

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

---

**FORM 8-K**

---

**Current Report**

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

**Date of Report (Date of earliest event reported): August 30, 2013**

---

**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))
-

**Table of Contents**

[Item 1.01 Entry into a Material Definitive Agreement](#)

[Item 1.02 Termination of a Material Definitive Agreement](#)

[Item 9.01 Financial Statements and Exhibits](#)

[Signatures](#)

Exhibits

**Item 1.01. Entry into a Material Definitive Agreement**

On August 30, 2013, Optical Cable Corporation (the "Company" or "OCC<sup>®</sup>") refinanced and replaced its existing revolving credit facility with SunTrust Bank (the "Bank") which had total credit availability of up to \$6.0 million, with a new revolving credit facility with the Bank which has total credit availability of up to \$9.0 million. At this time, OCC has no plans for the use of the increased total credit availability under the new revolving credit facility with the Bank.

OCC and the Bank entered into a revolving credit facility on April 30, 2010 consisting of a Commercial Note and Agreement to Commercial Note under which the Bank provided the Company with a revolving line of credit for the working capital needs of the Company. The Commercial Note was due to mature on May 31, 2014.

On August 30, 2013, the Company refinanced the existing arrangement with SunTrust Bank and replaced the Commercial Note with a new Commercial Note and new Agreement to Commercial Note. The new Commercial Note increases the loan limit that the Company may borrow under its line of credit from \$6.0 million to \$9.0 million, removes the interest rate floor of 3% and the unused commitment fee in exchange for a slightly higher interest rate on outstanding balances of LIBOR plus 2.2% (which at this time results in an interest rate of 2.4%), and provides a maturity date of the new Commercial Note of August 31, 2015. The new Commercial Note, new Agreement to Commercial Note and new Addendum A to Note are attached hereto as Exhibit 99.1, Exhibit 99.2 and Exhibit 99.3, respectively, and are incorporated herein by reference.

Under the terms of the new Commercial Note, the Company may borrow an aggregate principal amount at any one time outstanding not to exceed the lesser of (i) \$9,000,000, or (ii) the sum of 85% of certain receivables aged 90 days or less plus 35% of the lesser of \$1 million or certain foreign receivables plus 25% of certain raw materials inventory. Within the revolving loan limit of the new Commercial Note, the Company may borrow, repay, and reborrow, at any time or from time to time until August 31, 2015, the extended maturity date of the new Commercial Note.

Advances under the new Commercial Note accrue interest at LIBOR plus 2.2%. Accrued interest on the outstanding principal balance shall be paid on the first day of each month, with all then outstanding principal, interest, fees and costs due at the Commercial Note maturity date of August 31, 2015.

As was the case with the existing arrangement with the Bank, the new Commercial Note creates a first priority lien upon and is secured by all accounts, deposit accounts, inventory, general intangibles, instruments, investment property, letter of credit rights, commercial tort claims, documents, and chattel paper, and with respect to all of the foregoing, without limitation, all goods represented thereby, all accessions thereto, and all goods that may be substituted therefore, reclaimed or repossessed from or returned by account debtors and all proceeds, products, rents and profits thereof, now owned or hereinafter acquired and proceeds thereof.

Also on August 30, 2013, the Company entered into a Sixth Loan Modification Agreement with Valley Bank to amend the definition of "SunTrust Debt" to provide for the revisions to the Commercial Note described herein. The Sixth Loan Modification Agreement dated August 30, 2013 is attached hereto as Exhibit 99.4 and is incorporated herein by reference.

**Item 1.02 Termination of a Material Definitive Agreement**

In conjunction with the refinancing referenced above, the Commercial Note and Agreement to Commercial Note entered into on April 30, 2010, as amended, were terminated. There were no early penalties payable as a result of the termination resulting from the refinance of the Commercial Note and Agreement to Commercial Note.

**Item 9.01. Financial Statements and Exhibits.**

(c) Exhibits

The following are filed as Exhibits to this Report.

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
99.1	Commercial Note dated August 30, 2013. (FILED HEREWITH)
99.2	Agreement to Commercial Note dated August 30, 2013. (FILED HEREWITH)
99.3	Addendum A to Note dated August 30, 2013. (FILED HEREWITH)
99.4	Sixth Loan Modification Agreement dated August 30, 2013. (FILED HEREWITH)

SIGNATURES

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

OPTICAL CABLE CORPORATION

By:           /s/ TRACY G. SMITH            
Name: Tracy G. Smith  
Title: Senior Vice President and Chief Financial Officer

Dated: September 3, 2013

**Borrower:** Optical Cable Corporation **Date:** August 30, 2013  
**Borrower Address:** 5290 Concourse Drive  
Roanoke, VA 24019  
**Loan Amount:** Nine Million Dollars and no cents (\$9,000,000.00)  
**Account No.:** 6899978 **Note No.:** 34 **Officer:** Harvey D. Brookins, 15668

**IMPORTANT NOTICE**

For value received, the borrower(s) named above whether one or more, (the "Borrower"), jointly and severally promise to pay to the order of SunTrust Bank, a Georgia banking corporation ("SunTrust") at any of its offices, or at such place as SunTrust may in writing designate, without offset in U.S. Dollars and in immediately available funds, the Loan Amount shown above, or the total of all amounts advanced under this commercial note and any modifications, renewals, extensions or replacements thereof (this "Note") if less than the full Loan Amount is advanced, plus interest and any other amounts due, upon the terms specified below

**Loan Type:** Revolving Master Borrowing Loan. This is an open end revolving line of credit. Borrower may borrow an aggregate principal amount up to the Loan Amount outstanding at any one time and may repay principal amounts and may re-borrow at any time from the date hereof through the Maturity Date.

