

# HOUSTON WIRE & CABLE CO

## FORM DEF 14A (Proxy Statement (definitive))

Filed 03/27/09 for the Period Ending 05/08/09

|             |   |
|-------------|---|
| Address     | 10201 NORTH LOOP EAST<br>HOUSTON, TX 77029  |
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**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  T  
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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-12

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**HOUSTON WIRE & CABLE COMPANY**

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(Name of Registrant as Specified in its Charter)

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

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- T No fee required.  
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**HOUSTON WIRE & CABLE COMPANY**

**HOUSTON WIRE & CABLE COMPANY  
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 8, 2009**

To Our Stockholders:

The 2009 annual meeting of stockholders of Houston Wire & Cable Company will be held at our corporate headquarters, 10201 North Loop East, Houston, Texas 77029 on Friday, May 8, 2009, at 8:30 a.m., Central Time. The 2009 annual meeting of stockholders is being held for the following purposes:

1. To elect seven directors to serve on the Board of Directors until the 2010 annual meeting of stockholders and until their successors have been elected and qualified (Proposal No. 1);
2. To ratify the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2009 (Proposal No. 2); and
3. To transact such other business as may properly come before the annual meeting and any adjournment or postponement thereof.

Only stockholders of record at the close of business on March 9, 2009 are entitled to vote at the meeting or at any postponement or adjournment thereof.

Please act promptly to vote your shares with respect to the proposals described above. You may vote your shares by marking, signing, dating and mailing the enclosed proxy card. You may also vote by telephone or through the Internet by following the instructions set forth on the proxy card. If you attend the annual meeting, you may vote in person, even if you have previously submitted a proxy.

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to read 'Nicol G. Graham', written over a horizontal line.

Nicol G. Graham  
Vice President, Chief Financial Officer, Treasurer and Secretary

March 27, 2009

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**HOUSTON WIRE & CABLE COMPANY**

**10201 North Loop East**

**Houston, Texas 77029**

**PROXY STATEMENT**

This proxy statement contains information related to the 2009 annual meeting of stockholders of Houston Wire & Cable Company, a Delaware corporation (the “Company,” “we” or “us”) that will be held at our corporate headquarters, 10201 North Loop East, Houston, Texas 77029 on Friday, May 8, 2009, at 8:30 a.m., Central Time, and at any postponements or adjournments thereof. We are first mailing notice of availability of this proxy statement and the accompanying proxy card and 2009 annual report to stockholders (which includes our annual report on Form 10-K for the year ended December 31, 2008), on or about March 27, 2009.

**ABOUT THE MEETING**

**What is the purpose of this proxy statement?**

The purpose of this proxy statement is to provide information regarding matters to be voted on at the 2009 annual meeting of our stockholders. Additionally, it contains certain information that the Securities and Exchange Commission (the “SEC”) requires us to provide annually to stockholders. The proxy statement is also the document used by our board to solicit proxies to be used at the 2009 annual meeting. Proxies are solicited to give all stockholders of record an opportunity to vote on the matters to be presented at the annual meeting, even if they cannot attend the meeting. The board has designated Charles A. Sorrentino and Scott L. Thompson as proxies, who will vote the shares represented by proxies at the annual meeting in accordance with the stockholders’ instructions.

**What proposals will be voted on at the annual meeting?**

Stockholders will vote on the following proposals at the annual meeting:

- the election of seven directors, each to serve until the next annual meeting and until a successor is duly elected and qualified (Proposal No. 1);
- the ratification of the selection of Ernst & Young LLP as the Company’s independent registered public accounting firm (Proposal No. 2); and
- any other business properly coming before the annual meeting and any adjournment or postponement thereof.

**Who is entitled to vote?**

Only stockholders of record at the close of business on the record date, March 9, 2009, are entitled to receive notice of the annual meeting and to vote the shares of common stock that they held on that date at the meeting, or any postponement or adjournment of the meeting. If your shares are held in “street name,” please refer to the information forwarded to you by your bank, broker or other holder of record to see what you must do to vote your shares.

A complete list of stockholders entitled to vote at the annual meeting will be available for examination by any stockholder at our corporate headquarters, 10201 North Loop East, Houston, Texas 77029, during normal business hours for a period of ten days before the annual meeting and at the annual meeting.

**What is the difference between a stockholder of record and a beneficial holder of shares?**

If your shares are registered directly in your name with our transfer agent, American Stock Transfer and Trust Company, you are considered a stockholder of record with respect to those shares. If this is the case, the stockholder proxy materials have been sent or provided directly to you by us.

If your shares are held in a stock brokerage account or by a bank or other nominee (also known as held “in street name”), you are considered the “beneficial holder” of the shares, and your brokerage firm, bank or other nominee is the stockholder of record. If this is the case, the proxy materials have been forwarded to you by your brokerage firm, bank or other nominee. As the beneficial holder, you have the right to direct your broker, bank or other nominee how to vote your shares. Please contact your broker, bank, or other nominee for instructions on how to vote any shares you beneficially own.

