

ENCORE WIRE CORP /DE/

Form DEF 14A

March 19, 2007

**Table of Contents**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934  
(Amendment No.            )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

**ENCORE WIRE CORPORATION**  
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11.

(set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2)

Form, Schedule or Registration Statement No.:

3)

Filing Party:

4)

Date Filed:

---

**Table of Contents**

**ENCORE WIRE CORPORATION**  
**1410 Millwood Road**  
**McKinney, Texas 75069**  
**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**To Be Held on May 1, 2007**

NOTICE is hereby given that the annual meeting of stockholders of Encore Wire Corporation (the Company) will be held on Tuesday, May 1, 2007, at 9:00 a.m., local time, at the Eldorado Country Club, 2604 Country Club Drive, McKinney, Texas, 75069, for the following purposes:

1. To elect a Board of Directors for the ensuing year;
2. To ratify the appointment of Ernst & Young LLP as independent auditors of the Company for the fiscal year ending December 31, 2007; and

3. To transact such other business as may properly come before the meeting or any adjournment thereof. Only stockholders of record at the close of business on March 2, 2007 are entitled to notice of and to vote at the meeting or any adjournment thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. The Company's 2006 Annual Report, containing a record of the Company's activities and consolidated financial statements for the year ended December 31, 2006, is also enclosed.

Dated: March 31, 2007.

By Order of the Board of Directors

FRANK J. BILBAN

*Secretary*

**YOUR VOTE IS IMPORTANT.**

**WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, PLEASE MARK, SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ACCOMPANYING ENVELOPE. IF YOU DO ATTEND THE MEETING IN PERSON, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON. THE PROMPT RETURN OF PROXIES WILL INSURE A QUORUM AND SAVE THE COMPANY THE EXPENSE OF FURTHER SOLICITATION.**

---

**TABLE OF CONTENTS**

PROXY STATEMENT

GENERAL

PROPOSAL ONE

ELECTION OF DIRECTORS

CORPORATE GOVERNANCE AND OTHER BOARD MATTERS

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS, DIRECTORS AND EXECUTIVE OFFICERS

EXECUTIVE COMPENSATION

Report of the Compensation Committee

Summary Compensation Table

Grants of Plan Based Awards

Outstanding Equity Awards at Fiscal Year-End

Option Exercises and Stock Vested

PROPOSAL TWO

STOCKHOLDER PROPOSALS AND OTHER MATTERS

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

ANNUAL REPORT

OTHER BUSINESS

ANNEX A

ANNEX B

ANNEX C

---

**Table of Contents**

**ENCORE WIRE CORPORATION**

**1410 Millwood Road**

**McKinney, Texas 75069**

**PROXY STATEMENT**

For Annual Meeting of Stockholders

To be Held on May 1, 2007

**GENERAL**

The accompanying proxy is solicited by the Board of Directors (the Board or the Board of Directors ) of Encore Wire Corporation (the Company or Encore Wire or Encore ) for use at the annual meeting of stockholders of the Company to be held at the time and place and for the purposes set forth in the foregoing notice. The approximate date on which this proxy statement and the accompanying proxy are first being sent to stockholders is March 31, 2007.

The cost of soliciting proxies will be borne by the Company. The Company may use certain of its officers and employees (who will receive no special compensation therefore) to solicit proxies in person or by telephone, facsimile, telegraph or similar means.

**Proxies**

Shares entitled to vote and represented by a proxy in the accompanying form duly signed, dated and returned to the Company and not revoked, will be voted at the meeting in accordance with the directions given. If no direction is given, such shares will be voted for the election of the nominees for directors named in the accompanying form of proxy and in favor of the other proposals set forth in the notice. Any stockholder returning a proxy may revoke it at any time before it has been exercised by giving written notice of such revocation to the Secretary of the Company, by filing with the Company a proxy bearing a subsequent date or by voting in person at the meeting.

**Voting Procedures and Tabulation**

The Company will appoint one or more inspectors of election to conduct the voting at the meeting. Prior to the meeting, the inspectors will sign an oath to perform their duties in an impartial manner and to the best of their abilities. The inspectors will ascertain the number of shares outstanding and the voting power of each share, determine the shares represented at the meeting and the validity of proxies and ballots, count all votes and ballots and perform certain other duties as required by law.

The inspectors will tabulate the number of votes cast for or withheld as to the vote on each nominee for director and the number of votes cast for, against or withheld, as well as the number of abstentions and broker non-votes, as to the proposal to ratify the appointment of the auditors. A majority of the Common Stock outstanding and entitled to vote at the meeting must be present in person or represented by proxy in order to constitute a quorum. Directors are elected by a plurality of the shares of Common Stock present in person or by proxy at the meeting and

---

**Table of Contents**

entitled to vote thereat. Under Delaware law and the Company's Certificate of Incorporation and Bylaws, abstentions and broker non-votes will have no effect on voting on the election of directors, provided a quorum is present. The proposal to ratify the appointment of auditors will be approved by a vote of a majority of the holders of shares of Common Stock having voting power present in person or represented by proxy. An abstention with respect to such proposal will therefore effectively count as a vote against such proposal. A broker non-vote or other limited proxy as to the proposal to ratify the auditors will be counted towards a meeting quorum, but such broker non-vote cannot be voted on such proposal and therefore will not be considered a part of the voting power with respect to the proposal. This has the effect of reducing the number of stockholder votes required to approve that proposal.

**Voting Securities**

The only voting security of the Company outstanding is its Common Stock, par value \$0.01 per share. Only the holders of record of Common Stock at the close of business on March 2, 2007, the record date for the meeting, are entitled to notice of, and to vote at, the meeting. On the record date, there were 23,318,352 shares of Common Stock outstanding and entitled to be voted at the meeting. A majority of such shares, present in person or by proxy, is necessary to constitute a quorum. Each share of Common Stock is entitled to one vote.

**PROPOSAL ONE  
ELECTION OF DIRECTORS**

The business and affairs of the Company are managed by the Board of Directors, which exercises all corporate powers of the Company and establishes broad corporate policies. The Bylaws of the Company provide for a minimum of five directors, and the Board of Directors has fixed at seven the number of directors that will constitute the full Board of Directors at the time of the 2007 annual meeting of stockholders. At the meeting, seven directors will be elected. William R. Thomas will not stand for re-election as a director of the Company at the 2007 annual meeting of stockholders. Mr. Thomas, age 78, is retiring from several boards on which he presently serves, one of which is Encore Wire. The Board of Directors has selected William R. Thomas III, the son of William R. Thomas, as the replacement nominee. Mr. Thomas III was recommended to the Board by the Company's Nominating and Corporate Governance Committee. Mr. Thomas III is assuming an increased role at Capital Southwest Corporation, a publicly-traded venture capital investment company, that owns over 17.5% of Encore Wire Corporation stock. Directors are elected by plurality vote, and cumulative voting is not permitted. All duly submitted and unrevoked proxies will be voted for the nominee for director selected by the Board of Directors, except where authorization to vote is withheld. If any nominee should become unavailable for election for any presently unforeseen reason, the persons designated as proxies will have full discretion to vote for another person designated by the Board. Directors are elected to serve until the next annual meeting of stockholders and until their successors have been elected and qualified.

The nominees of the Board for directors of the Company are named below. Each of the nominees has consented to serve as a director if elected. The table below sets forth certain

**Table of Contents**

information with respect to the nominees. All of the nominees, with the exception of William R. Thomas III, are presently directors of the Company. With the exception of John H. Wilson, all of the nominees have served continuously as directors since the date of their first election or appointment to the Board. Mr. Wilson served as a director of Encore from April 1989 until May 1993 and was re-elected to the Board in May 1994.

Joseph M. Brito, age 84,  
Director since October 1997.

Mr. Brito has been President of C.B. Utility Co., C. Brito Construction Co. and Brito Enterprises, Inc., public utility contracting firms, for more than ten years. Mr. Brito is also a general partner of Tupelo Realty and Brito Associates, real estate development companies, and an officer of 1776 Liquors, Ltd. of Bristol, a liquor retailer. Mr. Brito has also served on the regional advisory board of Fleet National Bank, as regional Vice President of the National Utility Contractors Association and as Administrative Vice President of the Rhode Island Contractors Association.

Donald E. Courtney, age 76,  
Director since 1989.

Mr. Courtney has been President and Chairman of the Board of Directors of Investech, Ltd., which is a private importing firm, since 1994. Mr. Courtney is also currently Chairman of Tempo Lighting, Inc. and Chairman of MDinTouch, Inc.

Thomas L. Cunningham, age 63,  
Director since May 2003.

Mr. Cunningham has been self-employed as a Certified Public Accountant since January 1997 and for other earlier interim periods in 1991-92. As part of his CPA practice, Mr. Cunningham is currently licensed as a financial advisor under NASD Series 24 and 7 by H. D. Vest Financial Services, a nonbank subsidiary of Wells Fargo. From 1993 through 1996, Mr. Cunningham worked as a senior equity research analyst covering special situations with William K. Woodruff Incorporated and Rauscher Pierce Refsnes Inc. (now RBC Dain Rauscher). Mr. Cunningham served over 28 years at Ernst & Young LLP (and predecessor firms) where he withdrew as a partner in September 1991. Mr. Cunningham also serves as a director and is Chairman of the Audit Committee of HealthAxis Inc., and from December 1991 through October 2003 was a director and Chairman of the Audit Committee of Bluebonnet Savings Bank FSB, Dallas, Texas. Bluebonnet was liquidated as a profitable savings bank in October 2003.



**Table of Contents**

Daniel L. Jones, age 43,  
Director since May 1994.

Mr. Jones has held the title of President and Chief Executive Officer of the Company since February 2006, however he performed the duties of the Chief Executive Officer in an interim capacity since May 2005. From May 1998 until February 2006, Mr. Jones was President and Chief Operating Officer of the Company. He previously held the positions of Chief Operating Officer from October 1997 until May 1998, Executive Vice President from May 1997 to October 1997, Vice President-Sales and Marketing of Encore from 1992 to May 1997, after serving as Director of Sales since joining the Company in November 1989.

William R. Thomas III age 35,  
Nominee for Director

Mr. Thomas has been an Investment Associate at Capital Southwest Corporation, a publicly-traded venture capital investment company, since July 2006. From 2004 to 2006, Mr. Thomas earned his M.B.A. from Harvard Business School. During a portion of his time at Harvard, Mr. Thomas served as a consultant at Investor Group Services, a consulting firm serving private equity clients. From 1995 through 2004, Mr. Thomas served in the U.S. Air Force, reaching the rank of Major. During his time in the Air Force, Mr. Thomas served in contract and logistics management positions in the Air Mobility Command and as chief pilot of an Air Force Airlift Group.

Scott D. Weaver, age 48,  
Director since May 2002.

Mr. Weaver has been the Chief Administrative Officer of Western Refining, Inc., a public refining and marketing company located in El Paso, Texas since August 2005 and a Director of Western, Inc. since 2005. From June 2000 to August 2005, Mr. Weaver served as Chief Financial Officer of Western Refining. From 1993 until June 2000, Mr. Weaver was the Vice President-Finance, Treasurer and Secretary of the Company.

John H. Wilson, age 64,  
Director from 1989  
until May 1993 and since  
May 1994.

Mr. Wilson has been President of U.S. Equity Corporation, a venture capital firm, since 1983 and served as President of Whitehall Corporation from May 1995 to July 1998. Mr. Wilson is currently a director of Capital Southwest Corporation, Xponential, Inc., a retail finance company and Palm Harbor Homes, Inc., a manufactured housing company.

William R. Thomas, age 78, currently serves as a director of the Company, and will not stand for re-election as a director of the Company at the 2007 annual meeting of stockholders. Mr. Thomas has served as a director of the Company since 1989. Mr. Thomas has been President since 1980 and Chairman of the Board since 1982 of Capital Southwest Corporation, a publicly owned venture capital investment firm. Mr. Thomas is currently a director of Alamo Group, Inc.

**Table of Contents**

which provides mowing equipment for agricultural, commercial and governmental users, and Palm Harbor Homes, Inc., a manufactured housing company.

William R. Thomas is the father of William R. Thomas III, a nominee for election as a director at the 2007 Annual Meeting. Other than this relationship, there are no family relationships between any of the nominees or between any of the nominees and any director or executive officer of the Company. Mr. Thomas and Mr. Wilson were originally elected to the Board of Directors of the Company pursuant to the terms of an investment purchase agreement entered into in connection with the formation of the Company in 1989. The director election provisions of the agreement were terminated in connection with the Company's initial public offering in 1992.

In connection with the Company's long-standing commitment to conduct its business in compliance with applicable laws and regulations and in accordance with its ethical principles, the Board of Directors has adopted a Code of Business Conduct and Ethics applicable to all employees, officers, directors, and advisors of the Company. The Code of Business Conduct and Ethics of the Company is available under the Investor Relations Corporate Governance section of the Company's website at [www.encorewire.com](http://www.encorewire.com), and is incorporated herein by reference.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS VOTING FOR THE NOMINEES SET FORTH ABOVE.