**Repayment Terms:** Principal is due and payable in full on the Maturity Date, but the Borrower shall be liable for only so much of the Loan Amount as shall be equal to the total amount advanced to the Borrower by SunTrust from time to time, less all payments made by or for the Borrower and applied by SunTrust to principal. Advances under this Note shall be recorded and maintained by SunTrust in its internal records and such records shall be conclusive of the principal and interest owed by Borrower unless there is a material error in such records. Accrued interest will be payable on the 1st day of each month beginning on September 01, 2013, with all unpaid accrued interest due and payable on the Maturity Date.

"Maturity Date" means August 31, 2015 or such date to which this Note may be extended or renewed in the sole discretion of SunTrust by written notice from SunTrust to Borrower.

**Additional Terms And Conditions**

This Note is subject to and governed by additional terms and conditions contained in a(n) Agreement to Commercial Note between the Borrower and SunTrust dated August 30, 2013 and any modifications, renewals, extensions or replacements thereof (the "Agreement"). In the event of a conflict between any term or condition contained in this Note and in the Agreement, such term or condition of the Agreement shall control.

**Interest**

Interest will accrue on an actual/360 basis (on the actual number of days elapsed over a year of 360 days). Interest shall accrue from the date of disbursement on the unpaid balance and shall continue to accrue until this Note is paid in full.

This is a variable rate transaction. The interest rate is prospectively subject to increase or decrease without prior notice.

Subject to the above, interest per annum payable on this Note (the "Rate") shall be a variable rate based on the following Index:

The one month LIBOR Rate as defined on the attached Addendum A, LIBOR Index Rate Addendum.

The Rate shall be equal to the Index plus 2.20% per annum. Adjustments to the Rate shall be effective monthly on the same day of each month beginning September 01, 2013 or the next business day if such date does not fall on a business day. The Rate shall not exceed any maximum interest rate permitted by applicable law.

**Renewal**

This Note represents a renewal and/or amendment of note number 6899978 34 dated or last renewed or extended as of July 24, 2012 executed by Borrower and does not, and is not intended to, constitute a novation of any of the indebtedness evidenced by such note.

**Collateral**

Unless otherwise agreed in writing, any collateral pledged to SunTrust to secure any of the existing or future liabilities of the Borrower to SunTrust shall also secure this Note. To the extent permitted by law, the Borrower grants to SunTrust a security interest in and a lien upon all deposits and investments maintained by the Borrower with SunTrust and any affiliates thereof.

Collateral for this Note includes, but is not limited to, the following:

First priority lien on all Accounts, deposit accounts, Inventory, general intangibles, instruments, investment property, letter of credit rights, commercial tort claims, documents, and chattel paper, and with respect to all of the foregoing, without limitation, all goods represented

thereby, all accessions thereto, and all goods that may be substituted therefore, reclaimed or repossessed from or returned by account debtors and all proceeds, products, rents and profits thereof, now owned or hereinafter acquired and proceeds thereof.

All of the foregoing security is referred to collectively as the "Collateral". Unless otherwise agreed in writing, the Collateral is security for the payment of this Note and any other liability (including overdrafts and future advances) of the Borrower to SunTrust, however evidenced, now existing or hereafter incurred, matured or unmatured, direct or indirect, absolute or contingent, several, joint, or joint and several, including any extensions, modifications or renewals. The proceeds of any Collateral may be applied against the liabilities of the Borrower to SunTrust in such order as SunTrust deems proper.

#### **Loan Purpose And Updated Financial Information Required**

The Borrower warrants and represents that the loan evidenced by this Note is being made solely for the purpose of acquiring or carrying on a business, professional or commercial activity or acquiring real or personal property as an investment (other than a personal investment) or for carrying on an investment activity (other than a personal investment activity). The Borrower agrees to provide to SunTrust updated financial information, including, but not limited to, tax returns and current financial statements in form satisfactory to SunTrust, as well as additional information, reports or schedules (financial or otherwise), all as SunTrust may from time to time request.

#### **Representations and Warranties**

This Note has been duly executed and delivered by Borrower, constitutes Borrower's valid and legally binding obligations and is enforceable in accordance with its terms against Borrower. The execution, delivery and performance of this Note and the consummation of the transaction contemplated will not, with or without the giving of notice or the lapse of time, (a) violate any material law applicable to Borrower, (b) violate any judgment, writ, injunction or order of any court or governmental body or officer applicable to Borrower, (c) violate or result in the breach of any material agreement to which Borrower is a party nor (d) as applicable, violate any charter, bylaws, operating agreement, partnership agreement or any other agreement by which Borrower is bound. No consent, approval, license, permit or other authorization of any third party or any governmental body or officer is required for the valid and lawful execution and delivery of this Note.