### **Who can attend the meeting?**

All stockholders of record as of March 9, 2009, or their duly appointed proxies, may attend the meeting. If you hold your shares in “street name,” you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date and check in at the registration desk at the meeting.

### **What constitutes a quorum?**

A quorum of stockholders is necessary to hold the annual meeting. The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date will constitute a quorum. As of the record date, 17,642,552 shares of our common stock were outstanding. Shares covered by proxies received but marked as abstentions will be considered present at the meeting for purposes of establishing a quorum.

### **How do I vote?**

You may vote in person at the meeting or by proxy by any of the following methods:

- Telephoning the toll-free number listed on the proxy card;
- Using the Internet site listed on the proxy card; or
- Marking, dating, signing and returning the enclosed proxy card.

We recommend that you vote by proxy even if you plan to attend the meeting so that we will know as soon as possible that enough votes will be present for us to hold the meeting. If you vote by proxy, your shares will be voted as you direct on the proxy card or by telephone or via the Internet. If you are a stockholder of record and attend the meeting, you may vote at the meeting or deliver your completed proxy card in person, even if you previously sent in a proxy card or voted by telephone or via the Internet.

If your shares are held in “street name,” please refer to the information forwarded to you by your bank, broker or other holder of record to see what you must do in order to vote your shares. If you are a “street name” stockholder and you wish to vote in person at the meeting, you will need to obtain a proxy from the institution that holds your shares and present it to the inspector of elections with your ballot when you vote at the annual meeting.

### **Can I change my vote after I give my proxy?**

You can revoke your proxy, whether it was given by telephone, Internet or mail, before it is voted by:

- Delivering to our Secretary at the address on the first page of this proxy statement a written notice of revocation of your proxy before or at the annual meeting and prior to voting;
- Delivering a new proxy bearing a later date by telephone, via the Internet or by submitting a duly executed proxy card; or
- Voting in person at the annual meeting.

The last vote you submit chronologically (by any means) will supersede all prior votes.

If your shares are held in “street name,” you may vote in person at the annual meeting if you obtain a proxy from the record holder as described in the answer to the previous question. The powers of the proxy holders with regard to your shares will be suspended if you attend the meeting in person and so request, although attendance at the meeting will not, by itself, revoke a previously granted proxy.

### **How many votes are required for the proposals to pass?**

Each outstanding share entitles its holder to cast one vote on each matter to be voted upon at the annual meeting. Directors are elected by a plurality vote, meaning that the seven director nominees receiving the greatest numbers of votes will be elected. The proposal to ratify the selection of our independent registered public accounting firm requires the approval of a majority of the votes present, in person or by proxy, at the annual meeting and entitled to vote on the matter.

**How are abstentions and broker non-votes treated?**

If a stockholder withholds authority to vote, or abstains from voting, on any proposal, it will have the same effect as a vote “AGAINST” that proposal.

Broker non-votes with respect to any matter will have no effect on the outcome of the vote on that matter. A “broker non-vote” occurs on a proposal when shares held of record by a broker are present or represented at the meeting but the broker is not permitted to vote on that proposal without instruction from the beneficial owner of the shares and no instruction has been given.

**What if I do not specify a choice for a matter when returning a proxy?**

Stockholders should specify their choice for each matter on the enclosed proxy. If no specific instructions are given, validly submitted proxies will be voted “FOR” the election of all seven nominees for director and “FOR” the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm.

**Will anyone contact me concerning this vote?**

No arrangements or contracts have been made or entered into with any solicitors as of the date of this proxy statement, although we reserve the right to engage solicitors if we deem them necessary. If done, such solicitations may be made by mail, telephone, facsimile, e-mail or personal interviews.

**What are the board’s recommendations?**

The board’s recommendations, together with the description of each proposal, are set forth in this proxy statement. In summary, the board unanimously recommends that you vote:

- “FOR” the election of each nominee for director (see page 8); and
- “FOR” the ratification of Ernst & Young LLP as our independent registered public accounting firm (see page 24).

**What happens if additional matters are presented at the annual meeting?**

Other than the two proposals described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy, the persons named as proxy holders on the enclosed proxy card will vote your shares on any additional matters properly presented for a vote at the meeting as recommended by the board or, if no recommendation is given, in their own discretion.

**Who will tabulate and certify the vote?**

Representatives of Broadridge Financial Solutions, Inc. will tabulate the votes. A representative of Schiff Hardin LLP, the Company’s legal counsel, will be the inspector of elections.



## STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of shares of our common stock for (i) each stockholder who is known by us to own beneficially more than 5% of the outstanding shares of our common stock, (ii) each of our directors, (iii) each of our executive officers named in the Summary Compensation Table on page 18 and (iv) all of our directors and executive officers as a group. The information below is as of March 9, 2009, unless otherwise indicated.

| Beneficial Owner  | Beneficial Ownership Common Stock |            |
|---|-----------------------------------|------------|
|   | Number of Shares <sup>(1)</sup>   | Percentage |
| <b>5% Stockholders</b>  |                                   |            |
| Royce & Associates, LLC <sup>(2)</sup><br>1414 Avenue of the Americas<br>New York, NY 10019             | 2,649,975                         | 15.0%      |
| Capital Research Global Investors <sup>(3)</sup><br>333 South Hope Street<br>Los Angeles, CA 90071-1406 | 1,946,500                         | 11.0%      |
| River Road Asset Management LLC <sup>(4)</sup><br>462 S. 4th Street, Suite 1600<br>Louisville, KY 40202 | 1,724,962                         | 9.8%       |
| Barclays Global Investors NA <sup>(5)</sup><br>400 Howard Street<br>San Francisco, CA 94105             | 1,032,018                         | 5.8%       |
| FMR LLC <sup>(6)</sup><br>82 Devonshire Street<br>Boston, Massachusetts 02109                           | 1,000,000                         | 5.7%       |
| <b>Executive Officers and Directors</b>   |                                   |            |
| Charles A. Sorrentino   | 1,304,438                         | 7.4%       |
| Nicol G. Graham <sup>(7)</sup>  | 171,900                           | *          |
| Michael T. Campbell   | 6,044                             | *          |
| I. Stewart Farwell  | 9,000                             | *          |
| Peter M. Gotsch   | 10,746                            | *          |
| Wilson B. Sexton  | 60,000                            | *          |
| William H. Sheffield  | 5,000                             | *          |
| Scott L. Thompson   | 15,000                            | *          |
| All directors and executive officers as a group (8 persons) <sup>(7)</sup>                              | 1,582,127                         | 9.0%       |

\* Less than 1%

- (1) The information contained in this table was furnished to us by the individuals named in the table and reflects the SEC's definition of beneficial ownership. Except as noted below, the nature of beneficial ownership for shares shown in this table is sole voting and investment power (including shares as to which spouses and minor children of the individuals covered by this table have such power).
- (2) As reported in an amendment to Statement on Schedule 13G filed with the SEC on behalf of Royce & Associates, LLC on January 26, 2009.

- (3) As reported in an amendment to Statement on Schedule 13G filed with the SEC on behalf of Capital Research Global Investors, a division of Capital Research and Management Company, on February 13, 2009. Capital Research Global Investors is deemed to be the beneficial owner of these shares as a result of Capital Research and Management Company acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940.
- (4) As reported in an amendment to Statement on Schedule 13G filed with the SEC on behalf of River Road Asset Management LLC on February 17, 2009. River Road Asset Management LLC had sole voting power with respect to 1,405,072 shares.
- (5) As reported in a Statement on Schedule 13G filed with the SEC on behalf of Barclays Global Investors NA. and certain of its affiliates on February 5, 2009. Barclays Global Investors NA. and its affiliates had sole voting power with respect to 1,011,459 shares. Neither Barclays Global Investors NA nor any of its affiliates individually had beneficial ownership of more than 5% of our common stock.
- (6) As reported in a Statement on Schedule 13G filed with the SEC on behalf of FMR LLC and Edward C. Johnson 3d, its chairman, on February 17, 2009. Fidelity Management & Research Company, a wholly-owned subsidiary of FMR LLC, is deemed to be the beneficial owner of these shares as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940.
- (7) Includes 60,772 shares owned by the Nicol Gordon Graham IRA—Chase Bank and 6,875 shares issuable upon the exercise of options that could be exercised within 60 days after March 9, 2009.

### **PRO POSAL NO. 1 — ELECTION OF DIRECTORS**

Our amended and restated bylaws provide for each director to stand for election each year at our annual meeting and to serve until the next annual meeting and until a successor is duly elected and qualified.

The board of directors approved the slate of seven nominees upon the recommendation of the Nominating and Corporate Governance Committee. The board recommends that the stockholders elect the nominees designated below to serve until our annual meeting and until their successors are duly elected and qualified. The nominees for election to the office of director, and certain information with respect to their backgrounds, are set forth below.

All seven of the nominees named herein presently serve as members of the board of directors.

It is the intention of the persons named in the accompanying proxy card, unless otherwise instructed, to vote to elect the nominees named below as the directors. Each nominee has consented to serve as a director if elected at this year's annual meeting. In the event any nominee is unable to serve as a director, discretionary authority is reserved to the board to vote for a substitute. The board has no reason to believe that any nominee named below will be unable to serve if elected.