**CORPORATE GOVERNANCE AND OTHER BOARD MATTERS**

**Board Independence**

The Board has determined that each of the following directors and director nominees is independent as defined by Rule 4200(a)(15) of the listing standards of the NASDAQ Stock Market. (NASDAQ):

Joseph M. Brito

Thomas L. Cunningham

William R. Thomas

William R. Thomas III

Scott D. Weaver

John H. Wilson

The Board has determined that each of the current members of the Audit Committee, Nominating and Corporate Governance Committee and Compensation Committees of the Board of Directors is independent within the rules set forth in the listing standards of NASDAQ. The Board has also determined that each of Daniel L. Jones, President and Chief Executive Officer of the Company, and Donald E. Courtney, a current director of the Company, are not independent as defined by Rule 4200(a)(15) of the listing standards of NASDAQ.

**Table of Contents**

**Board Structure and Committee Composition**

As of the date of this proxy statement, the Board has seven directors and the following three committees: Audit, Compensation, and Nominating and Corporate Governance. The membership and function of each committee is described below. Each of the committees operates under a written charter adopted by the Board of Directors. A copy of each charter is available under the Investor Relations Corporate Governance section of the Company's website at [www.encorewire.com](http://www.encorewire.com).

During the Company's fiscal year ended December 31, 2006, the Board of Directors held a total of four meetings. Each director attended at least 75% of the aggregate of such meetings held during the period in which such director served and the meetings held by all committees on which such director served. Directors are encouraged to attend annual meetings of the stockholders of the Company.

**Audit Committee**

The current members of the Audit Committee are Scott D. Weaver (Chairman), Thomas L. Cunningham, and John H. Wilson, each of whom meet the independence requirements of the applicable NASDAQ and the Securities and Exchange Commission (the SEC) rules. The members of the Audit Committee during fiscal year 2006 were Scott D. Weaver (Chairman), Thomas L. Cunningham, and John H. Wilson. The Audit Committee met six times during 2006. The role of the Audit Committee is to review, with the Company's auditors, the scope of the audit procedures to be applied in the conduct of the annual audit as well as the results of the annual audit. The Audit Committee works closely with management as well as the Company's independent auditors. The Audit Committee Charter is attached as Annex A, and is available under the Investor Relations Corporate Governance section of the Company's website at [www.encorewire.com](http://www.encorewire.com).

The Board has determined that Thomas L. Cunningham, Scott D. Weaver and John H. Wilson are the audit committee financial experts of the Company, as defined in the rules established by the NASDAQ and the SEC.

**Compensation Committee**

The current members of the Compensation Committee are William R. Thomas (Chairman), Joseph M. Brito, John H. Wilson, Scott D. Weaver and Thomas L. Cunningham. Mr. Weaver and Mr. Cunningham were added to the Compensation Committee at the February 12, 2007 Board meeting. The members of the Compensation Committee during fiscal year 2006 were William R. Thomas (Chairman), Joseph M. Brito, and John H. Wilson. The Compensation Committee met two times during 2006. The role of the Compensation Committee is to review the performance of officers, including those officers who are also members of the Board, and to set their compensation. The Compensation Committee also supervises and administers the Company's stock option plans and all other compensation and benefit policies, practices and plans of the Company. The Compensation Committee Charter is attached as Annex B and is available at [www.encorewire.com](http://www.encorewire.com).

**Table of Contents**

**Nominating and Corporate Governance Committee**

The current members of the Nominating and Corporate Governance Committee are John H. Wilson (Chairman), Joseph M. Brito, and William R. Thomas. The members of the Nominating and Corporate Governance Committee during fiscal year 2006 were John H. Wilson (Chairman), Joseph M. Brito, and William R. Thomas. The Nominating and Corporate Governance Committee met once in 2006. The Nominating and Corporate Governance Committee assists the Board by identifying individuals qualified to become Board members, advises the Board concerning Board membership, leads the Board in an annual review, and recommends director nominees to the Board. The Nominating and Corporate Governance Committee Charter is attached as Annex C.

**Consideration of Director Nominees**

*Stockholder nominees*

The policy of the Nominating and Corporate Governance Committee is to consider properly submitted nominations for candidates for membership on the Board, as described below under Identifying and Evaluating Nominees for Directors. In evaluating such nominations, the Nominating and Corporate Governance Committee shall address the membership criteria adopted by the Board as described below in Director Qualifications. Any stockholder director nomination proposed for consideration by the Nominating and Corporate Governance Committee should include the nominee's name and qualifications for Board membership and should be addressed to:

Nominating and Corporate Governance Committee

c/o Corporate Secretary

Encore Wire Corporation

1410 Millwood Road

McKinney, Texas 75069

*Director Qualifications*

The Board has adopted criteria that apply to nominees recommended by the Nominating and Corporate Governance Committee for a position on Encore's Board. Among the qualifications provided by the criteria, members should be of the highest ethical character and share the values of the Company. Directors should have reputations consistent with the image and reputation of the Company and should be highly accomplished in their respective fields, possessing superior credentials and recognition. Directors should also be active or former senior executive officers of public or significant private companies or leaders in various industries, including the electrical wire and cable industry.

Directors should also have the ability to exercise sound business judgment.

*Identifying and Evaluating Nominees for Directors*

The Nominating and Corporate Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director. Upon the need to add a new director or fill a

**Table of Contents**

vacancy on the Board, the Nominating and Corporate Governance Committee will consider prospective candidates. Candidates for director may come to the attention of the Nominating and Corporate Governance Committee through current Board members, professional search firms, stockholders, or other persons as provided by the Charter of the Nominating and Corporate Governance Committee. As described above, the Nominating and Corporate Governance Committee considers properly submitted stockholder nominations for candidates to the Board. Following verification of stockholder status of persons proposing candidates, recommendations are aggregated and considered by the Nominating and Corporate Governance Committee along with the other recommendations. In evaluating such nominations, the Nominating and Corporate Governance Committee shall address the membership criteria adopted by the Board as described above in Director Qualifications, which seeks to achieve a balance of knowledge, experience, and expertise on the Board.

**Stockholder Communications with the Board**

The Board provides a process for stockholders of the Company to send written communications to the entire Board. Stockholders of the Company may send written communications to the Board c/o Corporate Secretary, Encore Wire Corporation, 1410 Millwood Road, McKinney, Texas 75069. All communications will be compiled by the Corporate Secretary of the Company and submitted to the Board on a periodic basis.

**Report of the Audit Committee**

To the Stockholders of Encore Wire Corporation:

The Audit Committee of the Board of Directors oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial reporting process including the Company's system of internal controls, and the preparation of the Company's consolidated financial statements in accordance with generally accepted accounting principles. The Company's independent auditors are responsible for auditing those financial statements. The Audit Committee's responsibility is to monitor and review these processes. It is not the Audit Committee's duty or responsibility to conduct auditing or accounting reviews or procedures. Members of the Audit Committee are not employees of the Company and may not represent themselves to be or to serve as accountants or auditors by profession or experts in the fields of accounting or auditing. As a result, the Audit Committee has relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States and on the representations of the independent auditors included in their report on the Company's financial statements.

In fulfilling its oversight responsibilities, the Audit Committee reviewed with management the audited financial statements in the Company's Annual Report referred to below, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

**Table of Contents**

The Audit Committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards. The Audit Committee has discussed with the independent auditors the matters required to be discussed by the statement on Auditing Standards No. 61, as amended. The Audit Committee has also discussed with the independent auditors the auditors' independence from management and the Company, including the matters in the written disclosures and letter received from the independent auditors as required by the Independence Standards Board Standard No. 1, and has discussed the independent accountant's independence and considered the compatibility of non-audit services with the auditors' independence.

The Audit Committee's oversight does not provide it with an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or policies, or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations.

Furthermore, the considerations and discussions with management and the independent auditors do not assure that the Company's financial statements are presented in accordance with generally accepted accounting principles, that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards or that the Company's independent accountants are in fact independent.

The Audit Committee discussed with the Company's independent auditors the overall scope and plans for their audits. The Audit Committee has met with the independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting. In addition, the Audit Committee met with management during the year to review the Company's Sarbanes-Oxley Section 404 compliance efforts related to internal controls over financial reporting. The Audit Committee held six meetings during fiscal year 2006.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2006 for filing with the Securities and Exchange Commission. The Audit Committee and the Board have also recommended the selection of Ernst & Young LLP as the Company's independent auditors.

**AUDIT COMMITTEE**

Scott D. Weaver, Chairman

John H. Wilson

Thomas L. Cunningham

The above report of the Audit Committee and the information disclosed above related to Audit Committee independence under the heading "Board Independence" shall not be deemed to be soliciting material or to be filed with the SEC or subject to the SEC's proxy rules or to the liabilities of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), and such information shall not be deemed to be incorporated by reference into any filing made by the Company under the Exchange Act or under the Securities Act of 1933 (the "Securities Act").

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS, DIRECTORS  
AND EXECUTIVE OFFICERS**

The following table sets forth, as of March 2, 2007, the beneficial ownership of Common Stock of the Company (the only equity securities of the Company presently outstanding) by (i) each director and nominee for director of the Company, (ii) the named executive officers listed in the Summary Compensation Table elsewhere in this proxy statement, (iii) all directors and executive officers of the Company as a group and (iv) each person who was known to the Company to be the beneficial owner of more than five percent of the outstanding shares of Common Stock

<b>Name</b>	<b>Common Stock Beneficially Owned (1)</b>	
	<b>Number of Shares</b>	<b>Percent of Class</b>
<i>Directors and Nominees for Director</i>		
Joseph M. Brito	40,175	0.17%
Donald E. Courtney	295,143	1.27%
Thomas L. Cunningham	20,001	0.09%
Daniel L. Jones	429,966 (2)	1.82%
William R. Thomas	(3)	
William R. Thomas III	(3)	
Scott D. Weaver	20,000	0.09%
John H. Wilson	(3)	
<i>Named Executive Officer (excluding directors and nominees named above)</i>		
Frank J. Bilban	110,156 (4)	0.47%
David K. Smith	71,639 (5)	0.31%
Kevin M. Kieffer		
Rick R. Gottschalk	3,011 (6)	0.01%
<i>All Directors and Executive Officers as a group (11 persons).</i>	990,091 (7)	4.17%
<i>Beneficial Owners of More than 5% (excluding persons named above)</i>		
Capital Southwest Corporation	4,086,750 (8)	17.58%
Goldman Sachs Asset Management, L.P.	1,188,637 (9)	5.10%
FMR Corp	2,326,600 (10)	9.98%
Vincent A. Rego	1,441,104 (11)	6.18%

**Table of Contents**

- (1) Except as otherwise indicated, each stockholder named in the table has sole voting and investment power with respect to all shares indicated as being beneficially owned by such stockholder.
- (2) Includes 262,500 shares of Common Stock subject to stock options that are exercisable within 60 days, 10,125 shares of Common Stock owned by Mr. Jones spouse and 337 shares owned for the benefit of Mr. Jones minor son. Mr. Jones disclaims beneficial ownership of the shares owned by his spouse.
- (3) William R. Thomas and John H. Wilson, directors of the Company, are both directors of, and



Mr. Thomas is President and Chairman of the Board of, Capital Southwest Corporation.

Further, William R. Thomas III, a nominee for director of the Company, is an Investment Associate with Capital Southwest Corporation. As indicated in the table, Capital Southwest Corporation is a principal stockholder of the Company.

Mr. Thomas, Mr. Thomas III and Mr. Wilson may be deemed to share voting and investment power with respect to the 4,086,750 shares of Common Stock beneficially owned by Capital Southwest Corporation.

Mr. Thomas, Mr. Thomas III and Mr. Wilson each disclaim beneficial ownership of such shares.

- (4) Includes 72,000 shares of

Common Stock subject to stock options that are exercisable within 60 days.

- (5) Includes 71,551 shares of Common Stock subject to stock options that are exercisable within 60 days.
- (6) Includes 3,000 shares of Common Stock subject to stock options that are exercisable within 60 days.
- (7) Includes an aggregate of 409,051 shares of Common Stock that directors and executive officers have the right to acquire within 60 days pursuant to the exercise of stock options, but does not include 4,086,750 shares beneficially owned by Capital Southwest Corporation as to which Mr. Thomas, Mr. Thomas III and Mr. Wilson may be deemed to share voting and investment

power  
(described in  
footnote 3  
above) because  
Mr. Thomas,  
Mr. Thomas III  
and Mr. Wilson  
disclaim  
beneficial  
ownership of  
such shares.

- (8) As reported in a  
Schedule 13D  
filed October 9,  
1998 with the  
SEC by Capital  
Southwest  
Corporation  
showing its  
beneficial  
ownership of  
Company stock,  
including  
2,774,250  
shares held by  
Capital  
Southwest  
Venture  
Corporation, a  
wholly-owned  
subsidiary of  
Capital  
Southwest  
Corporation.
- (9) As reported in a  
Schedule 13G  
filed January 10,  
2007 with the  
SEC by  
Goldman Sachs  
Asset  
Management,  
L.P.
- (10) As reported in a  
Schedule 13G  
filed  
February 14,  
2007 with the

SEC by FMR  
Corp.