#### **Default, Acceleration And Setoff**

An "event of default" shall occur hereunder upon the occurrence of any one or more of the following events or conditions:

- (a) the failure by any Obligor to pay when due, whether by acceleration or otherwise, any amounts owed under this Note;
- (b) the occurrence of any event of default under any agreement or loan document executed in conjunction with this Note or the failure of any Obligor to perform any covenant, promise or obligation contained in this Note or any other agreement to which any Obligor and SunTrust are parties, any of which continues for 30 days after Borrower has received written notice thereof;
- (c) the breach of any of Obligor's representations or warranties contained in this Note or any other agreement with SunTrust which breach continues for 30 days after Borrower has received written notice thereof;
- (d) the failure of any Obligor to pay when due any amount owed to any creditor other than SunTrust under a written agreement calling for the payment of money except for amounts disputed by Obligor in good faith, which failure continues for 30 days after Borrower has received written notice thereof from such creditor: provided that, for any such dispute involving an amount greater than \$200,000, Borrower shall provide SunTrust with a copy of such notice and the failure to do so shall constitute a default hereunder;
- (e) the death, declaration of incompetency, dissolution, liquidation, termination or suspension of usual business of any Obligor or merger or consolidation having an aggregate consideration of more than \$2,000,000;
- (f) intentionally deleted;
- (g) the insolvency or inability to pay debts as they mature of any Obligor, the application for the appointment of a receiver for any Obligor, the filing of a petition or the commencement of a proceeding by or against any Obligor under any provision of any applicable Bankruptcy Code or other insolvency law, or statute, or any assignment for the benefit of creditors by or against any Obligor;
- (h) the entry of a judgment or the issuance or service of any attachment, levy or garnishment against any Obligor or the property of any Obligor or the repossession or seizure of property of any Obligor that is greater than \$200,000;
- (i) a determination by SunTrust that a material adverse change in the financial condition of Borrower has occurred since the date of this Note that, in the sole determination of SunTrust, would likely result in Borrower's failure to satisfy a financial covenant set forth in the Agreement;
- (j) any Obligor commits fraud or makes a material misrepresentation at any time in connection with this Note or any Collateral;
- (k) any deterioration or impairment of the tangible Collateral or Accounts or any decline or depreciation in the value of the tangible Collateral or Accounts which causes the tangible Collateral or Accounts in the judgment of SunTrust;
- (l) the sale or transfer by any Obligor of all or substantially all of such Obligor's assets other than in the ordinary course of business;
- (m) the termination of any guaranty of this Note by a guarantor; or
- (n) any other act or circumstances leading SunTrust to deem itself insecure.

SunTrust shall not be obligated to fund this Note or make any advance under this Note if an event of default exists or would exist if such funding occurred or such advance made. Upon the occurrence of an event of default, SunTrust shall, at its option, have the remedies provided herein and by any other agreement between SunTrust and any Obligor or under applicable law, including without limitation, declaring the entire outstanding principal balance, together with all interest thereon and any other amounts due under this Note, to be due and payable immediately without presentment, demand, protest, or notice of any kind, except notice required by law.

Upon the occurrence of an event of default under section g above, the entire outstanding principal balance, together with all interest thereon and any other amounts due under this Note, shall automatically become due and payable without presentment, demand, protest, or notice of any kind except notice required by law and SunTrust's obligation to make advances under this Note shall automatically terminate without notice or further action by SunTrust. Upon the occurrence of an event of default, while such default is continuing, SunTrust, at its option, shall be entitled to charge interest on the unpaid balance of this Note at the lesser of (i) the Rate plus 4.00% per annum or (ii) the maximum rate allowed by law (the "Default Rate"). To the extent permitted by law, upon default SunTrust will have the right, in addition to all other remedies provided herein, to set off the amount due under this Note or due under any other obligation to SunTrust against any and all accounts, whether checking or savings or otherwise, credits, money, stocks, bonds or other security or property of any nature whatsoever on deposit with, held by, owed by, or in the possession of, SunTrust to the credit of or for the account of any Obligor, without notice to or consent by any Obligor. The remedies provided in this Note and any other agreement between SunTrust and any Obligor and by applicable law are cumulative and not exclusive of any other remedies provided by applicable law.

#### **Late Charges And Other Authorized Fees And Charges**

As used herein the term "Obligor" shall individually and collectively refer to the Borrower and any person or entity that is primarily or secondarily liable on this Note and any person or entity that has conveyed or may hereafter convey any security interest or lien to SunTrust in any real or personal property to secure payment of this Note.

If any portion of a payment is at least 10 days past due, the Borrower agrees to pay a late charge of 5% of the amount which is past due. Unless prohibited by applicable law, the Borrower agrees to pay the fee established by SunTrust from time to time for returned checks if a payment is made on this Note with a check and the check is dishonored for any reason after the second presentment. In addition to any other amounts owed under the terms of this Note, the Borrower agrees to pay those fees and charges disclosed in the attached Disbursements and Charges Summary which is incorporated in this Note by reference and, as permitted by applicable law, the Borrower agrees to pay the following: (a) all expenses, including, without limitation, any and all costs incurred by SunTrust related to default, all court costs and out-of-pocket collection expenses and reasonable attorneys' fees whether suit be brought or not, incurred in collecting this Note; (b) all costs incurred in evaluating, preserving or disposing of any Collateral granted as security for the payment of this Note, including the cost of any audits, appraisals, appraisal updates, reappraisals or environmental inspections which SunTrust from time to time in its sole discretion may deem necessary; (c) any premiums for property insurance purchased on behalf of the Borrower or on behalf of the owner(s) of any Collateral pursuant to any security instrument relating to any Collateral; and (d) any reasonable expenses or costs incurred in defending any claim arising out of the execution of this Note or the obligation which it evidences, or otherwise involving the employment by SunTrust of attorneys with respect to this Note and the obligations it evidences. The Borrower agrees to pay such amounts on demand or, at SunTrust's option, such amounts may be added to the unpaid balance of the Note and shall accrue interest at the stated Rate. Upon the occurrence of an event of default, or after demand and failure to pay if this Note is payable on demand, interest shall accrue at the Default Rate.

