

ENCORE WIRE CORP /DE/

Form DEF 14A

March 15, 2005

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SCHEDULE 14A INFORMATION

**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: |
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- o Fee paid previously with preliminary materials.
- o 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:
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 - 3) Filing Party:
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ENCORE WIRE CORPORATION

**1410 Millwood Road
McKinney, Texas 75069**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on May 3, 2005

NOTICE is hereby given that the annual meeting of stockholders of Encore Wire Corporation (the Company) will be held on Tuesday, May 3, 2005, 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, 2005; 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 4, 2005 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 2004 Annual Report, containing a record of the Company's activities and consolidated financial statements for the year ended December 31, 2004, is also enclosed.

Dated: April 1, 2005.

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.

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**ENCORE WIRE CORPORATION
1410 Millwood Road
McKinney, Texas 75069**

PROXY STATEMENT

For Annual Meeting of Stockholders
To be Held on May 3, 2005

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) 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 April 1, 2005.

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 proposal 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 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 \$.01 per share. Only the holders of record of Common Stock at the close of business on March 4, 2005, the record date for the meeting, are entitled to notice of, and to vote at, the meeting. On the record date, there were 23,107,128 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.

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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 eight directors. At the meeting, eight directors will be elected.

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 information with respect to the nominees. All of the nominees 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.

Vincent A. Rego, age 81, Director since 1989.	Mr. Rego has been Chairman of the Board since Encore's inception in 1989. In October 1997, Mr. Rego was named President and Chief Executive Officer of the Company. He served as President until May 1998. From 1978 until 1988, Mr. Rego served as President, Chief Executive Officer and Chairman of the Board of Capital Wire and Cable Corporation (Capital Wire), which was purchased by General Cable Corporation in 1988. Prior thereto, Mr. Rego was associated with predecessors of Capital Wire in various executive capacities.
Donald E. Courtney, age 74, 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.
Daniel L. Jones, age 41, Director since May 1994.	Mr. Jones has been President and Chief Operating Officer of the Company since May 1998. In May 1997, Mr. Jones was named Executive Vice President of the Company, and in October 1997, he was named Chief Operating Officer. He previously held the position of 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, age 76, Director 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. which provides mowing equipment for agricultural, commercial and governmental users, and Palm Harbor Homes, Inc., a manufactured housing company. Mr. Thomas was formerly a director of Capital Wire and Cable Corporation.

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John H. Wilson, age 62, 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 and Palm Harbor Homes, Inc., a manufactured housing company. Mr. Wilson formerly served as a director of Capital Wire and Cable Corporation.
Joseph M. Brito, age 82, 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.
Scott D. Weaver, age 46, Director since May 2002.	Mr. Weaver has been the Vice President and Chief Financial Officer of Western Refining Company, an independent refining and marketing company located in El Paso, Texas since June 2000. From 1993 until June 2000, Mr. Weaver was the Vice President-Finance, Treasurer and Secretary of the Company. Prior to 1993, Mr. Weaver was responsible for the financial oversight of assisted acquisitions of certain failed savings and loan institutions as an employee of Federal Depository Insurance Corporation, served as the Vice President-Finance of 2M Companies, a Dallas investment company and was employed by the public accounting firm of Ernst & Young LLP.
Thomas L. Cunningham, age 61, Director since May 2003.	Mr. Cunningham, since January 1997 and for other earlier interim periods in 1991-92, has been self-employed as a Certified Public Accountant. 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. 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.

There are no family relationships between any of the nominees or between any of the nominees and any 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 <http://www.encorewire.com>, and is incorporated herein by reference.

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The Board has determined that Scott D. Weaver and Thomas L. Cunningham are the audit committee financial experts of the Company, as defined in the rules established by the National Association of Securities Dealers, Inc. (the NASD) and the Securities and Exchange Commission (the SEC).

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 current directors standing for election, except the Chairman of the Board, the Chief Operating Officer, and Donald E. Courtney, is independent as defined by Rule 4200(a)(15) of the listing standards of the NASD. Furthermore, the Board has determined that each of the current members of each of the committees of the Board of Directors is independent within the rules set forth in the listing standards of the NASD.

Board Structure and Committee Composition

As of the date of this proxy statement, the Board has eight 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 <http://www.encorewire.com>.

During the Company's fiscal year ended December 31, 2004, the Board of Directors held a total of six 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. All of the directors attended the last annual meeting of stockholders.

