

**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): December 10, 2004

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))
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Item 1.01. Entry into a Material Definitive Agreement

On December 10, 2004, Optical Cable Corporation entered into an employment agreement with Tracy G. Smith. Under the terms of the employment agreement, Ms. Smith will be employed as vice president and chief financial officer of Optical Cable Corporation. The initial term of the agreement shall end on October 31, 2007; however, on November 1, 2005 and each November 1 thereafter the term of the employment agreement shall be renewed and extended by one year unless Executive or the Corporation notifies the other in writing thirty days prior to such date(s) that the term shall not be renewed and extended. Under the terms of the employment agreement, Ms. Smith will be entitled to certain compensation, including an initial annual base salary of \$134,000, which may be increased periodically; participation in certain executive bonus programs including the Optical Cable Corporation 2005 Management Incentive Plan, pursuant to which Ms. Smith is being provided with a 25% annual target bonus opportunity (as a percentage of annual base salary) for Optical Cable Corporation's fiscal year 2005 which is contingent on achievement of quantified corporate and divisional goals and specifically identified divisional objectives; and certain grants of long-term equity compensation awarded from time to time to senior executives pursuant to equity participation plans, including grants under the Optical Cable Corporation 1996 Stock Incentive Plan and any successor plans. The employment agreement is attached hereto as Exhibit 10.1.

On December 17, 2004, Optical Cable Corporation entered into certain restricted stock award agreements with its executive officers. The forms of agreements are attached hereto as exhibits 10.2 and 10.3.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

The following are filed as Exhibits to this Report.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
10.1	Employment Agreement dated December 10, 2004 by and between Optical Cable Corporation and Tracy G. Smith (FILED HEREWITH)
10.2	Form of restricted stock agreement (FILED HEREWITH).
10.3	Form of restricted stock agreement (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: Vice President and Chief Financial Officer

Dated: January 24, 2005

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OPTICAL CABLE CORPORATION

Current report on Form 8-K

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**OPTICAL CABLE CORPORATION
EMPLOYMENT AGREEMENT**

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of December 10, 2004 by and between OPTICAL CABLE CORPORATION, a Virginia corporation, hereinafter called the "Corporation", and Tracy G. Smith called "Executive", and provides as follows:

RECITALS

WHEREAS, the Corporation is a manufacturer and seller of fiber optic cable, with its capital stock traded on the Nasdaq National Market;

WHEREAS, Executive has been involved in the executive management of the business and affairs of the Corporation and possesses managerial experience, knowledge, skills and expertise required by the Corporation;

WHEREAS, the employment of Executive by the Corporation is in the best interests of the Corporation and Executive; and

WHEREAS, the parties have mutually agreed upon the terms and conditions of Executive's continued employment by the Corporation as hereinafter set forth;

TERMS OF AGREEMENT

NOW, THEREFORE, for and in consideration of the premises and of the mutual promises and undertakings of the parties as hereinafter set forth, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties covenant and agree as follows:

Section 1. Employment.

Executive shall be employed as Vice President and Chief Financial Officer of the Corporation, shall report directly to the President and CEO of the Corporation (the "President and CEO"), and shall discharge such duties and responsibilities of an executive nature as may be assigned her by the President and CEO.

Section 2. Term of Employment.

The initial term of this Agreement shall end on October 31, 2007. However, on November 1, 2005 and each November 1 thereafter the term of this Agreement shall be renewed and extended by one year unless Executive or the Corporation notifies the other in writing thirty (30) days prior to such date(s) that the term shall not be renewed and extended.

Section 3. Exclusive Service.

Executive shall devote her best efforts and full time to rendering services on behalf of the Corporation in furtherance of its best interests. Executive shall comply with all policies, standards

and regulations of the Corporation now or hereafter promulgated, and shall perform her duties under this Agreement to the best of her abilities and in accordance with standards of conduct applicable to an executive officer.

Section 4. Salary.

(a) As compensation while employed hereunder, Executive, during her faithful performance of this Agreement shall receive an initial annual base salary of \$134,000, payable on such terms and in such installments as the parties may from time to time mutually agree upon. The President and CEO, subject to review by the Board of Directors or an appropriate committee thereof, in his discretion, may increase Executive's base salary during the term of this Agreement.

(b) The Corporation shall withhold state and federal income taxes, social security taxes and such other payroll deductions as may from time to time be required by law or agreed upon in writing by Executive and the Corporation. The Corporation shall also withhold and remit to the proper party any amounts agreed to in writing by the Corporation and Executive for participation in any corporate sponsored benefit plans for which a contribution is required.

(c) Except as otherwise expressly set forth herein, no compensation shall be paid pursuant to this Agreement in respect of any calendar month subsequent to any termination of Executive's employment by the Corporation.

Section 5. Corporate Benefit Plans.

Executive shall be entitled to participate in or become a participant in any employee health, welfare and benefit plans maintained by the Corporation for which she is or will become eligible.

Section 6. Bonuses.

Executive shall participate in executive bonus programs, as established from time to time by the President and CEO, subject to review by the Board of Directors or an appropriate committee thereof. This includes participation in the Optical Cable Corporation 2005 Management Incentive Plan, pursuant to which Executive is being provided with a 25% annual target bonus opportunity (as a percentage of annual base salary) for the Corporation's fiscal year 2005 which, unless otherwise provided herein, is contingent on achievement of quantified corporate and divisional goals and specifically identified divisional objectives.

Section 7. Equity Compensation.

Executive shall participate in grants of long-term equity compensation awarded from time to time to senior executives pursuant to equity participation plans, including grants under the Optical Cable Corporation 1996 Stock Incentive Plan and any successor plans. Grants under such plans are based on the recommendations of the President and CEO and subject to approval by the Board of Directors or an appropriate committee thereof.

Section 8. Expense Account.

The Corporation shall reimburse Executive for reasonable and customary business expenses incurred in the conduct of the Corporation's business. Such expenses will include business meals, out-of-town lodging, travel expenses, reasonable professional fees and dues. Executive agrees to timely submit records and receipts of reimbursable items and agrees that the Corporation can adopt reasonable rules and policies regarding such reimbursement. The Corporation agrees to make prompt payment to Executive following receipt and verification of such reports.

Section 9. Paid Time Off (PTO).

Executive shall be entitled to receive under the Corporation's Paid Time Off ("PTO") program (or under any alternative program adopted in the future for vacation and sick time) the greater of (i) 26 days of time away from work with continued compensation (PTO days) or (ii) the number of days other similarly positioned employees would be eligible to receive based on years of service. The Corporation's PTO program provides for both vacation and sick time off with pay. The PTO days for any calendar year will be earned on January 1 of such calendar year. At the end of each calendar year, Executive shall be entitled to carry-over up to 10 unused PTO days to the next calendar year.

