or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant or agreement or of any such breach, or preclude the Lender from exercising any such right, power or remedy at any later time or times. By accepting payment after the due date of any amount payable under this Agreement or under any of the other Financing Documents, the Lender shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under this Agreement or under any of the other Financing Documents, or to declare an Event of Default for failure to effect such prompt payment of any such other amount. The payment by the Borrower or any other Person and the acceptance by the Lender of any amount due and payable under the provisions of this Agreement or the other Financing Documents at any time during which an Event of Default exists shall not in any way or manner be construed as a waiver of such Event of Default by the Lender or preclude the Lender from exercising any right of power or remedy consequent upon such Event of Default.

9.7. Termination. This Agreement shall remain in full force and effect until (a) all Obligations outstanding, or contracted or committed for (whether or not outstanding), shall be finally, irrevocably and indefeasibly paid in full and (b) all of the Financing Documents have been terminated by the Lender.

SECTION 10. Miscellaneous.

10.1. Course of Dealing; Amendment. No course of dealing between the Lender and the Borrower shall be effective to amend, modify or change any provision of this Agreement or the other Financing Documents. The Lender shall have the right at all times to enforce the provisions of this Agreement and the other Financing Documents in strict accordance with the provisions hereof and thereof, notwithstanding any conduct or custom on the part of the Lender in refraining from so doing at any time or times. The failure of the Lender at any time or times to enforce its rights under such provisions, strictly in accordance with the same, shall not be construed as having created a custom in any way or manner contrary to specific provisions of this Agreement or the other Financing Documents or as having in any way or manner modified or waived the same. This Agreement and the other Financing Documents to which the Borrower is a party may not be amended, modified, or changed in any respect except by an agreement in writing signed by the Lender and the Borrower.

(Credit Agreement)

10.2. Waiver of Default. The Lender may, at any time and from time to time, execute and deliver to the Borrower a written instrument waiving, on such terms and conditions as the Lender may specify in such written instrument, any of the requirements of this Agreement or of the other Financing Documents or any Event of Default or Default and its consequences, provided, that any such waiver shall be for such period and subject to such conditions as shall be specified in any such instrument. In the case of any such waiver, the Borrower and the Lender shall be restored to their former positions prior to such Event of Default or Default and shall have the same rights as they had hereunder. No such waiver shall extend to any subsequent or other Event of Default or Default, or impair any right consequent thereto and shall be effective only in the specific instance and for the specific purpose for which given.

10.3. Notices. Any demand or notice hereunder or under any applicable law pertaining hereto shall be in writing and duly given if delivered to the Borrower at 5290 Concourse Drive, Roanoke, Virginia 24019, Attention: Neil D. Wilkin, President/CEO, or to the Lender at 36 Church Avenue SW, Roanoke, Virginia 24011, Attention: Scott L. Leffel, Senior Vice President. Such notice or demand shall be deemed sufficiently given for all purposes when delivered (a) by personal delivery and shall be deemed effective when delivered and receipt given by the addressee, or (b) by mail or courier and shall be deemed effective three (3) business days after deposit in an official depository maintained by the United States Post Office for the collection of mail as certified mail, return receipt requested and postage prepaid, or one (1) business day after delivery to a nationally recognized overnight courier service (e.g., Federal Express) for next business day delivery. Notice by e-mail is not valid notice under this or any other agreement between the Borrower and the Lender.

10.4. Right to Perform. If the Borrower shall fail to make any payment or to otherwise perform, observe or comply with the provisions of this Agreement or any of the other Financing Documents, including applicable cure periods, if any, then and in each such case, the Lender may (but shall be under no obligation whatsoever to) without notice to or demand upon the Borrower remedy any such failure by advancing funds or taking such action as it deems appropriate for the account and at the expense of the Borrower. The advance of any such funds or the taking of any such action by the Lender shall not be deemed or construed to cure an Event of Default or waive performance by the Borrower of any provisions of this Agreement. The Borrower shall pay to the Lender on demand, together with interest thereon from the date advanced or incurred until paid in full at a per annum rate of interest equal at all times to the Default Rate, any such funds so advanced by the Lender and any costs and expenses advanced or incurred by or on behalf of the Lender in taking any such action, all of which shall be a part of the Obligations hereunder.

10.5. Costs and Expenses. The Borrower agrees to pay to the Lender on demand all fees, recordation and other taxes, costs and expenses of whatever kind and nature, including reasonable attorney's fees and disbursements, which the Lender may incur or which are payable in connection with the closing and the administration of the Revolving Credit Facility, including, without limitation, the preparation of this Agreement and the other Financing Documents, the recording or filing of any and all of the Financing Documents (including the recordation of the Deed of Trust Modification Agreements and the filing of any financing statement) and obtaining Lien searches and title insurance policies (including endorsements). All such fees, costs, recordation and other taxes shall be a part of the Obligations hereunder.

(Credit Agreement)

10.6. Indemnification. If after receipt of any payment of all, or any part of, the Obligations, the Lender is, for any reason, compelled to surrender such payment to any Person because such payment is determined to be void or voidable as a preference, an impermissible setoff, or a diversion of trust funds, or, for any other reason, the Financing Documents shall continue in full force and the Borrower shall be liable, and shall indemnify and hold the Lender harmless for, the amount of such payment surrendered. The provisions of this subsection shall be and remain effective notwithstanding any contrary action which may have been taken by the Lender in reliance upon such payment, and any such contrary action so taken shall be without prejudice to the Lender's rights under the Financing Documents, and shall be deemed to have been conditioned upon such payment having become final and irrevocable. The provisions of this subsection shall survive the termination of this Agreement and the Financing Documents.

10.7. Further Assurances. From time to time, at the Borrower's expense, the Borrower shall take such action and execute and deliver to the Lender such additional documents, instruments, certificates, and agreements as the Lender may reasonably request to effectuate the purposes of the Financing Documents.

10.8. Cumulative Nature and Non-Exclusive Exercise of Rights and Remedies. All rights, powers and remedies of the Lender pursuant to this Agreement and the Financing Documents shall be cumulative, and no such right, power or remedy shall be exclusive of any other such right, power or remedy. In the event of any irreconcilable inconsistencies, this Agreement shall control. No single or partial exercise by the Lender of any right, power or remedy pursuant to this Agreement or otherwise shall preclude any other or further exercise thereof, or any exercise of any other such right or remedy, by the Lender.

10.9. Governing Law; Jurisdiction. This Agreement has been delivered to and accepted by the Lender and will be deemed to be made in the Commonwealth of Virginia. Unless provided otherwise under federal law, this Agreement will be interpreted in accordance with laws of the Commonwealth of Virginia, excluding its conflict of laws rules, except that all matters regarding the North Carolina Deed of Trust shall be interpreted in accordance with the laws of the State of North Carolina. THE BORROWER AND LENDER HEREBY IRREVOCABLY CONSENT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT IN THE COMMONWEALTH OF VIRGINIA IN A CITY, COUNTY OR JUDICIAL DISTRICT WHERE THE LENDER MAINTAINS AN OFFICE OR A BRANCH; PROVIDED THAT NOTHING CONTAINED IN THIS AGREEMENT WILL PREVENT THE LENDER FROM BRINGING ANY ACTION, ENFORCING ANY AWARD OR JUDGMENT OR EXERCISING ANY RIGHTS AGAINST THE BORROWER INDIVIDUALLY, AGAINST ANY SECURITY OR AGAINST ANY PROPERTY OF THE BORROWER WITHIN ANY OTHER CITY, COUNTY, STATE OR OTHER FOREIGN OR DOMESTIC JURISDICTION. The Borrower and the Lender acknowledge and agree that the venue provided above is the most convenient form for both the Lender and the Borrower, and the Borrower and the Lender waive any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

10.10. WAIVER OF JURY TRIAL. THE BORROWER AND THE LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO A TRIAL BY JURY THE BORROWER AND THE LENDER MAY HAVE IN ANY ACTION, PROCEEDING OR LITIGATION, IN LAW OR IN EQUITY, DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTIONS RELATED THERETO. The Borrower represents and warrants that no representative or agent of the Lender has represented, expressly or otherwise, that the Lender will not, in the event of litigation, seek to enforce this jury trial waiver. The Borrower acknowledges that the Lender has been induced to enter into this Agreement by, among other things, the provisions of this subsection.

(Credit Agreement)

10.11. Certain Definitional Provisions. All terms defined in this Agreement shall have such defined meanings when used in any of the other Financing Documents unless otherwise specifically defined therein. Accounting terms used in this Agreement shall have the respective meanings given to them under generally accepted accounting principles in effect from time to time in the United States of America. The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word “including” shall be deemed a word of illustration meaning “including, but not limited to” and not a word of limitation. As used herein, the singular number shall include the plural, the plural, the singular and the use of the masculine, feminine or neuter gender shall include all genders, as the context may require.

10.12. Severability. The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the validity, legality or enforceability of any of the other provisions of this Agreement which shall remain effective.

10.13. Survival. All representations, warranties and covenants contained among the provisions of this Agreement shall survive the execution and delivery of this Agreement and all other Financing Documents.

10.14. Binding Effect. This Agreement and all other Financing Documents shall be binding upon and inure to the benefit of the Borrower and the Lender and their respective personal representatives, successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lender.

10.15. Entire Agreement. This Agreement, and the other Financing Documents (including the Prior Loan Agreement, as amended, modified, continued, and restated by this Agreement) constitute the entire contract between the parties relative to the subject matter hereof. Any other previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement and the other Financing Documents. Nothing in this Agreement or in the other Financing Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Financing Documents.

10.16. Time of Essence. Time is of the essence in connection with all obligations of the Borrower hereunder and under any of the other Financing Documents.

10.17. Duplicate Originals and Counterparts. This Agreement may be executed in any number of duplicate originals or counterparts, each of such duplicate originals or counterparts shall be deemed to be an original and all taken together shall constitute but one and the same instrument.

10.18. Headings. Section and subsection headings in this Agreement are included herein for convenience of reference only, shall not constitute a part of this Agreement for any other purpose and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

10.19. Certain Obligations Excluded. Notwithstanding anything herein to the contrary, if and only if the Borrower is not an ECP, then to the extent applicable law prohibits the Borrower from entering into an agreement to guaranty or otherwise provide security for any obligations in respect of a Swap, the obligations secured hereby shall not include obligations of the Lender under any Swap.

(Credit Agreement)

10.20. Prior Credit Agreement; No Novation. Effective as of the Effective Date, this Agreement amends, modifies, continues, and restates the Prior Credit Agreement and governs the Term Loan Notes and the Deeds of Trust. Except as amended hereby, the Term Loan Notes, the Deeds of Trust, and all security instruments securing the Term Loan Notes remain the valid and binding obligation of the parties thereto, it being the intent of the parties hereto that the amendments thereto effected hereby shall not constitute a novation. The Borrower hereby reaffirms its obligations under the Term Loan Notes, the Deeds of Trust, and all other security instruments securing the Term Loan Notes, and each of the other Financing Documents to which it is a party. The Borrower hereby waives any claim, cause of action, defense, counterclaim, setoff, or recoupment of any kind or nature that it may have as of the date hereof against the Lender arising from or in connection with the Prior Credit Agreement or with the Term Loan Notes, the Deeds of Trust, or any security instruments securing the Term Loan Notes as amended, modified, continued, and restated hereby, or the transactions contemplated thereby or hereby that exist on the date hereof or arise from facts or actions occurring prior hereto or on the date hereof.

[Signature Pages Follow]

WITNESS the due execution hereof as a SEALED INSTRUMENT as of the date first written above.

WITNESS:

OPTICAL CABLE CORPORATION,
a Virginia corporation

/s/ Virginia S. Coley

By: /s/ Tracy G. Smith (SEAL)
Tracy G. Smith
Chief Financial Officer and SVP

[Signatures Continued on Following Page]

(Credit Agreement)

[Signature Page]

[Signatures Continued from Prior Page]

WITNESS:

BANK OF NORTH CAROLINA,
a North Carolina banking corporation

/s/ Virginia S. Coley

By: /s/ Scott L. Leffel (SEAL)
Scott L. Leffel
Senior Vice President

(Credit Agreement)

[Signature Page]

ANNEX A

to

CREDIT AGREEMENT

Dated as of April 26, 2016

DEFINITIONS

All terms used herein without definition which are defined by the UCC shall have the meanings assigned to them by the UCC in effect on the date hereof. In addition to the defined terms appearing below, capitalized terms used in the Credit Agreement shall have (unless otherwise provided elsewhere in the Credit Agreement) the following respective meanings when used in the Credit Agreement:

“Account Debtor” means any Person who may become obligated to the Borrower under, with respect to, or on account of, an Account, chattel paper, or general intangibles (including a payment intangible).

“Accounts” has the meaning given such to term in the UCC.

“Advance” means a LIBOR Rate Advance under the Revolving Credit Facility.

“Applicable Margin” means three hundred sixty-five basis points (3.65%).

“Authorized Person” means, each individually, Neil D. Wilkin, as President and Chief Executive Officer, Tracy G. Smith, as Chief Financial Officer, or any other officer, employee or representative of the Borrower who is authorized or designated as a signer of loan documents under the provisions of the Borrower’s most recent resolutions or similar documents on file with the Lender. Notwithstanding that individual names of Authorized Persons may have been provided to the Lender, the Lender shall be permitted at any time to rely solely on an individual’s title to ascertain whether that individual is an Authorized Person.

“Board” means the Board of Governors of the Federal Reserve System of the United States.

“Borrower” has the meaning set forth in the Preamble to the Credit Agreement.

“Business Day” means any day other than Saturday, Sunday or other day on which commercial banks in the Commonwealth of Virginia are authorized to close.

“Business Premises” means the Borrower’s business premises located at 5290 Concourse Drive, Roanoke, Virginia 24019; 3030 Nicholas Avenue, Roanoke, Virginia 24012; 33 Superior Way, Swannanoa, NC 28778; 112 Buckeye Cove Road, Swannanoa, NC 28778; and 1700 Capital Avenue, Suite 150, Plano, Texas 75074.

“Code” means the Internal Revenue Code, of 1986, as amended.

“Collateral” means the collateral granted pursuant to the Security Agreement, the Deeds of Trust, and any other security instrument given in favor of the Lender to secure the Obligations.

“Commitment Fee” has the meaning given to such term in Section 1.8 of the Credit Agreement.

(Amended and Restated Credit Agreement)

“Continuation Date” means the first Joint Business Day in each calendar month.

“Credit Agreement” means the Credit Agreement dated as of April 26, 2016 by and between the Borrower and the Lender, as the same may be amended, restated, supplemented, or otherwise modified from time to time.

“Deed of Trust Modification Agreements” means the two Deed of Trust Modification Agreements, each dated April 26, 2016, executed and delivered by the Borrower and the Lender, amending, modifying, continuing, and restating each of the Deeds of Trust, to be recorded in the Clerk’s Office of the Circuit Court of Roanoke County, Virginia, and the Register of Deeds for Buncombe County, North Carolina, respectively.

“Deeds of Trust” means (a) the Corrected Deed of Trust dated June 4, 2008, granted by the Borrower and encumbering real property described therein located in Roanoke County, Virginia, and recorded in the Clerk’s Office of the Circuit Court of Roanoke County, Virginia, as Instrument #200807923, as amended, modified, continued, or restated in accordance with the Credit Agreement, and as the same may be amended, restated, supplemented, or otherwise modified from time to time (the “Virginia Deed Of Trust”); and (b) the Corrected Deed of Trust, Security Agreement and Fixture Filing dated May 30, 2008, granted by the Borrower and encumbering real property described therein located in Buncombe County, North Carolina, and recorded in the Office of the Register of Deeds for Buncombe County, North Carolina, in Deed Book 4573, pages 1676 – 1688, as amended, modified, continued, or restated in accordance with the Credit Agreement, and as the same may be amended, restated, supplemented, or otherwise modified from time to time (the “North Carolina Deed Of Trust”); and “Deed of Trust” shall mean either of them.

“Default” means an event which, with the passage of time or the giving of notice or both, would become an Event of Default.

“Default Rate” means a per annum rate of interest equal to the otherwise applicable rate plus 3.00% per annum.

“Draw Date” means, in relation to each Advance, the date that such Advance is made or deemed to be made to the Borrower pursuant to the Revolving Credit Note and the Credit Agreement.

“ECP” means an “eligible contract participant” as defined in the Commodity Exchange Act, as amended, and any applicable rules, as amended.

“Effective Date” means the date as of which the conditions precedent described in Section 3.2 of the Credit Agreement have been satisfied.

“Enforcement Costs” means collectively and include all expenses, charges, recordation or other taxes, costs and fees (including reasonable attorneys’ fees and expenses) of any nature whatsoever advanced, paid or incurred by or on behalf of the Lender in connection with (a) the collection or enforcement of the Credit Agreement or any of the other Financing Documents, (b) the creation, perfection, maintenance, preservation, defense, protection, realization upon, disposition, collection, sale or enforcement of all or any part of the Collateral, and (c) the exercise by the Lender of any rights or remedies available to it under the provisions of the Credit Agreement, or any of the other Financing Documents.

“Environmental Law” means any federal, state or local law, statute, rule, regulation or ordinance, relating to Hazardous Materials and/or the protection of the environment or human health.

“ERISA” means the Employee Retirement Security Act of 1974, as amended.

“ERISA Event” means (a) a reportable event (as defined in ERISA §4043 for which the PBGC required notice) with respect to a pension plan maintained or sponsored by Borrower; (b) receipt by the Borrower of a notice from the PBGC of the imposition of withdrawal liability under Section 4063 of ERISA or a cessation of operations at a facility of the Borrower that is treated as a withdrawal under section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower from a multiemployer plan to which the Borrower contributes or receipt by the Borrower of a notice from the PBGC that a multiemployer plan to which the Borrower contributes is in reorganization; (d) the provision by the administrator of a plan maintained or sponsored by the Borrower of a notice of intent to terminate such plan, the treatment of an amendment to a pension plan maintained or sponsored by the Borrower as a termination under Section 4041 or 4041A of ERISA, or receipt by the Borrower of a notice from the PBGC of its intention to terminate any plan maintained or sponsored by the Borrower; (e) the occurrence of an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any pension plan maintained or sponsored by the Borrower or multiemployer plan to which the Borrower contributes; or (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower.

“Event of Default” has the meaning set forth in Section 8 of the Credit Agreement.

“Financing Documents” means, collectively, the Credit Agreement, the Revolving Credit Note, the Term Loan Notes, the Security Agreement, the Deeds of Trust, the Deed of Trust Modification Agreements, the Prior Loan Agreement (as amended, modified, continued, and restated by this Agreement), and any other instrument, document or agreement both now and hereafter executed, delivered or furnished by the Borrower or any other Person (as hereinafter defined) evidencing, guaranteeing, securing or in connection with the Revolving Credit Facility or the Term Loan Notes, as any of the same may be amended, restated, supplemented, or otherwise modified from time to time.