#### **Prepayment Provision**

Borrower may make a prepayment in any amount at any time without penalty.

#### **Payments**

Borrower is directed to make payments at the address indicated on the billing statement provided by SunTrust, or at such place as SunTrust may otherwise indicate in writing. Payments may also be made at those SunTrust branches which accept loan payments, however, the Borrower acknowledges that the Borrower is not directed to make payments at such branches and that SunTrust's acceptance of payments at such branches is an accommodation to the Borrower which may be revoked at any time in SunTrust's sole and absolute discretion. All amounts received by SunTrust shall be applied to expenses, late fees and interest before principal or in any other order as determined by SunTrust, in its sole discretion, as permitted by law. Payments will be credited as of the date stamped upon receipt, or as of the standard payment processing date for similar payments if a payment is not stamped. Payments received on Saturday will be credited on SunTrust's next business day. If any payment date falls on a Saturday or Sunday or a legal bank holiday, payment will be due on the next business day. SunTrust's business days are Monday through Friday, not including legal bank holidays.

#### **Waivers**

The Borrower and each other Obligor waive presentment, demand, protest, notice of protest and notice of dishonor and waive all exemptions, whether homestead or otherwise, as to the obligations evidenced by this Note and waive any discharge or defenses based on suretyship or impairment of Collateral or of recourse. The Borrower and each other Obligor waive any rights to require SunTrust to proceed against any other Obligor or any Collateral before proceeding against the Borrower or any of them, or any other Obligor, and agree that without notice to any Obligor and without affecting any Obligor's liability, SunTrust, at any time or times, may grant extensions of the time for payment or other indulgences to any Obligor or permit the renewal or modification of this Note, or permit the substitution, exchange or release of any Collateral for this Note and may add or release any Obligor primarily or secondarily liable. The Borrower and each other Obligor agree that SunTrust may apply all monies made available to it from any part of the proceeds of the disposition of any Collateral or by exercise of the right of setoff either to the obligations under this Note or to any other obligations of any Obligor to SunTrust, as SunTrust may elect from time to time. The Borrower also waives any rights afforded by Sections 49-25 and 49-26 of the Code of Virginia of 1950 as amended.

#### **Waiver of Jury Trial**

THE BORROWER AND SUNTRUST HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION, WHETHER IN CONTRACT OR TORT, AT LAW OR IN EQUITY, BASED HEREON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE AND ANY OTHER DOCUMENT OR INSTRUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION WITH THIS NOTE, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR SUNTRUST ENTERING INTO OR ACCEPTING THIS NOTE. FURTHER, THE BORROWER HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF SUNTRUST, NOR SUNTRUST'S COUNSEL, HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUNTRUST WOULD NOT, IN THE EVENT OF SUCH LITIGATION, SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION.

#### **Patriot Act Notice**

SunTrust hereby notifies Borrower that pursuant to the requirements of the USA PATRIOT Act Title III of Pub. L. 107-56 (signed into law October 26, 2001), SunTrust may be required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow SunTrust to identify the Borrower in accordance with the Act.

#### **Hold Harmless and Indemnification**

Borrower hereby indemnifies and agrees to hold SunTrust and its officers, directors, employees, agents and affiliates harmless from and against all claims, damages, liabilities (including attorneys' fees and legal expenses), causes of action, actions, suits and other legal proceedings (collectively, "Claims") in any matter relating to or arising out of this Note or any loan document executed in connection with this Note, or any act, event or transaction related thereto or to the Collateral. Borrower shall immediately provide SunTrust with written notice of any such Claim. Upon request of SunTrust, Borrower shall defend SunTrust from such Claims, and pay the attorneys' fees, legal expenses and other costs incurred in connection therewith, or in the alternative, SunTrust shall be entitled to employ its own legal counsel to defend such Claims at Borrower's sole expense.

#### **Miscellaneous**

All amounts received by SunTrust shall be applied to expenses, late fees and interest before principal or in any other order as determined by SunTrust, in its sole discretion, as permitted by law. Any provision of this Note which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Note. No



amendment, modification, termination or waiver of any provision of this Note, nor consent to any departure by the Borrower from any term of this Note, shall in any event be effective unless it is in writing and signed by an authorized officer of SunTrust, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. If the Rate is tied to an external index and the index becomes unavailable during the term of this loan, SunTrust may, in its sole and absolute discretion, designate a substitute index with notice to the Borrower. No failure or delay on the part of SunTrust to exercise any right, power or remedy under this Note shall be construed as a waiver of the right to exercise the same or any other right at any time. The captions of the paragraphs of this Note are for convenience only and shall not be deemed to constitute a part hereof or used in construing the intent of the parties. All representations, warranties, covenants and agreements contained herein or made in writing by Borrower in connection herewith shall survive the execution and delivery of this Note and any other agreement, document or writing relating to or arising out of any of the foregoing. All notices or communications given to Borrower pursuant to the terms of this Note shall be in writing and may be given to Borrower at Borrower's address as stated below or at the top of this Note unless Borrower notifies SunTrust in writing of a different address. Unless otherwise specifically provided herein to the contrary, such written notices and communications shall be delivered by hand or overnight courier service, or mailed by first class mail, postage prepaid, addressed to the Borrower at the address referred to herein. Any written notice delivered by hand or by overnight courier service shall be deemed given or received upon receipt. Any written notice delivered by U.S. Mail shall be deemed given or received on the third (3rd) business day after being deposited in the U.S. Mail.