- (11) Includes  
1,055,477  
shares of  
Common Stock  
held by Dorvin  
Partners, L.P., a  
family limited  
partnership. The  
general partner  
of Dorvin  
Partners, L.P. is  
a trust, and its  
limited partners  
are eight  
separate family  
trusts for the  
benefit of  
Mr. Rego's two  
sons. Mr. Rego  
serves as trustee  
for the general  
partner trust and  
is a co-trustee of  
four of the  
limited  
partnership  
trusts. Mr. Rego  
has sole power  
to vote or to  
direct the vote  
and the sole  
power to  
dispose of or to  
direct the  
disposition of  
all 1,055,477  
shares of  
Common Stock  
held by Dorvin  
Partners.

**Table of Contents**

The respective addresses of the holders of more than five percent of the Common Stock of the Company are as follows: Capital Southwest Corporation, 12900 Preston Road, Dallas, Texas 75230; Vincent A. Rego, 1410 Millwood Road, McKinney, Texas 75069; Goldman Sachs, 30 Hudson Street, Jersey City, New Jersey 07302; and FMR Corp, 82 Devonshire Street, Boston, Massachusetts 02109.

**EXECUTIVE COMPENSATION**  
**Compensation Discussion & Analysis**

This Compensation Discussion and Analysis section addresses the following topics: (i) the members and role of the compensation committee (the Compensation Committee); (ii) our compensation-setting process; (iii) our compensation philosophy; (iv) the components of our executive compensation program; and (v) our compensation decisions for fiscal year 2006.

Throughout this proxy statement the individuals whose compensation is reported in the Summary Compensation Table are referred to as the named executive officers. In this Compensation Discussion and Analysis section, the terms, we, our, us, and the Committee refer to the Compensation Committee.

**The Compensation Committee**

**Committee Members and Independence**

William R. Thomas, Joseph M. Brito, John H. Wilson, Thomas L. Cunningham, and Scott D. Weaver are the current members of the Compensation Committee. Mr. Thomas, who has served on the Board of Directors since 1989, is the Committee Chairman. Each member of the Committee qualifies as an independent director under NASDAQ listing standards.

**Role of the Committee**

The Compensation Committee administers the compensation program for the named executive officers and certain key employees of the Company and makes all related decisions. The Committee also administers the Company's employee stock option plan. The Committee ensures that the total compensation paid to the named executive officers is fair, reasonable and competitive. The Compensation Committee did not retain compensation advisors during 2006, nor has it done so in the past. We operate under a written charter adopted by the Board. The charter is attached as Annex B and is available at [www.encorewire.com](http://www.encorewire.com). The fundamental responsibilities of our Committee are:

to review at least annually the goals and objectives and the structure of the Company's plans for executive compensation, incentive compensation, equity-based compensation, and its general compensation plans and employee benefit plans (including retirement and health insurance plans);

**Table of Contents**

to evaluate annually the performance of the Chief Executive Officer in light of the goals and objectives of the Company's executive compensation plans, and to determine his or her compensation level based on this evaluation;

to review annually and determine the compensation level of all other executive officers of the Company, in light of the goals and objectives of the Company's executive compensation plans;

in consultation with the Chief Executive Officer, to oversee the annual evaluation of management of the Company, including other executive officers and key employees of the Company;

periodically, as the Committee deems necessary or desirable and pursuant to the applicable equity-based compensation plan, to grant, or recommend that the Board grant, equity-based compensation awards to any officer or employee of the Company for such number of shares of common stock as the Committee, in its sole discretion, shall deem to be in the best interest of the Company; and

to review and recommend to the Board all equity-based compensation plans.

**Committee Meetings**

The Compensation Committee meets as often as necessary to perform its duties and responsibilities. We held two meetings during fiscal 2006 and have held two meetings so far during fiscal 2007. We typically meet with the Chief Executive Officer. We also meet in executive session without management.

**The Compensation-Setting Process**

We meet in executive session each year to evaluate the performance of the named executive officers and certain key employees, to determine their incentive bonuses for the prior fiscal year, to set their base salaries for the next calendar year, and to consider and approve any grants to them of equity incentive compensation.

Although many compensation decisions are made in the fourth quarter, our compensation planning process continues throughout the year. Compensation decisions are designed to promote our fundamental business objectives and strategy. Business and succession planning, evaluation of management performance and consideration of the business environment are year-round processes.

Management plays a significant role in the compensation-setting process. The most significant aspects of management's role are:

evaluating employee performance; and

recommending salary levels and option awards.

**Table of Contents**

The Chief Executive Officer also participates in Compensation Committee meetings at the Compensation Committee's request to provide:

background information regarding the Company's strategic objectives;

his evaluation of the performance of the named executive officers and other key employees; and

compensation recommendations as to the named executive officers (other than himself).

**Executive Compensation Philosophy**

The Company believes in rewarding executives based on individual performance as well as aligning the executives' interests with those of the stockholders with the ultimate objective of improving stockholder value. To that end, the Committee believes executive compensation packages provided by the Company to its executives should include both cash and stock-based compensation that reward performance.

The Compensation Committee seeks to achieve the following goals with the Company's executive compensation programs: to attract, retain and motivate key executives and to reward executives for value creation. The individual judgments made by the Compensation Committee are subjective and are based largely on the Compensation Committee's perception of each executive's contribution to both past performance and the long-term growth potential of the Company.

At the core of our compensation philosophy is our guiding belief that pay should be linked to performance, and several factors underscore that philosophy. First, a substantial portion of executive officer compensation is determined by each executive officer's contribution to the Company's profitability. Next, we do not have any employment, severance or change-in-control agreements with any of our executive officers. Finally, we do not believe in discounted stock options, reload stock options or re-pricing of stock options.

The Committee believes that total compensation and accountability should increase with position and responsibility. Consistent with this philosophy, total compensation is higher for individuals with greater responsibility and greater ability to influence the Company's targeted results and strategic initiatives. As position and responsibility increases, a greater portion of the named executive officer's total compensation is performance-based pay.

In addition, our compensation methods focus management on achieving strong annual performance in a manner that supports and ensures the Company's long-term success and profitability. We believe that stock options issued under the Company's stock option plans create long-term incentives that align the interests of management with the interests of long-term stockholders.

Finally, while the Company's overall compensation levels must be sufficiently competitive to attract talented leaders, we believe that compensation should be set at responsible levels. Our executive compensation programs are intended to be consistent with the Company's cost control strategies.

**Table of Contents**

**2006 Compensation**

This section describes the compensation decisions that were made with respect to the named executive officers for fiscal 2006.

**Executive Summary**

In fiscal 2006 and the first quarter of fiscal 2007, we continued to apply the compensation principles described above in determining the compensation of our named executive officers. Our decisions were made in the context of the Company achieving record-breaking earnings for the third consecutive year. In summary, the compensation decisions made for fiscal 2006 for the named executive officers were as follows:

We did not increase base salaries for the named executive officers.

We substantially increased cash incentive (bonus) payments to named executive officers.

In fiscal 2006, only one option grant was made to a named executive officer.

The primary components of total compensation for the Company's named executive officers during fiscal year 2006 were as follows:

Base Salary;

Cash Incentive (Bonus); and

Equity Incentive

**Base Salary**

In determining base salaries, we consider the executive's qualifications and experience, scope of responsibilities, the goals and objectives established for the executive, the executive's past performance, internal pay equity, the tax deductibility of base salary and cash incentive payments and the extent to which the company's earnings were affected by the executive's actions. The relative amounts of the base salary and bonus of our Chief Executive Officer and Chief Financial Officer are set at levels so that a significant portion of the total compensation that such executive can earn is performance-based pay.

Base salary is largely determined based on the subjective judgment of the Committee without the use of a formula, taking into account the factors described above. In determining the base salary of the named executive officers, the Committee may periodically determine the applicable peer group and refer to surveys of compensation data for similar positions with similar companies. However, no such study was performed that affected any element of the total compensation paid to the named executive officers in fiscal 2006.

Applying the criteria set forth above, the Chief Executive Officer's base salary for Fiscal 2006 was set at \$400,000, and the Chief Financial Officer's base salary for Fiscal 2006 was set at \$180,000. Neither the CEO nor the CFO has received a base salary increase since January 1, 2004.



**Table of Contents**

**Cash Incentive**

Cash incentive bonus payments are discretionary, based primarily on each executive officers contribution to the Company's profitability over the applicable performance measurement periods. The Committee believes that profitability is the most useful measure of management's effectiveness in creating value for the stockholders of the Company. No specific formula is used in making such bonus determinations.

In tandem with the Company's third consecutive year of records earnings, the Chief Executive Officer received a cash incentive payment for fiscal 2006 totaling \$450,000, and the Chief Financial Officer received a cash incentive payment for fiscal 2006 totaling \$150,000. The bonuses of the Chief Executive Officer and Chief Financial Officer, respectively, increased from \$250,000 and \$100,000 in 2005.

**Equity Incentive**

The Company's executive officers are eligible to receive performance-based stock options granted under the Encore Wire Corporation 1999 Stock Option Plan, as amended and restated (as more fully described in Note 6 to the Consolidated Financial Statements of the Company's Annual Report on Form 10-K for the year ended December 31, 2006 and incorporated herein by reference). The Company grants all stock options based on the fair market value as of the date of grant. The exercise price for stock option grants is determined by reference to the closing price per share on the NASDAQ Stock Market at the close of business on the date of grant. Other than stock option plan described above, the Company does not have any other equity incentive plans currently in place.

Option awards under the compensation programs discussed above are made at regular or special Compensation Committee meetings. The effective date for such grants is the date of such meeting. The Company may also make grants of equity incentive awards at the discretion of the Compensation Committee or the board of directors in connection with the hiring of new executive officers and other employees.

On December 31, 2006, unexercised options covering 592,126 shares were outstanding under the 1989 Stock Option Plan and the amended 1999 Stock Option Plan combined, and 299,300 shares remained available for future stock option grants under the Company's 1999 Stock Option Plan. At December 31, 2006, the Chief Executive Officer held vested stock options to purchase 289,500 shares having a market value of \$6,371,895 at a cost of \$1,666,190, for a potential gain of \$4,705,705. On the same date, the Chief Financial Officer held vested stock options to purchase 72,000 shares having a market value of \$1,584,720 at a cost of \$403,750, for a potential gain of \$1,126,970.

During the 2006 fiscal year, the only named executive officer to receive an equity incentive award was Kevin Kieffer, who received options to purchase 50,000 shares under the Company's 1999 Stock Option Plan as part of his incentive to join the Company. For a more complete description of Mr. Kieffer's option award, see the Grants of Plan Based Awards table contained herein.

**Table of Contents**

In determining the number of options to be granted to executives and the frequency of option grants, we take into account the individual's position, scope of responsibility, ability to affect profitability, the individual's performance and the value of stock options in relation to other elements of total compensation. In addition, since the Company believes that profitability is the most useful measure of management's effectiveness in creating value for the stockholders, the Company's profitability in its industry and over the applicable performance measurement periods is also taken into account when determining the number of options to be granted to executives.

**Perquisites and Other Personal Benefits Compensation**

The Company provides named executive officers with perquisites and other personal benefits that the Company and the Committee believe are reasonable and consistent with its overall compensation program to better enable the Company to attract and retain superior employees for key positions. The Committee periodically reviews the levels of perquisites and other personal benefits provided to named executive officers. The amounts shown in the Summary Compensation Table under the heading "Other Compensation" represent the value of Company matching contributions to the executive officers' 401(k) account, the value of certain life insurance benefits and the incremental cost of vehicle leases and country club memberships to the Company. Executive officers did not receive any other perquisites or other personal benefits or property.

**Accounting for Stock-Based Compensation**

Beginning on January 1, 2006, the Company began accounting for stock-based payments, including its 1989 Stock Option Plan, in accordance with the requirements of FASB Statement 123(R).

**Reasonableness of Compensation**

After considering the aggregate compensation paid to the named executive officers in fiscal 2006, the Committee has determined that the compensation is reasonable and not excessive. In making this determination, we considered many factors, including the following:

Including base salaries, cash incentive bonuses and stock options, the total compensation levels for the named executive officers are reasonable in relation to executives in similar positions with similar companies.

Management has led the Company to record levels of performance in recent years.

The executive officers have no severance or change-in-control agreements with the Company.

**Table of Contents**

**Report of the Compensation Committee**

To the Stockholders of Encore Wire Corporation:

The Compensation Committee has submitted the following report for inclusion in this Proxy Statement:

Our Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with management. Based on our Committee's review of and the discussions with management with respect to the Compensation Discussion and Analysis, our Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 for filing with the SEC.

Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that incorporate future filings, including this Proxy Statement, in whole or in part, the foregoing Compensation Committee Report shall not be incorporated by reference into any such filings.