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 SEC rules. The members of the Audit Committee during fiscal year 2004 were Scott D. Weaver (Chairman), Thomas L. Cunningham, and John H. Wilson. The Audit Committee met seven times during 2004. 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. A complete description of the Audit Committee's responsibilities is available under the Investor Relations Corporate Governance section of the Company's website at <http://www.encorewire.com>. The Audit Committee Charter was included as an exhibit to the Company's proxy statement for the year ended December 31, 2003.

Compensation Committee

The current members of the Compensation Committee are William R. Thomas (Chairman), Joseph M. Brito and John H. Wilson. The members of the Compensation Committee during fiscal year 2004 were William R. Thomas (Chairman), Joseph M. Brito, and John H. Wilson. The Compensation Committee met four times during 2004. 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. A complete description of the Compensation Committee's responsibilities is set forth in the Compensation Committee Charter, which is available under the Investor Relations Corporate Governance section of the Company's website at <http://www.encorewire.com>.

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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 2004 were John H. Wilson (Chairman), Joseph M. Brito, and William R. Thomas. The Nominating and Corporate Governance Committee met once in 2004. 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. A complete description of the Nominating and Corporate Governance Committee's responsibilities is set forth in the Nominating and Corporate Governance Committee Charter, which is available under the Investor Relations Corporate Governance section of the Company's website at <http://www.encorewire.com>, and is incorporated herein by reference.

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 Encore 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 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.

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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 of America 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.

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 Statements on Auditing Standards No. 61. 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 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 seven meetings during fiscal year 2004.

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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, 2004 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").

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AND EXECUTIVE OFFICERS**

The following table sets forth, as of March 4, 2005, 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. The table and accompanying footnotes reflect the August 2004 3-for-2 stock split.

Name	Common Stock Beneficially Owned (1)	
	Number of Shares	Percent of Class
<i>Directors and Nominees for Director</i>		
Vincent A. Rego	2,241,104(2)	9.70%
Donald E. Courtney	295,143	1.28%
Daniel L. Jones	384,966(3)	1.65%
William R. Thomas	(4)	
John H. Wilson	(4)	
Joseph M. Brito	52,575(5)	0.23%
Scott D. Weaver	37,500	0.16%
Thomas L. Cunningham	20,001	0.09%
<i>Named Executive Officer (excluding directors and nominees named above)</i>		
Frank J. Bilban	81,657	0.35%
<i>All Directors and Executive Officers as a group (9 persons)</i>	3,112,946(6)	13.11 %
<i>Beneficial Owners of More than 5% (excluding persons named above)</i>		
Capital Southwest Corporation	4,086,750(7)	17.69%

(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 1,855,477 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 1,855,477 shares of Common Stock held by Dorvin Partners.
- (3) Includes 218,157 shares of Common Stock subject to stock options that are exercisable within 60 days, 10,125 shares of Common Stock owned by Mr. Jones's spouse and 337 shares owned for the benefit of Mr. Jones's minor son. Mr. Jones disclaims beneficial ownership of the shares owned by his spouse.

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- (4) 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. As indicated in the table, Capital Southwest Corporation is a principal stockholder of the Company. Mr. Thomas 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 and Mr. Wilson each disclaim beneficial ownership of such shares.
- (5) Includes 15,000 shares of Common Stock held by the Brito Family Limited Partnership.
- (6) Includes an aggregate of 273,000 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 and Mr. Wilson may be deemed to share voting and investment power as directors and, in the case of Mr. Thomas, as an officer, of Capital Southwest Corporation because Mr. Thomas and Mr. Wilson disclaim beneficial ownership of such shares.
- (7) 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.

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; and Vincent A. Rego, 1410 Millwood Road, McKinney, Texas 75069.

EXECUTIVE COMPENSATION

The Compensation Committee Report appearing below and the information presented herein under the caption

Executive Compensation Performance Graph 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 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.

Report of the Compensation Committee on Executive Compensation

To the Stockholders of Encore Wire Corporation:

The Compensation Committee of the Board of Directors (the "Compensation Committee") administers the compensation program for executive officers and certain key employees of the Company and makes all related decisions. The Compensation Committee also administers the Company's employee stock option plans, based on the recommendation of the Chief Executive Officer, and grants stock options to employees of the Company under such plans.