Notwithstanding any provision of this Note or any loan document executed in connection with this Note to the contrary, the Borrower and SunTrust intend that no provision of this Note or any loan document executed in connection with this Note be interpreted, construed, applied, or enforced in a way that will permit or require the payment or collection of interest in excess of the highest rate of interest permitted to be paid or collected by the laws of the jurisdiction indicated below, or federal law if federal law preempts the law of such jurisdiction with respect to this transaction (the "Maximum Permitted Rate"). If, however, any such provision is so interpreted, construed, applied, or enforced, Borrower and SunTrust intend (a) that such provision automatically shall be deemed revised so as to require payment only of interest at the Maximum Permitted Rate; and (b) if interest payments in excess of the Maximum Permitted Rate have been received, that the amount of such excess shall be deemed credited retroactively in reduction of the then-outstanding principal amount of this obligation, together with interest at the Maximum Permitted Rate. In connection with all calculations to determine the Maximum Permitted Rate, the Borrower and SunTrust intend (a) that all charges be excluded to the extent they are properly excludable under the usury laws of such jurisdiction or the United States, as they from time to time are determined to apply to this obligation; and (b) that all charges that may be spread in the manner provided by statute of the jurisdiction indicated or any similar law, be so spread.

#### **Liability, Successors And Assigns And Choice Of Law**

Each Borrower shall be jointly and severally obligated and liable on this Note. This Note shall apply to and bind each of the Borrower's heirs, personal representatives, successors and permitted assigns and shall inure to the benefit of SunTrust, its successors and assigns. Notwithstanding the foregoing, Borrower shall not assign Borrower's rights or obligations under this Note without SunTrust's prior written consent. This Note shall be governed by applicable federal law and the internal laws of the Commonwealth of Virginia. The Borrower agrees that certain material events and occurrences relating to this Note bear a reasonable relationship to the laws of Virginia and the validity, terms, performance and enforcement of this Note shall be governed by the internal laws of Virginia which are applicable to agreements which are negotiated, executed, delivered and performed solely in Virginia. Unless applicable law provides otherwise, in the event of any legal proceeding arising out of or related to this Note, Borrower and SunTrust consent to the jurisdiction and venue of the courts of the City of Roanoke, Virginia, and to the jurisdiction and venue of the United States District Court for the Western District of Virginia and further waive and agree not to assert that Borrower or SunTrust are not personally subject to the jurisdiction of such courts, that proceeding is brought in an inconvenient forum or that venue is improper.

#### **Documentary and Intangible Taxes**

In the event that any Intangible tax or documentary stamp tax is due from SunTrust to any state or other governmental agency or authority because of the execution or holding of this Note, the Borrower shall, upon demand, reimburse SunTrust for any such tax paid.

#### **Transfer of Loan**

SunTrust may, at any time, sell, transfer or assign the Note, the related security instrument and any related loan documents, and any or all servicing rights with respect thereto, or grant participations therein or issue mortgage pass-through certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement (the "Securities"). SunTrust may forward to each purchaser, transferee, assignee, servicer, participant, or investor in such Securities or any Rating Agency (as hereinafter defined) rating such Securities (collectively, the "Investor") and each prospective investor, all documents and information which SunTrust now has or may hereafter acquire relating to the Borrower, any loan to Borrower, any guarantor or the property, whether furnished by Borrower, any guarantor or otherwise, as SunTrust determines necessary or desirable. The term "Rating Agency" shall mean each statistical rating agency that has assigned a rating to the Securities.

By signing below under seal, the Borrower agrees to the terms of this Note and the disbursement of proceeds as described in the Disbursements and Charges Summary provided in connection with this transaction.

Optical Cable Corporation

By: /s/ Tracy G. Smith  
Tracy G. Smith, Senior Vice President and CFO

Borrower's Billing Address:  
5290 Concourse Drive  
Roanoke, VA 24019

## Agreement to Commercial Note

This Agreement dated August 30, 2013 between Optical Cable Corporation ("**Borrower**") and SunTrust Bank ("**SunTrust**") constitutes the "Agreement" referenced under "Additional Terms and Conditions" in the Commercial Note dated August 30, 2013, in the Loan Amount equal to \$9,000,000.00 (the "Commercial Note" or "Note"). The terms and conditions of this Agreement and the terms and conditions of the Note constitute the entire agreement between Borrower and SunTrust. All defined terms used herein that are not defined herein shall have the meanings ascribed to such terms in the above referenced Commercial Note.

Borrower and SunTrust hereby agree to the following terms and conditions:

### I. AFFIRMATIVE COVENANTS

#### A. Financial Information. Borrower shall deliver the following financial information to SunTrust as indicated below:

Borrower's Annual Financial Statements that have been audited by a certified public accountant acceptable to SunTrust. Such Financial Statement shall be prepared on a GAAP (generally accepted accounting principles) basis and shall be delivered to SunTrust within ninety (90) days after Borrower's fiscal year-end, commencing with the fiscal year ending October 31, 2013.

Borrower's internally prepared quarterly Financial Statements and Compliance Certificate. Such internally prepared Financial Statements shall be delivered to SunTrust within forty-five (45) days after each of Borrower's fiscal quarters, commencing with the fiscal quarter ending July 31, 2013.

"Financial Statement" shall include at a minimum, a balance sheet, income statement, statement of shareholders' equity, statement of cash flows, footnotes, appropriate supporting schedules and other information requested by SunTrust.

Borrower shall deliver within ten (10) days of such request, any additional financial information with respect to Borrower or any guarantor as SunTrust may reasonably request.