The foregoing report is provided by the following directors, who constitute the Committee:

**COMPENSATION COMMITTEE**

William R. Thomas, Chairman

Joseph M. Brito

John H. Wilson

Thomas L. Cunningham

Scott D. Weaver

**Table of Contents****Summary Compensation Table**

The table below summarizes the total compensation paid or earned by each of the named executive officers for the fiscal year ended December 31, 2006. The Company has not entered into any employment agreements with any employment agreements with any of the named executive officers.

**Summary Compensation Table**

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Bonus (\$) (d)	Stock Awards (\$) (e)	Option Awards (\$)(1) (f)	Non-Equity Incentive Plan Comp (g)	Change in Pension Value and Nonquali- fied Deferred Comp	All Other Comp (\$)	Total (j)
							(h)	(i)	
Daniel L. Jones President and CEO	2006	400,000	450,000		73,250			25,600 (3)	948,850
Frank J. Bilban Vice President Finance, Chief Financial Officer	2006	180,000	150,000		49,030			19,981 (4)	399,011
David K. Smith Vice President Operations	2006	160,000	110,000		48,833		\$ 0		318,833
Kevin Kieffer Vice President Sales (A.)	2006	116,667	100,000		66,587		\$ 0		283,254
Rick Gottschalk Vice President Information Technology	2006	120,000	110,000		13,350		\$ 0		243,350

A. Mr. Kieffer was hired on June 1, 2006 at an annual salary of \$200,000.



**Table of Contents**

- (1) The amounts in column (f) reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with FAS 123(R) of awards pursuant to the Company's 1989 Stock Option Plan and 1999 Stock Option Plan and thus include amounts from awards granted in and prior to 2006. Assumptions used in the calculation of this amount are included in footnote 1 to the Company's audited financial statements for the fiscal year ended December 31, 2006 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 9, 2007.
- (2) Any amounts shown in column (i) for company vehicle leases or country club memberships reflect the full incremental cost to the Company of such vehicle lease or country club membership for such calendar year, however, only a portion of such costs represents a perquisite. The club memberships generally are maintained for business entertainment purposes but may also be used for personal use. Pursuant to SEC guidelines, a zero is reported in this column where the aggregate amount of perquisites and other benefits received is less than \$10,000.
- (3) The amount in column (i) reflects:
- \$7,500 in matching contributions allocated by the Company to Mr. Jones pursuant to the Company's 401(k) Plan.
  - \$12,767 attributable to Mr. Jones' use of a Company-provided automobile.
  - \$5,196 attributable to the use of a Company country-club membership by Mr. Jones.
  - \$137 attributable to life insurance benefits provided by the Company for Mr. Jones pursuant to the Company's Life Insurance Plan.
- (4) The amount in column (i) reflects:
- \$8,408 in matching contributions allocated by the Company to Mr. Bilban pursuant to the Company's 401(k) Plan.
  - \$6,761 attributable to Mr. Bilban's use of Company-provided automobile.
  - \$4,676 attributable to the use of a Company country club membership by Mr. Bilban.
  - \$137 attributable to life insurance benefits provided by the Company for Mr. Bilban pursuant to the Company's Life Insurance Plan.

**Table of Contents****Grants of Plan Based Awards**

(a) Name	(b) Grant Date	(i) All Other Stock	(j) All Other Option	(k) Exercise or Base Price of	(l) Grant Date Fair Value
		Awards: Number of Shares of	Awards: Number of Securities		Option Awards (\$/sh)
Kevin Kieffer	9/1/06		50,000	\$ 37.95	\$ 0.0

The option award was granted to Mr. Kieffer pursuant to the standard terms of option awards granted under the Encore Wire Stock Option Plan, including; five-year vesting at 20% per year, ten-year life of option, and exercise price set at closing price of the stock on the NASDAQ market on the day of the grant.

**Table of Contents****Outstanding Equity Awards at Fiscal Year-End**

Name	Option Awards					Stock Awards			
	Equity Incentive Plan	Equity Incentive Plan	Equity Incentive Plan	Equity Incentive Plan	Equity Incentive Plan	Equity Incentive Plan	Equity Incentive Plan	Equity Incentive Plan	Equity Incentive Plan
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Daniel L. Jones	27,000			\$ 5.56	01/31/07				
	150,000			\$ 4.33	12/16/09				
	112,500			\$ 7.70	10/24/11				
Frank J. Bilban	12,000			\$ 3.75	06/19/10				
	15,000			\$ 4.42	01/05/11				
	45,000			\$ 7.70	10/24/11				
David K. Smith	71,551			\$ 7.70	10/24/11				
Kevin M. Kieffer		50,000		\$37.95	09/01/16				
Rick R. Gottschalk	3,000	3,000		\$ 8.40	06/13/12				



**Table of Contents****Option Exercises and Stock Vested**

Name	Number of Shares Acquired on	Value Realized on Exercise	Number of Shares Acquired on	Value Realized
	Excercise		Vesting	on Vesting
	On Exercise	Exercise	(#)	(#)
	(#)	(\$)	(#)	(\$)
	(b)	(c)	(d)	(3)
Daniel L. Jones				
Frank J. Bilban				
David K. Smith	3,449	\$ 90,709		
Kevin M. Kieffer				

Rick R. Gottschalk

The section entitled "Equity Compensation Plan Information" appearing in Item 5. of the Company's Form 10-K for the year ending December 31, 2006, sets forth certain information with respect to the Company's equity compensation plan and is incorporated herein by reference.

**Defined Benefit Plans and Other Arrangements**

In consideration of the past services of Vincent A. Rego to the Company since its inception and as compensation for Mr. Rego's future services as a consultant to, and as Chairman Emeritus of the Company, the Board, at a special meeting of the Board of Directors held on February 12, 2007, determined to continue Mr. Rego's compensation for the period commencing January 1, 2007 and ending February 28, 2008 at \$15,000 per month, payable in accordance with the payroll practices of the Company. Other than the arrangement described above with Mr. Rego, the Company has no defined benefit plans and has not entered into any compensation agreements or arrangements with respect to any of its executive officers.

**Employment Contracts, Termination of Employment and Change in Control Arrangements**

None.

**Post-Employment Compensation**

The company does not offer any post employment compensation that would be required to be disclosed on the Pension Benefits or Non-qualified Deferred Compensation table.

**Table of Contents**

**Compensation of Directors**

Directors have not received fees for serving on the Board of Directors or any committee thereof. The Company has, however, reimbursed directors for reasonable travel, lodging and related expenses incurred in attending Board and committee meetings. In the fourth quarter of 2006, the Board of Directors approved Board fees to be paid to all non-employee Directors at the rate of \$5,000 per quarter beginning March of 2007.

**Compensation Committee Interlocks and Insider Participation**

The members of the Compensation Committee during fiscal year 2006 were William R. Thomas, John H. Wilson, and Joseph M. Brito. None of the members of the Compensation Committee was an officer or employee of the Company in the past fiscal year. None of the members has ever served as an officer of the Company. No executive officer of the Company served as a director or a member of the compensation committee of another entity, one of whose executive officers either served on the Board of Directors or on the Compensation Committee.

**Certain Relationships and Related Party Transactions**

**Policies and Procedures**

The Nominating and Corporate Governance Committee of the Board of Directors is responsible for reviewing and approving all material transactions with any related party, as set forth in the Related Party Transactions Policy adopted by the Board of Directors. However, in certain cases, transactions have been approved by a committee consisting of all independent directors. Related parties include any of our directors or executive officers, certain of our stockholders and their immediate family members. The Nominating and Corporate Governance Committee Charter is attached as Annex C, and is available at [www.encorewire.com](http://www.encorewire.com) under Investor Relations Corporate Governance Documents.

To identify related party transactions, each year, we submit and require our directors and officers to complete Director and Officer Questionnaires identifying any transactions with us in which the officer or director or their family members have an interest. We review related party transactions due to the potential for a conflict of interest. A conflict of interest occurs when an individual's private interest interferes with the interests of the Company as a whole. Our Code of Business Conduct and Ethics requires all directors, officers and employees who have a conflict of interest to immediately notify their supervisor or our Nominating and Corporate Governance Committee chairman.

We expect our directors, officers and employees to act and make decisions that are in our best interests and encourage them to avoid situations which present a conflict between our interests and their own personal interests. Our directors, officers and employees are prohibited from taking any action that may make it difficult for them to perform their duties, responsibilities and services to the Company in an objective and fair manner. A copy of our Code of Business Conduct and Ethics is available at [www.encorewire.com](http://www.encorewire.com) under Investor Relations Corporate Governance Documents.

**Table of Contents**

**Related Party Transactions**

The Company uses H & A Trucking for a minor percentage of its freight services. H & A is one of many freight carriers the Company does business with. H & A Trucking is wholly-owned by Mrs. A. Jones, the mother of Daniel L. Jones, a nominee for director and the Company's President and Chief Executive Officer. The Audit Committee of the Board of Directors has approved the continued use of the transportation services of H & A Trucking and determined that these services are at rates no less favorable than are available from non-affiliated parties. During the year ended December 31, 2006, the Company paid H & A Trucking approximately \$275,000 for these services on the basis of rates the Company believes compare favorably with rates charged by other common carriers.

The Company buys reels on which wire is wound, from Lone Star Reel Corporation as well as other reel suppliers. Reels of various types are used by the Company to wind both in process and finished wire. Lone Star Reel is 40% owned by the son-in-law of Donald E. Courtney, a nominee for director. This same ownership group owns Aegis Pallet, which sell pallets to the Company. The Company buys pallets from several suppliers, including Aegis Pallet. The Audit Committee of the Board of Directors has approved the continued use of Lone Star Reel and Aegis Pallet as suppliers subject to continued determinations that any and all such purchases are at prices no less favorable than are available from non-affiliated parties. During the year ended December 31, 2006, the Company paid Lone Star Reel approximately \$5,144,000, and Aegis Pallet approximately \$970,000.

**Table of Contents****PROPOSAL TWO****RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Based on the recommendation of the Audit Committee, Ernst & Young LLP, which has served as the Company's independent registered public accounting firm since the Company's inception, has been appointed by the Board of Directors to serve as independent auditors of the Company for the year ending December 31, 2007, subject to the ratification of such appointment by the stockholders of the Company. Although it is not required to do so, the Board of Directors is submitting the selection of auditors for ratification in order to obtain the stockholders' approval of this appointment. The appointment of auditors will be approved by a vote of a majority of the holders of shares of Common Stock having voting power present in person or represented by proxy. If the selection is not ratified, the Board of Directors will reconsider the appointment. Representatives of Ernst & Young LLP are expected to be present at the meeting to respond to appropriate questions from the stockholders and will be given the opportunity to make a statement should they desire to do so.

The following table presents fees for professional services rendered by Ernst & Young LLP for the audit of the Company's annual financial statements and internal control over financial reporting for the years ended December 31, 2006 and 2005, and fees billed for other services rendered by Ernst & Young LLP during 2006 and 2005:

	<b>2006</b>	<b>2005</b>
Audit Fees (a)	\$464,400	\$415,344
Audit-related Fees (b)	19,000	17,500
Tax Fees (c)		47,185
All Other Fees (d)	2,706	2,957
Total	\$486,106	\$482,986

**(a) Audit Fees**

Fees and expenses paid to Ernst & Young LLP for the audit of internal control over financial reporting and of the consolidated financial statements included in the Company's Annual Report on Form 10-K, the reviews of the interim consolidated financial information included in the

Company's  
Quarterly  
Reports on  
Form 10-Q,  
consultations  
concerning  
financial  
accounting and  
reporting, and  
reviews of  
documents filed  
with the SEC  
and related  
consents.

(b) Audit-Related  
Fees

Fees and  
expenses paid to  
Ernst & Young  
LLP for  
consultation on  
internal control  
matters, benefit  
plans and other  
special audits.

(c) Tax Fees

Fees and  
expenses paid to  
Ernst & Young  
LLP for tax  
compliance, tax  
planning, and  
tax advice.

**Table of Contents**

(d) All Other Fees

Consists of fees for annual access to Ernst & Young LLP online accounting research database.

The Audit Committee considered the level of fees rendered by Ernst & Young LLP and concluded that the services were compatible with maintaining Ernst & Young LLP's independence.

The Audit Committee pre-approves audit and permissible non-audit services provided by the independent auditor. The fees enumerated above for 2006 were all pre-approved by the Audit Committee. The Audit Committee follows certain procedures regarding the pre-approval of services provided by the independent auditor. Under these procedures, pre-approval is generally provided for up to one year and any pre-approval is detailed and specific as to the particular service to be provided. In addition, the Audit Committee may also pre-approve particular services on a case-by-case basis. The Audit Committee may delegate pre-approval authority to one or more of its members. Such member must report any decisions to the Audit Committee at the next scheduled meeting of the Audit Committee.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS VOTING FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007  
STOCKHOLDER PROPOSALS AND OTHER MATTERS**

It is contemplated that the 2008 annual meeting of Stockholders of the Company will take place during the first half of May 2008. Stockholder proposals for inclusion in the Company's proxy materials for the 2008 annual meeting of Stockholders must be received by the Company at its offices in McKinney, Texas, addressed to the Secretary of the Company, not less than 120 days in advance of the date that is one year after this proxy statement is first distributed to stockholders; provided, that if the 2008 annual meeting of Stockholders is changed by more than 30 days from the presently contemplated date, then proposals must be received a reasonable time in advance of the meeting.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires directors and officers of the Company, and persons who own more than 10 percent of the Common Stock, to file with the SEC initial reports of ownership and reports of changes in ownership of the Common Stock. Directors, officers and more than 10 percent stockholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the year ended December 31, 2006, all of its directors, officers and more than 10 percent beneficial owners complied with all applicable Section 16(a) filing requirements.