The goals of the Company's compensation program are to attract, retain and motivate competent executive officers who have the experience and ability to contribute to the long-term success of the Company. 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. The principal elements of compensation for executive officers are base salary, discretionary bonus payments and stock options.

In setting the base salaries for the executive officers and certain key employees, including the Chief Executive Officer, the Compensation Committee considers individual contributions to the Company's performance, length of tenure with

the Company, internal equities among positions and compensation levels for comparable positions in companies of similar types and sizes.

From time to time, the Compensation Committee grants stock options under the Company's amended 1999 Stock Option Plan to executive officers and key employees to align their long-term interests with those of the Company's stockholders. During 2004, no executive officers received any stock option grants.

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At December 31, 2004, unexercised options covering 722,500 shares were outstanding under the 1989 Stock Option Plan and the amended 1999 Stock Option Plan combined, and 41,750 shares remained available for future stock option grants under the amended 1999 Stock Option Plan.

Stock options are granted at exercise prices not less than the fair market value on the date of the grant and thus will have no value unless the value of the Company's Common Stock appreciates. The Compensation Committee believes that stock options provide a significant incentive for the option holders to enhance the value of the Company's Common Stock by continually improving the Company's performance.

Vincent A. Rego has served as the Company's Chief Executive Officer since 1997. His base salary for the year ended December 31, 2004 was \$500,000. A bonus of \$250,000 was paid to Mr. Rego for the year ended December 31, 2004. The Compensation Committee used the executive compensation practices described above in determining the 2004 salary levels for Mr. Rego.

COMPENSATION COMMITTEE

William R. Thomas, Chairman
Joseph M. Brito
John H. Wilson

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The following table sets forth summary information regarding the compensation awarded to, earned by or paid to the Company's Chief Executive Officer and the other executive officers in 2004 for the years indicated.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation		Other Annual Compensation (\$)	Long Term Compensation
		Salary (\$)	Bonus (\$)		Awards Securities Underlying Options(#)
Vincent A. Rego Chairman and Chief Executive Officer	2004	500,000	250,000	12,521	
	2003	350,000	250,000	7,999	
	2002	350,000		3,919	
Daniel L. Jones President and Chief Operating Officer	2004	400,000	250,000	31,413	
	2003	250,000	250,000	26,713	
	2002	250,000		23,468	
Frank J. Bilban Vice President - Finance, Treasurer and Secretary	2004	180,000	70,000	14,198	
	2003	160,000	70,000	10,255	
	2002	160,000		11,664	

Defined Benefit Plans and Other Arrangements

The Company has no defined benefit plans and has not entered into any agreements or arrangements with respect to any of its executive officers.

Option Grants

No Common Stock options were granted to any named executive officer during 2004.

Table of Contents**Option Exercises and Year-End Values**

The following table summarizes the number and value of options exercised during 2004, as well as the number and value of unexercised options, as of December 31, 2004, held by each of the named executive officers.

Aggregated Option Exercises in 2004 and December 31, 2004 Option Value

Name	Shares Acquired On Exercise (#)	Value Realized (\$)	Number of Unexercised Options at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options at FY-End (\$) ⁽¹⁾ Exercisable/ Unexercisable
Vincent A. Rego			0 shares/ 0 shares	\$ 0/ 0
Daniel L. Jones	26,157	\$ 384,072	244,500 shares/ 45,000 shares	\$ 3,044,635/ 456,750
Frank J. Bilban	70,500	\$ 929,640	28,500 shares/ 43,500 shares	\$ 337,600/ 489,850

(1) The closing sales price per share on December 31, 2004 was \$13.33 as reported by the National Association of Securities Dealers Automated Quotation System.

The section entitled "Equity Compensation Plan Information" appearing in Item 5. of the Company's Form 10-K for the year ending December 31, 2004, sets forth certain information with respect to the Company's equity compensation plan and is incorporated herein by reference.

Compensation of Directors

Directors do not receive fees for attending meetings of the Board of Directors or any committee thereof. The Company does, however, reimburse directors for reasonable travel, lodging and related expenses incurred in attending Board and committee meetings.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee during fiscal year 2004 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.

Certain Relationships and Related 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 the mother of Daniel L. Jones, a nominee for Director and the Company's President. 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, 2004, the Company paid

H & A Trucking approximately \$267,000 for these services on the basis of rates the Company believes compare favorably with rates charged by other common carriers.