Section 10. Termination.

(a) *Resignation by Executive without Good Reason.*

Executive may resign and terminate this Agreement upon written notice to the Corporation as provided herein. In the event Executive's employment under this Agreement is terminated by the resignation of the Executive without Good Reason (as hereinafter defined), Executive shall thereafter have no right to receive compensation or other benefits under this Agreement.

(b) *Termination by Corporation for Cause.*

The Corporation shall have the right to terminate Executive's employment under this Agreement at any time for Cause, which termination shall be effective immediately. Termination for "Cause" shall include termination for (i) material breach of this Agreement by Executive which breach is not cured within 30 days of receipt by Executive of written notice from the Corporation specifying the breach; (ii) Executive's gross negligence in the performance of her material duties hereunder; (iii) intentional nonperformance or misperformance of such duties, or refusal to abide by or comply with the reasonable directives of her superior officers, or the Corporation's policies and procedures, which actions continue for a period of at least 30 days after receipt by Executive of written notice of the need to cure or cease; (iv) Executive's willful dishonesty, fraud or misconduct with respect to the business or affairs of the Corporation, that in the reasonable judgment of the President and CEO and/or the Board of Directors materially and adversely affects the Corporation; or (v) Executive's conviction of, or a plea of nolo contendere to, a felony or other crime involving moral turpitude. In the event Executive's employment under this Agreement is terminated for Cause, Executive shall thereafter have no right to receive compensation or other benefits under this Agreement.

(c) Termination by Corporation without Cause or by Executive for Good Reason.

(1) The Corporation may terminate Executive's employment other than for Cause (as defined above) at any time upon written notice to Executive, which termination shall be effective immediately. Executive may resign thirty (30) days after notice to the Corporation for "Good Reason", as hereafter defined.

(2) Except as otherwise provided in Section 10(c)(3) of this Agreement, in the event the Executive's employment is terminated either: by the Corporation other than for Cause; or by Executive for Good Reason, then:

(i) Executive shall receive a monthly amount equal to one-twelfth (1/12) the rate of her annual base salary in effect immediately preceding such termination for six (6) months after the date of such termination at the times such payments would have been made in accordance with Section 4(a).

(ii) Executive shall receive a payment in cash on the date her employment terminates equal to six twelfths (6/12) times the greater of: (y) the amount of the average annual cash bonus paid or payable to her in respect of each of the three (3) fiscal years of the Corporation prior to the fiscal year in which her employment terminates (or such average over the shorter period of Executive's employment, if applicable), or (z) the amount of the target bonus opportunity contemplated in Section 6 of this Agreement, in each case as in effect prior to the termination of Executive's employment.

(3) In the event a Change of Control occurs, and Executive's employment is terminated either: by Corporation other than for Cause or by Employee for Good Reason, in each case within thirteen (13) months after the occurrence of such Change of Control, then, the Corporation's obligations under Section 10(c)(2) shall not apply, and in lieu thereof, the Corporation's obligations, in addition to any other obligations set forth under this Agreement, are as follows:

(i) On or before the Executive's last day of employment with the Corporation (unless another period is mutually agreed upon by the parties), the Corporation shall pay to Executive as compensation for services rendered to the Corporation a cash amount (subject to any applicable payroll or other taxes required to be withheld) equal to the aggregate total of an eighteen (18) month continuation of her annual base salary, as in effect immediately preceding such termination.

(ii) On or before the Executive's last day of employment with the Corporation (unless another period is mutually agreed upon by the parties), the Corporation shall pay to Executive as compensation for services rendered to the Corporation a cash amount (subject to applicable payroll or other taxes required to be withheld) equal to eighteen twelfths (18/12) times the greater of: (y) the amount of the average annual cash bonus

paid or payable to her in respect of each of the three (3) fiscal years of the Corporation prior to the fiscal year in which her employment terminates (or such average over the shorter period of Executive's employment, if applicable), or (z) the amount of her target bonus opportunity contemplated in Section 6 of this Agreement, in each case as in effect prior to the termination of Executive's employment.

(iii) The Corporation shall maintain in full force and effect for the continued benefit of the Executive for the remainder of the then current term of this Agreement all employee health, welfare benefit plans and programs or arrangements in which the Executive participated immediately prior to such termination, provided that continued participation is possible under the general terms and provisions of such plans and programs. In the event that Executive's participation in any such plan or program is barred, the Corporation shall arrange to provide the Executive with benefits substantially similar to those which the Executive was entitled to receive under such plans and programs.

(iv) Executive will be entitled to receive reasonable out-placement services, including job search services, paid by the Corporation. The services will be provided by a recognized out-placement organization selected by the Executive with the approval of the Corporation (which approval will not be unreasonably withheld). The services will be provided for up to two years after the date Executive's employment by the Corporation terminates.

(v) Any benefits paid by the Corporation pursuant to Section 10(c)(3), or otherwise triggered by the occurrence of a Change of Control, will be grossed up by the Corporation as necessary to protect the Executive from paying any excise taxes that may result from such benefits.

(4) Notwithstanding the provisions of Section 10(c)(2) and Section 10(c)(3) of this Agreement to the contrary:

(i) If Executive breaches Section 11, 12 or 13, Executive will not thereafter be entitled to receive any further compensation or benefits pursuant to Section 10(c)(2) or Section 10(c)(3), as applicable; provided that the Corporation shall have provided Executive with a reasonable time to cease and desist and cure any such violation, if curable;

(ii) If, while she is receiving payments under Section 10(c)(2) or Section 10(c)(3), as applicable, Executive violates the provisions of Section 12, provided that the Corporation shall have provided Executive with a reasonable time to cease and desist and cure any such violation, if curable, such payments will cease and she will not thereafter be entitled to receive any compensation or benefits pursuant to Section 10(c)(2) or Section 10(c)(3), as applicable; and

(iii) The obligations of the Corporation to Executive under Section 10(c)(2) and Section 10(c)(3) are conditioned upon the Executive's signing a release of claims in a form satisfactory to the Corporation within twenty-one (21) days of the date she receives or gives notice of termination of her employment or the date she receives said release of claims, whichever is later, and upon her not revoking the release of claims thereafter.

(d) Termination Upon Executive's Death.

This Agreement shall terminate upon death of Executive; provided, however, that in such event the Corporation shall pay to the estate of Executive her compensation including salary and accrued target bonus, if any, which otherwise would be payable to Executive through the end of the month in which her death occurs.

(e) Termination Upon Disability.