“GAAP” means generally accepted accounting principles in the United States as set forth in statements and pronouncements of the Financial Accounting Standards Board as adopted by the Public Company Accounting Oversight Board and approved by the U.S. Securities and Exchange Commission or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“Governmental Authority” means the government of the United States, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government..

“Hazardous Materials” means all hazardous wastes, hazardous substances, toxic chemicals and substances, oil and petroleum products and their by-products, radon, asbestos, pollutants or contaminants as defined under applicable Environmental Laws.

“Indebtedness” means collectively all indebtedness, liabilities and obligations of the Borrower of any nature whatsoever, direct or contingent, matured or unmatured, joint or several, including, without limitation, (a) any obligation for borrowed money, (b) any obligation to pay rent under any lease which is required to be classified as a liability in accordance with generally accepted accounting principles, (c) any obligation to pay rent under any synthetic lease, (d) any obligation secured by a lien, security interest or other encumbrance on property whether or not the Borrower has assumed or become liable for the payment of such obligation, and (e) any obligation for the deferred purchase price of property or services.

“Intercompany Indebtedness” means intercompany loans, advances, payables and receivables between or among the Borrower and its Subsidiaries.

“Interest Expense” means total interest expense (whether paid or accrued), including the amortization of debt discounts and premiums as well as the interest component under capital leases, determined in accordance with GAAP.

“Interest Period” means, respectively and as applicable, each successive period from and including the Draw Date of each LIBOR Rate Advance (and thereafter, any subsequent Continuation Date), to but not including the next succeeding Continuation Date.

“Joint Business Day” means a day that is both a New York Business Day and a London Business Day.

“Laws” means and includes any and all laws, rules, regulations, decrees, injunctions, orders, legal requirements, codes and ordinances now in force or which any Governmental Authority may hereafter enact.

“Lender” has the meaning set forth in the Preamble to the Credit Agreement.

“LIBOR Adjusted Rate” means the rate per annum equal to the sum of the Applicable Margin and One-Month LIBOR, rounded upward to the nearest 1/16th of 1%, as determined on each Continuation Date; and being a variable interest rate which is subject to adjustment on each Continuation Date in accordance with changes in the One-Month LIBOR. As of the date of the Credit Agreement, One-Month LIBOR equals 0.44% per annum and the LIBOR Adjusted Rate equals 4.125% per annum.

“LIBOR Rate Advance” means any Advance under the Revolving Credit Facility that accrues interest at the LIBOR Adjusted Rate.

“Lien” means any mortgage, deed of trust, pledge, security interest, assignment, encumbrance, judgment, lien, claim or charge of any kind in, on, of or in respect of, any asset or property or any rights to any asset or property of Borrower, including, without limitation, (a) any interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to any such asset or property of Borrower, and (b) the filing of, or any agreement to give, any financing statement relating to any such asset or property under the Uniform Commercial Code of any jurisdiction.

“London Business Day” means any day other than a Saturday, Sunday or other day on which commercial banking institutions in London, England, United Kingdom, are authorized or required by law or other governmental action to remain closed for business.

“Maximum Legal Rate” has the meaning set forth in Section 2.6 of the Credit Agreement.

“Monetary Cure Provisions” means the limited right of the Borrower to cure any payment default under Section 8.1 of the Credit Agreement on the following terms: If default occurs in the payment of money under this Agreement, such payment default may be cured if the Borrower, after being given written notice from the Lender demanding payment of such payment default, cures such payment default by payment in full within seven (7) days after such written demand; provided, however, the Borrower shall have the benefit of the Monetary Cure Provisions with respect to any payment default, and the Lender shall be required to send written demand for payment with respect to such payment default, only if the Borrower has not been given two (2) notices of payment default for the same payment default within the preceding twelve (12) months and no cure provision otherwise applies to such payment default under this Agreement or any other Financing Document.

“New York Business Day” means any day other than a Saturday, Sunday or other day on which commercial banking institutions in New York, New York, are authorized or required by law or other governmental action to remain closed for business.

“Notes” means the Revolving Credit Note, the Term Loan A Note, and the Term Loan B Note, and “Note” means any of them.

“Obligations” means, collectively, and includes all present and future indebtedness, liabilities and obligations of any kind and nature whatsoever of the Borrower to the Lender, both now existing and hereafter arising, under, as a result of, on account of, or in connection with, the Credit Agreement and any and all amendments thereto, restatements thereof, supplements thereto and modifications thereof made at any time and from time to time hereafter, the Revolving Credit Note the Term Loan Notes, and any and all extensions, renewals or replacements thereof, amendments thereto and restatements or modifications thereof made at any time or from time to time hereafter, or the other Financing Documents.

“One-Month LIBOR” means the rate per annum obtained by dividing (a) the applicable London Interbank Offered Rate (“LIBOR”) for One-Month LIBOR as set and administered by ICE Benchmark Administration Limited (or such other administrator of LIBOR, as may be duly authorized by the UK Financial Conduct Authority or such other proper authority from time to time) for United States dollar deposits in the London interbank market at approximately 11:00 a.m. London, England time (or as soon thereafter as practicable) on the appropriate day in accordance with the terms of the Revolving Credit Note, as determined by the Lender from any broker, quoting service or commonly available source utilized by the Lender, by (b) a percentage equal to 100% minus the stated maximum rate of all reserves required to be maintained against “Eurocurrency Liabilities” as specified in Regulation D (or against any other category of liabilities which includes deposits by reference to which the interest rate on any LIBOR Rate Advance or LIBOR Rate Advances is determined or any category of extensions of credit or other assets which includes loans by a non-United States’ office of a bank to United States’ residents) on such date to any member bank of the Federal Reserve System.

“PBGC” means the Pension Benefit Guaranty Corporation or any successor entity.

“Permitted Encumbrances” means easements, restrictions, covenants and other encumbrances affecting any of the Real Property, as disclosed by lender’s title insurance policies and endorsements approved by and insuring the Lender.

“Permitted Lien” means any Lien expressly permitted by the provisions of Section 6.2 of the Credit Agreement.

“Permitted Working Capital Indebtedness” means Indebtedness incurred or maintained by the Borrower after the Effective Date to provide working capital and which shall be subordinated to all Liens securing the Lender, now and in the future, and which shall not exceed \$1,000,000 in the aggregate at any time.

“Person” means any natural person, individual, trustee, fiduciary, company, corporation, limited liability company, partnership, joint venture, trust, unincorporated association, government or political subdivision or agency thereof, or any other entity of whatever nature.

“Plan” means any pension, employee benefit, multiemployer, profit sharing, savings, stock bonus or other deferred compensation plan which is subject to the requirements of ERISA.

“Prior Credit Agreement” means the Credit Agreement dated May 30, 2008, by and between Borrower and Superior Modular Products Incorporated, as borrower, and Valley Bank (successor in interest to Lender), as lender, as amended from time to time including the Seventh Loan Modification Agreement dated January 25, 2016. Subsequent to the execution of the Prior Credit Agreement, Superior Modular Products Incorporated was merged into the Borrower with the Borrower being the surviving entity.

“Real Property” means the real property owned by the Borrower and encumbered by, and more particularly described in, the Deeds of Trust, and known as 5290 Concourse Drive, Roanoke, Virginia 24019; 33 Superior Way, Swannanoa, NC 28778; and 112 Buckeye Cove Road, Swannanoa, NC 28778.

“Request” has the meaning set forth in Section 1.2 of the Credit Agreement.

“Responsible Officer” means, with respect to any Person, such Person’s President, Chief Executive Officer, Chief Financial Officer or Chief Accounting Officer or Treasurer.

“Revolving Credit Account” means the loan account maintained by the Lender with respect to the Advances, the accrual of interest thereon, repayments and prepayments thereof, and other amounts and charges due in connection therewith.

“Revolving Credit Amount” means the amount stated in Section 1.1 of the Credit Agreement, subject to the First Step Down and the Second Step Down as described therein.

“Revolving Credit Expiration Date” means (a) **February 28, 2018**, or, in the event that the Lender from time to time elects to extend the Revolving Expiration Date in accordance with the provisions of Section 1.6 of the Credit Agreement, the last date to which Lender elects to extend the Revolving Credit Expiration Date in accordance therewith, or (b) such later date as to which the Lender shall, in its sole discretion, agree in writing to extend the Revolving Credit Expiration Date without regard to Section 1.6 of the Credit Agreement.

“Revolving Credit Facility” means the revolving credit facility, pursuant to which the Lender shall make available to the Borrower from time to time Advances in an aggregate principal amount outstanding of not to exceed the Revolving Credit Amount.

“Revolving Credit Note” means the Revolving Credit Note dated April 26, 2016, executed and delivered by the Borrower and made payable to the order of Lender in the principal amount of \$7,000,000, as the same may be amended, restated, replaced, supplemented, extended, renewed, or otherwise modified from time to time.

“Security Agreement” means the Security Agreement dated of even date herewith between the Borrower and the Lender, as the same may be amended, supplemented, restated and otherwise modified from time to time.

“Subsidiary” of the Borrower means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by the Borrower. The current Subsidiaries of the Borrower are listed in Section 4.1 of the Credit Agreement. With reference to Person other than the Borrower, a subsidiary of such Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person.

“SunTrust Credit Facility” means the loan or loans evidenced by Commercial Note dated as of August 30, 2013, made by Borrower payable to the order of SunTrust Bank in the original principal amount of \$9,000,000.00, as modified, amended, renewed, restated, or replaced from time to time.

“Swap” means a “swap” as defined in the Commodity Exchange Act, as amended, and any applicable rules, as amended.

“Term Loan A Note” means the note dated May 30, 2008, executed and delivered by the Borrower and made payable to the order of Valley Bank in the original principal amount of \$2,240,000.00, as amended, modified, continued, and restated by the Term Loan A Note dated April 26, 2016, executed and delivered by the Borrower and made payable to the order of the Lender in the principal amount of \$1,816,609.03, as the same may be amended, restated, replaced, supplemented, extended, renewed, or otherwise modified from time to time.

“Term Loan B Note” means the note dated May 30, 2008, executed and delivered by the Borrower and made payable to the order of Valley Bank in the original principal amount of \$6,500,000.00, as amended, modified, continued, and restated by the Term Loan B Note dated April 26, 2016, executed and delivered by the Borrower and made payable to the order of the Lender in the principal amount of \$5,271,410.83, as the same may be amended, restated, replaced, supplemented, extended, renewed, or otherwise modified from time to time.

“Term Loan Notes” means the Term Loan A Note and the Term Loan B Note, and “Term Loan Note” means either of them.

“UCC” means the Uniform Commercial Code in effect in the Commonwealth of Virginia on the date hereof.

“Valley Bank” means one of the parties to the Prior Credit Agreement which, subsequent to the execution of the Prior Credit Agreement, was merged into the Lender with the Lender being the surviving entity.

SCHEDULE 6.11

Transactions with Affiliates

None.

Schedule 6.13, Page 1

(Credit Agreement)

REVOLVING CREDIT NOTE

\$7,000,000

April 26, 2016
Roanoke, Virginia

FOR VALUE RECEIVED, **OPTICAL CABLE CORPORATION**, a Virginia corporation (the "Borrower"), hereby promises to pay to the order of **BANK OF NORTH CAROLINA**, a North Carolina banking corporation (the "Lender"), at the times and in the manner hereinafter set forth, the principal sum of SEVEN MILLION DOLLARS (\$7,000,000) (the "Revolving Credit Facility") or so much thereof as may be advanced under the Credit Agreement (as hereinafter defined) and remain unpaid, together with accrued interest, at the rate or rates hereinafter set forth, on the unpaid principal balance hereof from time to time, from the date of this Note through and including the date the entire unpaid principal balance hereof has been indefeasibly paid in full. The fact that there may be no unpaid balance outstanding at any particular time shall not affect the continuing validity of this Note.

1. Nature of Note; Defined Terms. This Note is the "Revolving Credit Note" issued pursuant to and referenced in the Credit Agreement dated as of even date herewith by and between the Borrower and the Lender (as the same may be amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"). The obligations of the Borrower evidenced hereby constitute a portion of the Obligations referred to in the Credit Agreement. The Lender is entitled to the benefit of the Credit Agreement and the other Financing Documents and the Collateral referred to therein. The Credit Agreement contains, among other things, provisions for Advances under the Revolving Credit Facility and provisions for the acceleration of the maturity of this Note. The provisions of the Credit Agreement are hereby incorporated by reference in their entirety as if fully set forth herein. To the extent any conflict shall exist between the terms hereof and the terms of the Credit Agreement, the terms of the Credit Agreement shall control to the extent necessary to resolve such conflict. Capitalized terms used herein but not defined shall have the meanings given to such terms in the Credit Agreement.

2. Revolving Credit Facility. Within the limitations set forth in the Credit Agreement and subject to the provisions of the Credit Agreement, the Borrower may borrow, repay and reborrow under the Revolving Credit Facility and this Note.

3. Interest. Until maturity (whether by acceleration, declaration, extension or otherwise), so long as no Event of Default shall have occurred and be continuing, interest shall accrue each day on each LIBOR Rate Advance, from and including the Draw Date to the date such LIBOR Rate Advance is paid in full, at the LIBOR Adjusted Rate in effect for that day. For the duration of each Interest Period, respectively, the LIBOR Adjusted Rate shall be adjusted as of each Continuation Date, using One-Month LIBOR in effect two (2) London Business Days prior to the respective Continuation Date, and such LIBOR Adjusted Rate shall apply to any LIBOR Rate Advances advanced during the respective Interest Period.

Interest shall be computed on the basis of the actual number of days elapsed over a 360-day year. After maturity or upon the occurrence and during the continuance of an Event of Default, the unpaid principal balance of this Note shall bear interest at the Default Rate as defined in the Credit Agreement.

The rate of interest payable on this Note shall in no event exceed the maximum rate permissible under applicable laws (the "Maximum Legal Rate"). If the rate of interest payable on this Note is ever reduced as a result of this paragraph and at any time thereafter the Maximum Legal Rate shall exceed the rate of interest provided for in this Note, then the rate provided for in this Note shall be increased to the Maximum Legal Rate for such period as is required so that the total amount of interest received by the Lender is that which would have been received by the Lender but for the operation of the first sentence of this paragraph.

4. Repayment. The principal balance of this Note, together with interest thereon, shall be payable as follows:

(a) Commencing on the first day of the first month after the date hereof, and on the first day of each month thereafter up to and including the Revolving Credit Expiration Date (as defined in the Credit Agreement), the Borrower shall make consecutive monthly payments of accrued and unpaid interest.

(b) If not sooner paid, this Note shall mature, and the entire unpaid principal balance hereof, together with all accrued and unpaid interest thereon shall be due and payable on Revolving Credit Expiration Date, which will be the maturity date for this Note.

(c) If the principal of or interest on this Note, late charges, or any other amount required to be paid hereunder is not paid when due, whether by acceleration or otherwise, the Borrower shall, on demand, from time to time pay to the Lender interest on such principal, interest, late charges, or other amount from the date due until the date of payment (after as well as before any judgment) at the Default Rate; provided, however, that interest shall not accrue on any payment due under this Note (excluding payments of principal, interest, or late charges) until Lender gives to Borrower written notice of such amount due.

5. Business Days. If any payment on this Note becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day and, with respect to any payment which bears interest, interest thereon shall be payable at the then applicable rate of interest as herein provided during such extension.

6. Revolving Credit Account. The Lender will maintain on its books an account (the "Revolving Credit Account") with respect to repayments and prepayments, the accrual and payment of interest, and all other amounts and charges owing to the Lender in connection with the Revolving Credit Facility. Except for manifest error, the Revolving Credit Account shall be conclusive as to all amounts owing by the Borrower to the Lender in connection with and on account of the Revolving Credit Facility and this Note.

7. Late Charge. If the Borrower fails to make any payment of principal, interest, prepayments, fees or any other amount becoming due pursuant to the provisions of this Note within ten (10) days of the date due and payable, the Borrower shall pay to the Lender a late charge equal to the greater of (a) \$50.00, or (b) five percent (5%) of the delinquent amount. Such 10-day period shall not be construed in any way to extend the due date of any such payment. Late charges are imposed for the purpose of defraying the Lender's expenses incident to the handling of delinquent payments, and are in addition to, and not in lieu of, the exercise by the Lender of any other rights and remedies hereunder or under applicable laws and any fees and expenses of any agents or attorneys which the Lender may employ upon the occurrence of an Event of Default.

8. Events of Defaults and Remedies. Upon the occurrence of an Event of Default specified in Section 8.9 (Inability to Pay Debts, Etc.), Section 8.10 (Bankruptcy) or Section 8.11 (Receiver, Etc.) of the Credit Agreement, the unpaid principal balance of this Note, together with all accrued interest then due thereon, shall immediately and automatically become due and payable in full by the Borrower to the Lender. Upon (i) the failure of the Borrower to pay, as and when due, any principal payment, interest, or other payment due hereunder (subject to the Cure Provisions set forth below, as applicable), or (ii) the occurrence of any other Event of Default under the Credit Agreement, the Lender or any other holder of this Note may, at its sole option, accelerate the maturity of this Note and declare the unpaid principal balance of this Note then outstanding, together with all interest accrued thereon, to be immediately due and payable, whereupon the entire unpaid principal balance of this Note, together with accrued but unpaid interest thereon, shall immediately and automatically become due and payable by the Borrower to the Lender. In addition, upon the occurrence of an Event of Default, the Lender may exercise any and all rights and remedies available to the Lender under this Note, the Credit Agreement, the other Financing Documents, or at law or in equity. The Borrower hereby waives diligence, presentment, demand, protest and notice of any kind except for any notice expressly provided for herein.

9. Cure Provisions. The Borrower shall have the limited right to cure any payment default under Section 8(i) of this Note on the following terms: If default occurs in the payment of money under this Note, such payment default may be cured if the Borrower, after being given written notice from the Lender demanding payment of such payment default, cures such payment default by payment in full within seven (7) days after such written demand; provided, however, the Borrower shall have the benefit of these cure provisions with respect to any payment default (and the Lender shall be required to send written demand for payment with respect to such payment default) only if the Borrower has not been given two (2) notices of payment default for the same type of payment default within the preceding twelve (12) months. Any notice of payment default regarding the late payment of principal and/or interest shall constitute the same type of payment default as any other notice of payment default regarding the late payment of principal and/or interest.

10. Manner of Making Payment. All payments and prepayments of this Note, interest thereon and any other amounts payable hereunder shall be paid in lawful money of the United States of America, in cash or in other immediately available funds, during regular business hours of the Lender at the Lender's office located at any banking office of the Lender, or at such other place as the Lender or any other holder of this Note may at any time or from time to time designate in writing to the Borrower in accordance with the provisions of Section 10.3 (Notices) of the Credit Agreement.