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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, 2004, the Company paid Lone Star Reel approximately \$4,788,000, and Aegis Pallet approximately \$835,000.

Performance Graph

The following graph sets forth the cumulative total stockholder return, which assumes reinvestment of dividends, of a \$100 investment in the Company's Common Stock, the Peer Group and CRSP Total Return Index for The Nasdaq Stock Market (U.S. companies).

The Company believes that although the companies included in the Peer Group are not entirely representative of the Company's business in the building wire and cable industry, they are the only companies available that are representative of the Company's business, and they accurately reflect the Company's peers in the wire and cable industry.

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**COMPARISON OF QUARTERLY CUMULATIVE TOTAL RETURN
AMONG THE COMPANY, PEER GROUP AND CRSP TOTAL RETURN INDEX
FOR THE NASDAQ STOCK MARKET (U.S.)**

-
- (1) Consists of the following companies, with each company being added to the index on its first date of public trading, as indicated: General Cable Corporation (5/16/97), Belden CDT Inc. (9/30/93) and Superior Essex Inc. (10/11/96). The peer group differs from last years only in that Belden Inc. acquired Cable Design Technologies Corporation forming Belden CDT Inc., and Superior TeleCom, Inc. acquired Essex International, Inc. forming Superior Essex Inc. Thus, Cable Design Technologies Corporation is not reflected as a separate entity on this year's graph. In addition, the assets and operations of former Essex International, Inc. are included for the first time this year by virtue of inclusion in Superior Essex Inc.

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, 2005, 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, 2004 and 2003, and fees billed for other services rendered by Ernst & Young LLP during 2004 and 2003:

	2004	2003
Audit Fees (a)	\$ 342,315	\$ 158,565
Audit-related Fees (b)	\$ 66,000	\$ 15,872
Tax Fees (c)	\$ 107,605	\$ 58,180
All Other Fees (d)	\$ 2,707	\$ 2,500
Total	\$ 518,627	\$ 235,117

(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.

(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 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.

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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, 2005

STOCKHOLDER PROPOSALS AND OTHER MATTERS

It is contemplated that the 2006 annual meeting of Stockholders of the Company will take place during the first half of May 2006. Stockholder proposals for inclusion in the Company's proxy materials for the 2006 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 2006 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, 2004, all of its directors, officers and more than 10 percent beneficial owners complied with all applicable Section 16(a) filing requirements.

ANNUAL REPORT

The Company has provided without charge to each person whose proxy is solicited hereby a copy of the 2004 Annual Report of the Company, which includes the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 (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 2005 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 and
Secretary

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ANNUAL MEETING OF STOCKHOLDERS OF

ENCORE WIRE CORPORATION

May 3, 2005

Please date, sign and mail
your proxy card in the
envelope provided as soon
as possible.

ê Please detach along perforated line and mail in the envelope provided. ê

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF DIRECTORS AND
FOR PROPOSAL 2.**

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK
YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x**

1. Election of Directors.

NOMINEES:

- ☐ **FOR ALL NOMINEES**
- ☐ **WITHHOLD AUTHORITY
FOR ALL NOMINEES**
- ☐ **FOR ALL EXCEPT**
(See instructions below)

¢ Vincent A. Rego
¢ Daniel L. Jones
¢ William R. Thomas
¢ Joseph M. Brito
¢ Donald E. Courtney
¢ Thomas L. Cunningham
¢ John H. Wilson
¢ Scott D. Weaver

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: 1

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.

☐

- | | | FOR | AGAINST | ABSTAIN |
|----|---|-----------------------|-----------------------|-----------------------|
| 2. | PROPOSAL TO RATIFY THE APPOINTMENT OF ERNST & YOUNG LLP AS INDEPENDENT AUDITORS OF THE COMPANY FOR THE FISCAL YEAR ENDING DECEMBER 31, 2005: | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 3. | The attorney and proxy (or his substitute) is authorized to vote in his discretion upon such other business as may properly come before the meeting or any adjournment thereof. | | | |

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.

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ENCORE WIRE CORPORATION

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints VINCENT A. REGO, 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 below, all the shares of common stock of ENCORE WIRE CORPORATION (the Company) held of record by the undersigned on March 4, 2005, at the annual meeting of stockholders to be held on May 3, 2005 or any adjournment thereof.

(Continued and to be signed on the reverse side)

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