Notwithstanding the foregoing, to the extent any financial statements are available publicly filed documents on www.sec.gov within the time frames set forth above, such financial statements shall be deemed to have been furnished to SunTrust.

#### B. Borrowing Base Certificate. Borrower may borrow an aggregate principal amount, up to the loan amount equal to the sum of the following (the "Borrowing Base"):

- (i) Eighty-five percent (85%) of domestic Accounts Receivable aged ninety (90) days or less; plus
- (ii) Thirty-five percent (35%) of the lesser of \$1,000,000.00 or Borrower's foreign receivables; plus
- (iii) Twenty-five percent (25%) of the value of the raw materials Inventory.

Borrower to submit to SunTrust each month on or before the 15<sup>th</sup> of each month Certificate in the form acceptable to SunTrust setting forth the total amounts of items (i) through (iii) comprising the Borrowing Base as of the end of the prior month. As an Addendum to the certificate, Borrower shall include an Aging of Accounts Receivable in the form and substance satisfactory to SunTrust. Based on such Certificate, SunTrust shall adjust the Borrowing Base as of the 15<sup>th</sup> of the month. If the Borrowing Base exceeds the then outstanding aggregate principal amount of the Note (the "excess amount"), the Borrower shall repay or prepay the Excess Amount within three (3) days after demand from SunTrust. For purposes of calculating the Borrowing Base, Inventory and Accounts Receivable shall include, without limitation, inventory and accounts receivable of Applied Optical Systems, Inc., Centric Solutions, LLC and any other subsidiary or other entity accounts of which in accordance with GAAP would be consolidated with those of Borrower in its consolidated financial statements (collectively, "Consolidated Subsidiaries")

Notwithstanding anything to the contrary in the Commercial Note dated August 30, 2013 or the Security Agreement dated April 30, 2010, SunTrust consents to any merger or any consolidation of any wholly- owned or majority owned subsidiary of Borrower into Borrower, provided that Borrower is the surviving entity. Additionally, Borrower agrees to cooperate with SunTrust should SunTrust, at any time during the term of the Commercial Note, deem it necessary, in SunTrust's sole determination, to perfect its lien in the Collateral against the Consolidated Subsidiaries.

#### C. Notification. Borrower shall immediately notify SunTrust of (i) the occurrence of any event of default (or any circumstances which, with notice or the passage of time or both, would constitute an event of default) under the Commercial Note, (ii) the commencement of any action, suit, or proceeding or any other matter that could reasonably be expected to have a material adverse effect on the financial condition, operations, assets or prospects of Borrower, (iii) any event or development that could reasonably be expected to have a material adverse effect on the assets, operations or financial condition of Borrower and (iv) any change in the executive officers of Borrower.

#### D. Deposit Accounts. Borrower shall maintain its primary operating account and its treasury management with SunTrust.

- E. Loan Documentation and Additional Requirements.** All required documentation, including but not limited to borrowing resolutions and commercial note shall be delivered to SunTrust in form and substance satisfactory to SunTrust.
- F. Financial Covenants.** Have and maintain as of the end of each quarter (pursuant to consolidated financial statements to be delivered as required above in Paragraph (A) tested on a rolling four quarter basis commencing with the quarter ending in July 31, 2013:

i. A ratio of Debt to Tangible Net Worth no greater than 1.00 to 1.00. For purposes of this Agreement, "Debt" shall mean consolidated total liabilities and "Tangible Net Worth" shall mean consolidated total assets less consolidated (a) goodwill, (b) other intangible assets, and (c) total liabilities, as defined in accordance with GAAP consistently applied; and

ii. A consolidated debt service coverage ratio of not less than 1.5 to 1.00, for purposes hereof "debt service coverage ratio means" Adjusted EBITDA divided by current maturities of long term debt plus consolidated interest expense, defined in accordance with GAAP constantly applied ("Debt Service Coverage Ratio"). "Adjusted EBITDA" means earnings before interest expense, taxes, depreciation and amortization and the following non-cash expenses: (i) any impairment of intangible assets including, without limitation, goodwill and (ii) stock compensation expense, all as presented in the consolidated financial statements. Regarding consolidated interest expense, (x) the amortization of deferred financing cost is included as interest expense in the consolidated statement of operations and is also included as depreciation and amortization in the consolidated statement of cash flows, (y) in the calculation of numerator, amortization of deferred financing cost should be deducted from the interest expense to avoid duplication, and (z) in the calculation of the denominator, amortization of deferred financing costs should be deducted from the interest expense since it is the amortization of a cash payment that occurred in the year the financing was completed and does not represent a periodic interest payment.

For purposes of calculating Tangible Net Worth and the Debt Service Coverage Ratio, the assets and liabilities of Consolidated Subsidiaries shall be included in accordance with GAAP. Borrower represent and warrants that the above financial covenants are the same financial covenants with which the Borrower is required to comply under its loan agreement with Valley Bank. Borrower agrees that it shall not alter or modify its financial covenants with Valley Bank without prior written consent of SunTrust.

## II. NEGATIVE COVENANTS

- A. Liens.** Borrower shall not, and shall not permit any Subsidiary (if any) to, create, incur, assume or permit any lien, security interest or other type of encumbrance (a "Lien") on any of the Collateral, except Liens granted to SunTrust, statutory Liens that do not secure indebtedness and other Liens that have been consented to by SunTrust in writing and liens set forth on Schedule A.
- B. Event of Default under Borrower Indebtedness.** Borrower shall not, and shall not permit any Subsidiary (if any) to incur an event of default under any other indebtedness for money borrowed, reimbursement obligations under letters of credit, capital lease obligations or hedging obligations likely to have a material adverse effect on the financial condition of Borrower taken as a whole in the sole determination of SunTrust (collectively, "Indebtedness") or any guarantees or endorsements of any indebtedness, and any such event of default shall constitute an Event of Default under the Note.

