Optical Cable Corporation

Equity Ownership and Retention Policy for Employees

(Adopted by the Board of Directors effective January 31, 2006;
Amended by the Board of Directors effective February 15, 2014)

A. Purpose

The Compensation Committee of the Board of Directors (the "Committee") of Optical Cable Corporation ("OCC®" or the "Company") recommended, and the Board of Directors of OCC (the "Board") approved, this OCC *Equity Ownership and Retention Policy for Employees* (this "Policy"). This Policy is applicable to all employees of Optical Cable Corporation and its subsidiaries and affiliates receiving equity incentive grants pursuant to any equity incentive programs of OCC.

The Board believes that OCC's executive officers and certain other members of the OCC Leadership Team should hold a significant equity stake in OCC in order to, among other things, fully align their interests with those of other OCC shareholders and with the goal of creating long-term shareholder value.

The Board also believes that all employees of OCC that receive equity incentive grants pursuant to any stock incentive programs of OCC should be required to retain a significant portion of the equity stake received in order to, among other things, align their interests with those of other OCC shareholders and with the goal of creating long-term shareholder value.

This Policy provides for minimum equity ownership requirements for the President and Chief Executive Officer, the Chief Financial Officer, and other members of the Leadership Team holding a position of vice president or above.

This Policy also provides requirements for retention of a specified percentage of the equity incentives granted to any employee of OCC under equity incentive programs of the Company.

This policy will be administered by the Committee.

B. Equity Ownership Policy for Certain Officers of OCC

1. President and CEO

The President and CEO of OCC ("CEO"), for so long as he or she is employed by OCC, will acquire and hold shares of OCC common stock ("OCC Common Stock") with an aggregate fair market value of no less than five (5) times his or her then current annual base salary. He or she will have until five (5) years from the October 31 immediately following the date he or she first commenced employment in such position to meet this minimum equity ownership requirement.

2. Chief Financial Officer

The Chief Financial Officer of OCC ("CFO"), for so long as he or she is employed by OCC, will acquire and hold shares of OCC Common Stock with an aggregate fair market value of no less than three (3) times his or her then current annual base salary. He or she will have until five (5) years from the October 31 immediately following the date he or she first commenced employment in such position to meet this minimum equity ownership requirement.

3. Vice Presidents (other than the CFO)

Each vice president of OCC (excluding the CFO), for so long as he or she is employed by OCC, will acquire and hold shares of OCC Common Stock with an aggregate fair market value of no less than one (1) times his or her then current annual base salary. He or she will have until five (5) years from the October 31 immediately following the date he or she first commenced employment in such position to meet this minimum equity ownership requirement.

Subject to the deadlines described above, the Committee will determine as of October 31 of each year whether each officer above has met his or her minimum equity ownership requirement as set forth in this Policy. The determination will be based on the then current annual base salary of such officer and the fair market value of his or her OCC Common Stock holdings, measured by the closing price of OCC Common Stock as of such date.

For those officers whose employment with OCC as CEO, CFO or a vice president commenced prior to the adoption of this policy, the five (5) year period during which such officer is to acquire his or her minimum equity ownership in OCC will begin from the later of: (i) the date he or she first commenced employment in such position or (ii) October 31, 2008.

All of the following equity held by an officer will be counted to determine his or her compliance with the OCC Common Stock minimum ownership requirement: acquired shares (through open market purchases or private transactions); restricted shares awarded under an OCC equity incentive program, whether vested or unvested; the number of shares of OCC Common Stock into which OCC preferred shares or other OCC equity instruments may be converted without the payment of an exercise price or other consideration; and shares previously held by the officer but which were transferred to and are currently held by one or more of his or her immediate family or by trusts for the benefit of his or her immediate family. Specifically excluded from the count are the shares of OCC Common Stock which may be acquired under unexercised share options or warrants (whether or not vested).

Subject to any waiver the Committee may grant as permitted by Section E below, in the event that an officer fails to comply with the minimum equity ownership requirements as of any October 31 date, the Committee will not consider the officer for any future equity awards under OCC incentive compensation programs until such time as the officer has fulfilled his or her requirements; provided, however, that the Committee will nonetheless consider such officer to be in compliance with his or her requirements as of the date of a planned equity award under an OCC incentive compensation plan if:

(1) such officer has purchased additional shares subsequent to the October 31 measurement date but prior to such planned grant date that, when valued at the fair market value as of the October 31 measurement date, would bring such officer into compliance with his or her requirements; or

(2) the planned equity grant date is less than 10 months from the most recent October 31 measurement date as of which the officer failed to meet the requirements, the officer was in compliance as the October 31 measurement date immediately preceding the most recent October 31 measurement date (the "Prior Measurement Date") and the officer would still have been in compliance as of the Prior Measurement Date after subtracting from the number of shares he or she held on the Prior Measurement Date the number of shares disposed of after such date through the day immediately prior to the planned grant date.