11. Collection Costs. If this Note is forwarded to an attorney for collection after maturity hereof (whether by acceleration, declaration, extension or otherwise), the Borrower shall pay to the Lender on demand all reasonable costs and expenses of collection, including reasonable attorneys' fees.

12. **Remedies Cumulative, Etc.** The rights and remedies of the Lender or any other holder hereof under this Note, the Credit Agreement and/or the other Financing Documents shall be cumulative and concurrent and may be pursued and exercised singularly, successively or concurrently at the sole discretion of the Lender or any other holder hereof and may be exercised as often as the Lender or any other holder hereof shall deem necessary or desirable, and the non-exercise by the Lender or any other holder hereof of any such rights and remedies in any particular instance shall not in any way constitute a waiver or release thereof in that or any subsequent instance.

13. **Notices.** Any demand or notice hereunder or under any applicable law pertaining hereto shall be in writing and duly given if delivered to the Borrower at 5290 Concourse Drive, Roanoke, VA 24019, Attention: Neil D. Wilkin, President/CEO, or to the Lender at 36 Church Avenue SW, Roanoke, Virginia 24011, Attention: Scott L. Leffel, Senior Vice President. Such notice or demand shall be deemed sufficiently given for all purposes when delivered (a) by personal delivery and shall be deemed effective when delivered and receipt given by the addressee, or (b) by mail or courier and shall be deemed effective three (3) New York Business Days after deposit in an official depository maintained by the United States Post Office for the collection of mail as certified mail, return receipt requested and postage prepaid, or one (1) Business Day after delivery to a nationally recognized overnight courier service (e.g., Federal Express) for next business day delivery. Notice by e-mail is not valid notice under this or any other agreement between the Borrower and the Lender.

14. **GOVERNING LAW; JURISDICTION.** This Note has been delivered to and accepted by the Lender and will be deemed to be made in the Commonwealth of Virginia. This Note will be interpreted in accordance with the laws of the Commonwealth of Virginia excluding its conflict of laws rules. **THE BORROWER AND THE LENDER HEREBY IRREVOCABLY CONSENT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT IN THE COMMONWEALTH OF VIRGINIA IN A CITY, COUNTY OR JUDICIAL DISTRICT WHERE THE LENDER MAINTAINS AN OFFICE OR BRANCH; PROVIDED THAT NOTHING CONTAINED IN THIS NOTE WILL PREVENT THE LENDER FROM BRINGING ANY ACTION, ENFORCING ANY AWARD OR JUDGMENT OR EXERCISING ANY RIGHTS AGAINST THE BORROWER INDIVIDUALLY, AGAINST ANY SECURITY OR AGAINST ANY PROPERTY OF THE BORROWER WITHIN ANY OTHER CITY, COUNTY, STATE OR OTHER FOREIGN OR DOMESTIC JURISDICTION.** The Borrower and the Lender acknowledge and agree that the venue provided above is the most convenient forum for both the Lender and the Borrower. The Borrower and the Lender waive any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

15. **WAIVER OF JURY TRIAL. THE BORROWER AND THE LENDER HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY BORROWER AND THE LENDER MAY HAVE IN ANY ACTION OR PROCEEDING, IN LAW OR IN EQUITY, IN CONNECTION WITH THIS NOTE OR THE TRANSACTIONS RELATED HERETO. THE BORROWER REPRESENTS AND WARRANTS THAT NO REPRESENTATIVE OR AGENT OF THE LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE LENDER WILL NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THIS JURY TRIAL WAIVER. THE BORROWER ACKNOWLEDGES THAT THE LENDER HAS BEEN INDUCED TO ENTER INTO THIS NOTE BY, AMONG OTHER THINGS, THE PROVISIONS OF THIS SECTION.**

16. Severability. In the event that any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this Note operate or would prospectively operate to invalidate this Note, then and in either of those events, such provision or provisions only shall be deemed null and void and shall not affect any other provisions (or remaining part of the affected provision) of this Note which shall remain operative and in full force and effect and shall in no way be affected, prejudiced or disturbed thereby.

17. Demand, Protest, Etc. The Borrower, any endorsers and guarantors hereof, and all others who may become liable for all or any part of the obligations evidenced hereby and their respective successors and assigns, agree to be jointly and severally bound hereby, and jointly and severally waive presentment, demand, protest, notice of non-payment, and any and all lack of diligence or delays in collection or enforcement hereof. The Borrower and any endorsers and guarantors hereof further jointly and severally agree with the holder hereof that said holder may, without notice, in such manner, on such terms and for such time(s) as the holder may see fit, extend or renew this Note, and/or release any maker, endorser, or guarantor hereof, and/or substitute or add guarantors, and/or substitute or release collateral or any part thereof, all without in any way affecting, releasing, or foregoing the joint and several liability of the Borrower and all endorsers and guarantors hereof.

18. Miscellaneous. No waiver or amendment of any provision of this Note shall be effective unless made specifically in writing by the Lender. No course of dealing or other conduct, no oral agreement or representation made by the Lender, and no usage of trade, shall operate as a waiver of any right or remedy of the Lender. No waiver of any right or remedy of the Lender shall be effective unless made specifically in writing by the Lender. Borrower agrees that in any legal proceeding a copy of this Note kept in the Lender's course of business may be admitted into evidence as an original. Section headings are for convenience only. Singular number includes plural and neuter gender includes masculine and feminine, as appropriate.

[Signature Page Follows]

WITNESS the due execution hereof as a SEALED INSTRUMENT this 26th day of April, 2016.

WITNESS:

OPTICAL CABLE CORPORATION,
a Virginia corporation

/s/ Virginia S. Coley
Signature of Witness

By: /s/ Tracy G. Smith(SEAL)
Tracy G. Smith
Chief Financial Officer and SVP

Virginia S. Coley
Typed Name of Witness

Address: 5290 Concourse Drive
Roanoke, Virginia 24019
Attention: Tracy G. Smith

COMMONWEALTH OF VIRGINIA

CITY/COUNTY OF Roanoke, to wit:

The foregoing instrument was acknowledged before me this 26th day of April, 2016, by Tracy G. Smith, as Chief Financial Officer and SVP of Optical Cable Corporation, a Virginia corporation, on behalf of the corporation.

/s/ Cynthia Marie Tourville
Notary Public

My commission expires: 3-31-18
Registration No.: 299461

TERM LOAN A NOTE

\$1,816,609.03

April 26, 2016
Roanoke, Virginia

FOR VALUE RECEIVED, **OPTICAL CABLE CORPORATION**, a Virginia corporation (the "Borrower"), hereby promises to pay to the order of **BANK OF NORTH CAROLINA**, a North Carolina banking corporation (the "Lender"), at the times and in the manner hereinafter set forth, the principal sum of ONE MILLION, EIGHT HUNDRED SIXTEEN THOUSAND, SIX HUNDRED NINE AND 03/100 DOLLARS (\$1,816,609.03), together with accrued interest, at the rate or rates hereinafter set forth, on the unpaid principal balance hereof from time to time, from the date of this Note through and including the date the entire unpaid principal balance hereof has been indefeasibly paid in full.

1. Nature of Note; Defined Terms. This Note is the "Term Loan A Note" issued pursuant to and referenced in the Credit Agreement dated as of even date herewith by and between the Borrower and the Lender (as the same may be amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"). The obligations of the Borrower evidenced hereby constitute a portion of the Obligations referred to in the Credit Agreement. The Lender is entitled to the benefit of the Credit Agreement and the other Financing Documents and the Collateral referred to therein. The Credit Agreement contains, among other things, provisions for the acceleration of the maturity of this Note. The provisions of the Credit Agreement are hereby incorporated by reference in their entirety as if fully set forth herein. To the extent any conflict shall exist between the terms hereof and the terms of the Credit Agreement, the terms of the Credit Agreement shall control to the extent necessary to resolve such conflict. Capitalized terms used herein but not defined shall have the meanings given to such terms in the Credit Agreement. This Note amends, modifies, continues, and restates the Prior Note, as defined below.

2. Interest. Until maturity (whether by acceleration, declaration, extension or otherwise), so long as no Event of Default shall have occurred and be continuing, interest shall accrue at four and 25/100 percent (4.25%) per annum, computed on the basis of the actual number of days elapsed over a 360-day year. After maturity or upon the occurrence and continuance of an Event of Default, the unpaid principal balance of this Note shall bear interest at the Default Rate, as defined in the Credit Agreement.

The rate of interest payable on this Note shall in no event exceed the maximum rate permissible under applicable laws (the "Maximum Legal Rate"). If the rate of interest payable on this Note is ever reduced as a result of this paragraph and at any time thereafter the Maximum Legal Rate shall exceed the rate of interest provided for in this Note, then the rate provided for in this Note shall be increased to the Maximum Legal Rate for such period as is required so that the total amount of interest received by the Lender is that which would have been received by the Lender but for the operation of the first sentence of this paragraph.

3. Repayment. The principal balance of this Note, together with interest thereon, shall be payable as follows:

(a) The Borrower shall make consecutive monthly payments of principal and accrued interest in the amount of **\$12,533.02** on the first day of each month commencing on **May 1, 2016**, plus one final payment of principal and interest in the amount of **\$1,674,217.22** and all then outstanding principal, interest, fees, and costs due on **April 30, 2018** (the "Term Loan A Termination Date"). A portion of the payment due on May 1, 2016, includes interest which has accrued under the Prior Note from April 1, 2016, through the date hereof.

(b) If not sooner paid, this Note shall mature, and the entire unpaid principal balance hereof, together with all accrued and unpaid interest thereon, shall be due and payable on the Term Loan A Termination Date, which will be the maturity date for this Note.

(c) If the principal of or interest on this Note, late charges, or any other amount required to be paid hereunder is not paid when due, whether by acceleration or otherwise, the Borrower shall, on demand, from time to time pay to the Lender interest on such principal, interest, late charges, or other amount from the date due until the date of payment (after as well as before any judgment) at the Default Rate; provided, however, that interest shall not accrue on any payment due under this Note (excluding payments of principal, interest, or late charges) until Lender gives to Borrower written notice of such amount due.

4. Business Days. If any payment on this Note becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day and, with respect to any payment which bears interest, interest thereon shall be payable at the then applicable rate of interest as herein provided during such extension.

5. Late Charge. If the Borrower fails to make any payment of principal, interest, prepayments, fees or any other amount becoming due pursuant to the provisions of this Note within ten (10) days of the date due and payable, the Borrower shall pay to the Lender a late charge equal to the greater of (a) \$50.00, or (b) five percent (5%) of the delinquent amount. Such 10-day period shall not be construed in any way to extend the due date of any such payment. Late charges are imposed for the purpose of defraying the Lender's expenses incident to the handling of delinquent payments, and are in addition to, and not in lieu of, the exercise by the Lender of any other rights and remedies hereunder or under applicable laws and any fees and expenses of any agents or attorneys which the Lender may employ upon the occurrence of an Event of Default.

6. Events of Defaults and Remedies. Upon the occurrence of an Event of Default specified in Section 8.9 (Inability to Pay Debts, Etc.), Section 8.10 (Bankruptcy) or Section 8.11 (Receiver, Etc.) of the Credit Agreement, the unpaid principal balance of this Note, together with all accrued interest then due thereon, shall immediately and automatically become due and payable in full by the Borrower to the Lender. Upon (i) the failure of the Borrower to pay, as and when due, any principal payment, interest, or other payment due hereunder (subject to the Cure Provisions set forth below, as applicable), or (ii) the occurrence of any other Event of Default under the Credit Agreement, the Lender or any other holder of this Note may, at its sole option, accelerate the maturity of this Note and declare the unpaid principal balance of this Note then outstanding, together with all interest accrued thereon, to be immediately due and payable, whereupon the entire unpaid principal balance of this Note, together with accrued but unpaid interest thereon, shall immediately and automatically become due and payable by the Borrower to the Lender. In addition, upon the occurrence of an Event of Default, the Lender may exercise any and all rights and remedies available to the Lender under this Note, the Credit Agreement, the other Financing Documents, or at law or in equity. The Borrower hereby waives diligence, presentment, demand, protest and notice of any kind except for any notice expressly provided for herein.

7. Cure Provisions. The Borrower shall have the limited right to cure any payment default under Section 6(i) of this Note on the following terms: If default occurs in the payment of money under this Note, such payment default may be cured if the Borrower, after being given written notice from the Lender demanding payment of such payment default, cures such payment default by payment in full within seven (7) days after such written demand; provided, however, the Borrower shall have the benefit of these cure provisions with respect to any payment default (and the Lender shall be required to send written demand for payment with respect to such payment default) only if the Borrower has not been given two (2) notices of payment default for the same type of payment default within the preceding twelve (12) months. Any notice of payment default regarding the late payment of principal and/or interest shall constitute the same type of payment default as any other notice of payment default regarding the late payment of principal and/or interest.

8. Manner of Making Payment. All payments of this Note, interest thereon and any other amounts payable hereunder shall be paid in lawful money of the United States of America, in cash or in other immediately available funds, during regular business hours of the Lender at the Lender's office located at any banking office of the Lender, or at such other place as the Lender or any other holder of this Note may at any time or from time to time designate in writing to the Borrower in accordance with the provisions of Section 10.3 (Notices) of the Credit Agreement.

9. Collection Costs. If this Note is forwarded to an attorney for collection after maturity hereof (whether by acceleration, declaration, extension or otherwise), the Borrower shall pay to the Lender on demand all reasonable costs and expenses of collection, including reasonable attorneys' fees.

10. Remedies Cumulative, Etc. The rights and remedies of the Lender or any other holder hereof under this Note, the Credit Agreement and/or the other Financing Documents shall be cumulative and concurrent and may be pursued and exercised singularly, successively or concurrently at the sole discretion of the Lender or any other holder hereof and may be exercised as often as the Lender or any other holder hereof shall deem necessary or desirable, and the non-exercise by the Lender or any other holder hereof of any such rights and remedies in any particular instance shall not in any way constitute a waiver or release thereof in that or any subsequent instance.

11. Notices. Any demand or notice hereunder or under any applicable law pertaining hereto shall be in writing and duly given if delivered to the Borrower at 5290 Concourse Drive, Roanoke, VA 24019, Attention: Neil D. Wilkin, President/CEO, or to the Lender at 36 Church Avenue SW, Roanoke, Virginia 24011, Attention: Scott L. Leffel, Senior Vice President. Such notice or demand shall be deemed sufficiently given for all purposes when delivered (a) by personal delivery and shall be deemed effective when delivered and receipt given by the addressee, or (b) by mail or courier and shall be deemed effective three (3) New York Business Days after deposit in an official depository maintained by the United States Post Office for the collection of mail as certified mail, return receipt requested and postage prepaid, or one (1) Business Day after delivery to a nationally recognized overnight courier service (e.g., Federal Express) for next business day delivery. Notice by e-mail is not valid notice under this or any other agreement between the Borrower and the Lender.

12. **GOVERNING LAW; JURISDICTION.** This Note has been delivered to and accepted by the Lender and will be deemed to be made in the Commonwealth of Virginia. Unless provided otherwise under federal law, this Note will be interpreted in accordance with the laws of the Commonwealth of Virginia excluding its conflict of laws rules. **THE BORROWER AND LENDER HEREBY IRREVOCABLY CONSENT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT IN THE COMMONWEALTH OF VIRGINIA IN A CITY, COUNTY OR JUDICIAL DISTRICT WHERE THE LENDER MAINTAINS AN OFFICE OR BRANCH; PROVIDED THAT NOTHING CONTAINED IN THIS NOTE WILL PREVENT THE LENDER FROM BRINGING ANY ACTION, ENFORCING ANY AWARD OR JUDGMENT OR EXERCISING ANY RIGHTS AGAINST THE BORROWER INDIVIDUALLY, AGAINST ANY SECURITY OR AGAINST ANY PROPERTY OF THE BORROWER WITHIN ANY OTHER CITY, COUNTY, STATE OR OTHER FOREIGN OR DOMESTIC JURISDICTION.** The Borrower and Lender acknowledge and agree that the venue provided above is the most convenient forum for both the Lender and the Borrower. The Borrower and Lender waive any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

13. **WAIVER OF JURY TRIAL.** **THE BORROWER AND THE LENDER HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY BORROWER AND THE LENDER MAY HAVE IN ANY ACTION OR PROCEEDING, IN LAW OR IN EQUITY, IN CONNECTION WITH THIS NOTE OR THE TRANSACTIONS RELATED HERETO. THE BORROWER REPRESENTS AND WARRANTS THAT NO REPRESENTATIVE OR AGENT OF THE LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE LENDER WILL NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THIS JURY TRIAL WAIVER. THE BORROWER ACKNOWLEDGES THAT THE LENDER HAS BEEN INDUCED TO ENTER INTO THIS NOTE BY, AMONG OTHER THINGS, THE PROVISIONS OF THIS SECTION.**

14. **Severability.** In the event that any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this Note operate or would prospectively operate to invalidate this Note, then and in either of those events, such provision or provisions only shall be deemed null and void and shall not affect any other provisions (or remaining part of the affected provision) of this Note which shall remain operative and in full force and effect and shall in no way be affected, prejudiced or disturbed thereby.

15. **Demand, Protest, Etc.** The Borrower, any endorsers and guarantors hereof, and all others who may become liable for all or any part of the obligations evidenced hereby and their respective successors and assigns, agree to be jointly and severally bound hereby, and jointly and severally waive presentment, demand, protest, notice of non-payment, and any and all lack of diligence or delays in collection or enforcement hereof. The Borrower and any endorsers and guarantors hereof further jointly and severally agree with the holder hereof that said holder may, without notice, in such manner, on such terms and for such time(s) as the holder may see fit, extend or renew this Note, and/or release any maker, endorser, or guarantor hereof, and/or substitute or add guarantors, and/or substitute or release collateral or any part thereof, all without in any way affecting, releasing, or foregoing the joint and several liability of the Borrower and all endorsers and guarantors hereof.

16. Prior Note. The Borrower acknowledges and agrees that this Note amends, modifies, continues, and restates a prior note dated May 30, 2008, in the original principal amount of Two Million Two Hundred Forty Thousand and no/100 (\$2,240,000.00), given by the Borrower and Superior Modular Products Incorporated in favor of Valley Bank, a Virginia banking corporation, its affiliates and their successors and assigns, as the same may have been amended or modified from time to time (the "Prior Note"), and further, that: (a) the obligations of the Borrower as evidenced by the Prior Note shall continue in full force and effect, as amended, modified, continued, and restated by this Note, all of such obligations being hereby ratified and confirmed by the Borrower; (b) any and all liens, pledges, assignments and security interests securing the Borrower's obligations under the Prior Note shall continue in full force and effect, are hereby ratified and confirmed by the Borrower, and are hereby acknowledged by the Borrower to secure, among other things, all of the Borrower's obligations to the Lender under this Note, with the same priority, operation and effect as that relating to the obligations under the Prior Note; and (c) nothing herein contained shall be construed to extinguish, release, or discharge, or constitute, create, or effect a novation of, or an agreement to extinguish, the obligations of the Borrower with respect to the indebtedness originally described in the Prior Note or any of the liens, pledges, assignments and security interests securing such obligations. Bank of North Carolina is the successor by merger to Valley Bank and is the holder of the Prior Note. Subsequent to the execution of the Prior Note, Superior Modular Products Incorporated was merged into the Borrower with the Borrower being the surviving entity.