## III. CONDITION PRECEDENT TO THE MAKING OF EACH ADVANCE

- A.** The making of each advance under the Notes is subject to accuracy of representations and warranties and the further condition that no Event of Default or event which with the passing of time or the giving of notice or both would constitute an Event of Default shall exist at such time.

IN WITNESS WHEREOF, Borrower and SunTrust have caused this Agreement to be executed as of the date first above written.

Optical Cable Corporation:

By: /s/ Tracy G. Smith  
Tracy G. Smith, Senior Vice President and CFO

SunTrust Bank

By: /s/ Harvey D. Brookins  
Harvey D. Brookins, Vice President

**Schedule A**

(a) Liens arising in connection with any court proceedings in the aggregate amount of no more than \$200,000 at any one time; (b) carriers' warehousemen's, suppliers' or other similar possessory liens arising in the ordinary course of business and securing liabilities in an outstanding aggregate amount not in excess of \$200,000 at any time, so long as such liens attach only to Inventory; (c) pledges or deposits of money securing bids, tenders, contracts (other than contracts for the payment of money) or leases to which Borrower is a party as lessee made in the ordinary course of business; (d) deposits securing, or in lieu of, surety, appeal or customs bonds in proceedings to which Borrower is a part; (e) purchase money liens incurred in the ordinary course of business for purchase of equipment, and (f) the Lien in favor of Valley Bank, secured by UCC initial financing statement No. 06091272359, as amended by UCC-3 File Number 1307243948 (together with any renewals, replacements or extensions thereof) and Liens in connection with leases including, without limitation, leasing of equipment and capital leases.

## Addendum A To Note LIBOR Index Rate (104)

### SECTION 1

**Definitions.** As used in this Addendum, the following terms shall have the meanings set forth below:

"Bank" shall mean SunTrust Bank and its successors and assigns.

"Borrower" shall collectively and individually refer to the maker of the attached note dated August 30, 2013 ("Note"). The terms of this Addendum are hereby incorporated into the Note and in the event of any conflict between the terms of the Note and the terms of this Addendum, the terms of this Addendum shall control.

"Business Day" shall mean, with respect to Interest Periods applicable to the LIBOR Rate, a day on which the Bank is open for business and on which dealings in U.S. dollar deposits are carried on in the London Inter-Bank Market.

"Interest Period" shall mean a period of one (1) month, provided that (i) the initial Interest Period may be less than one month, depending on the initial funding date and (ii) no Interest Period shall extend beyond the maturity date of the Note.

"Interest Rate Determination Date" shall mean the date the Note is initially funded and the first Business Day of each calendar month thereafter.

"LIBOR Rate" shall mean that rate per annum effective on any Interest Rate Determination Date which is equal to the quotient of:

(i) the rate per annum equal to the offered rate for deposits in U.S. dollars for a one (1) month period, which rate appears on that page of Bloomberg reporting service, or such similar service as determined by the Bank, that displays British Bankers' Association interest settlement rates for deposits in U.S. Dollars, as of 11:00 A.M. (London, England time) two (2) Business Days prior to the Interest Rate Determination Date; provided, that if no such offered rate appears on such page, the rate used for such Interest Period will be the per annum rate of interest determined by the Bank to be the rate at which U.S. dollar deposits for the Interest Period, are offered to the Bank in the London Inter-Bank Market as of 11:00 A.M. (London, England time), on the day which is two (2) Business Days prior to the Interest Rate Determination Date, divided by

(ii) a percentage equal to 1.00 *minus* the maximum reserve percentages (including any emergency, supplemental, special or other marginal reserves) expressed as a decimal (rounded upward to the next 1/100th of 1%) in effect on any day to which the Bank is subject with respect to any LIBOR loan pursuant to regulations issued by the Board of Governors of the Federal Reserve System with respect to eurocurrency funding (currently referred to as "eurocurrency liabilities" under Regulation D). This percentage will be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Prime Rate" shall mean the publicly announced prime lending rate of the Bank from time to time in effect, which rate may not be the lowest or best lending rate made available by the Bank or, if the Note is governed by Subtitle 10 of Title 12 of the Commercial Law Article of the Annotated Code of Maryland, "Prime Rate" shall mean the Wall Street Journal Prime Rate, which is the Prime Rate published in the "Money Rates" section of the *Wall Street Journal* from time to time.

### SECTION 2

**Interest.** The Borrower shall pay interest upon the unpaid principal balance of the Note at the LIBOR Rate plus the margin provided in the Note. Interest shall be due and payable as provided in the Note and shall be calculated as described in the Note. The interest rate shall remain fixed during each month based upon the interest rate established pursuant to this Addendum on the applicable Interest Rate Determination Date.

### SECTION 3

**Additional Costs.** In the event that any applicable law or regulation or the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) (i) shall change the basis of taxation of payments to the Bank of any amounts payable by the Borrower hereunder (other than taxes imposed on the overall net income of the Bank) or (ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Bank, or (iii) shall impose any other condition with respect to the Note, and the result of any of the foregoing is to increase the cost to the Bank of making or maintaining the Note or to reduce any amount receivable by the Bank hereunder, and the Bank determines that such increased costs or reduction in amount receivable was attributable to the LIBOR Rate basis used to establish the interest rate hereunder, then the Borrower shall from time to time, upon demand by the Bank, pay to the Bank additional amounts sufficient to compensate the Bank for such increased costs (the "Additional Costs"). A detailed statement as to the amount of such Additional Costs, prepared in good faith and submitted to the Borrower by the Bank, shall be conclusive and binding in the absence of manifest error.