The Corporation may terminate Executive's employment under this Agreement, after having established the Executive's disability, by giving to Executive written notice of its intention to terminate her employment for disability and her employment with the Corporation shall terminate effective on the 120th day after receipt of such notice if within 120 days after such receipt Executive shall fail to return to the full-time performance of the essential functions of her position (and if Executive's disability has been established pursuant to the definition of "disability" set forth below). For purposes of this Agreement, "disability" means either (i) disability which after the expiration of more than 13 consecutive weeks after its commencement is determined to be total and permanent by a physician selected and paid for by the Corporation or its insurers, and acceptable to Executive or her legal representative, which consent shall not be unreasonably withheld or (ii) disability as defined in the policy of disability insurance maintained by the Corporation for the benefit of Executive, whichever shall be more favorable to Executive.

(f) Obligations Survive Termination or Expiration.

Notwithstanding the termination of Executive's employment pursuant to any provision of this Agreement (including any expiration of this Agreement), the parties shall be required to carry out any provisions of this Agreement which contemplate performance by them subsequent to such termination. In addition, no termination shall affect any liability or other obligation of either party which shall have accrued prior to such termination, including, but not limited to, any liability, loss or damage on account of breach. No termination of employment shall terminate the obligation of the Corporation to make payments of any vested benefits provided hereunder or the obligations of Executive under Sections 11, 12 and 13.

(g) Notice by Executive.

Executive's employment hereunder may be terminated by Executive upon thirty (30) days written notice to the Corporation or at any time by mutual agreement in writing.

(h) Obligations Unconditional.

Except as set forth in Section 10(c)(4), the Corporation's obligation to pay the Executive the compensation provided in Section 10 shall be absolute and unconditional and shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Corporation may have against her or anyone else. All amounts payable by the Corporation hereunder shall be paid without notice or demand. Each and every payment made hereunder by the Corporation shall be final and the Corporation will not seek to recover all or any part of such payment from the Executive or from whomsoever may be entitled thereto, for any reason whatsoever. The Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise.

(i) Good Reason Defined.

For purposes of this Agreement, "Good Reason" shall mean:

(i) The assignment of duties to the Executive by the Corporation which result in the Executive having significantly less authority or responsibility than she has on the date hereof, without her express written consent; provided that, this shall not prohibit the Corporation from assigning different duties to the Executive, including a different position (except as otherwise provided below), as may be in the best interest of the Corporation.

(ii) The removal of the Executive from or any failure to appoint or re-appoint her to a position of Vice President of the Corporation, or a more senior position, without her express written consent;

(iii) Requiring the Executive to maintain her principal office (y) at a location outside of a 50 mile radius of the Corporation's principal executive offices at the time of this Agreement, or (z) at a location other than the principal executive offices of the Corporation;

(iv) A reduction by the Corporation of the Executive's base salary, as the same may have been increased from time to time;

(v) The failure of the Corporation to provide the Executive with substantially the same material fringe benefits that are provided to her at the inception of this Agreement (including, but not limited to, participation in bonus programs or equity incentive programs);

(vi) The Corporation's failure to comply with any material term of this Agreement; or

(vii) The failure of the Corporation to obtain the assumption of, and agreement to perform, this Agreement by any successor.

(j) Change of Control.

For purposes of this Agreement, a Change of Control occurs if, after the date of this Agreement, (i) any person, including a “group” as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, becomes the owner or beneficial owner of Corporation securities having 50% or more of the combined voting power of the then outstanding Corporation securities that may be cast for the election of the Corporation’s directors; or (ii) as the direct or indirect result of, or in connection with, a tender or exchange offer, a merger or other business combination, a sale of assets, a contested election of directors, or any combination of these events, the persons who were directors of the Corporation before such events cease to constitute a majority of the Corporation’s Board, or any successor’s board, within three years of the last of such transactions. For purposes of this Agreement, a Change of Control occurs on the date on which an event described in (i) or (ii) occurs. If a Change of Control occurs on account of a series of transactions or events, the Change of Control occurs on the date of the last of such transactions or events.

In the event a Change of Control occurs, all unvested equity participation grants by the Corporation to the Executive will immediately vest and shall be exercisable over the period of time set forth in the granting documents.

Section 11. Confidentiality/Nondisclosure.

(a) Executive hereby acknowledges that Executive’s employment with the Corporation places Executive in a position of confidence and trust with respect to the business, operations, customers, prospects, and personnel of the Corporation, and that Executive will be given access to trade secrets and confidential and proprietary business information of the Corporation. Executive acknowledges that the Corporation’s trade secrets and confidential and proprietary business information include, but is not limited to, such matters as Corporation patents, trade secrets, systems, products and methodologies (whether or not patentable), formulas, processes, manufacturing procedures, manuals, reports, software and source code used in the Corporation’s production and business processes, customers, identity of vendors, materials used in the manufacturing process, pricing received from vendors, machine settings, business opportunities and prospective business opportunities, costing and pricing procedures, marketing and business strategies, equipment and methods used and preferred by the Corporation and/or its customers, and the amounts paid by such customers for the Corporation’s products (all of the foregoing will be hereinafter referred to as “confidential information”). Additionally, and not by way of limitation, as used above, the term “trade secrets” shall be afforded the broadest construction allowed by the common law, the Virginia Trade Secrets Act, and/or the federal law.

(b) Executive agrees that the Corporation’s confidential information derives independent economic value because it is not generally known or readily ascertainable by other persons who could obtain economic value from the disclosure or use of such information.

(c) Executive acknowledges that the Corporation has invested considerable time and expense in developing and safeguarding its confidential information, and in developing and

maintaining personal contacts and relationships with its customers and potential customers. Executive agrees that, in so doing, the Corporation has developed favorable goodwill with customers and with the business community. The Corporation wishes to safeguard its goodwill and confidential information.

(d) Executive pledges her best efforts and utmost diligence to protect the Corporation's confidential information. Unless required by the Corporation in connection with Executive's employment or with the Corporation's express written consent, Executive agrees that she will not, either during her employment with the Corporation or afterwards, directly or indirectly, use or disclose for Executive's own benefit or for the benefit of another person or entity of any kind, or group of persons and/or entities, any of the Corporation's confidential information, whether or not the information is acquired, learned, attained, or developed by Executive alone or in conjunction with others. Executive makes the same pledge with regard to the confidential information of the Corporation's customers, contractors, or others with whom the Corporation has a business relationship.

(e) Executive also agrees that all notes, lists, records, drawings, memoranda, or other documents that are made or compiled by Executive or which were available to Executive concerning any of the Corporation's business and/or confidential information shall be the exclusive property of the Corporation. Executive agrees to deliver such materials and information to the Corporation upon the termination of the employment relationship or at any other time at the Corporation's request. Executive understands that the unauthorized taking or disclosure of any of such information or materials could also result in civil and/or criminal liability.