#### **Nominees standing for election to the Board**

##### **Charles A. Sorrentino, age 64. Director since 1998. President and Chief Executive Officer of the Company**

Mr. Sorrentino joined the Company as President and Chief Executive Officer in 1998. Prior to joining us, Mr. Sorrentino served as President of Pameco Corporation, a national heating, ventilation, air conditioning and refrigeration distributor, from 1994 to 1998. Pameco was a \$600 million distributor that was listed on the New York Stock Exchange following an initial public offering in 1997 and was later merged into a larger company. Prior to working with Pameco, Mr. Sorrentino served with PepsiCo, Inc. for nine years. During this time, he held a variety of positions, including Subsidiary President, Division Vice President and Region Vice President. After completing college, Mr. Sorrentino served twelve years with United Technologies (Sundstrand Corporation), a NYSE-listed manufacturer of industrial, heating and air conditioning components in a variety of engineering, sales, marketing and executive management functions. Mr. Sorrentino earned an M.B.A. from the University of Chicago and a B.S. in Mechanical Engineering from Southern Illinois University. He also served in the United States Marine Corps.

##### **Michael T. Campbell, age 64. Director since 2008. Independent Director**

Mr. Campbell has been a member of the Board of Advisors of Lee Truck Equipment, Inc. (d/b/a Casper's Truck Equipment) since July 2007. He performed project work as a financial and accounting consultant both individually and with Resources Connection from January 2003 to December 2005. He was an accounting and auditing partner with Deloitte & Touche prior to his retirement in June 2001. Mr. Campbell is a Certified Public Accountant and holds an M.B.A. degree from the University of Michigan and a B.S. degree from the United States Military Academy. Mr. Campbell is recognized as a Certified Professional Director by the National Association of Corporate Directors in the United States.

**I. Stewart Farwell, age 68. Director since 2006.  
Independent Director**

Prior to his retirement in April 2008, Mr. Farwell held various positions at Rheem Manufacturing Company, a leading manufacturer of central heating and cooling products, including President of the Water Heater and HVAC Divisions, Chief Operating Officer and most recently President & CEO. He now serves as Special Advisor to Rheem's Board of Directors and Senior Management. His prior experience also includes serving on the Board of various trade associations and Chairman of the Gas Appliance Manufacturers Association. Mr. Farwell is recognized as a Certified Professional Director by the National Association of Corporate Directors in the United States.

**Peter M. Gotsch, age 44. Director since 1997.  
Managing Member, Ellipse Capital LLC**

Mr. Gotsch has been the managing member of Ellipse Capital LLC, a private equity firm, since June 2008. Prior to that, Mr. Gotsch was a member of Code Hennessy & Simmons LLC, since 1989. He holds a B.A. degree from St. Olaf College and an M.B.A. from Northwestern University. He currently serves as the Chairman of the Board of The Hillman Companies, Inc. and on the Board of Directors of Beacon Roofing Supply, Inc.

**Wilson B. Sexton, age 72. Director since 2006.  
Chairman of the Board, SCP Pool Corporation**

Mr. Sexton has been the Chairman of the Board and a director of SCP Pool Corporation, a wholesale distributor of swimming pool supplies, equipment and leisure products, since 1993. From January 1999 to May 2001, Mr. Sexton also served as Chief Executive Officer of SCP Pool Corporation. Mr. Sexton is a Certified Public Accountant and holds a B.B.A. degree from Southern Methodist University. He is currently on the Board of Directors of SCP Pool Corporation and Beacon Roofing Supply, Inc.

**William H. Sheffield, age 60. Director since 2006.  
Independent Director**

Mr. Sheffield is a corporate director and serves on the boards of directors of Ontario Power Generation Inc., Canada Post Corporation, Corby Distilleries Ltd. and Velan Inc. Mr. Sheffield served as Chief Executive Officer of Sappi Fine Paper from 2001 until 2003. He holds an MBA and a BSc, and is recognized as a Certified Professional Director by the National Association of Corporate Directors in the United States and the Institute of Corporate Directors in Canada.

**Scott L. Thompson, age 50. Director since 2006.  
President & CEO, Dollar Thrifty Automotive Group**

Mr. Thompson has been the President & CEO and a Director of Dollar Thrifty Automotive Group, a company providing worldwide car rental services, since October 2008. Mr. Thompson was a founder of Group 1 Automotive, Inc, a specialty retailer in the automotive retailing industry, where he served as the CFO and Treasurer from 1996 until 2004. In addition to non-executive Chairman of the Board for Houston Wire & Cable Company, he also serves on the Board of Directors of Conn's, Inc., a specialty retailer of electronics and home appliances. Mr. Thompson is a Certified Public Accountant and is recognized as a Certified Professional Director by the National Association of Corporate Directors in the United States.

**Board Recommendation and Stockholder Vote Required**

The board of directors recommends a vote "FOR" the election of the nominees named above (Proposal No. 1 on the accompanying proxy card).

The seven nominees who receive the greatest number of votes will be elected directors.

## CORPO RATE GOVERNANCE AND BOARD COMMITTEES

### Board Composition

Our board of directors currently consists of seven directors. Each director is elected for a term of one year and serves until a successor is duly elected and qualified or until his or her death, resignation or removal. There are no family relationships between any of our directors or executive officers. Our executive officers are elected by and serve at the discretion of the board of directors.