**Table of Contents**

**ANNUAL REPORT**

The Company has provided without charge to each person whose proxy is solicited hereby a copy of the 2006 Annual Report of the Company, which includes the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 (including the consolidated financial statements) filed with the SEC. Additional copies of the Annual Report may be obtained without charge upon written request to the Company, Encore Wire Corporation, 1410 Millwood Road, McKinney, Texas, 75069, Attention: Corporate Secretary.

**OTHER BUSINESS**

At the date of this Proxy Statement, the only business that the Board of Directors intends to present or knows that others will present at the meeting is as set forth above. If, however, any other matters are properly brought before the 2007 Annual Meeting, or any adjournment thereof, it is the intention of the persons named in the accompanying form of proxy to vote such proxy on such matters in accordance with their best judgment.

By Order of the Board of Directors

Frank J. Bilban,

Vice President Finance, Treasurer,

Secretary and Chief Financial Officer

**Table of Contents**

**ANNEX A**

Audit Committee Charter

**ENCORE WIRE CORPORATION  
AMENDED AND RESTATED CHARTER  
OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

**I. PURPOSE**

This Charter ( Charter ) shall govern the operations of the Audit Committee (the Committee ) of the Board of Directors (the Board ) of Encore Wire Corporation, a Delaware corporation (the Corporation ). The purpose of the Committee is to (1) manage the engagement of the outside auditors and (2) assist and direct the Board in fulfilling its oversight responsibilities by conducting thorough reviews of: financial statements and reports provided by the Corporation to the government or to the public; the Corporation s systems of internal controls regarding finance, accounting, and the Corporation s auditing, accounting and financial reporting processes generally. Consistent with this purpose, the Committee shall encourage continuous improvement of, and shall foster adherence to, the Corporation s policies, procedures and practices at all levels. The Committee s primary responsibilities are to:

Monitor the Corporation s accounting and financial reporting processes and systems of internal controls regarding finance and accounting.

Monitor the independence and performance of the Corporation s outside auditors.

Provide an avenue of communication among the Board, the outside auditors, and financial and senior management of the Corporation.

Appoint and discharge, in its sole discretion, the corporation s outside auditors.

In discharging its duties, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Corporation and, for this purpose, to engage on behalf of the Committee independent legal, accounting and other advisers at the Corporation s expense. The Committee shall have sole authority to approve related fees and retention terms.

**II. COMPOSITION**

The Committee shall be comprised of three or more directors, each of whom shall be independent and free from any relationship that, in the opinion of the Board, would interfere with the exercise of that person s independent judgment as a member of the Committee. Each member of the Committee shall meet all requirements for independence and experience promulgated by the National Association of Securities Dealers, Inc. ( NASD ), Section 10A(m)(3) of the Securities Exchange Act of 1934 (the Exchange Act ) and the rules and regulations of the Securities and Exchange Commission (the Commission ) as applicable to the Corporation. Each member shall be able to read and understand fundamental financial statements, and at least one member shall be a financial expert as defined by the rules and regulations of the Commission and NASD. Furthermore, no member shall have participated in the preparation of the financial statements of the Corporation or any subsidiary of the Corporation during the past three years.

---



**Table of Contents**

Members of the Committee shall be elected by the Board at the annual meeting of the Board to serve until their successors are duly elected and qualified. If a member is unable to serve a full term, the Board shall select a replacement. Unless a Chairman is elected by the full Board, the members of the Committee shall designate a Chairman by majority vote of the full Committee.

**III. MEETINGS**

The Committee shall meet at least four times annually, and more frequently as circumstances dictate. The Committee, or its Chairman, shall communicate each quarter with the outside auditors and management to review the Corporation's interim financial statements in accordance with Section V.2., below. The Committee shall meet at least annually with management and the outside auditors in accordance with Section V.3., below. Such meetings and communications shall be, either in person or by conference telephone call, and shall be separate or together, at the discretion of the Committee.

**IV. ACCOUNTABILITY**

The independent auditor's shall be ultimately accountable to the Committee, as representatives of the Corporation's shareholders. The Committee shall have ultimate authority and responsibility to select, evaluate, and, where appropriate, replace the outside auditors.

**V. RESPONSIBILITIES**

The responsibility of the Committee shall be to oversee the Corporation's financial reporting process on behalf of the Board and to report the results of such oversight activities to the Board and to the shareholders of the Corporation. The responsibility of management is to prepare the Corporation's financial statements. The responsibility of the outside auditors is to audit those financial statements. To fulfill its responsibilities the Committee shall:

**Documents/Reports Review**

1. Review and reassess the adequacy of this Charter, at least annually, as conditions dictate.
2. Prior to filing, review each Form 10-Q Quarterly Report for the Corporation with management and the outside auditors, in accordance with Statement on Auditing Standards No. 71 ( SAS No. 71 ), and considering Statement on Auditing Standards No. 61 ( SAS No. 61 ) as it relates to interim financial information.
3. Prior to filing, review and discuss the audited financial statements of the Corporation with management and the outside auditors, with specific attention to those matters required to be discussed by SAS No. 61.
4. Receive that formal written statement required by Independence Standards Board Standard No. 1 ( ISB Standard No. 1 ) from the outside auditors and discuss with them that statement and their independence from management and the Corporation.

**Table of Contents**

5. Based on the review and discussions set forth above, determine whether to recommend to the Board that the audited financial statements of the Corporation be included in its Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

6. Ascertain whether the members of the Committee continue to be independent (as heretofore defined) with respect to management and the Corporation.

7. Review as received the regular internal reports to management prepared by the financial staff and discuss them with management as necessary.

**Outside auditors**

8. Exercise its sole discretion in determining the appointment, funding and discharge of the Corporation's outside auditors.

9. Prior to commencement of work on the annual audit by the outside auditors, discuss with them the overall scope and plan for their audit and discuss with management and the outside auditors the adequacy and effectiveness of the Corporation's accounting and financial controls.

10. Review and pre-approve all auditing services and permitted non-audit services (including fees and terms thereof) to be performed for the Corporation by its outside auditors, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act; provided, however, that the following services are not permitted non-audit services :

bookkeeping or other services related to the accounting records or financial statements of the audit client;

financial information systems design and implementation;

appraisal or valuation services, fairness opinions, or contribution-in-kind reports;

actuarial services;

internal audit outsourcing services;

management functions or human resources;

broker or dealer, investment adviser, or investment banking services;

legal services and expert services unrelated to the audit; and

any other service that the Committee determines, by regulation, is impermissible.

11. Provide an open avenue of communication among the outside auditors, financial and senior management and the Board and resolve disagreements between management and the outside auditors regarding financial reporting.

12. Instruct the outside auditors that the outside auditors are ultimately responsible to, and shall report directly to, the Committee.

**Table of Contents**

13. Review and discuss reports from the outside auditors on:  
all critical accounting policies and practices to be used;

all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the outside auditor; and

other material written communications between the outside auditor and management, such as any management letter or schedule of unadjusted differences.

14. Obtain from the outside auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act, which sets forth certain procedures to be followed in any audit of financial statements required under the Exchange Act and assurance that Section 10A(b) of the Exchange Act has not been implicated.

**Financial Reporting Processes**

15. Review and discuss with the outside auditors their evaluation of the Corporation's financial reporting processes, both internal and external.

16. Review and discuss with the outside auditors their judgment about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.

17. With respect to reporting and recommendations:

to prepare any report or other disclosures, including any recommendation of the Committee, required by the rules of the Securities and Exchange Commission;

to review this Charter at least annually and recommend any changes to the full Board; and

to report its activities to the full Board on a regular basis and to make such recommendations with respect to the above and other matters as the Committee may deem necessary or appropriate, including recommending to the Board whether the audited financial statements should be included in the Corporation's Form 10-K.

**Process Improvement**

18. Review and discuss with the outside auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been or can be implemented.

19. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the

**Table of Contents**

confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

**Legal Matters**

20. Review, with the Corporation's counsel (a) legal compliance matters and (b) other legal matters that could have an impact on the Corporation's financial statements.

21. Review disclosures made to the Committee by the Corporation's CEO and CFO, during their certification process for the Form 10-K and Form 10-Q, about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporation's internal controls.

**Other Matters**

22. Review all related party transactions for potential conflicts of interest on an ongoing basis and pre-approve any such transactions.

Adopted: February 13, 2004

**Table of Contents**

**ANNEX B**

Compensation Committee Charter  
**ENCORE WIRE CORPORATION**  
**COMPENSATION COMMITTEE CHARTER**

**PURPOSE OF COMMITTEE**

The primary purposes of the Compensation Committee (the Committee) are to assist the Board of Directors (the Board) of Encore Wire Corporation (the Company) by: (1) overseeing the Company's compensation and employee benefit plans and practices, including its executive compensation, incentive compensation, and equity-based compensation plans, and (2) producing an annual report on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations. This Compensation Committee Charter (this Charter) governs the operations of the Committee of the Board of the Company.

**COMMITTEE MEMBERSHIP AND OPERATIONS**

The Committee shall consist of no fewer than three members, each of whom shall be a director of the Company. Each member of the Committee shall (a) meet the listing standards of The NASDAQ Stock Market (NASDAQ) relative to independence and all other applicable legal requirements, (b) be a non-employee director as that term is defined under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and (c) be an outside director as that term is defined under Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. Members shall be appointed and replaced by the Board. A majority of the members of the Committee shall constitute a quorum.

The Board shall designate one member of the Committee as its chairman. The Committee shall meet in person or telephonically at least once a year at a time and place determined by the Committee chairman, with further meetings to occur or actions to be taken by unanimous written consent when deemed necessary or desirable by the Committee or its chairman.

Following each of its meetings, the chairman of the Committee shall deliver a report to the Board on the meeting, either verbally or in writing, including a description of actions taken by the Committee at the meeting and recommendations to the Board. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company. In fulfilling its responsibilities, as set forth below, the Committee shall have authority to delegate its authority to subcommittees or members as the Committee deems necessary or desirable.

**COMMITTEE AUTHORITY AND RESPONSIBILITIES**

The Committee shall have the following authority and responsibilities:

1. To review at least annually the goals and objectives and the structure of the Company's plans for executive compensation, incentive compensation, equity-based compensation, and its general compensation plans and employee benefit plans (including retirement and health insurance plans), and to recommend to the Board any new plans or any

---

**Table of Contents**

changes in the objectives and structure of such plans as the Committee deems necessary or desirable.

2. To evaluate annually the performance of the Company's chief executive officer (the CEO), in light of the goals and objectives of the Company's executive compensation plans, and to determine his or her compensation level based on this evaluation. In determining the incentive components of the CEO's compensation, the Committee shall consider those factors it deems relevant, including the Company's performance, and the CEO's contribution to that performance. The CEO shall not be present during voting or deliberations during the Committee's determination of his or her compensation.

3. To annually review and determine the compensation level of all other executive officers of the Company, in light of the goals and objectives of the Company's executive compensation plans.

4. In consultation with the CEO, to oversee the annual evaluation of management of the Company, including the other executive officers and key employees of the Company.

5. Periodically, as the Committee deems necessary or desirable and pursuant to the applicable equity-based compensation plan, to grant, or recommend that the Board grant, equity-based compensation awards to any officer or employee of the Company for such number of shares of common stock as the Committee, in its sole discretion, shall deem to be in the best interest of the Company.

6. To perform such duties and responsibilities as the Board may assign to the Committee regarding the terms of any compensation plans and to review and approve the amount and terms of all individual stock options that the Committee recommends that the Board grant.

7. To recommend to the Board all equity-based compensation plans, including prior approval of those plans that are subject to shareholder approval under the listing standards of NASDAQ.

8. To meet with management to review and discuss the Compensation Discussion and Analysis (the CD&A) required by the Securities and Exchange Commission's (the SEC) rules and regulations. The Committee will recommend to the Board whether the CD&A should be included in the Company's proxy statement or other applicable SEC filings. The Committee will prepare a Compensation Committee Report for inclusion in the Company's applicable filings with the SEC. The report will state whether the Committee reviewed and discussed with management the CD&A, and whether, based on such review and discussion, the Committee recommended to the Board that the CD&A be included in the Company's proxy statement or other applicable SEC filings.

9. To annually review and reassess the adequacy of this Charter and recommend any changes to the full Board.

The Committee shall perform any other activities consistent with this Charter, the Company's Bylaws and governing laws as the Committee or the Board deems necessary or desirable.