(f) The Corporation expects Executive to respect any trade secrets or confidential information of any of Executive's former employers, business associates, or any others. Executive agrees to respect the Corporation's express direction to Executive not to disclose to the Corporation, its officers, or any employees any such information as long as it remains confidential.

(g) Notwithstanding any contrary provision contained herein, Executive will be permitted to retain any documentation reasonably necessary to enforce the terms of this Agreement.

Section 12. Covenant Not to Compete and Non-solicitation.

(a) Executive understands and agrees that the Corporation has disclosed or will disclose confidential information to Executive during her employment with the Corporation, the disclosure or use of which outside the Corporation's business would be detrimental to the Corporation. Executive further agrees that the Corporation would suffer great loss and damage if Executive should, on her own behalf or on behalf of any other person or entity of any kind, or group of persons and/or entities, use or disclose any of the Corporation's confidential information.

(b) While employed by the Corporation, Executive shall faithfully devote her best efforts to advance the business and interests of the Corporation and shall not, on her own behalf or another's behalf, engage in any manner in any other business competing with that of the Corporation.

(c) During the Restricted Period (defined below), Executive shall not, on her own behalf or on behalf of another person or entity of any kind, or group of persons and/or entities, (i) participate in the management or control of any competing business engaged in (y) the offering of services similar to the type offered by the Corporation at the time of termination of Executive's employment and/or (z) the manufacture or sale of products similar to the type manufactured, sold or designed by the Corporation at the time of termination of Executive's employment, or (ii) be employed by any such business (as described in clause (i) above) in a position in which Executive would perform duties that are substantially similar to or the same as those performed by Executive on behalf of the Corporation or in a position that would utilize knowledge or skill developed by Executive during such employment with the Corporation. It is expressly provided, however, that this covenant does not preclude Executive from working in the fiber optic industry in a role that would not compete with the business of the Corporation. Because the Corporation engages in its business on a worldwide basis, the geographic scope of the covenants in this paragraph shall extend to those worldwide markets in which the Corporation does business or has active plans to do business at the termination of Executive's employment. Executive further acknowledges that the covenants in this paragraph are reasonable and necessary to protect the Corporation's legitimate business interests.

(d) Executive acknowledges that, while employed by the Corporation, Executive will have contact with and/or become aware of the Corporation's customers and the representatives of those customers, their names and addresses, specific customer needs and requirements, and leads and references to prospective customers. Executive further acknowledges that loss of such customers would cause the Corporation great and irreparable harm. During the Restricted Period, Executive shall not solicit, contact, call upon, or attempt to communicate with any customer, former customer or prospective customer of the Corporation on behalf of any business competing with that of the Corporation for the purpose of securing business that is the same as or similar to that of the Corporation. This restriction will apply only to any customer, former customer or prospective customer of the Corporation with whom the Corporation has had contact during the last twelve (12) months of Executive's employment with the Corporation. For the purposes of the preceding sentence, "contact" means (i) interaction between the Corporation and the customer, former customer or prospective customer that takes place to further the business of either the Corporation or the customer, or (ii) making sales or marketing efforts to or performing services for the customer, former customer or prospective customer on behalf of the Corporation.

(e) During the greater of (i) twelve (12) months after the termination of Executive's employment with the Corporation for any reason or (ii) the Restricted Period, Executive may not recruit, hire or attempt to recruit or hire, directly or by assisting others, any other employee of the Corporation.

(f) As used in this Section 12, "Restricted Period" shall mean the period of time from the date of Executive's termination for any reason until the passage of the greater of:

(i) twelve (12) months; or

(ii) (A) in the event Section 10(c)(2) of this Agreement is applicable, the number of months during which Executive receives payments pursuant to Section 10(c)(2)(i) of this Agreement; or

(B) in the event Section 10(c)(3) of this Agreement is applicable, the number of months that form the basis for any cash amount paid to Executive pursuant to Section 10(c)(3)(i) of this Agreement;

provided, however, that in the event of termination of Executive by the Corporation other than for Cause or termination by Executive for Good Reason, in no case shall the Restricted Period be longer than the period set forth in clause (ii)(A) or clause (ii)(B) above, as applicable; and further provided that notwithstanding the foregoing, in the event the Restricted Period is less than twelve (12) months, the Corporation shall have the option to extend the Restricted Period to an aggregate period equal to not more than twelve (12) months by proportionally increasing the compensation provided to Executive under either Section 10(c)(2) or Sections 10(c)(3)(i) and (ii), as applicable.

Notwithstanding the foregoing, except as set forth in Section 10(c)(4) above, the imposition of the restrictions during the Restricted Period under this Section 12 are conditioned upon the payment by the Corporation to Executive of all amounts provided for under Section 10(c)(2) or Section 10(c)(3) to the extent such Sections are applicable.

Section 13. Ownership of Intellectual Property.

Any and all inventions, discoveries, improvements, or creations (collectively "intellectual property") that Executive has conceived or made or may conceive or make during her employment with the Corporation that in any way, directly or indirectly, are connected with or related to the Corporation and/or its business, shall be the sole and exclusive property of the Corporation. All works created by Executive under the Corporation's direction or in connection with the Corporation's business for which copyrights, trademarks or patents may be sought are "works made for hire" and will be the sole and exclusive property of the Corporation. Any and all copyrights, trademarks or patents to such works, whether actually sought and/or applied for or not, will belong to the Corporation, and the Executive shall execute all documents that may be necessary to convey or assign any such rights that the Executive may have in such intellectual property to the Corporation or that otherwise may be necessary to enable the Corporation to seek such protection for such intellectual property. To the extent any such works are not deemed to be "works made for hire," the Executive hereby assigns all proprietary rights, including copyrights, trademarks and patents, in such works to the Corporation.

Section 14. Injunctive Relief, Damages, Etc.

Executive agrees that given the nature of the positions held by Executive with the Corporation, that each and every one of the covenants and restrictions set forth in Sections 11 and 12 above are reasonable in scope, length of time and geographic area and are necessary for the protection of the significant investment of the Corporation in developing, maintaining and expanding its business. Accordingly, the parties hereto agree that in the event of any breach by Executive of any of the provisions of Sections 11 or 12 that monetary damages alone will not adequately compensate the Corporation for its losses and, therefore, that it may seek any and all legal or equitable relief available to it, specifically including, but not limited to, injunctive relief. The covenants contained in Sections 11, 12 and 13 shall be construed and interpreted in any judicial proceeding to permit their enforcement to the maximum extent permitted by law. Should a court of competent jurisdiction determine that any provision of the covenants and restrictions set forth in Section 12 above is unenforceable as being overbroad as to time, area or scope, the court may strike the offending provision or reform such provision to substitute such other terms as are reasonable to protect the Corporation's legitimate business interests.