17. Miscellaneous. No waiver or amendment of any provision of this Note shall be effective unless made specifically in writing by the Lender. No course of dealing or other conduct, no oral agreement or representation made by the Lender, and no usage of trade, shall operate as a waiver of any right or remedy of the Lender. No waiver of any right or remedy of the Lender shall be effective unless made specifically in writing by the Lender. Borrower agrees that in any legal proceeding a copy of this Note kept in the Lender's course of business may be admitted into evidence as an original. Section headings are for convenience only. Singular number includes plural and neuter gender includes masculine and feminine, as appropriate.

[Signature Page Follows]

WITNESS the due execution hereof as a SEALED INSTRUMENT this 26th day of April, 2016.

WITNESS:

OPTICAL CABLE CORPORATION,
a Virginia corporation

/s/ Nicole Ingle
Signature of Witness

By: /s/ Tracy G. Smith (SEAL)
Tracy G. Smith
Chief Financial Officer and SVP

Nicole Ingle
Typed Name of Witness

Address: 5290 Concourse Drive
Roanoke, Virginia 24019
Attention: Tracy G. Smith

COMMONWEALTH OF VIRGINIA

CITY/COUNTY OF Roanoke, to wit:

The foregoing instrument was acknowledged before me this 26th day of April, 2016, by Tracy G. Smith, as Chief Financial Officer and SVP of Optical Cable Corporation, a Virginia corporation, on behalf of the corporation.

/s/ Virginia S. Coley
Notary Public

My commission expires: 7/31/16
Registration No.: 228229

TERM LOAN B NOTE

\$5,271,410.83

April 26, 2016
Roanoke, Virginia

FOR VALUE RECEIVED, **OPTICAL CABLE CORPORATION**, a Virginia corporation (the "Borrower"), hereby promises to pay to the order of **BANK OF NORTH CAROLINA**, a North Carolina banking corporation (the "Lender"), at the times and in the manner hereinafter set forth, the principal sum of FIVE MILLION, TWO HUNDRED SEVENTY-ONE THOUSAND, FOUR HUNDRED TEN AND 83/100 DOLLARS (\$5,271,410.83), together with accrued interest, at the rate or rates hereinafter set forth, on the unpaid principal balance hereof from time to time, from the date of this Note through and including the date the entire unpaid principal balance hereof has been indefeasibly paid in full.

1. Nature of Note; Defined Terms. This Note is the "Term Loan B Note" issued pursuant to and referenced in the Credit Agreement dated as of even date herewith by and between the Borrower and the Lender (as the same may be amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"). The obligations of the Borrower evidenced hereby constitute a portion of the Obligations referred to in the Credit Agreement. The Lender is entitled to the benefit of the Credit Agreement and the other Financing Documents and the Collateral referred to therein. The Credit Agreement contains, among other things, provisions for the acceleration of the maturity of this Note. The provisions of the Credit Agreement are hereby incorporated by reference in their entirety as if fully set forth herein. To the extent any conflict shall exist between the terms hereof and the terms of the Credit Agreement, the terms of the Credit Agreement shall control to the extent necessary to resolve such conflict. Capitalized terms used herein but not defined shall have the meanings given to such terms in the Credit Agreement. This Note amends, modifies, continues, and restates the Prior Note, as defined below.

2. Interest. Until maturity (whether by acceleration, declaration, extension or otherwise), so long as no Event of Default shall have occurred and be continuing, interest shall accrue at four and 25/100 percent (4.25%) per annum, computed on the basis of the actual number of days elapsed over a 360-day year. After maturity or upon the occurrence and continuance of an Event of Default, the unpaid principal balance of this Note shall bear interest at the Default Rate, as defined in the Credit Agreement.

The rate of interest payable on this Note shall in no event exceed the maximum rate permissible under applicable laws (the "Maximum Legal Rate"). If the rate of interest payable on this Note is ever reduced as a result of this paragraph and at any time thereafter the Maximum Legal Rate shall exceed the rate of interest provided for in this Note, then the rate provided for in this Note shall be increased to the Maximum Legal Rate for such period as is required so that the total amount of interest received by the Lender is that which would have been received by the Lender but for the operation of the first sentence of this paragraph.

3. Repayment. The principal balance of this Note, together with interest thereon, shall be payable as follows:

(a) The Borrower shall make consecutive monthly payments of principal and accrued interest in the amount of **\$36,426.17** on the first day of each month commencing on **May 1, 2016**, plus one final payment of principal and interest in the amount of **\$4,858,220.37** and all then outstanding principal, interest, fees, and costs due on **April 30, 2018** (the "Term Loan B Termination Date"). A portion of the payment due on May 1, 2016, includes interest which has accrued under the Prior Note from April 1, 2016, through the date hereof.

(b) If not sooner paid, this Note shall mature, and the entire unpaid principal balance hereof, together with all accrued and unpaid interest thereon, shall be due and payable on the Term Loan B Termination Date, which will be the maturity date for this Note.

(c) If the principal of or interest on this Note, late charges, or any other amount required to be paid hereunder is not paid when due, whether by acceleration or otherwise, the Borrower shall, on demand, from time to time pay to the Lender interest on such principal, interest, late charges, or other amount from the date due until the date of payment (after as well as before any judgment) at the Default Rate; provided, however, that interest shall not accrue on any payment due under this Note (excluding payments of principal, interest, or late charges) until Lender gives to Borrower written notice of such amount due.

4. Business Days. If any payment on this Note becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day and, with respect to any payment which bears interest, interest thereon shall be payable at the then applicable rate of interest as herein provided during such extension.

5. Late Charge. If the Borrower fails to make any payment of principal, interest, prepayments, fees or any other amount becoming due pursuant to the provisions of this Note within ten (10) days of the date due and payable, the Borrower shall pay to the Lender a late charge equal to the greater of (a) \$50.00, or (b) five percent (5%) of the delinquent amount. Such 10-day period shall not be construed in any way to extend the due date of any such payment. Late charges are imposed for the purpose of defraying the Lender's expenses incident to the handling of delinquent payments, and are in addition to, and not in lieu of, the exercise by the Lender of any other rights and remedies hereunder or under applicable laws and any fees and expenses of any agents or attorneys which the Lender may employ upon the occurrence of an Event of Default.

6. Events of Defaults and Remedies. Upon the occurrence of an Event of Default specified in Section 8.9 (Inability to Pay Debts, Etc.), Section 8.10 (Bankruptcy) or Section 8.11 (Receiver, Etc.) of the Credit Agreement, the unpaid principal balance of this Note, together with all accrued interest then due thereon, shall immediately and automatically become due and payable in full by the Borrower to the Lender. Upon (i) the failure of the Borrower to pay, as and when due, any principal payment, interest, or other payment due hereunder (subject to the Cure Provisions set forth below, as applicable), or (ii) the occurrence of any other Event of Default under the Credit Agreement, the Lender or any other holder of this Note may, at its sole option, accelerate the maturity of this Note and declare the unpaid principal balance of this Note then outstanding, together with all interest accrued thereon, to be immediately due and payable, whereupon the entire unpaid principal balance of this Note, together with accrued but unpaid interest thereon, shall immediately and automatically become due and payable by the Borrower to the Lender. In addition, upon the occurrence of an Event of Default, the Lender may exercise any and all rights and remedies available to the Lender under this Note, the Credit Agreement, the other Financing Documents, or at law or in equity. The Borrower hereby waives diligence, presentment, demand, protest and notice of any kind except for any notice expressly provided for herein.

7. Cure Provisions. The Borrower shall have the limited right to cure any payment default under Section 6(i) of this Note on the following terms: If default occurs in the payment of money under this Note, such payment default may be cured if the Borrower, after being given written notice from the Lender demanding payment of such payment default, cures such payment default by payment in full within seven (7) days after such written demand; provided, however, the Borrower shall have the benefit of these cure provisions with respect to any payment default (and the Lender shall be required to send written demand for payment with respect to such payment default) only if the Borrower has not been given two (2) notices of payment default for the same type of payment default within the preceding twelve (12) months. Any notice of payment default regarding the late payment of principal and/or interest shall constitute the same type of payment default as any other notice of payment default regarding the late payment of principal and/or interest.

8. Manner of Making Payment. All payments of this Note, interest thereon and any other amounts payable hereunder shall be paid in lawful money of the United States of America, in cash or in other immediately available funds, during regular business hours of the Lender at the Lender's office located at any banking office of the Lender, or at such other place as the Lender or any other holder of this Note may at any time or from time to time designate in writing to the Borrower in accordance with the provisions of Section 10.3 (Notices) of the Credit Agreement.

9. Collection Costs. If this Note is forwarded to an attorney for collection after maturity hereof (whether by acceleration, declaration, extension or otherwise), the Borrower shall pay to the Lender on demand all reasonable costs and expenses of collection, including reasonable attorneys' fees.

10. Remedies Cumulative, Etc. The rights and remedies of the Lender or any other holder hereof under this Note, the Credit Agreement and/or the other Financing Documents shall be cumulative and concurrent and may be pursued and exercised singularly, successively or concurrently at the sole discretion of the Lender or any other holder hereof and may be exercised as often as the Lender or any other holder hereof shall deem necessary or desirable, and the non-exercise by the Lender or any other holder hereof of any such rights and remedies in any particular instance shall not in any way constitute a waiver or release thereof in that or any subsequent instance.

11. Notices. Any demand or notice hereunder or under any applicable law pertaining hereto shall be in writing and duly given if delivered to the Borrower at 5290 Concourse Drive, Roanoke, VA 24019, Attention: Neil D. Wilkin, President/CEO, or to the Lender at 36 Church Avenue SW, Roanoke, Virginia 24011, Attention: Scott L. Leffel, Senior Vice President. Such notice or demand shall be deemed sufficiently given for all purposes when delivered (a) by personal delivery and shall be deemed effective when delivered and receipt given by the addressee, or (b) by mail or courier and shall be deemed effective three (3) New York Business Days after deposit in an official depository maintained by the United States Post Office for the collection of mail as certified mail, return receipt requested and postage prepaid, or one (1) Business Day after delivery to a nationally recognized overnight courier service (e.g., Federal Express) for next business day delivery. Notice by e-mail is not valid notice under this or any other agreement between the Borrower and the Lender.

12. **GOVERNING LAW; JURISDICTION.** This Note has been delivered to and accepted by the Lender and will be deemed to be made in the Commonwealth of Virginia. Unless provided otherwise under federal law, this Note will be interpreted in accordance with the laws of the Commonwealth of Virginia excluding its conflict of laws rules. **THE BORROWER AND LENDER HEREBY IRREVOCABLY CONSENT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT IN THE COMMONWEALTH OF VIRGINIA IN A CITY, COUNTY OR JUDICIAL DISTRICT WHERE THE LENDER MAINTAINS AN OFFICE OR BRANCH; PROVIDED THAT NOTHING CONTAINED IN THIS NOTE WILL PREVENT THE LENDER FROM BRINGING ANY ACTION, ENFORCING ANY AWARD OR JUDGMENT OR EXERCISING ANY RIGHTS AGAINST THE BORROWER INDIVIDUALLY, AGAINST ANY SECURITY OR AGAINST ANY PROPERTY OF THE BORROWER WITHIN ANY OTHER CITY, COUNTY, STATE OR OTHER FOREIGN OR DOMESTIC JURISDICTION.** The Borrower and Lender acknowledge and agree that the venue provided above is the most convenient forum for both the Lender and the Borrower. The Borrower and Lender waive any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

13. **WAIVER OF JURY TRIAL.** **THE BORROWER AND THE LENDER HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY BORROWER AND THE LENDER MAY HAVE IN ANY ACTION OR PROCEEDING, IN LAW OR IN EQUITY, IN CONNECTION WITH THIS NOTE OR THE TRANSACTIONS RELATED HERETO. THE BORROWER REPRESENTS AND WARRANTS THAT NO REPRESENTATIVE OR AGENT OF THE LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE LENDER WILL NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THIS JURY TRIAL WAIVER. THE BORROWER ACKNOWLEDGES THAT THE LENDER HAS BEEN INDUCED TO ENTER INTO THIS NOTE BY, AMONG OTHER THINGS, THE PROVISIONS OF THIS SECTION.**

14. **Severability.** In the event that any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this Note operate or would prospectively operate to invalidate this Note, then and in either of those events, such provision or provisions only shall be deemed null and void and shall not affect any other provisions (or remaining part of the affected provision) of this Note which shall remain operative and in full force and effect and shall in no way be affected, prejudiced or disturbed thereby.

15. **Demand, Protest, Etc.** The Borrower, any endorsers and guarantors hereof, and all others who may become liable for all or any part of the obligations evidenced hereby and their respective successors and assigns, agree to be jointly and severally bound hereby, and jointly and severally waive presentment, demand, protest, notice of non-payment, and any and all lack of diligence or delays in collection or enforcement hereof. The Borrower and any endorsers and guarantors hereof further jointly and severally agree with the holder hereof that said holder may, without notice, in such manner, on such terms and for such time(s) as the holder may see fit, extend or renew this Note, and/or release any maker, endorser, or guarantor hereof, and/or substitute or add guarantors, and/or substitute or release collateral or any part thereof, all without in any way affecting, releasing, or foregoing the joint and several liability of the Borrower and all endorsers and guarantors hereof.

16. **Prior Note.** The Borrower acknowledges and agrees that this Note amends, modifies, continues, and restates a prior note dated May 30, 2008, in the original principal amount of Six Million Five Hundred Thousand and no/100 (\$6,500,000.00), given by the Borrower and Superior Modular Products Incorporated in favor of Valley Bank, a Virginia banking corporation, its affiliates and their successors and assigns, as the same may have been amended or modified from time to time (the "**Prior Note**"), and further, that: (a) the obligations of the Borrower as evidenced by the Prior Note shall continue in full force and effect, as amended, modified, continued, and restated by this Note, all of such obligations being hereby ratified and confirmed by the Borrower; (b) any and all liens, pledges, assignments and security interests securing the Borrower's obligations under the Prior Note shall continue in full force and effect, are hereby ratified and confirmed by the Borrower, and are hereby acknowledged by the Borrower to secure, among other things, all of the Borrower's obligations to the Lender under this Note, with the same priority, operation and effect as that relating to the obligations under the Prior Note; and (c) nothing herein contained shall be construed to extinguish, release, or discharge, or constitute, create, or effect a novation of, or an agreement to extinguish, the obligations of the Borrower with respect to the indebtedness originally described in the Prior Note or any of the liens, pledges, assignments and security interests securing such obligations. Bank of North Carolina is the successor by merger to Valley Bank and is the holder of the Prior Note. Subsequent to the execution of the Prior Note, Superior Modular Products Incorporated was merged into the Borrower with the Borrower being the surviving entity.

17. **Miscellaneous.** No waiver or amendment of any provision of this Note shall be effective unless made specifically in writing by the Lender. No course of dealing or other conduct, no oral agreement or representation made by the Lender, and no usage of trade, shall operate as a waiver of any right or remedy of the Lender. No waiver of any right or remedy of the Lender shall be effective unless made specifically in writing by the Lender. Borrower agrees that in any legal proceeding a copy of this Note kept in the Lender's course of business may be admitted into evidence as an original. Section headings are for convenience only. Singular number includes plural and neuter gender includes masculine and feminine, as appropriate.

[Signature Page Follows]

WITNESS the due execution hereof as a SEALED INSTRUMENT this 26th day of April, 2016.

WITNESS:

OPTICAL CABLE CORPORATION,
a Virginia corporation

/s/ Nicole Ingle
Signature of Witness

By: /s/ Tracy G. Smith (SEAL)
Tracy G. Smith
Chief Financial Officer and SVP

Nicole Ingle
Typed Name of Witness

Address: 5290 Concourse Drive
Roanoke, Virginia 24019
Attention: Tracy G. Smith

COMMONWEALTH OF VIRGINIA

CITY/COUNTY OF Roanoke, to wit:

The foregoing instrument was acknowledged before me this 26th day of April, 2016, by Tracy G. Smith, as Chief Financial Officer and SVP of Optical Cable Corporation, a Virginia corporation, on behalf of the corporation.

/s/ Virginia S. Coley
Notary Public

My commission expires: 7/31/16
Registration No.: 228229

Return to:

Prepared by: Dennis A. Barbour (VSB 22144), 4415 Electric Road, Roanoke, Virginia 24018

Tax Map Parcels: 037.07-01-05.02-0000, 037.07-01-15.00-0000 & 037.07-01-15.01-0000

Recording Tax Exemption: Virginia Code Section 58.1-809. This instrument does not increase the amount of the principal obligation secured thereby.

MODIFICATION OF CREDIT LINE DEED OF TRUST

THIS MODIFICATION OF CREDIT LINE DEED OF TRUST (this "Modification") dated April 26, 2016, is made and executed among OPTICAL CABLE CORPORATION, a Virginia corporation, whose address is 5290 Concourse Drive, Roanoke, Virginia 24019 ("Grantor"); ANDREW B. AGEE, whose business address is 36 Church Avenue SW, Roanoke, VA 24011, as Trustee ("Grantee," also referred to below as "Trustee"); and BANK OF NORTH CAROLINA, organized and existing under the laws of North Carolina (and successor by merger with VALLEY BANK), whose address is PO Box 1148, Thomasville, NC 27361-1148 ("Beneficiary," also referred to below as "Lender").

THIS IS A CREDIT LINE DEED OF TRUST. The name of the Beneficiary is Bank of North Carolina and the address at which communications may be mailed or delivered to the Beneficiary is PO Box 1148, Thomasville, North Carolina, 27361-1148. The maximum aggregate amount of principal to be secured at any one time is \$17,000,000.00. The name and address of the Beneficiary are changed from the information listed in the Deed of Trust.

DEED OF TRUST. Grantor executed and delivered a Deed of Trust dated May 30, 2008, recorded on May 30, 2008, in the Clerk's Office of the Circuit Court of Roanoke County, Virginia, as Instrument #200807565, as corrected by Corrected Deed of Trust dated June 4, 2008, and recorded on June 4, 2008, in the Clerk's Office aforesaid as Instrument #200807923 (collectively, the "**Deed of Trust**"), with respect to certain real property more particularly described in the Deed of Trust. The Deed of Trust encumbers the Real Property as described therein and more particularly described on attached Schedule A.