**Table of Contents**

**COMMITTEE RESOURCES**

In fulfilling its responsibilities, the Committee shall have the authority, and shall be afforded resources sufficient, to engage independent compensation consultants or legal advisors when determined by the Committee to be necessary or desirable. The Committee shall have sole authority to retain and terminate any such consultant or legal advisor, including sole authority to approve the fees and other retention terms.

Adopted: March 4, 2004

Amended: February 12, 2007

**Table of Contents**

**ANNEX C**

Nominating and Corporate Governance Committee  
**ENCORE WIRE CORPORATION**  
**NOMINATING AND CORPORATE**  
**GOVERNANCE COMMITTEE CHARTER**

**PURPOSE OF COMMITTEE**

The Nominating and Corporate Governance Committee (the Committee ) is appointed by the Board of Directors (the Board ) of Encore Wire Corporation (the Company ) to (1) assist the Board, on an annual basis, by identifying individuals qualified to become Board members, and recommend to the Board the director nominees for the next annual meeting of stockholders; (2) study, advise and make recommendations concerning criteria for Board membership, the number of directors to comprise the full Board, the Board's composition and committee structure, and schedules and procedures for regular Board meetings; (3) assist the Board in the event of any vacancy on the Board by identifying individuals qualified to become Board members, and to recommend to the Board qualified individuals to fill any such vacancy; (4) lead the Board in its annual review of Board performance; (5) recommend to the Board, on an annual basis, director nominees for each Board committee; and (6) review any Related Party Transactions presented to the Committee, in accordance with the Company's Related Party Transactions Policy.

**COMMITTEE MEMBERSHIP**

The Committee shall consist of no fewer than three members, each of whom shall be a director of the Company. Each member of the Committee shall meet the listing standards of The NASDAQ Stock Market LLC ( NASDAQ ) relating to independence and all other applicable legal requirements. The Committee will also consider the absence or presence of material relationships with the Company that might impact independence. Members shall be appointed and replaced by the Board. A majority of the members of the Committee shall constitute a quorum.

**COMMITTEE STRUCTURE AND OPERATIONS**

The Board shall designate one member of the Committee as its chairman. The Committee shall meet in person or telephonically at least once a year at a time and place determined by the Committee chairman, with further meetings to occur or actions to be taken by unanimous written consent when deemed necessary or desirable by the Committee or its chairman.

**COMMITTEE AUTHORITY AND RESPONSIBILITIES**

1. The Committee shall have the responsibility to develop and recommend criteria for the selection of new directors to the Board, including, but not limited to diversity, age, skills, experience, time availability (including the number of other boards he or she sits on in the context of the needs of the Board and the Company) and such other criteria as the Committee shall determine to be relevant at the time. The Committee shall have the power to apply such criteria in connection with the identification of individuals to be Board members, as well as to apply the standards for independence imposed by the listing standards of the NASD and all applicable federal laws and the underlying purpose and intent thereof in connection with such identification process.

---



**Table of Contents**

2. When vacancies occur or otherwise at the direction of the Board, the Committee shall actively seek individuals whom the Committee determines meet such criteria and standards for recommendation to the Board.

3. Periodically, as the Committee deems necessary or desirable, the Committee shall study, advise and make recommendations concerning the number of directors to comprise the full Board, the Board's composition, committee structure and composition and matters related to corporate governance.

4. The Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates and shall have sole authority to approve the search firm's fees and other retention terms, at the Company's expense. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

5. The Committee shall oversee an annual evaluation of the Board and management. In connection with the annual evaluation of the Board, the Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. Such report by the Committee may be written or oral.

6. The Committee shall recommend to the Board, on an annual basis, nominees for election as directors for the next annual meeting of stockholders.

7. The Committee shall recommend to the Board the nominees for appointment to Committees of the Board on at least an annual basis.

8. The Committee may form and delegate authority to subcommittees or members as the Committee deems necessary or desirable.

9. The Committee shall make written or oral reports to the Board as the Committee deems necessary or desirable or upon request of the Board.

10. The Committee, and each member of the Committee in his or her capacity as such, shall be entitled to rely, in good faith, on information, opinions, reports or statements, or other information prepared or presented to them by (i) officers and other employees of the Company and (ii) counsel, public accountants or other persons as to matters which the member believes to be within the professional competence of such person.

11. Minutes of each meeting of the Committee shall be compiled and presented to the Board at the following Board meeting.

12. Periodically, as the Committee deems necessary or desirable, the Committee shall review and reassess the adequacy of the Code of Business Conduct and Ethics of the Company and recommend any proposed changes to the Board for approval.

13. The Committee shall consider all stockholder recommendations relating to the nomination of a member of the Board and recommend to the Board appropriate action on each such stockholder recommendation.

14. The Committee shall review any Related Party Transactions presented to the Committee, in accordance with the Company's Related Party Transactions Policy.

Adopted: February 13, 2004

Amended: February 12, 2007



O Scott D. Weaver

**FOR ALL EXCEPT**  
(See instructions below)

This proxy when properly executed will be voted in the manner directed hereby by the undersigned stockholder. If no direction is made, this proxy will be voted FOR management's nominees for election as directors and FOR each of the other proposals set forth above.

**INSTRUCTION:** To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: =

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Stockholder	Date:	Signature of Stockholder	Date:
--------------------------	-------	--------------------------	-------

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

n

n

**Table of Contents**

n

**ENCORE WIRE CORPORATION  
THIS PROXY SOLICITED BY THE BOARD OF DIRECTORS**

The undersigned hereby appoints DANIEL L. JONES and FRANK J. BILBAN, and each of them, as the undersigned's attorneys and proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as directed on the reverse side, all the shares of common stock of ENCORE WIRE CORPORATION (the Company) held of record by the undersigned on March 2, 2007, at the annual meeting of stockholders to be held on May 1, 2007 or any adjournment thereof.

**(Continued and to be signed on the reverse side)**

n

14475 n

provides desirable flexibility because future changes may be made by the Board without the time and expense of obtaining stockholder approval. In April 2005, the Company entered into separate indemnification agreements with each of its Directors.

The affirmative vote of at least two-thirds of the shares of our common stock outstanding on the record date is required to approve this Proposal 2G.

**The Board of Directors recommends that you vote FOR the proposal to amend the Articles of Organization to eliminate the provision regarding the indemnification of Directors and officers in Article VI, and proxies solicited by the Board will be voted in favor thereof unless a stockholder has indicated otherwise on the proxy.**

**PROPOSAL 2H: PROPOSAL TO AMEND ARTICLES OF ORGANIZATION TO ELIMINATE PROVISION REGARDING INTERCOMPANY TRANSACTIONS**

Article VI of the Charter provides that a contract or transaction between the Company and a Director or officer of the Company or any organization in which a Director or officer of the Company has an interest will not be void or voidable solely for this reason or solely because the Director or officer is present or participates in the meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies the contract or transaction, or solely because his or their votes are counted for such purpose, provided certain conditions are satisfied. Article VI further provides that interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee thereof which authorizes, approves or ratifies the contract or transaction. Finally, Article VI provides that no Director or officer of the Company shall be liable or accountable to the Company or to any of its stockholders or creditors or to any other person, either for the loss to the Company or to any other person or for gains or profits realized by such Director or officer, by reason of any contract or transaction satisfying the specified conditions. The Board of Directors has adopted, subject to stockholder approval, the elimination of these provisions. If this proposal is approved by stockholders, the Board intends to amend the By-Laws to include similar provisions consistent with the MBCA. The Board believes that having this type of provision located in the By-Laws rather than in the Charter provides desirable flexibility because future changes may be made by the Board without the time and expense of obtaining stockholder approval.

**Table of Contents**

The affirmative vote of at least two-thirds of the shares of our common stock outstanding on the record date is required to approve this Proposal 2H.

**The Board of Directors recommends that you vote FOR the proposal to amend the Articles of Organization to eliminate the provision regarding intercompany transactions, and proxies solicited by the Board will be voted in favor thereof unless a stockholder has indicated otherwise on the proxy.**

**PROPOSAL 2I: PROPOSAL TO AMEND ARTICLES OF ORGANIZATION PROVISION REGARDING LIMITATION OF DIRECTOR LIABILITY**

Article VI of the Charter contains a provision limiting the liability of Directors except under certain circumstances. The Board of Directors has adopted, subject to stockholder approval, an amendment of this provision to change the statutory reference to the applicable section of the MBCA. The existing statutory reference in this provision is to a section of 156B, which has been superseded by the MBCA.

The affirmative vote of at least two-thirds of the shares of our common stock outstanding on the record date is required to approve this Proposal 2I.

**The Board of Directors recommends that you vote FOR the proposal to amend the provision of the Articles of Organization regarding limitation of Director liability, and proxies solicited by the Board will be voted in favor thereof unless a stockholder has indicated otherwise on the proxy.**

**Table of Contents**

**APPROVAL OF THE AMENDMENTS TO OUR AMENDED AND RESTATED BY-LAWS**

(Item 3 of Notice)

The Board of Directors has proposed certain amendments to our Amended and Restated By-Laws (the "By-Laws"), which amendments are described in Proposals 3A through 3D below. Some of these amendments, if approved by our stockholders, will have the effect of giving Alan Trefler, our Chairman and Chief Executive Officer, greater ability to influence the composition of our Board of Directors and future amendments to our By-Laws, by virtue of Mr. Trefler currently having beneficial ownership of approximately 58% of our outstanding stock. The proposed amendments to the By-Laws are set forth in Exhibit B, with deletions indicated by ~~strikeout~~ and additions indicated by underline.

**PROPOSAL 3A: PROPOSAL TO AMEND BY-LAWS TO CHANGE QUORUM REQUIREMENT FOR STOCKHOLDER MEETINGS**

The Board of Directors has proposed that Article I, Section 6 of the By-Laws governing quorum requirements for stockholder meetings be amended to be consistent with the MBCA. The MBCA establishes the concept of a "voting group" and contemplates that the existence of a quorum is determined separately for each voting group and for each matter coming before a meeting. The MBCA also provides that a share once represented at a meeting is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of the meeting, except in certain limited circumstances.

Massachusetts law formerly provided only a single quorum requirement for a stockholder meeting and did not expressly contemplate a quorum being established on a matter-by-matter basis. Our existing By-Laws reflect former Massachusetts law and do not address the circumstances under which a quorum once established at a meeting might be "broken".

Under the Company's existing By-Laws, a majority of all shares of stock issued, outstanding and entitled to vote constitutes a quorum. The Board of Directors, in addition to incorporating the concepts described above introduced by the MBCA, have proposed a similar quorum standard defined as a majority of the votes entitled to be cast.

The affirmative vote of at least eighty percent (80%) of the shares of our common stock outstanding on the record date is required to approve this Proposal 3A.

**The Board of Directors recommends that you vote FOR the proposal to amend Article I, Section 6 of the By-Laws regarding stockholder meeting quorum requirements, and proxies solicited by the Board will be voted in favor thereof unless a stockholder has indicated otherwise on the proxy.**

**PROPOSAL 3B: PROPOSAL TO AMEND BY-LAWS TO CHANGE VOTE REQUIREMENTS FOR STOCKHOLDER ACTION**

The Board of Directors has proposed amending Article I, Section 8 of the By-Laws governing the vote requirement for stockholders to elect Directors and take other action. With respect to the election of Directors, the Board has proposed that in order to be elected a nominee would be

## Edgar Filing: ENCORE WIRE CORP /DE/ - Form DEF 14A

required to receive a majority of the votes entitled to be cast in an election of Directors by all issued and outstanding shares, rather than the existing standard which is a plurality of the votes cast by stockholders entitled to vote in the election. The proposed amendment would have the effect of increasing the actual number of affirmative votes a nominee would be required to receive and could result in no nominee being elected for a particular seat in an election at a meeting at which a quorum is present. If Mr. Trefler, who is currently the beneficially owner of approximately 58% of our outstanding stock, abstained from voting for a nominee that nominee could not be elected.

Under the Company's existing By-Laws, with respect to any action other than the election of Directors, stockholder action requires the affirmative vote of the holders of a majority of the shares voted at the meeting, unless a larger vote is required by law, the Charter or the By-Laws. Shares as to which a nominee has no voting

## **Table of Contents**

authority as to a particular matter are not deemed voted with respect to such matter. The Board of Directors has proposed an alternative, two-pronged standard under which favorable stockholder action is taken by a voting group (a) if it is approved by the affirmative vote of the holders of shares representing a majority of the votes entitled to be cast by the voting group on the matter or (b) in the case of a matter that has been approved by vote of the Board of Directors taken at a meeting held prior to such meeting of stockholders, if the votes cast within the group favoring the action exceed the votes cast opposing the action, unless in case of either (a) or (b) a greater number of votes is required by law, the Charter, the By-Laws or a resolution of the Board of Directors. The standard proposed by the Board of Directors incorporates the MBCA's concept of voting groups and, assuming a matter has been approved in advance by the Board of Directors, follows the default standard set forth in the MBCA and clarifies that abstentions will not be treated as negative votes.