In the event either party must proceed with litigation to force the other party to satisfy its obligations under the terms of this Agreement, the court shall award to the prevailing party her or its reasonable litigation and counsel costs incurred to enforce her or its rights under this Agreement.

Section 15. Binding Effect/Assignability.

This Agreement shall be binding upon and inure to the benefit of the Corporation and Executive and their respective heirs, legal representatives, executors, administrators, successors and assigns, but neither this Agreement, nor any of the rights hereunder, shall be assignable by Executive or any beneficiary or beneficiaries designated by Executive. The Corporation will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business, stock or assets of the Corporation, by agreement in form and substance reasonably satisfactory to the Executive, to expressly assume and agree to perform this Agreement in its entirety. Failure of the Corporation to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement. Any successor of the Corporation shall be bound by the terms of this Agreement.

Section 16. Governing Law and Venue.

This Agreement shall be subject to and construed in accordance with the laws of the Commonwealth of Virginia, without respect to its conflict of laws provisions. The parties agree that exclusive venue for any action to enforce this Agreement shall be the Circuit Court for Roanoke County, Virginia, or the United States District Court for the Western District of Virginia, Roanoke Division.

Section 17. Notices.

Any and all notices, designations, consents, offers, acceptance or any other communications provided for herein shall be given in writing and shall be deemed properly delivered if delivered in person or by registered or certified mail, return receipt requested, addressed in the case of the Corporation to its registered office to the attention of the President and CEO, or in the case of Executive to her last known address.

Section 18. Entire Agreement.

(a) This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes any and all other agreements, either oral or in writing, among the parties hereto with respect to the subject matter hereof.

(b) This Agreement may be executed in one or more counterparts, each of which shall be considered an original copy of this Agreement, but all of which together shall evidence only one agreement.

Section 19. Amendment and Waiver.

This Agreement may not be amended except by an instrument in writing signed by or on behalf of each of the parties hereto. No waiver of any provision of this Agreement shall be valid unless in writing and signed by the person or party to be charged. No officer other than the President and CEO shall have the authority to amend this Agreement or waive any provision of this Agreement on behalf of the Corporation. Additionally, the President and CEO shall be the officer designated to act on behalf of the Corporation with respect to the provisions of this Agreement.

Section 20. Severability.

In case any one or more of the provisions of this Agreement is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

Section 21. Case and Gender.

Wherever required by the context of this Agreement, the singular or plural case and the masculine, feminine and neuter genders shall be interchangeable.

Section 22. Captions.

The captions used in this Agreement are intended for descriptive and reference purposes only and are not intended to affect the meaning of any Section hereunder.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be signed by its duly authorized representative and Executive has hereunto set her hand and seal on the day and year first above written.

OPTICAL CABLE CORPORATION

By: /s/ Neil D. Wilkin, Jr.

Neil D. Wilkin, Jr.
President and
Chief Executive Officer

EXECUTIVE

/s/ Tracy G. Smith

Tracy G. Smith

OPTICAL CABLE CORPORATION
1996 STOCK INCENTIVE PLAN
FY 2005 RESTRICTED STOCK AWARD
(Time Vesting)

GRANTED TO	GRANT DATE	NUMBER OF SHARES GRANTED	PRICE PER SHARE	SOCIAL SECURITY NUMBER
Grantee	Grant Date	_____	N/A	_____
	GRANT NUMBER	VESTING AND RESTRICTION LAPSE SCHEDULE*		
	_____	_____ shares will vest on the last day of each fiscal quarter for _____ quarters, with the first vesting date being January 31, 2005, and additional vesting dates being each subsequent April 30, July 31, October 31 and January 31 until the Award is fully vested (each such date a "Vesting Date").		

* Fractional shares carried over to last vesting period

OPTICAL CABLE CORPORATION and its successors and assigns (the "Company") hereby grants to _____ (the "Participant") effective _____ (the "Grant Date"), a Restricted Stock Award (the "Award"), pursuant to its 1996 Stock Incentive Plan that is provided along herewith (the "Plan"), covering the above stated number of shares (the "Restricted Shares") of common stock of the Company ("Common Stock").

The Chief Executive Officer proposed this Award and recommended its approval to the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee"), and the Compensation Committee, pursuant to the terms of the Plan, granted the Award to the Participant.

The Plan is administered by the Compensation Committee, or alternatively and as appropriate, the Board of Directors (in either case, the "Committee"). Any controversy that arises concerning this Award or the Plan shall be resolved by the Committee as it deems proper, and any decision of the Committee shall be final and conclusive.

The terms of the Plan are hereby incorporated into this Award by this reference. In the case of any conflict between the Plan and this Award, the terms of the Plan shall control. Capitalized terms not defined in this Award shall have the meaning assigned to such terms in the Plan.

Now, therefore, in consideration of the foregoing and the mutual covenants hereinafter set forth:

1. The Company hereby grants to the Participant an Award covering the Restricted Shares, subject to the terms and conditions of this Award and the Plan.
2. Unless otherwise determined by the Committee or unless as otherwise provided in Section 3(b) below, the Award will vest, and the restrictions applicable to Restricted Shares shall lapse (with the shares no longer subject to the restrictions set forth herein being referred to as "Unrestricted Shares"), ratably in installments over ____ quarters according to the schedule set forth above. Except as otherwise provided in the Plan or in Section 3 below or otherwise determined by the Committee, the Participant must be employed by the Company or a subsidiary at all times from the Grant Date through a Vesting Date in order for part of this Award to vest on such Vesting Date, and the restrictions on that portion of the Restricted Shares to lapse.
3.
 - (a) Unless otherwise determined by the Committee or unless as otherwise provided in Section 3(b) below, in the event that Participant's employment with the Company and/or any subsidiaries terminates before the Award is fully vested and the restrictions on all of the Restricted Shares have lapsed, Participant will, upon the date of Participant's termination of employment (as reasonably fixed and determined by the Company), forfeit the remainder of the Restricted Shares and the Company will be the owner of such remaining Restricted Shares and will have the right, without further action by Participant, to transfer such remaining Restricted Shares into its name.
 - (b) If a Triggering Event (as defined in Section 3 (c) below) occurs while Participant is employed by the Company (or if Participant's employment is terminated during the pendency of an event that, if consummated, would lead to a Triggering Event), but before the Award is fully vested and the restrictions applicable to all of the Restricted Shares have lapsed, then the date upon which the Triggering Event (or the date of the termination of Participant's employment if Participant's employment is terminated during the pendency of an event that, if consummated, would lead to a Triggering Event) occurs will be the Vesting Date with respect to the unvested portion of the Award and all restrictions on the remaining Restricted Shares shall lapse.
 - (c) For purposes of this Award, a "Triggering Event" occurs if, after the date of this Award, (i) any person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, becomes the owner or beneficial owner of Company securities having 50% or more of the combined voting power of the then outstanding Company securities that may be cast for the election of the Company's directors; or (ii) as the direct or indirect result of, or in connection with, a tender or exchange offer, a merger or other business combination, a sale of assets, a contested election of directors, or any combination of these events, the persons who were directors of the Company before such events cease to constitute a majority of the Corporation's Board, or any successor's board, within three years of the last of such transactions. For purposes of this Award, a Triggering Event occurs on the date on

which an event described in (i) or (ii) occurs. If a Triggering Event occurs on account of a series of transactions or events, the Triggering Event occurs on the date of the last of such transactions or events.