### Director Independence

The board of directors has determined that each person who served as a director in 2008, and each director nominee for 2009, except Mr. Sorrentino is “independent” under Nasdaq Marketplace Rule 4200(a)(15). Under Rule 4200(a)(15), a director is considered independent as long as he or she does not have a relationship with the Company or management which would interfere with the exercise of independent judgment in carrying out the director’s responsibilities. The Nasdaq Marketplace Rules also enumerate certain relationships which preclude a finding of independence and generally provide that an individual cannot be considered independent if, among other things, he or she is a current officer or other employee of the issuer or directly or indirectly receives certain significant payments from the issuer other than in his or her capacity as a director or board committee member.

### Board Meetings

The board met six times during 2008. All persons who were directors during 2008 attended at least 75% of these meetings and meetings of committees on which they served. Absent special circumstances, each director is expected to attend the annual meeting of stockholders. All of the directors attended the 2008 annual meeting of stockholders.

### Executive Sessions

The independent directors meet in executive sessions separate from management at least two times a year. The independent directors met in executive sessions four times during 2008.

### Committees Established by the Board of Directors

The board has three standing committees: (1) Audit Committee; (2) Nominating and Corporate Governance Committee; and (3) Compensation Committee.

**Audit Committee.** The Audit Committee consists of Messrs. Campbell, Thompson, Gotsch, and Sexton. Mr. Thompson served as the Chairperson until March 2009, when Mr. Campbell was elected Chairperson. Mr. Thompson remains a committee member. The board has determined that each member is independent for purposes of Rule 4200(a)(15) of the Nasdaq Marketplace Rules and Rule 10A-3(b)(1) of the Securities Exchange Act of 1934. Each of the Audit Committee members is financially literate as determined by our board in its business judgment. The board has also determined that Mr. Campbell and Mr. Thompson each is an “audit committee financial expert” as such term is defined under the applicable SEC rules.

The Audit Committee met six times in 2008. In August 2008, the board updated the Audit Committee charter, a copy of which may be found by accessing the “Investor Relations” section of our website at <http://www.houwire.com> and clicking on the “Corporate Governance” link.

The principal duties and responsibilities of the Audit Committee are to assist the board in its oversight of:

- the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company;
- the independent auditors’ qualifications and independence; and
- the performance of the independent auditors.

Our Audit Committee is also responsible for:

- maintaining free and open communication between the committee, independent auditors, and management of the Company;

- reviewing and appraising the fairness of related party transactions; and
- preparing the report required to be prepared pursuant to the rules of the SEC for inclusion in the Company's annual proxy statement.

The Audit Committee has the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of counsel, accountants or other experts and advisors, as it deems necessary or appropriate. See the "Report of the Audit Committee" on page 22.

***Nominating and Corporate Governance Committee.*** The Nominating and Corporate Governance Committee consists of Messrs. Farwell, Sheffield, and Thompson. Mr. Farwell serves as the Chairperson. The board has determined that all committee members are independent for purposes of Rule 4200(a)(15) of the Nasdaq Marketplace Rules.

The Nominating and Corporate Governance Committee met five times in 2008. The board updated the Nominating and Corporate Governance Committee charter in August 2008, and a copy of the updated charter may be found by accessing the "Investor Relations" section of our website at <http://www.houwire.com> and clicking on the "Corporate Governance" link .

The principal duties and responsibilities of the Nominating and Corporate Governance Committee are to:

- identify persons that the Committee believes are qualified to be directors of the Company and consider and evaluate other candidates for director brought to the attention of the Committee, including persons nominated by stockholders in accordance with the nomination procedures specified in the Company's By-laws or otherwise recommended by stockholders;
- recommend to the board (a) the nominees for election as directors at each annual meeting of stockholders or at any special meeting of stockholders at which directors are to be elected and (b) the persons to be appointed by the board to fill any vacancy on the board (including any vacancy resulting from an increase in the size of the board);
- review the committee structure of the board and the membership of the board committees, and recommend to the board nominees for appointment to each of the committees;
- discuss and recommend to the board, after consultation with the Chairman of the Company's Compensation Committee, an appropriate successor in the event of the unexpected death, incapacity or resignation of the CEO (with the understanding that the Compensation Committee is responsible for reviewing and making recommendations to the board on management development and succession planning in all other circumstances);
- review and reassess, at least annually, the adequacy of the Company's Corporate Governance Guidelines and recommend to the board for approval any changes that the Committee deems necessary or appropriate;
- review any proposals submitted by stockholders for inclusion in the Company's proxy statement and recommend to the board any action to be taken in response to such proposals; and
- oversee the annual evaluation of the board.