The affirmative vote of at least eighty percent (80%) of the shares of our common stock outstanding on the record date is required to approve this Proposal 3B.

**The Board of Directors recommends that you vote FOR the proposal to amend Article I, Section 8 of the By-Laws regarding the voting requirements for stockholder action, and proxies solicited by the Board will be voted in favor thereof unless a stockholder has indicated otherwise on the proxy.**

### PROPOSAL 3C: PROPOSAL TO AMEND THE BY-LAWS TO CHANGE THE REQUIREMENTS FOR DIRECTOR REMOVAL

The Board of Directors has proposed amending Article II, Section 4 of the By-Laws governing the requirements for Director removal. Currently, the By-Laws provide that Directors may be removed by stockholders only for cause by the affirmative vote of a majority of the shares issued, outstanding and entitled to vote in the election of Directors. The existing By-Laws also provide for the removal of a Director for cause by vote of a majority of the Directors then in office. The Board proposes to change this provision, conditioned on stockholder approval of Proposal 2D, to permit Directors to be removed with or without cause by the affirmative vote of the holders of a majority of our outstanding stock or, if the removal has been previously approved by a vote of the Board of Directors, if the votes cast in favor of removal exceed the votes cast against removal. The Board believes that such a change is in the best interests of the Company and its stockholders because it increases the accountability of Directors. As noted in Proposal 2D, however, this proposed change, together with the proposed amendment to the Charter described in Proposal 2D, would allow Mr. Trefler, by virtue of currently being the beneficial owner of approximately 58% of our outstanding stock, to unilaterally and without cause remove all Directors of the Company at any time.

This Proposal 3C is conditioned on stockholder approval of Proposal 2D, and Proposal 2D is conditioned upon stockholder approval of this Proposal 3C. This means that if our stockholders fail to approve either this Proposal 3C or Proposal 2D, then neither the By-Law Amendments contemplated by this Proposal 3C nor the Charter Amendments contemplated by Proposal 2D will become effective, even if our stockholders approve one of the two proposals.

The affirmative vote of at least eighty percent (80%) of the shares of our common stock outstanding on the record date is required to approve this Proposal 3C.

**The Board of Directors recommends that you vote FOR the proposal to amend Article II, Section 4 of the By-Laws regarding the removal of Directors, and proxies solicited by the Board will be voted in favor thereof unless a stockholder has indicated otherwise on the proxy.**



Edgar Filing: ENCORE WIRE CORP /DE/ - Form DEF 14A

PROPOSAL 3D: PROPOSAL TO AMEND ARTICLE VI OF THE BY-LAWS REGARDING AMENDMENTS OF THE BY-LAWS

The Board of Directors has proposed amending Article VI of the By-Laws regarding amendments of the By-Laws. Currently, the By-Laws provide that the By-Laws may be amended by the affirmative vote of the holders of at least 80% of the shares of capital stock then issued, outstanding and entitled to vote. This

**Table of Contents**

supermajority vote requirement for stockholders to amend the By-Laws was included in 1996 at the time we became a public company and established a classified board structure. The requirement was intended to make it more difficult for a potential acquirer to circumvent the staggered board and related provisions by amending those provisions contained in the By-Laws. As discussed in Proposal 2B, the Board has determined that the staggered board structure is no longer in the best interests of the Company and its stockholders. Accordingly, the Board believes that the supermajority voting requirement to amend the By-Laws is no longer necessary and indeed may represent an obstacle to future By-Law changes that would be advantageous to the Company. The proposed amendment of this By-Law provision also contains a number of changes intended to conform with the requirements of the MBCA. If approved by stockholders, this proposal would permit Mr. Trefler, by virtue of currently being the beneficial owner of approximately 58% of our outstanding stock, to amend unilaterally any of the provisions of the By-Laws.

The affirmative vote of at least eighty percent (80%) of the shares of our common stock outstanding on the record date is required to approve this Proposal 3D.

**The Board of Directors recommends that you vote FOR the proposal to amend Article VI of the By-Laws regarding amendments of the By-Laws, and proxies solicited by the Board will be voted in favor thereof unless a stockholder has indicated otherwise on the proxy.**

**Table of Contents****RATIFICATION OF THE SELECTION OF INDEPENDENT AUDITORS**

(Item 4 of Notice)

Our Audit Committee has selected Deloitte & Touche LLP, independent auditors, to audit our financial statements for the fiscal year ending December 31, 2005. Deloitte & Touche LLP audited our financial statements for the fiscal year ended December 31, 2004. Although stockholder approval of the selection of Deloitte & Touche LLP is not required by law, our Board of Directors believes that it is advisable to give stockholders the opportunity to ratify this selection. We expect that representatives of Deloitte & Touche LLP will be present at the Annual Meeting, with the opportunity to make a statement if they so desire, and will be available to respond to appropriate questions from stockholders.

**The Board of Directors recommends that you vote FOR the ratification of the selection of Deloitte & Touche LLP as our independent auditors, and proxies solicited by the Board will be voted in favor thereof unless a stockholder has indicated otherwise on the proxy.**

**INDEPENDENT AUDITOR FEES AND SERVICES**

The following table shows the fees paid or accrued by us for the audit and other services provided by Deloitte & Touche LLP for 2004 and 2003.

	<u>2004</u>	<u>2003</u>
	(in thousands)	
Audit fees (1)	\$ 1,196	\$ 473
Audit-related fees (2)	28	20
Tax fees (3)	169	153
All other fees (4)	23	
	<u>          </u>	<u>          </u>
<b>Total</b>	<b>\$ 1,416</b>	<b>\$ 646</b>
	<u>          </u>	<u>          </u>

- 
- (1) Audit fees represent fees paid during 2004 and 2003 for professional services provided in connection with the audit of our financial statements, statutory audits and the reviews of quarterly reports on Form 10-Q. For 2004, audit fees also include fees of \$619,000 paid for work done in connection with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002.
  - (2) Audit-related fees consisted of fees paid for work done in connection with 401(k) plan audits.
  - (3) Tax fees consisted of fees paid for tax compliance, tax advice and tax planning.
  - (4) Other fees related to the purchase of tax software.

All audit and non-audit services provided by Deloitte & Touche LLP in 2004 and 2003 were approved by the Audit Committee.

**Table of Contents**

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires our Directors and executive officers, and the holders of more than 10% of our common stock, to file reports with the SEC disclosing their ownership of our stock and changes in such ownership. Officers, Directors and 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on review of our records and written representations by persons required to file these reports, during 2004, all filing requirements under Section 16(a) were complied with in a timely fashion, except that (a) Douglas I. Kra, one of our officers, filed a Form 3 on November 23, 2004 that was due on November 5, 2004, disclosing his initial statement of ownership of our securities, and (b) Messrs. Ancona, Pyle and Sullivan filed Form 4s on January 5, 2005 that were due on November 10, 2004, disclosing our grant to them of stock options.

**OTHER MATTERS**

We do not know of any other matters that will be brought before the Annual Meeting. If, however, other business is properly presented for consideration at the Annual Meeting, the persons named in the accompanying proxy card intend to vote in accordance with their judgment on such matters.

In order that your shares may be represented if you do not plan to attend the Annual Meeting, please fill out, sign, date and return your proxy promptly.

A prompt response will greatly facilitate arrangements for the Annual Meeting, and your cooperation will be appreciated.

By Order of the Board of Directors

Shawn S. Hoyt

General Counsel and Secretary

May 2, 2005

**Table of Contents**

**EXHIBIT A**

**Amended and Restated Articles of Incorporation**

**ARTICLE II**

The purpose of the corporation is to engage in the following business activities: Corporation may engage in any lawful business.

To provide consulting services including advice with respect to computers and computer programs or data; to engage in research, design, development, systems analysis, manufacturing, purchasing, importing, exporting, license, distribution, repair, maintenance and marketing of computer equipment, computer software and related products and services; and in general to carry on any and all business and activities permitted to corporations organized under Chapter 156B, as amended from time to time, wherever the same may lawfully be done.

\* \* \* \* \*

**ARTICLE VI**

**PART A. CLASSIFICATION OF BOARD OF DIRECTORS**

This Article VI, Part A shall be effective only from and after the closing of this Corporation's initial public offering of shares of Common Stock pursuant to the Securities Act of 1933, as amended (the Public Offering Date ).

The number of directors of the Corporation shall be determined in the manner provided in the by laws. The provisions of Chapter 156B, ss.50A of the Massachusetts General Laws with respect to staggered terms for directors shall not apply to this Corporation. The directors of this Corporation shall be divided into three classes, as nearly equal in number as possible; the term of office of the first class (Class I Directors) to continue until the first annual meeting following the Public Offering Date and until their successors are chosen and qualified; the term of office of the second class (Class II Directors) to continue until the second annual meeting following the Public Offering Date and until their successors are chosen and qualified; and the term of office of the third class (Class III Directors) to continue until the third annual meeting following the Public Offering Date and until their successors are chosen and qualified. At each annual meeting of this Corporation, the successors to the class of directors whose term expires at that meeting shall be elected to hold office for a term continuing until the annual meeting held in the third year following the year of their election and until their successors are duly elected and qualified.

Vacancies and newly created directorships, whether resulting from an increase in the size of the board of directors, from the death, resignation, disqualification or removal of a director or otherwise, shall be filled solely by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the board of directors. Any director so elected shall hold office for the remainder of the full term of the class

Edgar Filing: ENCORE WIRE CORP /DE/ - Form DEF 14A

~~of directors in which the vacancy occurred or the new directorship was created and until such director's successor shall have been elected and qualified.~~

~~At any meeting of the stockholders called for the purpose, any director may be removed from office only for cause by the affirmative vote of at least eighty percent (80%) of the shares issued, outstanding and entitled to vote in the election of directors.~~

~~Notwithstanding any other provision of these Restated Articles of Organization, or any other provision of law that might otherwise permit a lesser vote or no vote, the affirmative vote of at least eighty percent (80%) of the shares issued, outstanding and entitled to vote in the election of directors shall be required to alter, amend or repeal this Article VI, Part A.~~

**The restrictions, if any, imposed by these Restated Articles of Organization upon the transfer of shares of stock of any class are: None.**

A-1

---

## Table of Contents

### PART B. MISCELLANEOUS

#### Other lawful provisions, if any, for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation, or of its directors or shareholders, or of any class of shareholders:

##### 1. By-Laws

The board of directors is authorized to make, amend or repeal the by-laws of ~~this~~ the Corporation in whole or in part, except with respect to any provisions thereof which by law, by these Restated Articles of Organization or by the by-laws requires action by the ~~stockholders~~ shareholders.

##### 2. Place of Meetings of The ~~Stockholders~~ Shareholders

Meetings of the ~~stockholders~~ shareholders may be held anywhere in the United States.

##### 3. Partnership

The Corporation may be a partner in any business enterprise which the Corporation would have power to conduct by itself.

~~The Corporation shall indemnify each person who is or was a director, officer, employee or other agent of the Corporation, each person who is or was serving at the request of the Corporation as a director, trustee, officer, employee or other agent of another organization in which it directly or indirectly owns shares or of which it is directly or indirectly a creditor, and each person who is or was serving at the request of the Corporation in any capacity with respect to any employee benefit plan against all liabilities, costs and expenses, including but not limited to amounts paid in satisfaction of judgments, in settlement or as fines and penalties, and counsel fees and disbursements, reasonably incurred by him in connection with the defense or disposition of or otherwise in connection with or resulting from any action, suit or other proceedings, whether civil, criminal, administrative or investigative, before any court or administrative or legislative or investigative body, in which he may be or may have been involved as a party or otherwise or with which he may be or may have been threatened, while in office or thereafter, by reason of his being or having been such a director, officer, employee, agent or trustee, or having served in any capacity with respect to any employee benefit plan, or by reason of any action taken or not taken in any such capacity, except with respect to any matter as to which he shall have been finally adjudicated by a court of competent jurisdiction not to have acted in good faith in the reasonable belief that his action was in the best interest of the Corporation or, to the extent that such matter relates to service with respect to any employee benefit, in the best interests of the participants or beneficiaries of such employee benefit plan. Expenses, including but not limited to counsel fees and disbursements, so incurred by any such person in defending any such action, suit or proceeding may be paid from time to time by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the person indemnified to repay the amounts so paid if it shall ultimately be determined that indemnification of such expenses is not authorized hereunder, which undertaking may be accepted without reference to the financial ability of such person to make repayment.~~

## Edgar Filing: ENCORE WIRE CORP /DE/ - Form DEF 14A

~~As to any matter disposed of by settlement by any such person, pursuant to a consent decree or otherwise, no such indemnification either for the amount of such settlement or for any other expenses shall be provided unless such settlement shall be approved as in the best interests of the Corporation, after notice that it involves such indemnification, (a) by a vote of a majority of the disinterested directors then in office (even though the disinterested directors be less than a quorum), or (b) by any disinterested person or persons to whom the question may be referred by a vote of a majority of such disinterested directors, or (c) by vote of the holders of a majority of the outstanding stock at the time entitled to vote for directors, voting as a single class, exclusive of any stock owned by any interested persons, or (d) by any disinterested person or persons to whom the question may be referred by vote of the holders of a majority of such stock. No such approval shall prevent the recovery from any~~