4. Participant will not sell, transfer, pledge, hypothecate or otherwise dispose of any Restricted Shares (or any interest in such shares) prior to the Vesting Date as to which the restrictions applicable to such shares lapse.
5. Prior to a Vesting Date, the Company will, at its option, reflect Participant's ownership of the Restricted Shares in book-entry form with the Company's transfer agent or through the issuance of one or more stock certificates. If the Company elects to reflect ownership through the issuance of stock certificates, such certificates will be held in escrow with the Corporate Secretary of the Company in accordance with the provisions of this Award and the Plan. Subject to terms of this Award and the Plan, Participant will have all rights of a shareholder with respect to the Restricted Shares while they are held in escrow or in book-entry form, including, without limitation, the right to vote the Restricted Shares and receive any cash dividends declared on such shares. If, from time to time prior to the date that the Award is fully vested and the restrictions on all of the Restricted Shares have lapsed, there is (i) any stock dividend, stock split or other change in the Restricted Shares, or (ii) any merger or sale of all or substantially all of the assets or other acquisition of the Company, any and all new, substituted or additional securities to which Participant is entitled by reason of his ownership of the Restricted Shares shall be held on his behalf by the Company in book-entry form or through the issuance of one or more stock certificates and held in escrow pursuant to this section until vesting pursuant to the schedule applicable to the underlying Restricted Shares, at which time all restrictions shall lapse.
6. As described in the Plan, in the event of certain corporate transactions or other actions or events, the Committee may take such actions with respect to this Award as it deems appropriate and consistent with the Plan.
7. Participant understands that Participant (and not the Company) is responsible for any tax liability that may arise as a result of the transaction contemplated by this Award. Participant understands that Section 83 of the Internal Revenue Code of 1986, as amended (the "Code") taxes as ordinary income the difference between the amount paid for the Restricted Shares and the fair market value of the Restricted Shares as of the date the restrictions on such shares lapse. Participant understands that Participant may elect to be taxed at the time of the Award, rather than when the restrictions lapse, by filing an election under Section 83(b) of the Code with the Internal Revenue Service within 30 days from the Grant Date.
8. As a condition of accepting this Award, Participant agrees to make arrangements for the payment of withholding of income taxes and employment taxes upon the vesting of the Award and the lapse of restrictions on the Restricted Shares. Until adequate arrangements have been made, certificates representing Unrestricted Shares will not be issued to Participant. Participant may satisfy applicable withholding taxes by any manner permitted by the Plan, subject to the consent of the Committee, including, (i) delivering a sufficient number of shares of already owned Common Stock (which have been owned by Participant for more than six (6) months), and/or (ii) having the Company retain a sufficient number of shares from the distribution to be made to Participant.

9. The fact that the Participant has been granted this Award will not affect or qualify the right of the Company or a subsidiary to terminate the Participant's employment at any time.
10. If any provision of this Award should be deemed void or unenforceable for any reason, it shall be severed from the remainder of the agreement, which shall otherwise remain in full force and effect.
11. The Company may, in its discretion, delay delivery of a certificate required upon vesting of the Award until (i) the admission of such shares to list on any stock exchange (including NASDAQ) on which the Common Stock may then be listed, (ii) the completion of any registration or other qualification of such shares under any state or federal law, ruling, or regulation of any governmental regulatory body that the Company shall, in its sole discretion, determine if necessary or advisable, and (iii) the Company shall have been advised by counsel that it has complied with all applicable legal requirements.
12. Any notice to be given under the terms of this Award shall be addressed to Optical Cable Corporation, to the attention of the Chief Financial Officer, 5290 Concourse Drive, Roanoke, VA 24019, and any notice to be given to Participant or to his or her personal representative shall be addressed to him or her at the address set forth below or to such other address as either party may, hereafter, designate in writing to the other. Notices shall be deemed to have been duly given if mailed, postage prepaid, addressed as aforesaid.
13. You may accept this Award, subject to the registration and listing of the shares issueable under the Plan, by signing and returning the enclosed copy of this Award. Your signature will also evidence your agreement to the terms and conditions set forth herein and to which this Award is subject.
14. Along with this Award, you hereby acknowledge receipt of a copy of the Plan and the Prospectus for the Plan. Also, if you have previously been granted an award under the Plan, you hereby acknowledge that you have received all of the reports, proxy statements and other communications generally distributed to the holders of the Company's securities since the date(s) of such grant(s) and no later than the times of such distributions.

IN WITNESS WHEREOF, the Company has caused this Award to be signed, as of the Grant Date shown above.

OPTICAL CABLE CORPORATION

By: _____

I hereby acknowledge receipt of this Award, the Plan, and the Prospectus for the Plan, and I agree to conform to all terms and conditions of this Award and the Plan.

Name

Date

Signature

Address

**OPTICAL CABLE CORPORATION
1996 STOCK INCENTIVE PLAN**

**FY 2005 RESTRICTED STOCK AWARD
(Performance Vesting)**

GRANTED TO	GRANT DATE	NUMBER OF SHARES GRANTED	PRICE PER SHARE	SOCIAL SECURITY NUMBER
_____	_____	_____	N/A	_____
	GRANT NUMBER	VESTING AND RESTRICTION LAPSE SCHEDULE*		
_____	_____	Shares granted hereunder will vest, in accordance with and subject in all respects to the provisions of Sections 3 and 4 below, on October 31 of each year (each such date, a "Vesting Date") during the period beginning on October 31, 2005 and ending on October 31, 2010 (the "Award Period").		

* Fractional shares shall be carried over to the last vesting period

OPTICAL CABLE CORPORATION and its successors and assigns (the "Company") hereby grants to _____ (the "Participant") effective _____ (the "Grant Date"), a Restricted Stock Award (the "Award"), pursuant to its 1996 Stock Incentive Plan that is provided along herewith (the "Plan"), covering the above stated number of shares (the "Restricted Shares") of common stock of the Company ("Common Stock").