The criteria that the Nominating and Corporate Governance Committee establishes may include a candidate's business and financial experience and acumen, integrity, willingness to devote the necessary time and energy to fulfill the duties and responsibilities of a director, independence and other criteria and qualifications as the Nominating and Corporate Governance Committee determines to be appropriate under the circumstances. The Nominating and Corporate Governance Committee will consider nominees for our board of directors recommended by stockholders, using the same criteria as for other candidates.

The Nominating and Corporate Governance Committee has the authority to retain a search firm to be used to identify director candidates. The Nominating and Corporate Governance Committee has the authority to retain and terminate any such search firm, including authority to approve the firm's fees and other retention terms. The Nominating and Corporate Governance Committee also has authority to retain other advisors. The Company will provide for appropriate funding, as determined by the Nominating and Corporate Governance Committee, for payment of compensation to any search firm or other advisors.

***Stockholder Recommendations for Director Nominations.*** As noted above, the Nominating and Corporate Governance Committee considers and establishes procedures regarding recommendations for nomination to the board, including nominations submitted by stockholders. For information on how to nominate a person for election as a director at the 2010 annual meeting, please see the discussion under the heading "Stockholder Proposals and Nominations for 2010 Annual Meeting." The Nominating and Corporate Governance Committee will evaluate all potential candidates in the same manner, regardless of the source of the recommendation. Based on the information provided to the Nominating and Corporate Governance Committee, it will make an initial determination whether to conduct a full evaluation of a candidate. As part of the full evaluation process, the Nominating and Corporate Governance Committee may conduct interviews, obtain additional background information and conduct reference checks of the candidate, among other things. The Nominating and Corporate Governance Committee may also ask the candidate to meet with management and other members of the board.



**Compensation Committee.** The Compensation Committee consists of Messrs. Gotsch, Sexton, and Sheffield. Mr. Gotsch serves as the Chairperson. The board has determined that all committee members are (i) independent for purposes of Rule 4200(a) (15) of the Nasdaq Marketplace Rules, (ii) “non-employee directors” as defined under the Rule 16b-3 of the Securities Exchange Act of 1934, and (iii) “outside directors” as defined by Section 162(m) of the Internal Revenue Code.

The Compensation Committee met five times in 2008. The Compensation Committee charter, as adopted in June 2006, may be found by accessing the “Investor Relations” section of our website at <http://www.houwire.com> and clicking on the “Corporate Governance” link .

The principal duties and responsibilities of the Compensation Committee are as follows:

- make recommendations to the Board with respect to the CEO’s compensation level;
- consider the Company’s performance and relative shareholder return, the value of similar incentive awards to the CEOs at comparable companies, and the awards given to the Company’s CEO in past years when determining the long-term component of the CEO’s compensation;
- review the CEO’s recommendations on compensation of the executive officers of the Company and make recommendations to the Board with respect thereto and with respect to the Company’s major compensation policies and practices; and
- administer and review the Houston Wire & Cable Company 2006 Stock Plan, including approving the number and distribution of options under such plan.

The Compensation Committee has the authority to delegate any of its responsibilities to subcommittees as it deems appropriate, provided the subcommittees are composed entirely of independent directors. The Compensation Committee also may retain a compensation consultant or other advisors to assist in the evaluation of CEO or executive officer compensation. The Compensation Committee has authority to retain and terminate any such consulting firm. The Company will provide for appropriate funding, as determined by the Compensation Committee, for payment of compensation to any consulting firm or other advisors employed by the Compensation Committee.

The CEO may not be present during any deliberations on his compensation.

#### **Co mpensation Committee Interlocks and Insider Participation**

The Compensation Committee consists of Messrs. Gotsch, Sexton and Sheffield. None of the members of the Compensation Committee is or ever was an officer or employee of the Company or any of its subsidiaries.

#### **Stock Ownership Guidelines**

The board of directors has adopted stock ownership guidelines encouraging each director to invest an amount equal to three times the director’s annual cash retainer in the Company’s common stock.

#### **Com munications with Directors**

Stockholders may communicate any concerns they have regarding the Company, including recommendations of candidates for director, to the board of directors or to any member of the board via web form by accessing the investor relations section of our website at <http://www.houwire.com> and clicking on the “Corporate Governance” and “Contact Our Board” links, through our Corporate Governance Hotline at 866-373-6359 or by writing to them at the following address:

Houston Wire & Cable Company  
Attention: [Board of Directors]/[Board Member]  
c/o Investor Relations Coordinator  
10201 North Loop East  
Houston, TX 77029



Communications directed to the independent directors should be sent to the attention of the Chairman of the Nominating and Corporate Governance Committee, c/o the Investor Relations Coordinator, at the address indicated above.

Any stockholder or other interested person who has a particular concern regarding accounting, internal accounting controls, or other audit matters that he or she wishes to bring to the attention of the Audit Committee may communicate those concerns to the Audit Committee or its Chairman, using the address indicated above.

A majority of the independent directors of the Company has approved procedures with respect to the receipt, review and processing of, and any response to, written communications sent by stockholders and other interested persons to the board of directors. Any written communication regarding accounting, internal accounting controls, or other matters are processed in accordance with procedures adopted by the Audit Committee.