Since the recordation of the Deed of Trust, the following events have occurred: (1) Valley Bank merged into Bank of North Carolina, with Bank of North Carolina being the surviving entity, (2) Grantor and Beneficiary have entered into a new Credit Agreement dated the same date as this instrument which amends, modifies, continues, and restates the Credit Agreement dated May 30, 2008, as referenced in the Deed of Trust prior to this Modification, and (3) Beneficiary appointed and substituted Andrew B. Agee as Trustee under the Deed of Trust by Substitution of Trustee recorded prior to this instrument.

MODIFICATION. Grantor, Trustee and Lender hereby modify the Deed of Trust as follows:

1. Definitions. The definitions of **Agreement, Beneficiary** and **Obligations** as set forth in the Deed of Trust are modified to provide as follows, and the definitions of **Credit Agreement, Notes,** and **Prior Agreement** are added as follows:

(a) **Agreement.** The word “Agreement” means the Prior Agreement as amended, modified, continued, and restated by the Credit Agreement.

(b) **Beneficiary.** The word “Beneficiary” means Bank of North Carolina and its successors and assigns.

(c) **Obligations.** The word “Obligations” means all of the Obligations as defined in the Deed of Trust and, in addition, all “Obligations” as defined in the Credit Agreement including but not limited to the Notes (together with any and all modifications, extensions, amendments, consolidations, substitutions, replacements, supplements, or renewals thereof), all of which are incorporated herein as if fully set forth in this Modification.

(d) **Credit Agreement.** The word “Credit Agreement” means the Credit Agreement by and between Grantor and the Beneficiary of even date herewith, as the same may be amended, restated, renewed, extended, supplemented or otherwise modified from time to time, which Credit Agreement amends, modifies, continues, and restates the Prior Agreement.

(e) **Notes.** The word “Notes” means the three promissory notes of even date herewith executed and delivered pursuant to the Credit Agreement by Grantor in favor of Beneficiary as follows: Revolving Credit Note in the principal amount of \$7,000,000.00, Term Loan A Note in the principal amount of \$1,816,609.03, and Term Loan B Note in the principal amount of \$5,271,410.83, as the same, or any of them, may be amended, restated, renewed, extended, supplemented or otherwise modified from time to time.

(f) **Prior Agreement.** The words “Prior Agreement” shall mean the Credit Agreement dated May 30, 2008, in the total principal amount of \$17,000,000.00 as described in the Recitals on page one of the Deed of Trust, which has been amended, modified, continued, and restated by the Credit Agreement.

2. Agreement. All references in the Deed of Trust to “Agreement” shall mean the “Agreement” as defined in this Modification.

3. Beneficiary. All references in the Deed of Trust to “Beneficiary” shall mean the “Beneficiary” as defined in this Modification.

4. Obligations. All references in the Deed of Trust to “Obligations” shall mean the “Obligations” as defined in this Modification.

5. Trustee. All references in the Deed of Trust to “Trustee” shall mean Andrew B. Agee, Trustee, as designated and appointed as Trustee in substitution of LeClairRyan in accordance with Virginia Code Section 55-59(9).

6. No Novation. The Deed of Trust secures the Obligations as defined in this Modification. There has been no novation with regard to any indebtedness or obligations originally secured by the Deed of Trust, and such indebtedness and obligations of Grantor secured by the Deed of Trust are not extinguished or released hereby. This Modification shall not release or affect the liability of any co-makers, obligors, endorsers, or guarantors of the obligations secured by the Deed of Trust except as may be expressly provided herein. All references to the "Virginia Deed of Trust" in any of the Financing Documents (which include the Credit Agreement and the Notes, and as more particularly defined in the Credit Agreement) shall hereinafter be deemed to refer to the Deed of Trust as amended, modified, continued, and restated hereby and by any other modification or amendment. Grantor represents, affirms and agrees that the Deed of Trust, as modified hereby, along with the Credit Agreement and the other Financing Documents, are and shall remain in full force and effect and be binding upon Grantor without defense or offset of any nature. Beneficiary, by its execution of this Modification, evidences its consent to the modifications herein set forth.

7. Credit Line Deed of Trust. The parties agree to change the name and address of the Beneficiary as set forth on page 1 of this Modification under the heading THIS IS A CREDIT LINE DEED OF TRUST.

8. Incorporation of Statutory Provisions. This Modification incorporates into the Deed of Trust the provisions of Virginia Code Section 55-59 and the following provisions of Virginia Code Section 55-60 and Virginia Code Section 55-59.2:

- (a) Exemptions waived.
- (b) Subject to call upon default.
- (c) Renewal, extension or reinstatement permitted.
- (d) Substitution of Trustee permitted.
- (e) Any Trustee may act.
- (f) Advertisement required: Once a week for two consecutive weeks.

9. Insurance. In addition to the insurance requirements set forth in the Deed of Trust, Grantor covenants to comply with the insurance requirements of the Credit Agreement.

10. Notices. The address of the Trustee is listed in the preamble of this Modification, and the address of the Beneficiary is listed in the preamble of this Modification.

11. Grant in Trust. In consideration of the foregoing and other good and valuable consideration, Grantor grants, conveys, transfers, encumbers, pledges and assigns, with general warranty of title and power of sale, to Trustee for the benefit of Lender as Beneficiary, all of the Property as defined and described in the Deed of Trust, including, but not limited to, the Real Property as more particularly described in Exhibit A attached to and made a part of this Modification, **IN TRUST** to secure the Beneficiary for the payment and performance of the Obligations.

12. Continuation of Representations, Warranties, etc. All of the representations, warranties, agreements, and covenants of Grantor with respect to the Property (including, but not limited to warranties of title), as set forth in the Deed of Trust, are hereby ratified and affirmed by Grantor.

13. Effect of Modification. Except as expressly modified above, the terms of the Deed of Trust shall remain unchanged and in full force and effect. Consent by Lender to this Modification does not waive Lender's right to require strict performance of the Deed of Trust as modified hereby nor obligate Lender to make any future modifications. Nothing in this Modification shall constitute a satisfaction or extinguishment of the indebtedness and obligations secured by the Deed of Trust. Grantor and Beneficiary expressly agree that this Modification is effective in accordance with its terms, and they hereby expressly ratify and affirm the Deed of Trust as modified by this Modification and direct the Trustee to execute this Modification.

[Signatures on Following Pages]

SIGNATURE AND ACKNOWLEDGMENT

Grantor has executed this Modification of Credit Line Deed of Trust with the specific intention of creating an instrument under seal as of the date first written above.

GRANTOR:

OPTICAL CABLE CORPORATION,
a Virginia corporation

By: /s/ Tracy G. Smith (SEAL)
Tracy G. Smith
Chief Financial Officer and SVP

COMMONWEALTH OF VIRGINIA

CITY/~~COUNTY~~ OF Roanoke, to wit:

The foregoing instrument was acknowledged before me this 26th day of April, 2016, by **Tracy G. Smith**, as Chief Financial Officer and SVP of Optical Cable Corporation, a Virginia corporation, on behalf of the corporation.

/s/ Virginia S. Coley [SEAL]
Notary Public

My commission expires: 7/31/16

Registration Number: 228229

[Signatures Continued on Following Page]

BENEFICIARY:

BANK OF NORTH CAROLINA,
a North Carolina banking corporation

By: /s/ Scott L. Leffel (SEAL)
Scott L. Leffel
Senior Vice President

COMMONWEALTH OF VIRGINIA
CITY OF ROANOKE, to-wit:

The foregoing instrument was acknowledged before me this 26th day of April, 2016, by **Scott L. Leffel**, Senior Vice President of Bank of North Carolina, a North Carolina banking corporation, on behalf of the corporation.

/s/ Virginia S. Coley [SEAL]
Notary Public

My commission expires: 7/31/16

Registration Number: 228229

TRUSTEE:

/s/ Andrew B. Agee (SEAL)
Andrew B. Agee, Trustee

COMMONWEALTH OF VIRGINIA
CITY OF ROANOKE, to-wit:

The foregoing instrument was acknowledged before me this 26th day of April, 2016, by **Andrew B. Agee, Trustee**.

/s/ Virginia S. Coley [SEAL]
Notary Public

My commission expires: 7/31/16

Registration Number: 228229

SCHEDULE A

LEGAL DESCRIPTION

Roanoke County, Virginia

PARCEL 1: ALL THOSE LOTS IN HOLLINS MAGISTERIAL DISTRICT, ROANOKE COUNTY, VIRGINIA, MORE PARTICULARLY DESCRIBED AS "NEW TRACT 2A-1, CONTAINING 11.284 ACRES" AND "TRACT 3E-1A, CONTAINING 11.238 ACRES", ON PLAT OF SURVEY DATED MARCH 20, 1997, PREPARED BY LUMSDEN ASSOCIATES, P.C., ENTITLED "PLAT SHOWING THE COMBINATION OF TRACT 3C AND TRACT 2A PROPERTY OF OPTICAL CABLE CORPORATION, CREATING HEREON NEW TRACT 2A-1 (11.284 AC.) SITUATED ALONG VALLEYPOINTE PARKWAY AT THE TERMINUS OF NORTH & SOUTH CONCOURSE DRIVE, A COPY OF WHICH SURVEY IS RECORDED IN THE CLERK'S OFFICE, CIRCUIT COURT OF ROANOKE COUNTY, VIRGINIA, IN PLAT BOOK 20, PAGE 72; AND,

BEING THAT PROPERTY DESCRIBED IN DEED BOOK 1403, PAGE 469; IN DEED BOOK 1459, PAGE 1925; AND IN DEED BOOK 1521, PAGE 994; OF RECORD IN THE AFORESAID CLERK'S OFFICE; AND,

PARCEL 2: ALL THAT LOT OR PARCEL OF LAND LYING AT THE INTERSECTION OF VALLEYPOINTE PARKWAY AND NORTH CONCOURSE DRIVE (FORMERLY CONCOURSE DRIVE) IN THE VALLEYPOINTE INDUSTRIAL PARK, CONTAINING .488 ACRE, AS SHOWN ON "PLAT OF SURVEY SHOWING THE SUBDIVISION AND DEDICATION OF THE PROPERTY OF THE BOARD OF SUPERVISORS OF ROANOKE COUNTY", DATED MAY 10, 1990, AND RECORDED IN THE AFORESAID CLERK'S OFFICE, IN PLAT BOOK 12, PAGE 133; AND,

BEING THAT PROPERTY DESCRIBED IN DEED BOOK 1557, PAGE 1371, OF RECORD IN THE AFORESAID CLERK'S OFFICE.

THIS DEED OF TRUST IS A MODIFICATION OF A DEED OF TRUST recorded in Deed Book 4570, Page 969, as corrected and amended by Corrected Deed of Trust recorded in Deed Book 4573, page 1676 (collectively, the “*Deed of Trust*”), which is modified and amended by this Modification.

Since the recordation of the Deed of Trust, the following events have occurred: (1) Superior Modular Products Incorporated merged into Optical Cable Corporation, with Optical Cable Corporation being the surviving entity, (2) Valley Bank merged into Bank of North Carolina, with Bank of North Carolina being the surviving entity, (3) Grantor and Beneficiary have entered into a new Credit Agreement dated the same date as this instrument which amends, modifies, continues, and restates the Credit Agreement dated May 30, 2008, as referenced in the Deed of Trust prior to this Modification, and (4) Beneficiary appointed and substituted Andrew B. Agee as Trustee under the Deed of Trust by instrument recorded prior to this instrument.

MODIFICATION. Grantor, Trustee, and Lender hereby modify the Deed of Trust as follows:

1. Definitions. The definitions of **Agreement**, **Grantor**, **Beneficiary** and **Obligations** as set forth in the Deed of Trust are modified to provide as follows, and the definitions of **Credit Agreement**, **Notes**, and **Prior Agreement** are added as follows:

- (a) **Agreement.** The word “Agreement” means the Prior Agreement as amended, modified, continued, and restated by the Credit Agreement.
- (b) **Grantor.** The word “Grantor” means Optical Cable Corporation, a Virginia corporation and successor by merger to Superior Modular Products Incorporated.
- (c) **Beneficiary.** The word “Beneficiary” means Bank of North Carolina and its successors and assigns.
- (d) **Obligations.** The word “Obligations” means (i) all of the Obligations as defined in the Deed of Trust, (ii) all obligations stated or referred to in this Modification including, without limitation, all Future Advances as described below, and (iii) all “Obligations” as defined in the Credit Agreement including but not limited to the Notes (together with any and all modifications, extensions, amendments, consolidations, substitutions, replacements, supplements, or renewals thereof), all of which are incorporated herein as if fully set forth in this Modification.
- (e) **Credit Agreement.** The word “Credit Agreement” means the Credit Agreement by and between Grantor and the Beneficiary of even date herewith, as the same may be amended, restated, renewed, extended, supplemented or otherwise modified from time to time, which Credit Agreement amends, modifies, continues, and restates the Prior Agreement.

(f) **Notes.** The word “Notes” means the three promissory notes of even date herewith executed and delivered pursuant to the Credit Agreement by Grantor in favor of Beneficiary as follows: Revolving Credit Note in the principal amount of \$7,000,000.00, Term Loan A Note in the principal amount of \$1,816,609.03, and Term Loan B Note in the principal amount of \$5,271,410.83, as the same, or any of them, may be amended, restated, renewed, extended, supplemented or otherwise modified from time to time.

(g) **Prior Agreement.** The words “Prior Agreement” shall mean the Credit Agreement dated May 30, 2008, in the total principal amount of \$17,000,000.00 as described in the Recitals on page two of the Deed of Trust, which has been amended, modified, continued, and restated by the Credit Agreement.

2. **Agreement.** All references in the Deed of Trust to “Agreement” shall mean the “Agreement” as defined in this Modification.

3. **Beneficiary.** All references in the Deed of Trust to “Grantor” and “Beneficiary” shall mean the “Grantor” and “Beneficiary”, respectively, as defined in this Modification.

4. **Obligations.** All references in the Deed of Trust to “Obligations” shall mean the “Obligations” as defined in this Modification.

5. **Trustee.** All references in the Deed of Trust to “Trustee” shall mean Andrew B. Agee, Trustee, as designated and appointed as Trustee in substitution of LeClairRyan in accordance with N.C.G.S. Section 45-10. Beneficiary shall at any time have the irrevocable right to remove Trustee herein named without notice or cause and to appoint its successor by an instrument in writing, duly acknowledged, in such form as to entitle such written instrument to be recorded in North Carolina. In the event of the death, cessation of business, termination of existence or resignation of Trustee herein named, Beneficiary shall have the right to appoint its successor by such written instrument. Any Trustee so appointed shall be vested with the title to the collateral and shall possess all the powers, duties and obligations herein conferred on Trustee in the same manner and to the same extent as though he were named herein as Trustee.

6. **No Novation.** The Deed of Trust secures the Obligations as defined in this Modification. There has been no novation with regard to any indebtedness or obligations originally secured by the Deed of Trust, and such indebtedness and obligations of Grantor secured by the Deed of Trust are not extinguished or released hereby. This Modification shall not release or affect the liability of any co-makers, obligors, endorsers, or guarantors of the obligations secured by the Deed of Trust except as may be expressly provided herein. All references to the “Deed of Trust recorded in the land records of Buncombe County, North Carolina” or the “North Carolina Deed of Trust” in any of the Financing Documents (which include the Credit Agreement and the Notes, and as more particularly defined in the Credit Agreement) shall hereinafter be deemed to refer to the Deed of Trust as amended, modified, continued, and restated hereby and by any other modification or amendment. Grantor represents, affirms and agrees that the Deed of Trust, as modified hereby, along with the Credit Agreement and the other Financing Documents, are and shall remain in full force and effect and be binding upon Grantor without defense or offset of any nature. Beneficiary, by its execution of this Modification, evidences its consent to the modifications herein set forth.

7. **Incorporation of Statutory Provisions.** This Modification incorporates into the Deed of Trust the provisions of N.C.G.S. Section 45 as it relates to the Right to Foreclose or Sell under Power and Sales under Power of Sale.

8. **Insurance.** In addition to the insurance requirements set forth in the Deed of Trust, Grantor covenants to comply with the insurance requirements of the Credit Agreement.

9. **Notices.** The address of the Trustee is listed in the preamble of this Modification, and the address of the Beneficiary is listed in the preamble of this Modification.

10. **Grant in Trust and Warranty of Title.** In consideration of the foregoing and other good and valuable consideration, Grantor hereby reaffirms the grant and conveyance to Trustee, in trust for the benefit of Lender and the successors, successors-in-title and assigns of Lender, with power of sale, as set forth in the Deed of Trust, of all of the estate, right, title, and interest that Grantor now has or may later acquire in and to the Property as defined and described in the Deed of Trust, including, but not limited to, the Real Property as more particularly described in Exhibit A attached to and made a part of this Modification, which Property is not used principally or primarily for agricultural or farming purposes.

TO HAVE AND TO HOLD the Property and all parts, rights, members, and appurtenances thereto, to the use and benefit of Trustee in trust for the benefit of Lender as Beneficiary, and all of such Lender's successors and assigns, forever, IN FEE SIMPLE.

Grantor covenants with Trustee and Beneficiary that it is seized of the Real Property in fee simple, and is the sole owner of the Real Property and has the right to convey its interest in the Real Property as provided herein; that title is marketable and free and clear of all encumbrances, except for Permitted Liens (as defined in the Credit Agreement); and that it will warrant and defend the title to the Real Property against the lawful claims of all persons whomsoever, except for the Permitted Liens.

11. **Obligations Secured by Deed of Trust.** Grantor makes the grant, conveyance, transfer and assignment of the Property for the benefit of Lender and the purpose of securing the Obligations.

12. **Future Advances.** The Deed of Trust secures to Lender payment of all future advances, indebtedness and further sums and/or performance of such further obligations as Grantor or the then record owner of the Property or the then owner of the balance of the Property may undertake to pay and/or perform (whether as principal, surety, or guarantor) for the benefit of Lender, its successors or assigns, (it being contemplated by Grantor and Lender that Grantor may hereafter become indebted to Lender in such further sum or sums), when such borrowing and/or obligations are evidenced by a written instrument reciting that it or they are secured by the Deed of Trust. As provided pursuant to the provisions of Section 45-67, et seq., of the North Carolina General Statutes, the Deed of Trust is given wholly or partly to secure future advances and/or future obligations that may be incurred. The maximum principal amount that may be secured by the Deed of Trust at any one time is \$17,000,000.00, exclusive of payments made, sums advanced and expenses incurred by Beneficiary (and interest accrued thereon): (i) for insurance, taxes and assessments; (ii) to protect Beneficiary's interest under the Deed of Trust; or (iii) to preserve and protect the value or condition of the Property. Future advances or future obligations to be secured by the Deed of Trust shall be made or incurred no later than May 30, 2038. All terms and conditions under which future advances may be made are set forth in the Financing Documents. Beneficiary is obligated to make future advances only in accordance with the terms and conditions of the Financing Documents and nothing in this Modification shall require Beneficiary to make any future advances.