The Chief Executive Officer proposed this Award and recommended its approval to the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee"), and the Compensation Committee, pursuant to the terms of the Plan, granted the Award to the Participant.

The Plan is administered by the Compensation Committee, or alternatively and as appropriate, the Board of Directors (in either case, the "Committee"). Any controversy that arises concerning this Award or the Plan shall be resolved by the Committee as it deems proper, and any decision of the Committee shall be final and conclusive.

The terms of the Plan are hereby incorporated into this Award by this reference. In the case of any conflict between the Plan and this Award, the terms of the Plan shall control. Capitalized terms not defined in this Award shall have the meaning assigned to such terms in the Plan.

Now, therefore, in consideration of the foregoing and the mutual covenants hereinafter set forth:

1. The Company hereby grants to the Participant an Award covering the Restricted Shares, subject to the terms and conditions of this Award and the Plan.
2. Unless otherwise determined by the Committee or unless as otherwise provided in Section 4(b) below, the Award will vest, and the restrictions applicable to Restricted Shares shall lapse (with the shares no longer subject to the restrictions set forth herein being referred to as “Unrestricted Shares”), in accordance with Section 3 below. Except as otherwise provided in the Plan or in Section 4 below or otherwise determined by the Committee, the Participant must be employed by the Company or a subsidiary at all times from the Grant Date through a Vesting Date in order for part of this Award to vest on such Vesting Date, and the restrictions on that portion of the Restricted Shares to lapse.
3. On each Vesting Date, a portion of the Award shall vest in accordance with the following schedule:

<u>TSR v RIR</u>	<u>Portion of Award Vesting</u>
If TSR is at least 50% greater than RIR	One quarter of the Award will vest
If TSR is 20% greater than RIR	One sixth of the Award will vest
If TSR is less than 20% greater than RIR	None of the Award will vest

By way of example, if the RIR is 10% for any Vesting Date, if the TSR is 15%, then the TSR is 50% greater than the RIR. Note that interpolation, calculated as set forth in Section 3(a) below, will be used to calculate the portion of the Award vesting when TSR is less than 50% greater than RIR, but more than 20% greater than RIR.

The above schedule is subject in all respects to the following:

a. Except as otherwise provided in Section 3(e) and/or Section 4 below, if as of a Vesting Date, the TSR minus the RIR, divided by the absolute value of the RIR is at least 20% (whether or not TSR is positive or negative), a portion of the Award shall vest (measured as a percentage of the Award) equal to: (i) 16.7% plus (ii) 0.276 multiplied by the total of (y) the TSR less the RIR, divided by the absolute value of the RIR, less (z) 20%; provided that no more than 25% of the Award shall vest pursuant to the foregoing on any Vesting Date. Calculation results shall be rounded to the nearest tenth.

For example, if on a Vesting Date the TSR is 14% and RIR is 10%, then the TSR is greater than the RIR by 40% (i.e., 14% minus 10% is 4%, divided by the absolute value of 10% is 40%); accordingly, the percentage of the Award that vests is 22.2% (16.7% plus 5.5% (0.276 multiplied by (40% less 20%))). Another example would be, if on a Vesting Date the TSR is -3% and the RIR is -4%, then the TSR is greater than the RIR by 25% (i.e., -3% minus -4% is 1%, divided by the absolute value of -4% is 25%); accordingly, the percentage of the Award that vests is 18.1% (16.7% plus 1.4% (0.276 multiplied by (25% less 20%))). Another example would be, if on a Vesting Date the TSR is 1% and the RIR is -2%, then TSR exceeds RIR by 150% (i.e., 1% minus -2% is 3%, divided by the absolute value of -2% is 150%), accordingly, 25% of the Award shall vest since that is the maximum that may vest on any Vesting Date.

b. "TSR" for any Vesting Date means total shareholder return (expressed as a percentage) of the Company, calculated for the 12 month period ending on that Vesting Date (such period, a "Vesting Period") based on the net change during such Vesting Period in the published adjusted share price of the Common Stock plus any dividends declared by the Company that are payable to holders of Common Stock during such Vesting Period (i.e., the "record date" occurs during such Vesting Period). For purposes of determining the TSR as of any Vesting Date, the arithmetic average of the adjusted closing price for the Common Stock as published in the Wall Street Journal (or if the Wall Street Journal does not publish a price for the Common Stock on the relevant dates, any other reasonably comparable publication of general circulation selected by the Compensation Committee) (the "OCC Closing Price") for each of the 20 trading days immediately preceding such Vesting Date (provided that if such Vesting Date is a trading day, the 20 trading days shall include such Vesting Date) shall be compared to the arithmetic average of the OCC Closing Price for each of the 20 trading days immediately preceding the October 31 immediately preceding such Vesting Date (provided that if such October 31 is a trading day, the 20 trading days shall include such October 31).

c. "RIR" for any Vesting Date means the total return (expressed as a percentage) of the Russell 2000[®] Index, calculated for the 12 month period ending on that Vesting Date based on the net change during such Vesting Period year in the published adjusted value of the Russell 2000[®] Index. For purposes of determining RIR as of any Vesting Date, the arithmetic average of the adjusted closing value of the Russell 2000[®] Index as published in the Wall Street Journal (or, if the Wall Street Journal does not publish the Russell 2000[®] Index on the relevant dates, any other reasonable publication of general circulation or web site selected by the Compensation Committee) (the "RI Closing Value") for each of the 20 trading days immediately preceding the Vesting Date (provided that if such Vesting Date is a trading day, the 20 trading days shall include the Vesting Date) shall be compared to the arithmetic average of the RI Closing Value for each of the 20 trading days immediately preceding the October 31 immediately preceding such Vesting Date (provided that if such October 31 is a trading day, the 20 trading days shall include such October 31). In the event the Russell 2000[®] Index is not available as required for the preceding calculation, the Compensation Committee shall select a published index that is reasonably comparable to the Russell 2000[®] Index for purposes of the preceding calculation.

d. Participant shall not be entitled to receive more than the total number of Restricted Shares shown as the "Number of Shares Granted" set forth at the top of this

document. Thus, by way of example, if TSR exceeds RIR by 50% or more during each of the first four years of the Award Period and one quarter of the Award vests in each of those years, no additional shares will vest during the last two years of the Award Period.

e. Any Restricted Shares covered by the Award that have not vested in accordance herewith or pursuant to Section 4 below on or before October 31, 2010, shall be irrevocably forfeited, subject to the immediately following sentence. Notwithstanding anything herein to the contrary, on October 31, 2010, all Restricted Shares covered by the Award shall immediately vest and all restrictions on the remaining Restricted Shares shall lapse if the average annual TSR over the six year Award Period is at least 20% greater than the average annual RIR over the six year Award Period.