### **Code of Business Conduct**

The board has adopted a Code of Business Conduct, most recently updated in November 2008, a copy of which may be found by accessing the investor relations section of our website at <http://www.houwire.com> and clicking on the "Corporate Governance" link. Under the Code of Business Conduct, we insist on honest and ethical conduct by all of our directors, officers, employees and other representatives, including the following:

- Our directors, officers and employees are required to avoid situations in which their personal, family or financial interests conflict with those of the Company;
- Our directors, officers and employees must refrain from engaging in any activities that compete with the Company, or which may compromise its interests;
- Our directors, officers and employees must refrain from taking any business or investment opportunity discovered in the course of employment with or service to the Company that the director, officer or employee knows, or should have or has reason to know, would benefit the Company; and
- Our directors, officers and employees must comply with all applicable governmental laws, rules and regulations.

We are also committed to ensuring that all disclosures in reports and documents that the Company files with the SEC, as well as other public communications made by the Company, are full, fair, accurate, timely and understandable. Further, we will comply with all laws, rules and regulations that are applicable to our activities and expect all of our directors, officers and employees to obey the law. Any violation of applicable law or any deviation from the standards embodied in the Code of Business Conduct will result in appropriate corrective and disciplinary action, up to and including termination of employment. Any director, officer or employee who in good faith believes or suspects that any portion of the Code of Business Conduct has been violated should report such violation to the Company.

### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

We have entered into various restricted securities agreements with five current employees, including Charles A. Sorrentino, whose agreement is dated December 31, 1998 and amended June 28, 2000 and April 26, 2007, and Nicol G. Graham, whose agreement is dated September 11, 1997. The agreements apply to any shares of our stock that the employees own or acquire, including shares issued upon exercise of options. These agreements provide Messrs. Sorrentino and Graham the rights to include their shares of our common stock in future registration statements that we file. The agreements with Messrs. Sorrentino and Graham may be terminated upon the mutual agreement of the Company, Code, Hennessy & Simmons II, L.P. and the executive or a holder of 70% or more of the securities issued to the executive. In addition, the agreements terminate automatically upon a sale of the Company, other than in a public offering. The agreements contain rights in favor of us and Code, Hennessy & Simmons II, L.P. to repurchase shares held by these employees upon termination of employment.

### **DIRECTOR COMPENSATION**

Independent members of the board of directors, other than the chairman of the board, receive an annual retainer of \$30,000, paid quarterly. Each independent director, other than the chairman of the board, is also entitled to receive \$1,500 for each board meeting attended and \$1,000 for each committee meeting, with half the applicable amount paid in connection with a telephonic meeting. The chairman of each of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee is entitled to receive an additional \$5,000 per year. The chairman of the board receives an annual retainer of \$70,000, but receives no additional fee for any board or committee meeting that he or she attends. All fees may be paid in cash or shares of our common stock, at the choice of the director. Mr. Sorrentino does not receive any compensation for his service as a director.



In addition, upon election to the board, each independent director receives a one-time grant of an option exercisable for 15,000 shares of our common stock. Upon re-election, each independent director also receives an annual grant of an option exercisable for 5,000 shares or, in the case of the chairman of the board, 10,000 shares. All directors' options become exercisable one year after the date of grant. Exercise prices are set at fair market value at the date of grant. Options may be forfeited in the event the director terminates, other than by retirement, his or her relationship with us.

We reimburse members of our board of directors for any out-of-pocket expenses they incur in connection with services provided as directors. The Nominating and Corporate Governance Committee has adopted a policy encouraging each director to devote at least one day each year to director education, and we pay for the cost of attending continuing education programs, up to \$5,000 per director per year. Perquisites paid or provided to directors in 2008 were significantly less than the SEC's minimum threshold for disclosure (\$10,000).

The following table sets forth all compensation paid to each of our non-employee directors in 2008:

| Name                 | Fees Earned or<br>Paid in Cash<br>(\$) | Option Awards<br>(\$) <sup>(1)</sup> | Total<br>(\$) |
|----------------------|--|--------------------------------------|---------------|
| Michael T. Campbell  | 39,000                                 | 93,484                               | 132,484       |
| I. Stewart Farwell   | 48,250                                 | 54,253                               | 102,503       |
| Peter M. Gotsch      | 35,750                                 | 31,161                               | 66,911        |
| Wilson B. Sexton     | 46,750                                 | 54,253                               | 101,003       |
| William H. Sheffield | 47,750                                 | 54,253                               | 102,003       |
| Scott L. Thompson    | 75,000                                 | 85,414                               | 160,414       |