The exceptions set forth in subparagraphs (1) and (2) of this paragraph above, shall not apply to any determination as to whether an officer is in compliance with the equity retention policy set forth in Section C below.

C. Equity Retention Policy for Certain Officers of OCC

While employed by OCC in the capacity of the CEO, the CFO or a vice president of OCC, an officer shall:

(1) until the minimum equity ownership requirement described in Section B above has been met and maintained, be required, at a minimum, to retain equity in OCC equal to 75% of all equity shares granted to such officer pursuant to any equity incentive program of OCC; and

(2) after the minimum equity ownership requirement described in Section B above has been met and maintained, be required to retain at least 50% of all equity shares granted to such officer pursuant to any equity incentive program of OCC.

Notwithstanding the foregoing, and provided that an officer has met and continues to maintain the minimum equity ownership requirement described in Section B above, the Committee may, in its sole discretion, on a case by case basis and subject to any conditions specified by the Committee in writing, approve that an officer be permitted to retain a percentage of equity shares granted less than 50% of all equity shares granted to him or her pursuant to any equity incentive program of OCC; provided that in no case shall such lower percentage be less than 25% of all equity shares granted to such officer pursuant to any equity incentive program.

In calculating compliance with these equity retention requirements, neither (i) net forfeitures of equity shares for payment of withholding tax obligations on vesting equity, nor (ii) forfeitures of equity shares due to a failure to meet specified performance measures required for vesting, will be considered, with such number of forfeited shares reducing the number of equity shares considered to have been granted to an officer.

D. Equity Retention Policy for Employees (other than CEO, CFO and vice presidents)

While employed by OCC, an employee (other than the CEO, the CFO or a vice president of OCC, whose requirements are set forth in Section C) shall be required, at a minimum, to retain equity in OCC equal to 65% of all equity shares granted to him or her pursuant to any equity incentive program of OCC.

Notwithstanding the foregoing, the Committee may, in its sole discretion and subject to any conditions specified by the Committee in writing, approve that one or more employees be permitted to retain a percentage of equity shares granted less than 65% of all equity shares granted to him or her pursuant to any equity incentive program of OCC; provided that in no case shall such lower percentage be less than 25% of all equity shares granted to such officer pursuant to any equity incentive program.

In calculating compliance with these equity retention requirements, neither (i) net forfeitures of equity shares for payment of withholding tax obligations on vesting equity, nor (ii) forfeitures of equity shares due to a failure to meet specified performance measures required for vesting, will be considered, with such number of forfeited shares reducing the number of equity shares considered to have been granted to an employee.

E. Effects of Non-Compliance; Discretionary Waivers

In the event that an employee fails to meet any applicable equity ownership requirements or the equity retention requirements set forth above, the Committee will not consider such employee for any future awards under OCC incentive compensation programs unless:

(1) in the case of noncompliance with the ownership requirements set forth in Section B above, if applicable, the officer otherwise meets one of the exceptions described in Section B above;

(2) the Committee determines in its sole discretion that the noncompliance was unintentional or inadvertent, the noncompliance can be remedied and the noncompliance is in fact remedied within the period specified by the Committee in its discretion; or

(3) the Committee determines in its sole discretion to waive some or all of the restrictions after the employee has submitted a written waiver request to the Committee with all information that the Committee reasonably determines to be necessary to consider the waiver request. Circumstances which may justify a waiver by the Committee include, but are not limited to, a severe financial hardship arising as a result of events beyond the control of the employee that cannot be relieved through insurance or liquidation of other assets.

E. Effective Date; Amendment or Termination

The Compensation Committee of the Board of Directors of Optical Cable Corporation recommended, and the Board of Directors of OCC approved, the OCC *Equity Ownership and Retention Policy for Senior Staff*, the predecessor to this current policy, effective as of January 31, 2006 (the "Predecessor Policy"). The Committee recommended, and the Board approved, the amendment and renaming of the Predecessor Policy, approving this OCC *Equity Ownership and Retention Policy for Employees*, effective as of February 15, 2014. This policy shall remain in effect unless terminated by resolution of the Board. The Board may amend, modify or terminate this policy at anytime in its sole discretion.

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