4.

a. Unless otherwise determined by the Committee or unless as otherwise provided in Section 4(b) below, in the event that Participant's employment with the Company and/or any subsidiaries terminates before the Award is fully vested and the restrictions on all of the Restricted Shares have lapsed, Participant will, upon the date of Participant's termination of employment (as reasonably fixed and determined by the Company), forfeit the remainder of the Restricted Shares and the Company will be the owner of such remaining Restricted Shares and will have the right, without further action by Participant, to transfer such remaining Restricted Shares into its name.

b. If a Triggering Event (as defined in Section 4 (c) below) occurs while Participant is employed by the Company (or if Participant's employment is terminated during the pendency of an event that, if consummated, would lead to a Triggering Event), but before the Award is fully vested and the restrictions applicable to all of the Restricted Shares have lapsed, then the date upon which the Triggering Event (or the date of the termination of Participant's employment if Participant's employment is terminated during the pendency of an event that, if consummated, would lead to a Triggering Event) occurs will be the Vesting Date with respect to the unvested portion of the Award, and such unvested portion of the Award shall thereupon immediately vest and all restrictions on the remaining Restricted Shares shall lapse.

c. For purposes of this Award, a "Triggering Event" occurs if, after the date of this Award, (i) any person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, becomes the owner or beneficial owner of Company securities having 50% or more of the combined voting power of the then outstanding Company securities that may be cast for the election of the Company's directors; or (ii) as the direct or indirect result of, or in connection with, a tender or exchange offer, a merger or other business combination, a sale of assets, a contested election of directors, or any combination of these events, the persons who were directors of the Company before such events cease to constitute a majority of the Corporation's Board, or any successor's board, within three years of the last of such transactions. For purposes of this Award, a Triggering Event occurs on the date on which an event described in (i) or (ii) occurs. If a Triggering Event occurs on account of a series of transactions or events, the Triggering Event occurs on the date of the last of such transactions or events.

5. Participant will not sell, transfer, pledge, hypothecate or otherwise dispose of any Restricted Shares (or any interest in such shares) prior to the Vesting Date as to which the restrictions applicable to such shares lapse.
6. Prior to a Vesting Date, the Company will, at its option, reflect Participant's ownership of the Restricted Shares in book-entry form with the Company's transfer agent or through the issuance of one or more stock certificates. If the Company elects to reflect ownership through the issuance of stock certificates, such certificates will be held in escrow with the Corporate Secretary of the Company in accordance with the provisions of this Award and the Plan. Subject to terms of this Award and the Plan, Participant will have all rights of a shareholder with respect to the Restricted Shares while they are held in escrow or in book-entry form, including, without limitation, the right to vote the Restricted Shares and receive any cash dividends declared on such shares. If, from time to time prior to the date that the Award is fully vested and the restrictions on all of the Restricted Shares have lapsed, there is (i) any stock dividend, stock split or other change in the Restricted Shares, or (ii) any merger or sale of all or substantially all of the assets or other acquisition of the Company, any and all new, substituted or additional securities to which Participant is entitled by reason of his ownership of the Restricted Shares shall be held on his behalf by the Company in book-entry form or through the issuance of one or more stock certificates and held in escrow pursuant to this section until vesting pursuant to the schedule applicable to the underlying Restricted Shares, at which time all restrictions shall lapse.
7. As described in the Plan, in the event of certain corporate transactions or other actions or events, the Committee may take such actions with respect to this Award as it deems appropriate and consistent with the Plan.
8. Participant understands that Participant (and not the Company) is responsible for any tax liability that may arise as a result of the transaction contemplated by this Award. Participant understands that Section 83 of the Internal Revenue Code of 1986, as amended (the "Code") taxes as ordinary income the difference between the amount paid for the Restricted Shares and the fair market value of the Restricted Shares as of the date the restrictions on such shares lapse. Participant understands that Participant may elect to be taxed at the time of the Award, rather than when the restrictions lapse, by filing an election under Section 83(b) of the Code with the Internal Revenue Service within 30 days from the Grant Date.
9. As a condition of accepting this Award, Participant agrees to make arrangements for the payment of withholding of income taxes and employment taxes upon the vesting of the Award and the lapse of restrictions on the Restricted Shares. Until adequate arrangements have been made, certificates representing Unrestricted Shares will not be issued to Participant. Participant may satisfy applicable withholding taxes by any manner permitted by the Plan, subject to the consent of the Committee, including, (i) delivering a sufficient number of shares of already owned Common Stock (which have been owned by Participant for more than six (6) months), and/or (ii) having the Company retain a sufficient number of shares from the distribution to be made to Participant.

10. The fact that the Participant has been granted this Award will not affect or qualify the right of the Company or a subsidiary to terminate the Participant's employment at any time.
11. If any provision of this Award should be deemed void or unenforceable for any reason, it shall be severed from the remainder of the agreement, which shall otherwise remain in full force and effect.
12. The Company may, in its discretion, delay delivery of a certificate required upon vesting of the Award until (i) the admission of such shares to list on any stock exchange (including NASDAQ) on which the Common Stock may then be listed, (ii) the completion of any registration or other qualification of such shares under any state or federal law, ruling, or regulation of any governmental regulatory body that the Company shall, in its sole discretion, determine if necessary or advisable, and (iii) the Company shall have been advised by counsel that it has complied with all applicable legal requirements.
13. Any notice to be given under the terms of this Award shall be addressed to Optical Cable Corporation, to the attention of the Chief Financial Officer, 5290 Concourse Drive, Roanoke, VA 24019, and any notice to be given to Participant or to his or her personal representative shall be addressed to him or her at the address set forth below or to such other address as either party may, hereafter, designate in writing to the other. Notices shall be deemed to have been duly given if mailed, postage prepaid, addressed as aforesaid.
14. You may accept this Award, subject to the registration and listing of the shares issueable under the Plan, by signing and returning the enclosed copy of this Award. Your signature will also evidence your agreement to the terms and conditions set forth herein and to which this Award is subject.
15. Along with this Award, you hereby acknowledge receipt of a copy of the Plan and the Prospectus for the Plan. Also, if you have previously been granted an award under the Plan, you hereby acknowledge that you have received all of the reports, proxy statements and other communications generally distributed to the holders of the Company's securities since the date(s) of such grant(s) and no later than the times of such distributions.

IN WITNESS WHEREOF, the Company has caused this Award to be signed, as of the Grant Date shown above.

OPTICAL CABLE CORPORATION

By: _____

I hereby acknowledge receipt of this Award, the Plan, and the Prospectus for the Plan, and I agree to conform to all terms and conditions of this Award and the Plan.

Name

Date

Signature

Address