13. Continuation of Representations, Warranties, etc. All of the representations, warranties, agreements, and covenants of Grantor with respect to the Property, as set forth in the Deed of Trust, are hereby ratified and affirmed by Grantor. In addition, Grantor represents and warrants that Grantor: (i) holds good and marketable fee simple title to all of the Real Property, subject only to Permitted Liens (as defined in the Credit Agreement); (ii) has the right to transfer such Real Property in accordance with the terms contained herein; and (iii) has good title to all portions of the Property other than the Real Property, subject only to Permitted Liens.

14. Effect of Modification. Except as expressly modified above, the terms of the original Deed of Trust shall remain unchanged and in full force and effect. Consent by Beneficiary to this Modification does not waive Beneficiary's right to require strict performance of the Deed of Trust as modified hereby nor obligate Beneficiary to make any future modifications. Nothing in this Modification shall constitute a satisfaction or extinguishment of the indebtedness and obligations secured by the Deed of Trust. Grantor and Beneficiary expressly agree that this Modification is effective in accordance with its terms, and they hereby expressly ratify and affirm the Deed of Trust as modified by this Modification and direct the Trustee to execute this Modification.

15. Remedies Not Exclusive. Lender and Trustee shall be entitled to enforce the payment and performance of any Obligations and to exercise any and all rights and powers under the Deed of Trust or any other Financing Document, notwithstanding the fact that some or all of the Obligations may now or hereafter be otherwise secured. Lender and Trustee shall be entitled to enforce all such rights concurrently or separately, in such order and manner as Lender may in its absolute discretion determine. No remedy is intended to be exclusive of any other remedy, but each shall be cumulative and in addition to the others, to the fullest extent permitted by law.

16. Waiver of Appraisal, Valuation, Etc. GRANTOR AGREES, TO THE FULL EXTENT PERMITTED BY LAW, THAT IN CASE OF AN EVENT OF DEFAULT ON THE PART OF GRANTOR HEREUNDER, NEITHER GRANTOR NOR ANY PERSON CLAIMING THROUGH OR UNDER GRANTOR WILL SET UP, CLAIM OR SEEK TO TAKE ADVANTAGE OF ANY MORATORIUM, REINSTATEMENT, FORBEARANCE, APPRAISEMENT, VALUATION, STAY, EXTENSION, EXEMPTION OR REDEMPTION LAWS NOW OR HEREAFTER IN FORCE, IN ORDER TO PREVENT OR HINDER THE ENFORCEMENT OR FORECLOSURE OF THIS DEED OF TRUST, OR THE ABSOLUTE SALE OF THE PROPERTY, OR THE DELIVERY OF POSSESSION THEREOF IMMEDIATELY AFTER SUCH SALE TO THE PURCHASER AT SUCH SALE, AND GRANTOR, FOR GRANTOR AND ALL WHO MAY AT ANY TIME CLAIM THROUGH OR UNDER GRANTOR, HEREBY WAIVES TO THE FULL EXTENT THAT IT MAY LAWFULLY SO DO, THE BENEFIT OF ALL SUCH LAWS, AND ANY AND ALL RIGHT TO HAVE THE ASSETS SUBJECT TO THE SECURITY INTEREST OF THIS DEED OF TRUST MARSHALLED UPON ANY FORECLOSURE OR SALE UNDER THE POWER HEREIN GRANTED.

17. Additional Provisions. The Credit Agreement and the other Financing Documents fully state all of the terms and conditions of the parties' agreement regarding the matters mentioned in or incidental to the Deed of Trust. The Credit Agreement and the other Financing Documents also grant further rights to Lender and contain further agreements and affirmative and negative covenants by Grantor that apply to the Deed of Trust and to the Property. Any capitalized terms used but not defined herein shall have the meaning given in the Credit Agreement.

18. Amendments. The Deed of Trust cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by Grantor and Beneficiary. The joinder of Trustee shall not be required for any amendment of the Deed of Trust.

19. Successors in Interest. Subject to the limitations on transfer contained in the Financing Documents, the terms, covenants, and conditions herein contained shall be binding upon and inure to the benefit of the heirs, legatees, devisees, administrators, executors, successors and assigns of the parties hereto.

20. Modification and Extensions. References to the Note, the Credit Agreement, and the Financing Documents in this document shall be deemed to include all modifications, extensions and renewals thereof.

21. Applicable Law.

THE PROVISIONS OF THIS DEED OF TRUST SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA WITH RESPECT TO THE CREATION AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS IN FIXTURES CREATED BY THIS DEED OF TRUST, PROVIDED THAT THE LAWS OF THE COMMONWEALTH OF VIRGINIA SHALL APPLY TO THIS DEED OF TRUST TO THE EXTENT SET FORTH IN THE CREDIT AGREEMENT, WHICH PROVISIONS OF THE CREDIT AGREEMENT ARE HEREBY INCORPORATED BY REFERENCE, WITHOUT REGARD TO THE CHOICE OF LAW RULES OR CONFLICTS OF LAW PRINCIPLES OF THE STATE OF NORTH CAROLINA OR ANY OTHER STATE, EXCEPT TO THE EXTENT THAT FEDERAL LAWS PREEMPT SUCH STATE LAWS.

22. Merger. No merger shall occur as a result of Lender's acquiring any other estate in or any other lien on the Property unless Lender consents to a merger in writing.

23. Waiver of Marshaling. Grantor waives all rights, legal and equitable, it may now or hereafter have to require marshaling of assets or to require upon foreclosure sales of assets in a particular order. Each successor and assign of Grantor, including any holder of a lien subordinate to the Deed of Trust, by acceptance of its interest or lien agrees that it shall be bound by the above waiver, as if it had given the waiver itself.

24. **Waiver Of Jury Trial.** LENDER AND GRANTOR EACH HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THE DEED OF TRUST. THIS WAIVER IS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY MADE BY LENDER AND GRANTOR, AND LENDER AND GRANTOR ACKNOWLEDGE THAT NO PERSON ACTING ON BEHALF OF THE OTHER PARTY TO THE DEED OF TRUST HAS MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. LENDER AND GRANTOR FURTHER ACKNOWLEDGE THAT THEY HAVE BEEN REPRESENTED (OR HAVE HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THE DEED OF TRUST AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF THEIR OWN FREE WILL, AND THAT THEY HAVE HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

25. **Waiver of Homestead.** Grantor fully and absolutely waives and releases all rights and claims it may have in or to the Property as a homestead exemption or other exemption under and by virtue of any act or law now existing or which may hereinafter be passed in relation thereto.

26. **Commercial Transaction.** The interest of Lender hereunder and the obligations of Grantor for the Obligations arise from a "commercial transaction" and not a consumer purpose transaction.

27. **Notice of Indemnification.** GRANTOR HEREBY ACKNOWLEDGES AND AGREES THAT THE DEED OF TRUST CONTAINS CERTAIN INDEMNIFICATION PROVISIONS.

28. **Deficiency Judgment.** Grantor acknowledges that in any foreclosure proceeding or thereafter, Beneficiary may seek a deficiency judgment against Grantor or any other obligor on the debt.

29. **Waiver of Statutory Rights.** Grantor waives any right to require Beneficiary to bring any action against any other person or to require that resort be had to any security or to any balances of any deposit or other accounts on the books of Beneficiary in favor of any other person; and, without limiting the foregoing, but in furtherance thereof, Grantor waives any rights Grantor otherwise might have or have had under N.C.G.S. § 26-7, et. seq., or any other laws that require or may require Beneficiary to recover against some other person, or to realize upon any security which Beneficiary holds for the Obligations. Grantor further waives all rights under N.C.G.S. § 45-21.36 or any other law that may limit Beneficiary's recovery of a deficiency from Grantor. Grantor also waives any and all right of subrogation, contribution, reimbursement and indemnity whatsoever or any right of recourse to or with respect to the assets or property of any person that is or may be security for the Obligations.

30. **Complete Release.** Should the Obligations be satisfied in full and Grantor perform all the covenants herein contained, then the Deed of Trust shall be cancelled and surrendered.

[Signatures on Following Pages]

SIGNATURE AND ACKNOWLEDGMENT

Grantor has executed this Modification with the specific intention of creating an instrument under seal as of the date first written above.

GRANTOR:

OPTICAL CABLE CORPORATION,
a Virginia corporation

By: /s/ Tracy G. Smith (SEAL)
Tracy G. Smith
Chief Financial Officer and SVP

COMMONWEALTH OF VIRGINIA

CITY/COUNTY OF Roanoke, to wit:

The foregoing instrument was acknowledged before me this 25 day of April, 2016, by **Tracy G. Smith**, as Chief Financial Officer and SVP of Optical Cable Corporation, a Virginia corporation, on behalf of the corporation.

/s/ Deborah C. Burch [SEAL]
Printed Name: Deborah C. Burch, Notary Public

My commission expires: Feb. 28, 2018

Registration Number: 7327086

[Signatures Continued on Following Page]

BENEFICIARY:

BANK OF NORTH CAROLINA,
a North Carolina banking corporation

By: /s/ Scott L. Leffel (SEAL)
Scott L. Leffel
Senior Vice President

COMMONWEALTH OF VIRGINIA

CITY OF ROANOKE, to-wit:

The foregoing instrument was acknowledged before me this 25th day of April, 2016, by **Scott L. Leffel**, Senior Vice President of Bank of North Carolina, a North Carolina banking corporation, on behalf of the corporation.

/s/ Cynthia Marie Tourville [SEAL]
Printed Name: Cynthia Marie Tourville, Notary Public

My commission expires: 3-31-18

Registration Number: 299461

TRUSTEE:

/s/ Andrew B. Agee (SEAL)

Andrew B. Agee, Trustee

COMMONWEALTH OF VIRGINIA

CITY OF ROANOKE, to-wit:

The foregoing instrument was acknowledged before me this 25th day of April, 2016, by **Andrew B. Agee, Trustee**.

/s/ Cynthia Marie Tourville [SEAL]

Printed Name: Cynthia Marie Tourville, Notary Public

My commission expires: 3-31-18

Registration Number: 299461

SCHEDULE A
Property Description

Tract 1

Lying in Swannanoa Township, Buncombe County, North Carolina, and being more particularly described as follows:

Beginning at a rebar set in the center of the Southern Railroad right of way, said rebar being the northeast corner of Tract 2 described in that deed dated October 12, 1978 to Julius Blum recorded in Buncombe County Deed Book 1201 at page 389, said beginning corner also being the northeast corner of the tract described in the document recorded in Buncombe County Deed Book 1409 at page 119; and running thence South 3 deg. 42 min. West 488.96 feet to a point in the northern right of way of Interstate 40; thence with said margin of said right of way the following three courses and distances, to wit: South 84 deg. 6 min. West 100.51 feet to a right of way monument, South 68 deg. 30 min. West 252.42 feet to a right of way monument and South 76 deg. 17 min. West 236.01 feet to a point; thence leaving said right of way and running North 22 deg. 2 min. West 197.36 feet to a spike set in the centerline of a gravel drive, said point hereinafter the "Drive Point"; and running thence North 60 deg. 44 min. East 141.17 feet to a set spike; thence North 22 deg. 2 min. West 303.26 feet to a point in the center of the Southern Railroad right of way; thence with said center of said right of way, North 80 deg. 14 min. East 670.09 feet to the Beginning. Containing 7.03 acres as shown on a plat thereof prepared by Kenneth O. Pankow, entitled "Survey for Superior Modular Products, Incorporated" dated February 1, 1996, revised through July 11, 1996. [Note – The unrevised version of this plat is recorded in Buncombe County Plat Book 64 at page 196.] Together with a non-exclusive easement for ingress, egress and regress 40 feet in width (the "Present Right of Way"), the centerline of which is described as follows:

Beginning at a set spike which stands North 60 deg. 44 min. East 141.17 feet from the Drive Point and running thence from the beginning point thus established, South 60 deg. 44 min. West 141.17 feet to the Drive Point; thence South 79 deg. 49 min. West 197.58 feet to a set spike; thence on a curve to the right with a radius of 155 feet, a chord bearing and distance of North 89 deg. 47 West 55.91 feet, an arc length of 56.22 feet to a point; thence North 79 deg. 24 min. West 192.58 feet to a point; thence on a curve to the left with a radius of 110 feet, a chord bearing and distance of North 89 deg. 37 min. West 39.03 feet, an arc length of 39.24 feet to a point; thence South 80 deg. 10 min. West 53.17 feet to the center of Buckeye Cove Road. The foregoing right of way is subject to the encroachment thereon by the portion of the building located thereon, as shown on the said plat of Kenneth O. Pankow.

Notwithstanding the foregoing, the Present Right of Way is terminable by Buckeye Limited Partnership or its successor in ownership of the 4.22 Acre Tract shown on said Pankow plat, in the manner set forth hereafter. At such time as there is constructed a roadway (the "Roadway") of as good quality, material and width as that which presently exists within the Present Right of Way, Grantee shall be provided with a document in recordable form granting a perpetual, non-exclusive easement 40 feet in width over the Roadway and upon which Grantee shall release all its rights in the Present Right of Way by joining therein. The centerline of the Roadway is intended to be substantially as follows: Beginning at the Drive Point and running thence, North 60 deg. 44 min. East 79.49 feet to a point; thence on a curve to the left with a radius of 70 feet, a chord bearing and distance of North 19 deg. 21 min. East, 92.56 feet, an arc length of 101.13 feet to a point; thence North 22 deg. 2 min. West 63.82 feet to a point; thence on a curve to the left with a radius of 125 feet, a chord bearing and distance of North 49 deg. 5 min. West, 113.16 feet, an arc length of 117.99 feet to a point; thence on a curve to the left with a radius of 125 feet, a chord bearing and distance of North 86 deg. 16 min. West 44.02 feet, an arc length of 44.25 feet to a point; thence South 83 deg. 36 min. West 118.42 feet to a point; thence South 78 deg. 15 min. West 254.62 feet to a point; thence on a curve to the left with a radius of 70 feet, a chord bearing and distance of South 56 deg. 55 min. West 50.92 feet, an arc length of 52.12 feet to a point; thence on a curve to right with radius of 90 feet, a chord bearing and distance of South 56 deg. 29 min. West 64.18 feet an arc length of 65.62 feet to a point; thence South 77 deg. 22 min. West 45.71 feet to a point in the center of Buckeye Cove Road. Grantor excepts and reserves herefrom a perpetual non-exclusive easement 40 feet in width over and across the roadway, including those portions which lie within the bounds of the 7.03 acre tract above described. The Roadway shall provide access to both the 7.03 acre tract as well as the 1.76 acre tract shown on the said Pankow plat. Grantor further excepts herefrom the non-exclusive, perpetual right of way over the following described tract for the purpose of utilizing the same as a part of the Roadway, to wit: Beginning at a point standing South 22 deg. 2 min. East 20.16 feet from the Drive Point and running North 60 deg. 44 min. East 44.05 feet to a point; thence on a curve to the left with a radius of 50 feet, a chord bearing and distance of South 19 deg. 21 min. West 66.111 feet, an arc length of 72.23 feet to a point; thence North 22 deg. 2 min. West 44.06 feet to the beginning. Grantee understands that Grantor may, but need not, use the Roadway for access to the 1.76 acre tract in lieu of any other access route.

Being the same property conveyed in that certain Deed of Trust, Security Agreement and Fixture Filing recorded in the Office of the Register of Deeds for Buncombe County, North Carolina in Deed Book 4570 at Page 969-981.

Tract 2

BEING all of Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15 of Block A; Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 27, 26, and 25 of Block B, and Lots 2, 3, 4, 5, 6, 7, 8, 9 and 10 of Block E as shown on the plat of University Heights recorded in the Office of the Register of Deeds for Buncombe County, North Carolina in Plat Book 7 at Page 87.

BEING IN FACT the same property conveyed in that certain North Carolina General Warranty Deed recorded in the Office of the Register of Deeds for Buncombe County, North Carolina in Plat Book 1944 at Page 559.

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") dated this 26th day of April, 2016, is by and between **OPTICAL CABLE CORPORATION**, a Virginia corporation (the "Borrower") in favor of **BANK OF NORTH CAROLINA**, a North Carolina banking corporation (the "Lender").

RECITALS

- A. The Borrower is indebted to the Lender pursuant to the Credit Agreement and the Obligations thereunder including, but not limited to, the Notes and the other Financing Documents (as such terms are defined below).
- B. The Borrower has agreed to grant a security interest in its assets to secure the Obligations in accordance with the provisions of this Agreement.
- C. This Agreement is one of the Financing Documents described in the Credit Agreement.

NOW, THEREFORE, in consideration of the premises, the respective representations, covenants and agreements hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.1. Definitions. Capitalized terms used herein but not defined shall have the meanings given to such terms in the Credit Agreement. In addition, the terms defined in the Preamble and Recitals hereto shall have the respective meanings specified therein, and the following terms shall have the following meanings:

"Account Debtor" means any person who may become obligated to the Borrower under, with respect to, or on account of, an Account, Chattel Paper or General Intangibles (including a payment intangible).

"Accounts" has the meaning given to such term in the UCC.

"Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in the Commonwealth of Virginia are authorized to close.

"Business Premises" means the Borrower's business premises located at 5290 Concourse Drive, Roanoke, Virginia 24019; 3030 Nicholas Avenue, Roanoke, Virginia 24012; 33 Superior Way, Swannanoa, NC 28778; 112 Buckeye Cove Road, Swannanoa, NC 28778; and 1700 Capital Avenue, Suite 150, Plano, Texas 75074.

"Chattel Paper" has the meaning given to such term in the UCC.

"Chief Executive Office" means the Borrower's chief executive office located at 5290 Concourse Drive, Roanoke, Virginia 24019.

“Collateral” means all assets of the Borrower, both now owned and hereafter acquired, including, but not limited to:

- (a) Accounts (including any security given by any Account Debtor or any other Person with respect to any Account.);
- (b) As-extracted collateral;
- (c) Chattel Paper;
- (d) Commodity Accounts;
- (e) Commodity Contracts;
- (f) Deposit Accounts;
- (g) Documents;
- (h) Equipment;
- (i) Fixtures;
- (j) Furniture;
- (k) General Intangibles (as herein defined);
- (l) Goods, and all accessions thereto and goods with which the Goods are commingled;
- (m) Instruments;
- (n) Inventory;
- (o) Investment Property;
- (p) Letter-of-Credit Rights;
- (q) Payment Intangibles;
- (r) Promissory Notes;
- (s) Software;
- (t) The following specifically-described commercial tort claims: None;
- (u) General tangibles and intangible assets owned now or later acquired; and
- (v) All proceeds and products of any of the foregoing.

“Commodity Accounts” has the meaning given to such term in the UCC.

“Commodity Contracts” has the meaning given to such term in the UCC.