A-2



---

## Table of Contents

~~such officer, director, employee, agent or trustee or any such person serving in any capacity with respect to any employee benefit plan of any amounts paid to him or on his behalf as indemnification in accordance with the preceding sentence if such person is subsequently adjudicated by a court of competent jurisdiction not to have acted in good faith in the reasonable belief that his action was in the best interests of the Corporation or, to the extent that such matter relates to service with respect to an employee benefit plan, in the best interests of the participants or beneficiaries of such employee benefit plan.~~

~~The right of indemnification hereby provided shall not be exclusive of or affect any other rights to which any director, officer, employee, agent, or trustee or any such person serving in any capacity with respect to any employee benefit plan may be entitled or which may lawfully be granted to him. As used herein, the terms ~~director, officer, employee, agent and trustee~~ include their respective executors, administrators and other legal representatives, and ~~interested~~ person is one against whom the action, suit or other proceeding in question or another action, suit or other proceeding on the same or similar grounds is then or had been pending or threatened, and a ~~disinterested~~ person is a person against whom no such action, suit or other proceeding is then or had been pending or threatened.~~

~~By action of the board of directors, notwithstanding any interest of the directors in such action, the Corporation may purchase and maintain insurance, in such amounts as the board of directors may from time to time deem appropriate, on behalf of any person who is or was a director, officer, employee or other agent of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, officer, employee or other agent of another organization or with respect to any employee benefit plan, in which it directly or indirectly owns shares or of which it is directly or indirectly a creditor, against any liability incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability.~~

### Interecompany Transactions

~~No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other organization of which one or more of its directors or officers are directors, trustees or officers, or in which any of them has any financial or other interest, shall be void or voidable, or in any way affected, solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board of directors or committee thereof which authorizes, approves or ratifies the contract or transaction, or solely because his or their votes are counted for such purposes, if:~~

~~(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee which authorizes, approves or ratifies the contract or transaction, and the board or committee in good faith authorizes, approves or ratifies the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or~~

~~(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically authorized, approved or ratified in good faith by vote of the stockholders; or~~

~~(c) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the board of directors, a committee thereof, or the stockholders.~~

## Edgar Filing: ENCORE WIRE CORP /DE/ - Form DEF 14A

~~Interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee thereof which authorizes, approves or ratifies the contract or transaction. No director or officer of the Corporation shall be liable or accountable to the Corporation or to any of its stockholders or creditors or to any other person, either for any loss to the Corporation or to any other person or for any gains or profits realized by such director or officer, by reason of any contract or transaction as to which clauses (a), (b) or (c) above are applicable.~~

A-3

**Table of Contents**

**4. Limitations on Director Liability**

No director of the Corporation shall be liable to the Corporation or its ~~stockholders~~ **shareholders** for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its ~~stockholders~~ **shareholders**, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) **for improper distributions** under Section ~~61 or 62B,40~~ of Chapter 156B of the General Laws of ~~The Commonwealth of~~ Massachusetts; or (iv) for any transaction in which the director derived an improper personal benefit. No amendment to or repeal of any provision of this paragraph, directly or by adoption of an inconsistent provision of these Restated Articles of Organization, shall apply to or have any effect on any liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

**Table of Contents**

**EXHIBIT B**

**Amended and Restated By-Laws**

Article I, Section 6. ~~Quorum. Except as otherwise provided by the articles of organization, at any meeting of the stockholders a majority of all shares of stock then issued, outstanding and entitled to vote (including shares as to which a nominee has no voting authority as to certain matters brought before the meeting) shall constitute a quorum for the transaction of business. Though less than a quorum be present, any meeting may without further notice be adjourned to a subsequent date or until a quorum be had, and at any such adjourned meeting any business may be transacted which might have been transacted at the original meeting.~~

(a) Unless otherwise provided by law, or in the Articles of Organization, these Bylaws or a resolution of the Directors requiring satisfaction of a greater quorum requirement for any voting group, a majority of the votes entitled to be cast on the matter (including shares as to which a nominee has no voting authority) by a voting group constitutes a quorum of that voting group for action on that matter. As used in these Bylaws, a voting group includes all shares of one or more classes or series that, under the Articles of Organization or the Massachusetts Business Corporation Act, as in effect from time to time (the    MBCA   ), are entitled to vote and to be counted together collectively on a matter at a meeting of shareholders.

(b) A share once represented for any purpose at a meeting is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless (1) the shareholder attends solely to object to lack of notice, defective notice or the conduct of the meeting on other grounds and does not vote the shares or otherwise consent that they are to be deemed present, or (2) in the case of an adjournment, a new record date is or shall be set for that adjourned meeting.

\* \* \* \* \*

Article I, Section 8. ~~Action at a Meeting. When a quorum is present at any meeting, the affirmative vote of the holders of a majority of the shares voted at the meeting shall be necessary and sufficient to the determination of such question, unless a larger vote is required by law, by the articles of organization or by these by laws; provided, however, that any election by stockholders shall be determined by a plurality of the votes cast by the stockholders entitled to vote in such election. Shares as to which a nominee has no voting authority as to a particular question or questions brought before the meeting will not be deemed to be voted or cast with respect to such question or questions. Any election by stockholders and the determination of any other questions to come before a meeting of the stockholders shall be by ballot if so requested by any stockholder entitled to vote thereon but need not be otherwise.~~

If a quorum of a voting group exists, favorable action on a matter, other than the election of Directors, is taken by a voting group (a) if it is approved by the affirmative vote of the holders of shares representing a majority of the votes entitled to be cast by the voting group on the matter or (b) in the case of any matter that has been approved by vote of the Board of Directors taken at a meeting held prior to such meeting of shareholders, if the votes cast within the group favoring the action exceed the votes cast opposing the action, unless, in the case of either (a) or (b), a greater number of affirmative votes is required by law, the Articles of Organization, these Bylaws or a resolution of the Board of Directors. Directors are elected by a majority of the votes entitled to be cast in an election of directors by all issued and outstanding shares. No ballot shall be required for such election unless requested by a shareholder present or represented at the meeting and entitled to vote in the election.

\* \* \* \* \*

Article II, Section 4. Removal. ~~At any meeting of the stockholders called for the purpose, any director may be removed from office only for cause by the affirmative vote of a majority of the shares issued, outstanding and entitled to vote in the election of directors. At any meeting of the board of directors any director may be removed from office for cause by vote of a majority of the directors then in office. A director may be removed for cause only after a reasonable notice and opportunity to be heard before the body proposing to remove him.~~

A Director may be removed with or without cause by the affirmative vote of the holders of shares representing a majority of the votes entitled to be cast by the voting group on the matter or, if removal of such

B-1

Table of Contents

Director has been approved by a vote of the Board of Directors taken at a meeting held prior to such meeting of shareholders, if the votes cast within the group favoring removal exceed the votes cast opposing removal. A Director may be removed for cause by the Directors by a vote of a majority of the Directors then in office. Cause shall mean only (i) conviction of a felony, (ii) declaration of unsound mind by order of court, (iii) gross dereliction of duty, (iv) commission of an action involving moral turpitude, or (v) commission of an action which constitutes intentional misconduct or a knowing violation of law if such action in either event results both in an improper substantial personal benefit and a material injury to the Corporation. A Director may be removed by the shareholders or the Directors only at a meeting called for the purpose of removing him or her, and the meeting notice must state that the purpose, or one of the purposes, of the meeting is removal of the Director.

\* \* \* \* \*

ARTICLE VI

Amendments

~~These by laws may be amended or repealed at any annual or special meeting of the stockholders by the affirmative vote of at least eighty percent (80%) of the shares of capital stock then issued, outstanding and entitled to vote, provided notice of the proposed amendment or repeal is given in the notice of the meeting.~~

~~If authorized by the articles of organization, these by laws may also be amended or repealed in whole or in part, or new by laws made, by the board of directors except with respect to any provision hereof which by law, the articles of organization or these by laws requires action by the stockholders. Not later than the time of giving notice of the meeting of stockholders next following the making, amendment or repeal by the directors of any by laws, notice thereof stating the substance of such change shall be given to all stockholders entitled to vote on amending the by laws. Any by law to be made, amended or repealed by the directors may be amended or repealed by the stockholders.~~

The power to make, amend or repeal these Bylaws shall be in the shareholders. If authorized by the Articles of Organization, the Board of Directors may also make, amend or repeal these Bylaws in whole or in part, except with respect to any provision thereof which by virtue of an express provision in the MBCA, the Articles of Organization, or these Bylaws, requires action by the shareholders.

Not later than the time of giving notice of the meeting of shareholders next following the making, amending or repealing by the Board of Directors of any Bylaw, notice stating the substance of the action taken by the Board of Directors shall be given to all shareholders entitled to vote on amending the Bylaws. Any action taken by the Board of Directors with respect to the Bylaws may be amended or repealed by the shareholders.

Approval of an amendment to the Bylaws that changes or deletes a quorum or voting requirement for action by shareholders must satisfy both the applicable quorum and voting requirements for action by shareholders with respect to amendment of these Bylaws and also the particular quorum and voting requirements sought to be changed or deleted.

## Edgar Filing: ENCORE WIRE CORP /DE/ - Form DEF 14A

A Bylaw dealing with quorum or voting requirements for shareholders, including additional voting groups, may not be adopted, amended or repealed by the Board of Directors.

A Bylaw that fixes a greater or lesser quorum requirement for action by the Board of Directors, or a greater voting requirement, than provided for by the MBCA may be amended or repealed by the shareholders, or by the Board of Directors if authorized pursuant to subsection (a).

If the Board of Directors is authorized to amend the Bylaws, approval by the Board of Directors of an amendment to the Bylaws that changes or deletes a quorum or voting requirement for action by the Board of Directors must satisfy both the applicable quorum and voting requirements for action by the Board of Directors with respect to amendment of the Bylaws, and also the particular quorum and voting requirements sought to be changed or deleted.

B-2

**Table of Contents**

**DETACH HERE**

**PROXY**

**PEGASYSTEMS INC.**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

**2005 Annual Meeting of Stockholders**

The undersigned stockholder of Pegasystems Inc., a Massachusetts corporation ( Pegasystems ), hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders and Proxy Statement dated May 2, 2005 and hereby appoints Alan Trefler and Chris Sullivan, or any one or more of them, proxies and attorneys-in-fact with full power of substitution to each other for and in the name of the undersigned, with all powers the undersigned would possess if personally present to vote the common stock of the undersigned in Pegasystems at the Annual Meeting of its Stockholders to be held June 2, 2005 at One Main Street, Cambridge, Massachusetts at 11:00 a.m., local time, or any adjournment or postponement thereof. Any of such attorneys or substitutes shall have and may exercise all of the powers of said attorney s-in-fact hereunder.

---

**SEE REVERSE**

**SIDE**

---

---

**SEE REVERSE**

**SIDE**

---

**CONTINUED AND TO BE SIGNED ON REVERSE SIDE**





Edgar Filing: ENCORE WIRE CORP /DE/ - Form DEF 14A

				Director removal.				Restated By-Laws, as			
								further described in the			
								attached proxy			
								statement:			
				2E. Proposal to amend to							
				eliminate the supermajority							
				vote requirement to amend				3A. Proposal to amend to			
				certain provisions in				change the quorum			
								requirement for			
..				Article .. .. .				stockholder meetings.	.. .. .		
				VI.							
				<b>(INSTRUCTION: To withhold authority to vote for any individual nominee, write that nominee's name in the space provided above.)</b>							
2.				To approve the following amendments to our Restated Articles of							
				Organization, as further described in the attached proxy statement:							
				2F. Proposal to amend to							
				eliminate the provision							
				regarding effectiveness of				3B. Proposal to amend to			
				certain .. .. .				change vote requirements for			
				provisions.				stockholder action.	.. .. .		
				2A. Proposal to amend the provision							
				regarding the purposes of the							
				Company.							
				2G. Proposal to amend to							
				eliminate the provision							
				regarding indemnification of				3C. Proposal to amend to			
				Directors				change the requirements for			
				and .. .. .				Director removal.	.. .. .		
				officers.							
2B.				Proposal to amend to declassify the				3D. Proposal to amend	.. .. .		

FOR AGAINST ABSTAIN

Edgar Filing: ENCORE WIRE CORP /DE/ - Form DEF 14A

Board of Directors and provide for

the annual election of Directors.

to

eliminate the provision

regarding intercompany

transactions.

Article VI of the By-Laws

regarding amendment

of the By-Laws.

4. To ratify the selection of Deloitte & Touche LLP as independent auditors of Pegasystems Inc. for the fiscal year ending December 31, 2005. .. ..

5. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting or any adjournment or postponement thereof.

MARK HERE FOR ADDRESS CHANGE AND NOTE AT LEFT ..

**PLEASE SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED ENVELOPE.**

Please sign exactly as name appears at left. When shares are held in more than one name, including joint tenants, each party should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_