

**ENCORE WIRE CORPORATION  
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 Financial Industry Regulatory Authority, Inc. (“FINRA”), 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 FINRA. 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.

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 the applicable requirements of the Public Company Accounting Oversight Board from the outside auditors and discuss with them that statement and their independence from management and the Corporation.

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.

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

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 in accordance with the Corporation's Related Party Transactions Policy for potential conflicts of interest on an ongoing basis and pre-approve any such transactions.

Adopted: February 13, 2004

Last Amended: February 16, 2009