“Credit Agreement” means the Credit Agreement dated as of April 26, 2016, between the Borrower and the Lender, as the same may be amended, restated and supplemented from time to time, and which encompasses the Revolving Credit Note and the Term Loan Notes.

“Default” means an event which, with the giving of notice or the lapse of time, or both, would constitute an Event of Default under the provisions of this Agreement.

“Deposit Accounts” has the meaning given to such term in the UCC.

“Documents” has the meaning given to such term in the UCC.

“ECP” means an “eligible contract participant” as defined in the Commodity Exchange Act, as amended, and any applicable rules, as amended.

“Enforcement Costs” means all fees (including reasonable attorneys’ fees and expenses), costs, expenses, charges, recordation or other taxes of any nature whatsoever advanced, paid or incurred by or on behalf of the Lender in connection with (a) the collection or enforcement of any of the Obligations, this Agreement, or any of the other Financing Documents, (b) the creation, perfection, maintenance, preservation, defense, protection, realization upon, disposition, collection, sale or enforcement of all or any part of the Collateral, and (c) the exercise by the Lender of any rights or remedies available to it under the provisions of this Agreement, the Credit Agreement, or any of the other Financing Documents.

“Equipment” means all of the Borrower’s equipment, as such term is defined by the UCC, together with all additions, parts, fittings, accessories, special tools, attachments, and accessions now and hereafter affixed thereto and/or used in connection therewith, and all replacements thereof and substitutions therefor.

“Event of Default” has the meaning set forth in Article V.

“Financing Documents” means, collectively and includes, this Agreement, the Credit Agreement, and any other instrument, document or agreement included in the “Financing Documents” as such term is defined and described in the Credit Agreement.

“Fixtures” has the meaning given to such term in the UCC.

“General Intangibles” means all of the Borrower’s general intangibles, as such meaning is defined by the UCC, together with all of the Borrower’s letters patent, applications for letters patent, trademarks, applications for trademarks, service marks, trade names and copyrights, whether registered or unregistered, together with all goodwill of the business of the Borrower relating thereto, any and all reissues, extensions, divisions or continuations thereof, all royalties, fees and other payments made or to be made to the Borrower with respect thereto, and all rights, interests, claims and demands that the Borrower has or may have in existing and future profits and damages for past and future infringements thereof.

“Goods” has the meaning given to such term in the UCC.

“Instrument” has the meaning given to such term in the UCC.

“Inventory” means all of the Borrower’s now owned and hereafter acquired inventory, as such term is defined by the UCC, wherever located and however constituted, including, without limitation, raw materials, work and goods in process, finished goods, goods or inventory returned or repossessed or stopped in transit, supplies, packaging, shipping and other materials, all other goods, merchandise and personal property used or consumed in the business of the Borrower, and all documents and documents of title relating to any of the foregoing.

“Investment Property” has the meaning given to such term in the UCC.

“Letter-of-Credit Rights” has the meaning given to such term in the UCC.

“Lien” means any mortgage, deed of trust, pledge, security interest, assignment, encumbrance, judgment, lien, claim or charge of any kind in, on, of or in respect of, any asset or property or any rights to any asset or property of the Borrower, including, without limitation, (a) any interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to any such asset or property, and (b) the filing of, or any agreement to give, any financing statement relating to any such asset or property under the Uniform Commercial Code of any jurisdiction.

“Motor Vehicles” means any and all of the Borrower’s both now and hereafter owned and acquired automobiles, trucks, trailers, semitrailers and other motor vehicles required to be titled or registered with any federal or state agency, together with all additions, parts, fittings, accessories, special tools, attachments, and accessions now and hereafter affixed thereto and/or used in connection therewith.

“Notes” means the Revolving Credit Note, the Term Loan A Note, and the Term Loan B Note, and “Note” means any of them.

“Obligations” means, collectively, and includes all present and future indebtedness, liabilities and obligations of any kind and nature whatsoever of the Borrower to the Lender, both now existing and hereafter arising, under, as a result of, on account of, or in connection with, (a) the Credit Agreement and any and all amendments thereto, restatements thereof, supplements thereto and modifications thereof made at any time and from time to time hereafter, (b) the Notes and any and all extensions, renewals or replacements thereof, amendments thereto and restatements or modifications thereof made at any time or from time to time hereafter, (c) the other Financing Documents, or (d) all other present and future indebtedness, liabilities, and obligations of any kind and nature whatsoever owed by the Borrower to the Lender.

“Payment Intangibles” has the meaning given to such term in the UCC.

“Permitted Liens” means the Security Interests and the Liens on the Collateral permitted to be created, assumed or exist pursuant to Section 6.2 of the Credit Agreement.

“Person” means and includes any natural person, individual, trustee, fiduciary, company, corporation, limited liability company, partnership, joint venture, trust, unincorporated association, government or political subdivision or agency thereof, or any other entity of whatever nature.

“Promissory Notes” has the meaning give to such term in the UCC.

“Remittances” means any and all cash, checks, drafts, instruments and other remittances for or with respect to the payment of Accounts and/or the sale or lease of Inventory delivered to the Borrower or the Lender.

“Revolving Credit Note” means the Revolving Credit Note executed and delivered by the Borrower, and made payable to the Lender, as more particularly described in the Credit Agreement, as the same may from time to time be amended, restated, supplemented, extended or otherwise modified.

“Security Interests” means the security interests and other Liens in the Collateral granted hereunder.

“Software” has the meaning given to such term in the UCC.

“Swap” means a “swap” as defined in the Commodity Exchange Act, as amended, and any applicable rules, as amended.

“Term Loan A Note” means the Term Loan A Note executed and delivered by the Borrower, and made payable to the Lender, as more particularly described in the Credit Agreement, as the same may from time to time be amended, restated, supplemented, extended or otherwise modified.

“Term Loan B Note” means the Term Loan B Note executed and delivered by the Borrower, and made payable to the Lender, as more particularly described in the Credit Agreement, as the same may from time to time be amended, restated, supplemented, extended or otherwise modified.

“Term Loan Notes” means the Term Loan A Note and the Term Loan B Note, and “Term Loan Note” means either of them.

“UCC” means the Uniform Commercial Code as in effect on the date hereof in the Commonwealth of Virginia.

SECTION 1.2. Rules of Construction. Unless otherwise defined herein and unless the context otherwise requires, all terms used herein which are defined by the UCC shall have the same meanings assigned to them by the UCC unless and to the extent varied by this Agreement. The words “hereof”, “herein”, and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section, subsection, schedule, and exhibit references are references to sections or subsections of, or schedules or exhibits to, as the case may be, this Agreement unless otherwise specified. The word “including” shall be deemed a word of illustration meaning “including, but not limited to” and not a word of limitation. As used herein, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine or neuter gender shall include all genders, as the context may require.

ARTICLE II

GRANT OF SECURITY INTERESTS

SECTION 2.1. The Security Interests. In order to secure the full and punctual payment of the Obligations in accordance with the terms thereof, and to secure the performance of its obligations under this Agreement, the Credit Agreement, and the other Financing Documents, the Borrower hereby pledges and assigns to the Lender, and grants to the Lender a continuing, first priority lien on and security interest in the Collateral; provided, however, that, if and only if the Borrower is not an ECP, then to the extent applicable law prohibits the Borrower from entering into an agreement to guaranty or otherwise provide security for any obligations in respect of a Swap, the obligations secured hereby shall not include obligations to the Lender under any Swap. The Borrower hereby authorizes the Lender to file financing statements covering the Collateral and containing such legends as the Lender may reasonably require to protect the Lender’s interest in the Collateral. The Borrower agrees to pay all fees (including reasonable attorneys’ fees), costs, taxes and expenses paid or incurred by the Lender in connection with the preparation, filing, or recordation thereof.

SECTION 2.2. Security Interests; Security Only. The Security Interests are granted as security only and shall not subject the Lender to, or transfer or in any way affect or modify, any obligation or liability of the Borrower with respect to any of the Collateral or any transaction in connection therewith.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants to the Lender that the following statements are true, correct and complete:

SECTION 3.1. Title and Authority. The Borrower is the sole legal and beneficial owner of, and has rights in, and good and marketable title to, the Collateral. The Borrower has full power and authority to grant the Security Interests to the Lender in the Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement without the consent or approval of any Person (other than any consent or approval which has been obtained). The Collateral is free and clear of any Liens, other than Permitted Liens, and is not on consignment.

SECTION 3.2. Names and Locations. The Borrower's state of formation is set forth in the Preamble to this Agreement. The Borrower's exact legal name is as set forth in the Preamble to this Agreement, and the Borrower has conducted business under such legal name since the date of its formation. Within five (5) years previous to the date hereof, the Borrower has not changed its legal name, been the surviving corporation in a merger or consolidation, or changed its jurisdiction of formation. The Borrower's chief executive office is located at the Chief Executive Office. All Collateral, including all records related thereto, is located at the Business Premises or the Chief Executive Office and has been located at such premises since the Borrower's formation. All Equipment is personalty; provided that if any Equipment is affixed to real estate in such a manner as to become a fixture and a part of such real estate, then such Equipment will be attached to the real estate at the Business Premises. Such real estate is owned of record by the Borrower except for property located at 3030 Nicholas Avenue, Roanoke, Virginia 24012, and 1700 Capital Avenue, Suite 150, Plano, Texas 75074. The Borrower shall promptly notify Lender in the event that the information set forth in this Section 3.2 becomes outdated or changes.

SECTION 3.3. Filings. All agreements and papers, including, without limitation, Uniform Commercial Code financing statements, required to be filed, registered or recorded in order to create in favor of the Lender (or assign to the Lender, as the case may be) a perfected Lien in the Collateral shall be filed, registered or recorded in the office of the Virginia State Corporation Commission. No further or subsequent filing, re-filing, registration, re-registration, recording or re-recording will be necessary in any jurisdiction, except as provided under applicable law with respect to the filing of continuation statements. When such agreements and papers have been so filed, registered or recorded, the Security Interests will constitute a perfected Lien in the Collateral prior to all other Liens and rights of others therein except for Permitted Liens.

SECTION 3.4. Insurance. The Collateral is insured in accordance with the requirements of Section 4.5 hereof.

SECTION 3.5. Transmitting Utility. The Borrower is not a transmitting utility under Virginia Code Sections 8.9A-102(a)(81) and 8.9A-501(b).

SECTION 3.6. Survival. All representations and warranties contained in or made under or in connection with this Agreement (a) shall survive the execution, delivery and performance of this Agreement, and (b) shall be true, correct and complete in all material respects at all times during the term of this Agreement with the same effect as if such representations and warranties had been made at such times.

ARTICLE IV

COVENANTS OF BORROWER

The Borrower hereby covenants and agrees with the Lender as follows:

SECTION 4.1. Title, Liens and Taxes. The Borrower shall, at its sole cost and expense, take any and all actions necessary to defend its title to the Collateral against all Persons and to defend the Security Interests of the Lender in the Collateral and the priority (or intended priority) thereof against any adverse Lien of any nature whatsoever, except Permitted Liens. Except to the extent contested in good faith, the Borrower shall pay all taxes and assessments levied or placed on the Collateral prior to the date when any interest or penalty would accrue for the non-payment thereof.

SECTION 4.2. Further Assurances. The Borrower shall, from time to time, at its sole cost and expense, execute, deliver, acknowledge, and cause to be duly filed, recorded or registered, any statement, assignment, instrument, paper, agreement or other document and take any other action that from time to time may be necessary or desirable, and which the Lender may reasonably request, in order to create, preserve, continue, perfect, confirm or validate the Security Interests of the Lender in the Collateral or to enable the Lender to obtain the full benefits of this Agreement or to exercise and enforce any of its rights, powers and remedies hereunder or under applicable laws. Without limiting the foregoing, after any Event of Default, (a) the Borrower shall, whenever required by the Lender, cooperate with the Lender to obtain and keep in effect one or more control agreements in connection with any deposit account, electronic chattel paper, investment property and Letter-of-Credit rights collateral, and (b) the Borrower shall, whenever required by the Lender, promptly deliver to the Lender, with all endorsements and/or assignments required by the Lender, all instruments, chattel paper, guaranties and the like received by the Borrower constituting, evidencing, or relating to, any of the Collateral or proceeds of any of the Collateral. The Borrower shall pay all costs of, and incidental to, the filing, recording or registration of any such document as well as any recordation, transfer or other tax required to be paid in connection with any such filing, recordation or registration. The Borrower hereby covenants to indemnify, defend and keep harmless the Lender from and against any and all liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes and recording costs incurred in connection with this Agreement or the perfection of the Lender's Lien on the Collateral, which covenant shall survive the termination of this Agreement and the payment of all Obligations. If, in the reasonable opinion of the Lender, any Equipment is or may become a part of any real estate not owned but leased by the Borrower, the Borrower will, upon the request of the Lender, furnish to the Lender in form and content reasonably satisfactory to the Lender, a landlord's waiver by the record owner of such real estate and a mortgagee's waiver by any Person who has a security interest or lien on such real estate which is or may be superior to the Security Interests of the Lender in such Equipment.

SECTION 4.3. Change of Name, Location, Etc. The Borrower shall not (a) change its legal name, identity, jurisdiction of organization, or corporate structure, (b) change the location of its Chief Executive Office or its chief place of business, (c) change the location where it keeps its records concerning the Collateral, (d) use, maintain, store, or keep any Collateral at any location other than the Business Premises (except as otherwise permitted by the provisions of the Credit Agreement), or (e) open a new place of business, in each such event unless it shall have given the Lender prior written notice thereof and shall, at its sole cost and expense, have executed, delivered, acknowledged, filed, recorded or registered all financing statements and other documents as may be reasonably required by the Lender in order to create, perfect, continue, preserve, confirm or validate the Security Interests and their priority; provided, however, that the Borrower shall not in any event change the location of any Collateral if such change would cause the Security Interests (or the perfection thereof) to lapse, or if required to be perfected prior to such change, to cease to be perfected.

SECTION 4.4. Records, Inspection and Verification. The Borrower shall keep full and accurate books and records relating to the Collateral, and stamp or otherwise mark such books and records and, where appropriate, the Collateral, in such manner as the Lender may reasonably require in order to reflect the Security Interests. Upon request of the Lender, the Borrower shall furnish to the Lender, in form and content required by the Lender, an aging statement of Accounts, a schedule of Equipment itemizing and describing the type, current value and location of Equipment and such other information and data concerning the Collateral as the Lender may from time to time reasonably specify. After an Event of Default shall have occurred and during the continuance thereof, promptly upon request by the Lender, the Borrower shall execute and deliver to the Lender written assignments and/or endorsements, in form and content satisfactory to the Lender, of specific Accounts, but the Security Interests of the Lender hereunder shall not be limited in any way by such assignment or endorsement. Such Accounts are to secure payment of the Obligations and performance of this Agreement and the other Financing Documents and are not sold to the Lender whether or not any assignment thereof which is separate from this Agreement is in form absolute. The Lender and such Persons as the Lender may reasonably designate shall have the right, during normal business hours after at least 48 hours' notice and subject to all applicable laws, to (a) enter the Business Premises of the Borrower or any other premises where the Collateral and the records may be located and to audit, appraise, examine and inspect the Collateral and all records related thereto and to make extracts therefrom and copies thereof, (b) discuss the affairs of the Borrower with officers and independent accountants of the Borrower, and (c) verify under reasonable procedures the validity, amount, quality, quantity, value and condition of, and any other matter relating to, the Collateral, including contacting Account Debtors or any Person possessing any of the Collateral.

SECTION 4.5. Insurance.

(a) At all times the Borrower shall, at the Borrower's sole cost and expense, maintain or cause to be maintained a program of insurance insuring against loss or damage from the following risks and casualties and in the minimum amounts set forth below. Such insurance shall be with well-rated insurance companies and upon insurance policy forms acceptable to the Lender. The Borrower shall pay all premiums on such insurance policies when due and, upon request of the Lender, furnish to the Lender evidence of payment of such premiums, and the Lender shall be named, as appropriate, as an additional insured, mortgagee or loss payee as its interests may pertain with respect to such insurance policies:

(i) Property Insurance: Coverage for full replacement cost value of the Collateral without any co-insurance;

(ii) Commercial General Liability Insurance:

(A) \$1,000,000 each occurrence; and

(B) \$3,000,000 general aggregate or umbrella coverage; and

(iii) Other Insurance: Such other insurance coverage may be required as may be deemed reasonably necessary in the discretion of

the Lender.

(b) Each policy of such insurance covering the Collateral shall contain a mortgagee or loss payee endorsement satisfactory to the Lender providing that (i) such policy may not be canceled or altered and the Lender may not be removed as loss payee or mortgagee without at least thirty (30) days prior written notice to the Lender, and (ii) no act or default of the Borrower or any other Person shall affect the right of the Lender to recover under such policy. The Borrower hereby irrevocably (A) assigns and grants to the Lender a security interest in any and all proceeds of each such insurance policy covering the Collateral, (B) directs each insurance company to pay all such proceeds directly to the Lender after the occurrence of and during the continuance of an Event of Default, and (C) after the occurrence of and during the continuance of an Event of Default, constitutes and appoints the Lender (and all officers, employees or agents designated by the Lender) as the Borrower's true and lawful attorney-in-fact (coupled with an interest) with authority and power on behalf of the Borrower to make, adjust, settle or compromise all claims under each such insurance policy, to collect and receive all proceeds payable under each such insurance policy and to endorse any check, draft or instrument for such proceeds. Any proceeds of such insurance received by the Lender (less the amount of any reasonable costs and settlement of such losses) shall be applied, at the option of the Lender, to the Obligations (whether matured or unmatured) in such manner and at such times as the Lender may determine in its sole discretion or to the restoration or replacement of the damaged or destroyed Collateral upon terms and conditions reasonably satisfactory in all material respects to the Lender; provided, however, that if no Event of Default has occurred and is continuing, the Borrower shall determine the manner in which proceeds are to be applied.

(c) Notwithstanding the foregoing, the Lender and the Borrower agree that Lender shall not be required to make the net proceeds of insurance available to the Borrower for the Borrower's repair, restoration and replacement of the damaged or lost Collateral except on the following terms and subject to the following conditions:

(i) at the time of such loss or damage and at all times thereafter while Lender is holding any portion of such proceeds, there shall exist no Event of Default;

(ii) the damaged or lost Collateral can be replaced or repaired prior to the Revolving Credit Expiration Date; and

(iii) within sixty (60) days following the date of the damage to or loss of Collateral, the Borrower shall have provided to the Lender evidence that such additional funds, as in the Lender's reasonable opinion are necessary, are available to complete such repair, restoration and replacement.

