

SECOND LOAN MODIFICATION AGREEMENT

THIS SECOND LOAN MODIFICATION AGREEMENT (this “**Agreement**”), is made as of the **28th day of February, 2017**, by and between **OPTICAL CABLE CORPORATION**, a Virginia corporation (the “**Borrower**”), and **BANK OF NORTH CAROLINA**, a North Carolina banking corporation (the “**Lender**”).

RECITALS

A. The Borrower and the Lender entered into that certain Credit Agreement dated April 26, 2016, as amended and modified by Loan Modification Agreement dated December 21, 2016 (collectively, the “**Credit Agreement**”). Pursuant to the Credit Agreement, the Borrower made and delivered certain Notes described therein.

B. The Borrower and the Lender desire to amend and modify the terms of the Credit Agreement to extend the Revolving Credit Expiration Date, to remove the scheduled step downs in the Revolving Credit Amount, and as otherwise provided herein. The Lender is the holder of the Credit Agreement and the Notes described therein.

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 and modified as follows:
 - (a) Effective as of February 28, 2017, Section 1.1 of the Credit Agreement is replaced in its entirety by the following provision:

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

(b) Effective as of February 28, 2017, Section 1.6 of the Credit Agreement is replaced in its entirety by the following provision:

1.6. Extension of Revolving Credit Expiration Date by Lender. In the exercise of its sole and absolute discretion, from time to time the Lender may extend the Revolving Credit Expiration Date in one year increments by giving written notice of extension to the Borrower no later than March 31 of the calendar year immediately prior to the calendar year of the then effective Revolving Credit Expiration Date (the "Revolving Credit Extension Deadline"). For example, if the Lender elects to extend the initial Revolving Credit Expiration Date from March 31, 2018, to March 31, 2019, the Lender will give written notice of such extension to the Borrower no later than the initial Revolving Credit Extension Deadline of March 31, 2017. In the event that the Lender does not give written notice of extension by the effective Revolving Credit Extension Deadline, unless sooner terminated pursuant to other provisions of this Agreement, the Revolving Credit Facility and the obligation of the Lender to make Advances hereunder shall automatically terminate on the Revolving Credit Expiration Date then in effect, without further action by, or notice of any kind from, the Lender.

(c) Effective as of February 28, 2017, Section 7.5 of the Credit Agreement is replaced in its entirety by the following provision:

7.5 Annual Debt Service Defined: Annual Debt Service means the sum of all regularly scheduled payments of principal plus interest paid.

(d) Effective as of February 28, 2017, the definitions of "Revolving Credit Amount" and "Revolving Credit Expiration Date" set forth in Annex A to the Credit Agreement are hereby replaced in their entirety by the following definitions:

"Revolving Credit Amount" means the amount stated in Section 1.1 of the Credit Agreement.

"Revolving Credit Expiration Date" means (a) March 31, 2018, or, in the event that the Lender from time to time elects to extend the Revolving Expiration Date in accordance with the provisions of Section 1.6 of the Credit Agreement, the last date to which Lender elects to extend the Revolving Credit Expiration Date in accordance therewith, or (b) such later date as to which the Lender shall, in its sole discretion, agree in writing to extend the Revolving Credit Expiration Date without regard to Section 1.6 of the Credit Agreement.

4. In accordance with the provisions of the Credit Agreement, as modified above, the Lender hereby extends the Revolving Credit Expiration Date to March 31, 2019. The Borrower acknowledges and agrees to such extension of the Revolving Credit Expiration Date.

5. Except as expressly amended and modified hereby, all terms and conditions of the Credit Agreement, the Notes, and the other Financing Documents remain unchanged, and of full force and effect in accordance with their terms. The amendments and modifications contained in this Agreement do not constitute or create a novation of the Credit Agreement, the Notes, or any of the other Financing Documents or the obligations of the Borrower evidenced thereby.

6. The Borrower hereby acknowledges the Lender's performance of all of the Lender's obligations under the Financing Documents, ratifies all of the Financing Documents, as expressly amended and modified hereby, and certifies that they are enforceable in accordance with their terms, without defense or offset.

7. The Borrower represents and warrants to the Lender to induce the Lender 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 Financing Documents are true, correct and enforceable on and as of the date hereof.

8. The effective date of this Agreement shall be February 28, 2017.

9. 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.

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

11. 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.

IN WITNESS WHEREOF, the parties have caused this 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.

[The signature pages follow]

Signature Page of Borrower

Witness:

**BORROWER:
OPTICAL CABLE CORPORATION**

/s/ Matt Arnold
Name: _____

By: /s/ Tracy G. Smith (Seal)
Tracy G. Smith
Chief Financial Officer & Senior Vice
President

Signature Page of Lender

Witness:

/s/ Matt Arnold
Name: _____

LENDER:
BANK OF NORTH CAROLINA

By: /s/ Shannon S. Miller **(Seal)**
Shannon S. Miller
Vice President