### SECTION 4

**Unavailability Of Dollar Deposits.** If the Bank determines in its sole discretion at any time (the "Determination Date") that it can no longer make, fund or maintain LIBOR based loans for any reason, including without limitation illegality, or the LIBOR Rate cannot be ascertained or does not accurately reflect the Bank's cost of funds, or the Bank would be subject to Additional Costs that cannot be recovered from the Borrower, then the Bank will notify the Borrower and thereafter will have no obligation to make, fund or maintain LIBOR based loans. Upon such Determination Date the Note will be converted to a variable rate loan based upon the Prime Rate. Thereafter the interest rate on the Note shall adjust simultaneously with any fluctuation in the Prime Rate.

Individual(s) Signature(s):

Non-Individual Signature:

(Seal) Optical Cable Corporation

(Seal) By: /s/ Tracy G. Smith

Tracy G. Smith, Senior Vice President and CFO  
Name and title, printed or typed

## SIXTH LOAN MODIFICATION AGREEMENT

THIS SIXTH LOAN MODIFICATION AGREEMENT, is made as of the 30th day of August, 2013, by and between OPTICAL CABLE CORPORATION, a Virginia corporation (the "Borrower"), for itself and as successor by merger to Superior Modular Products Incorporated, formerly a Delaware corporation and VALLEY BANK, a Virginia banking corporation, its affiliates and their successors and assigns (the "Bank").

WHEREAS, the Borrower and Superior Modular Products Incorporated and the Bank entered into that certain Credit Agreement dated May 30, 2008, which was amended by that certain First Loan Modification Agreement (the "First Modification") between the Borrower and the Bank dated as of the 16th day of February, 2010, by that certain Second Loan Modification Agreement (the "Second Modification") between the Borrower and the Bank dated as of the 30th day of April, 2010, by that certain Third Loan Modification Agreement ("Third Modification") between the Borrower and the Bank dated as of the 22<sup>nd</sup> day of April, 2011, by that certain Fourth Loan Modification Agreement ("Fourth Modification") between the Borrower and the Bank dated as of the 25th day of July, 2011, and by that certain Fifth Loan Modification Agreement ("Fifth Modification") between the Borrower and the Bank dated as of the 31st day of August, 2012 (as amended, the "Credit Agreement");

WHEREAS, the Borrower and the Bank desire to modify the terms of the Credit Agreement to (i) revise the definition of SunTrust Debt and (ii) agree to such other matters as provided herein.

NOW, THEREFORE, in consideration of the mutual promises and conditions contained herein, the parties hereto agree as follows:

1. The foregoing recitals are incorporated in and constitute terms of this Agreement.



2. Capitalized terms contained in this Agreement which are not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

3. The Credit Agreement is amended as follows:

A. The definition of "SunTrust Debt" in Section 1.1 is deleted in its entirety and replaced with the following:

"SunTrust Debt" means that certain \$9,000,000 revolving loan made by SunTrust Bank to the Borrower evidenced by that certain commercial note from the Borrower to the Bank dated August 30, 2013, and the related agreement to commercial note and other related documents, the maturity of which may be extended from time to time.

4. As a condition of this Agreement, the Borrower shall pay the fees and costs of the Bank's counsel, if any.

5. The modifications contained in this Agreement do not constitute or create a novation of any of the Loan Documents or the Loans.

6. Except as expressly modified hereby and by the First Modification, the Second Modification, the Third Modification, the Fourth Modification and the Fifth Modification all terms and conditions of the Loan Documents remain unchanged, and of full force and effect in accordance with their terms.

7. The Borrower hereby ratifies all of the Loan Documents, as expressly modified hereby and by the First Modification, the Second Modification, the Third Modification, the Fourth Modification, and the Fifth Modification and certifies that they are enforceable in accordance with their terms, without defense or offset, and affirms that Term Loan A and Term Loan B are secured by a first lien deed of trust on the Real Property.

8. The Borrower represents and warrants to the Bank to induce the Bank to enter into this Agreement, that the execution, delivery and performance of this Agreement has been

duly authorized by all requisite action and such authorization has not been rescinded, and that all representations and warranties made by it in the Loan Documents are true, correct and enforceable on and as of the date hereof.

9. The effective date of this Agreement shall be the date first hereinabove written.

10. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Virginia.

The parties consent to the jurisdiction and venue of the courts of the Commonwealth of Virginia, specifically to the courts of the City of Roanoke, Virginia, and to the jurisdiction and venue of the United States District Court for the Western District of Virginia in connection with any action, suit or proceeding arising out of or relating to this Agreement.

11. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

12. This Agreement may be signed in several counterparts, each of which shall be an original and all of which shall constitute one and the same document.

[signature page follows]

IN WITNESS WHEREOF, the parties have caused this Sixth Loan Modification Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

BORROWER:           OPTICAL CABLE CORPORATION

By: /s/ Tracy G. Smith  
Name: Tracy G. Smith  
Title: Senior Vice President,  
Chief Financial Officer and Secretary

BANK:                VALLEY BANK

By: /s/ Scott L. Leffel  
Name: Scott L. Leffel  
Title: Vice President