SECTION 4.6. Care, Use and Protection of Collateral. The Borrower shall keep and maintain the Collateral in good working condition and repair and will not do or permit anything to be done to the Collateral that may materially impair its value or that will violate the terms of any insurance covering the Collateral in any material respects. The Borrower shall promptly notify the Lender of any event causing deterioration, loss or depreciation in value (ordinary wear and tear from proper use excepted) of any substantial portion of the Collateral and the amount of such loss or depreciation. The Borrower's audited financial statements shall serve as such notice. The Borrower shall perform, observe, and comply with all of the material terms and provisions to be performed, observed or complied with by it under each contract, agreement or obligation relating to the Collateral unless the same is contested by the Borrower in good faith. The Lender shall have no duty to, and the Borrower hereby releases the Lender from all claims for loss or damage caused by the failure of the Lender to, collect or enforce any of the Collateral or preserve rights against Account Debtors and prior parties to the Collateral. Without the prior written consent of the Lender, the Borrower shall not sell, lease, assign, transfer, dispose of, pledge or grant or permit a Lien to exist on, the Collateral except for Permitted Liens. Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, the Borrower may, in the ordinary course of business, sell its Inventory and obsolete Equipment and otherwise use the Collateral in any lawful manner not inconsistent with the provisions of this Agreement and the Credit Agreement. Upon the written request of the Lender, the Borrower shall promptly (a) deliver to the Lender, with all endorsements and assignments required by the Lender to effect or evidence the Security Interest, copies of all records, agreements, documents, instruments, bills of sale, certificates of title, certificates of origin and any other papers constituting, evidencing or relating to any of the Collateral, and (b) notify any warehouseman, bailee, or other Person who is in possession or control of any of the Collateral to hold such Collateral for the Lender's account subject to the Lender's instructions.

SECTION 4.7. Modification of Accounts. Without the prior written consent of the Lender, the Borrower shall not permit or agree to any extension of time for the payment of any Account or agree to any modification, compromise or settlement of any Account for less than the full amount or release any Person obligated on an Account or allow any credit or discount on an Account other than extensions, compromises, settlements, credits or discounts made in the ordinary course of business.

SECTION 4.8. Financing Statements. The Borrower shall not file any amendments, correction statements, or termination statements concerning the Collateral without the prior written consent of the Lender.

ARTICLE V

EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall constitute an event of default under the provisions of this Agreement, and the term “Event of Default” shall mean, whenever it is used in this Agreement, any one or more of the following events:

SECTION 5.1. Payment of Obligations. If any of the Obligations are not paid as and when due and payable in accordance with the provisions of this Agreement, the Credit Agreement and/or any of the other Financing Documents after giving effect to any applicable cure or grace periods, if any;

SECTION 5.2. Perform, etc. Certain Provisions of this Agreement. The failure of the Borrower to perform, observe or comply with any of the provisions of the last sentence of Section 4.1, Section 4.3(a) or (b), or the maintenance and payment provisions of Section 4.6 or Section 4.7 of this Agreement;

SECTION 5.3. Perform, etc. other Provisions of this Agreement. The failure of the Borrower to perform, observe or comply with any of the provisions of this Agreement other than those covered by Sections 5.1 and 5.2 above, and such failure is not cured to the satisfaction of the Lender within a period of thirty (30) days after the date of written notice thereof by the Lender to the Borrower.

SECTION 5.4. Representations and Warranties. If any representation and warranty contained herein or any statement or representation made in any officer’s certificate or any other information at any time given by or on behalf of the Borrower or furnished in connection with this Agreement or any of the other Financing Documents shall prove to be false or incorrect in any material respect on the date as of which made;

SECTION 5.5. Default under other Financing Documents. An “Event of Default” (as defined and described in the Credit Agreement) occurs under the provisions of the Credit Agreement or any of the other Financing Documents (other than this Agreement) which is not cured within applicable cure or grace periods, if any; or

SECTION 5.6. Liquidation, Termination, Dissolution, etc. If the Borrower shall liquidate, dissolve or terminate its existence.

ARTICLE VI

RIGHTS AND REMEDIES

SECTION 6.1. Rights and Remedies of the Lender. Upon and after the occurrence of an Event of Default, the Lender, without notice or demand other than as expressly provided for under the provisions of this Agreement or the Credit Agreement, may exercise in any jurisdiction in which enforcement hereof is sought, the following rights and remedies, in addition to the rights and remedies available to the Lender under the other provisions of this Agreement and the other Financing Documents, the rights and remedies of a secured party under the UCC and all other rights and remedies available to the Lender under applicable law, all such rights and remedies being cumulative and enforceable alternatively, successively or concurrently:

(a) the Lender shall have the right, subject to applicable law and without breach of the peace, to take possession of the Collateral, and for that purpose, so far as the Borrower may give authority therefor or to the extent permitted under applicable laws, to enter upon any premises in which the Collateral or any part thereof may be situated, and remove therefrom all or any of the Collateral without any liability for suit, action or other proceeding, **THE BORROWER HEREBY WAIVING ANY AND ALL RIGHTS TO PRIOR NOTICE AND TO JUDICIAL HEARING WITH RESPECT TO REPOSSESSION OF COLLATERAL**, and require the Borrower, at the Borrower’s expense, to assemble and deliver all or any of the Collateral to such place or places as the Lender may designate.

(b) the Lender shall have the right to operate, manage and control all or any of the Collateral (including use of the Collateral in order to continue or complete performance of obligations of the Borrower under any contracts of the Borrower), or permit the Collateral or any portion thereof to remain idle or store the same, and collect all rents and revenues therefrom and sell, lease or otherwise dispose of any or all of the Collateral upon such terms and under such conditions as the Lender, in its sole discretion, may determine, and purchase or acquire any of the Collateral at any such sale or other disposition, all to the extent permitted by applicable law. Any purchaser or lessee of any of the Collateral so sold or leased shall hold the property so sold or leased free from any claim or right of the Borrower and the Borrower hereby waives (to the extent permitted by law) all rights of redemption, stay or appraisal with respect thereto. The Lender and the Borrower agree that commercial reasonableness and good faith require the Lender to give to the Borrower no more than fifteen (15) days prior written notice of any public sale or other disposition of the Collateral or of the time after which any private sale or other disposition of the Collateral is to be made.

(c) the Lender shall have the right, without the breach of the peace, and the Borrower hereby irrevocably designates and appoints the Lender and its designees as the attorney-in-fact of the Borrower, with full power of substitution and with power and authority in the Borrower’s name, the Lender’s name or otherwise and for the use and benefit of the Lender (i) to notify account debtors and other Persons obligated to make payments or other Remittances on or with respect to the Collateral to make such payments and other Remittances directly to the Lender, (ii) to demand, collect, sue for, take control of, compromise, settle, change the terms of, release, exchange, substitute, extend, renew or otherwise deal with, the Collateral or any account debtor or other Person obligated on or under the Collateral in any manner as the Lender may deem advisable, (iii) to remove from any place of business of the Borrower all records in respect of the Collateral, (iv) to receive and endorse the Borrower’s name on any checks, drafts, money orders or other instruments of payment relating to any of the Collateral, (v) to sign and send verifications of Accounts or other Collateral and sign any proofs of claim or loss, (vi) to commence, prosecute or defend any action, suit or proceeding relating to the Collateral or the collection, enforcement or realization upon the Collateral, (vii) [reserved], (viii) to adjust and compromise any claims under insurance policies, (ix) to register, lease, assign, license, sublicense, sell or otherwise dispose of any patents, trademarks or service marks and (x) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with any or all of the Collateral. This power of attorney, being coupled with an interest, is irrevocable and all legal acts by the Lender and its designees pursuant thereto are hereby ratified and confirmed by the Borrower. Neither the Lender nor any of its designees shall be liable for any acts of commission or omission, nor for any error of judgment or mistake of fact or law other than acts of actual fraud or gross negligence. The provisions of this subsection shall not (x) be construed as requiring or obligating the Lender or any designee to take any action authorized hereunder and any action taken or any action not taken hereunder shall not give rise to any liability on the part of the Lender or its designees or to any defense, claim, counterclaim or offset in favor of the Borrower, (y) be construed to mean the Lender has assumed any of the obligations of the Borrower under any instrument or agreement as the Lender shall not be responsible in any way for the performance of the Borrower of any of the provisions thereof, and (z) relieve the Borrower of any of its obligations hereunder or in any way limit the exercise by the Lender of any other or further rights it may have hereunder, under the other Financing Documents, by law or otherwise.

SECTION 6.2. Application. The proceeds of collection, sale, lease or other disposition of all or any part of the Collateral coming into the Lender's possession pursuant to the exercise or enforcement of the Lender's rights and remedies may be applied by the Lender to any of the Obligations, whether matured or unmatured, in such order and manner as the Lender may determine in its sole discretion. If the proceeds of collection, sale, lease or other disposition of the Collateral fail to fully satisfy the Obligations, the Borrower shall remain liable for any deficiency.

SECTION 6.3. No Waiver, Etc. No failure or delay by the Lender to insist upon the strict performance of any term, condition, covenant or agreement of this Agreement or of the other Financing Documents, or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant or agreement or of any such breach, or preclude the Lender from exercising any such right, power or remedy at any later time or times. By accepting payment after the due date of any amount payable under this Agreement or under any of the other Financing Documents, the Lender shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under this Agreement or under any of the other Financing Documents, or to declare an Event of Default for failure to effect such prompt payment of any such other amount. The payment by the Borrower, or any other Person and the acceptance by the Lender or any other amount due and payable under the provisions of this Agreement or the other Financing Documents at any time during which an Event of Default exists shall not in any way or manner be construed as a waiver of such Event of Default by the Lender or preclude the Lender from exercising any right of power or remedy consequent upon such Event of Default.

ARTICLE VII

MISCELLANEOUS

SECTION 7.1. Course of Dealing; Amendment. No course of dealing between the Lender and the Borrower shall be effective to amend, modify or change any provision of this Agreement or the other Financing Documents. The Lender shall have the right at all times to enforce the provisions of this Agreement and the other Financing Documents in strict accordance with the provisions hereof and thereof, notwithstanding any conduct or custom on the part of the Lender in refraining from so doing at any time or times. The failure of the Lender at any time or times to enforce its rights under such provisions, strictly in accordance with the same, shall not be construed as having created a custom in any way or manner contrary to specific provisions of this Agreement or the other Financing Documents or as having in any way or manner modified or waived the same. This Agreement shall not be amended, modified, or changed in any respect except by an agreement in writing signed by the Lender and the Borrower.

SECTION 7.2. Waiver of Default. The Lender may, at any time and from time to time, execute and deliver to the Borrower a written instrument waiving, on such terms and conditions as the Lender may specify in such written instrument, any of the requirements of this Agreement or any Event of Default or Default and its consequences, provided, that any such waiver shall be for such period and subject to such conditions as shall be specified in any such instrument. In the case of any such waiver, the Borrower and the Lender shall be restored to their former positions prior to such Event of Default or Default and shall have the same rights as they had hereunder. No such waiver shall extend to any subsequent or other Event of Default or Default, or impair any right consequent thereto and shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 7.3. Notices. Any demand or notice hereunder or under any applicable law pertaining hereto shall be in writing and duly given if delivered to the Borrower at 5290 Concourse Drive, Roanoke, Virginia 24019, Attention: Neil D. Wilkin, President/CEO, or to the Lender at 36 Church Avenue SW, Roanoke, Virginia 24011, Attention: Scott L. Leffel, Senior Vice President. Such notice or demand shall be deemed sufficiently given for all purposes when delivered (a) by personal delivery and shall be deemed effective when delivered and receipt given by the addressee, or (b) by mail or courier and shall be deemed effective three (3) business days after deposit in an official depository maintained by the United States Post Office for the collection of mail as certified mail, return receipt requested and postage prepaid, or one (1) business day after delivery to a nationally recognized overnight courier service (e.g., Federal Express) for next business day delivery. Notice by e-mail is not valid notice under this or any other agreement between the Borrower and the Lender.

SECTION 7.4. Performance for Borrower. The Borrower hereby authorizes the Lender to, and the Lender may, at any time and from time to time after an Event of Default or Default exists and is continuing but is under no obligation whatsoever to, advance funds on behalf of the Borrower in order to insure the compliance by the Borrower with any covenant, warranty, representation or agreement made in or pursuant to this Agreement or any of the other Financing Documents, including, without limitation (a) to continue or complete, or cause to be continued or completed, performance of the obligations of the Borrower under any contracts or other agreements, (b) to cover any overdrafts in any checking or other accounts of the Borrower with the Lender, (c) to pay or discharge any insurance premiums for insurance on or with respect to the Collateral, (d) to pay or discharge any taxes, liens, security interests or other encumbrances on or with respect to the Collateral except for Permitted Liens which are paid current and not past due, and (e) to preserve, maintain or protect the Collateral and the Security Interests; provided, that the making of any such advance by the Lender shall not constitute the waiver of any Event of Default or Default nor relieve the Borrower of any of its obligations hereunder or under any of the other Financing Documents. All such advances shall be a part of the Enforcement Costs and included in the Obligations secured hereby.

SECTION 7.5. Enforcement Costs. The Borrower shall pay to the Lender upon demand all Enforcement Costs together with interest thereon from the date incurred or advanced until paid in full at a per annum rate of interest equal at all times to the Default Rate. Enforcement Costs together with interest thereon shall be included in the Obligations secured hereby.

SECTION 7.6. Time of Essence. Time is of the essence in connection with all obligations of the Borrower hereunder and under any of the other Financing Documents.

SECTION 7.7. Governing Law; Jurisdiction. This Agreement has been delivered to and accepted by the Lender and will be deemed to be made in the Commonwealth of Virginia. Unless provided otherwise under federal law, this Agreement will be interpreted in accordance with laws of the Commonwealth of Virginia, excluding its conflict of laws rules. THE BORROWER AND THE LENDER HEREBY IRREVOCABLY CONSENT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT IN THE COMMONWEALTH OF VIRGINIA IN A COUNTY OR JUDICIAL DISTRICT WHERE THE LENDER MAINTAINS AN OFFICE OR A BRANCH; PROVIDED THAT NOTHING CONTAINED IN THIS AGREEMENT WILL PREVENT THE LENDER FROM BRINGING ANY ACTION, ENFORCING ANY AWARD OR JUDGMENT OR EXERCISING ANY RIGHTS AGAINST THE BORROWER INDIVIDUALLY, AGAINST ANY SECURITY OR AGAINST ANY PROPERTY OF THE BORROWER WITHIN ANY OTHER COUNTY, STATE OR OTHER FOREIGN OR DOMESTIC JURISDICTION. The Borrower and the Lender acknowledge and agree that the venue provided above is the most convenient form for both the Lender and the Borrower, and the Borrower and the Lender waive any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

SECTION 7.8. WAIVER OF JURY TRIAL. THE BORROWER AND THE LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO A TRIAL BY JURY THE BORROWER AND THE LENDER MAY HAVE IN ANY ACTION, PROCEEDING OR LITIGATION, IN LAW OR IN EQUITY, DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTIONS RELATED THEREO. The Borrower represents and warrants that no representative or agent of the Lender has represented, expressly or otherwise, that the Lender will not, in the event of litigation, seek to enforce this jury trial waiver. The Borrower acknowledges that the Lender has been induced to enter into this Agreement by, among other things, the provisions of this Section.

SECTION 7.9. Security Interest Absolute. All rights, remedies and powers of the Lender hereunder and under applicable laws, the Security Interests and all agreements and obligations of the Borrower hereunder shall be absolute and unconditional irrespective of, and shall not be released, discharged, impaired or affected by, (a) any lack of validity or enforceability of the Credit Agreement and any of the other Financing Documents, (b) any change in the time, manner, or place of payment of, or in any other term or condition of, any or all of the Obligations, (c) any amendment to, modification or waiver of, or consent to, or departure from, any or all of the provisions of the Credit Agreement or the other Financing Documents (except to the extent that such amendment to or modification of the Credit Agreement clearly contemplates a corresponding amendment to or modification of this Agreement), (d) any exchange, substitution, release, addition or non-perfection of any collateral and security for any or all of the Obligations, (e) any release or discharge of, in whole or in part, any Person, including, without limitation, the Borrower obligated or liable for any or all of the Obligations, any attempt, pursuit, enforcement or exhaustion of any rights or remedies the Lender may have against any such Person or against any collateral and security for any or all of the Obligations, (f) the failure, omission, lack of diligence or delay by the Lender to exercise or enforce any rights and remedies it may have under the Credit Agreement, the other Financing Documents or applicable laws, or (g) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Borrower under the provisions of this Agreement or any of the other Financing Documents.

SECTION 7.10. Severability. If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Lender in order to carry out the intentions of the parties hereto as nearly as may be possible, (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction, and (c) the parties hereto shall endeavor in good faith negotiations to replace the invalid or unenforceable provisions with valid and enforceable provisions, the economic effect of which comes as close as possible to that of the invalid or unenforceable provisions.

SECTION 7.11. [Deleted and not replaced.]

SECTION 7.12. Survival. All representations, warranties and covenants contained among the provisions of this Agreement shall survive the execution and delivery of this Agreement.

SECTION 7.13. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Borrower and the Lender and their respective personal representatives, successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lender.

SECTION 7.14. Continuing Agreement. This Agreement and the Security Interests shall be continuing and binding on the Borrower regardless of how long before or after the date hereof any of the Obligations were or are incurred.

SECTION 7.15. Duplicate Originals and Counterparts. This Agreement may be executed in any number of duplicate originals or counterparts, each of such duplicate originals or counterparts shall be deemed to be an original and all taken together shall constitute but one and the same instrument.

SECTION 7.16. Exhibits and Schedules. Any exhibits and schedules attached to this Agreement are an integral part hereof and are hereby incorporated herein and included in the term "this Agreement".

SECTION 7.17. Headings. Article and Section headings in this Agreement are included herein for convenience of reference only, shall not constitute a part of this Agreement for any other purpose and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

[Signature Page Follows]

WITNESS the due execution hereof as a SEALED INSTRUMENT as of the date first written above.

WITNESS: OPTICAL CABLE CORPORATION,
a Virginia corporation

/s/ Nicole Ingle By: /s/ Tracy G. Smith (SEAL)
Tracy G. Smith
Chief Financial Officer and SVP

COMMONWEALTH OF VIRGINIA
CITY/COUNTY OF Roanoke, to wit:

The foregoing instrument was acknowledged before me this 26th day of April, 2016, by Tracy G. Smith, as Chief Financial Officer and SVP of Optical Cable Corporation, a Virginia corporation, on behalf of the Borrower.

My commission expires: July 31, 2016

/s/ Virginia S. Coley [SEAL]
Notary Public

Notary Registration No.: 228229

[Signatures Continued on Following Page]

[Signature Page] (Security Agreement)

[Signatures Continued from Prior Page]

WITNESS:

BANK OF NORTH CAROLINA,
a North Carolina banking corporation

/s/ Nicole Ingle

By: /s/ Scott L. Leffel

Scott L. Leffel, Senior Vice President