(1) This column shows the dollar amount we recognized for financial statement reporting purposes in 2008 in accordance with SFAS No. 123 (R) for all option awards that have been granted to each of our non-employee directors. See note 8 of the Notes to our Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2008 for a discussion of the assumptions we made in the valuation of these options. Each of Messrs. Farwell, Sexton, Sheffield and Gotsch, upon their re-election to the board at the annual meeting of stockholders on May 8, 2008, received an option to purchase 5,000 shares of our common stock at an exercise price of \$17.36 per share. Mr. Thompson received an option to purchase 10,000 shares for being elected as chairman of the board and Mr. Campbell received an option to purchase 15,000 shares for being elected to the board. The grant date fair value of each such director's 2008 option award, computed in accordance with SFAS No. 123(R) and the number of stock options held at March 9, 2009 by non-employee directors was:

| Name                 | 2008 Grant Date<br>Fair Value of<br>Options (\$) | Cumulative Stock<br>Options Held (#) |
|----------------------|--|--------------------------------------|
| Michael T. Campbell  | 143,822  | 15,000                               |
| I. Stewart Farwell   | 47,941   | 25,000                               |
| Peter M. Gotsch      | 47,941   | 5,000                                |
| Wilson B. Sexton     | 47,941   | 25,000                               |
| William H. Sheffield | 47,941   | 25,000                               |
| Scott L. Thompson    | 95,881   | 10,000 (*)                           |

\* In addition, Mr. Thompson gave 20,000 options to his two adult children. Mr. Thompson disclaims beneficial ownership of these options.

Prior to August 2007, Mr. Gotsch was not considered to be independent, because of his relationship with a significant stockholder, Code, Hennessy & Simmons II, L.P., and did not receive any directors' fees or options. Following the disposition by Code, Hennessy & Simmons II, L.P. of all of its shares of Company common stock, Mr. Gotsch was determined to be independent and earned director fees and received options.

## EXECUTIVE COMPENSATION

### *Compensation Discussion and Analysis*

Our Compensation Committee is empowered to review the chief executive officer's recommendations on compensation of our senior management and to make recommendations regarding major compensation policies and practices. The Compensation Committee reports its recommendations to the full board of directors for approval and authorization. The Compensation Committee is also responsible for setting the annual compensation of the chief executive officer and administering our stock plans, including approving the number and distribution of options under the plans. The committee is charged with recommending, for the approval of the full board of directors, the annual compensation and compensation procedures for our senior management, including our executive officers.

### *Objectives of Compensation Program*

Our compensation program aims to attract and retain qualified, energetic employees who are enthusiastic about our mission and culture. A further objective of our compensation program is to provide incentives and reward each employee for his or her contribution to the Company. In addition, we strive to promote an ownership mentality among key leadership and the board of directors. Finally, we endeavor to ensure that our compensation program is perceived as fundamentally fair to all stakeholders.

### *What Our Compensation Program is Designed to Reward*

Our compensation program is designed to reward each employee's contribution to the Company. In measuring an officer's contributions, the Compensation Committee considers a number of factors, including our profitable growth and the achievement of financial performance targets. The total compensation package for each member of our senior management includes incentive compensation that is based primarily on the achievement of financial performance targets. Operating income is the primary basis for determining incentive compensation, and revenue growth and inventory turns are secondary factors. In its simplest definition, operating income is equivalent to operating earnings before interest and taxes. The Compensation Committee establishes operating income, revenue and inventory turns targets for the upcoming fiscal year based in part upon the incremental improvement in those measures over the prior fiscal year. We have not used stock price performance as a factor in determining annual compensation, because the price of our common stock is subject to a variety of factors outside our control.

### *Elements of Company's Compensation Plan and How Each Element Relates to Our Objectives*

Annual senior management compensation consists of a base salary component, an incentive component and stock options.

*Base Salary.* We seek to provide our senior management with a level of a base salary in the form of cash compensation appropriate to their roles and responsibilities. Base salaries for members of our senior management are established based on each officer's qualifications and experience, scope of responsibilities, future potential and past performance. Base salaries are reviewed annually and adjusted as necessary to realign salaries with market levels, after taking into account individual responsibilities, performance and experience.

*Incentive Cash Bonuses.* Our practice is to award incentive cash bonuses to our senior management based upon their individual performance, as well as performance objectives of the Company.

For 2008, Mr. Sorrentino's incentive bonus was paid pursuant to his employment agreement with the Company. Under Mr. Sorrentino's employment agreement, his potential bonus is based on achieving a performance target for the applicable fiscal year, as follows:

- If we achieve less than 85% of the target for the fiscal year, then no incentive bonus is paid for that fiscal year.
- If we achieve 100% of the target for the fiscal year, then the incentive bonus is equal to 50% of Mr. Sorrentino's base salary as of the end of that year.
- If we achieve 115% or more of the target for the fiscal year, then the incentive bonus is equal to 100% of the base salary as of the end of that year.
- If we achieve a percentage of the target for the fiscal year that is between any two of the 85%, 100% or 115% thresholds referred to above, then the incentive bonus is a percentage of the base salary for that fiscal year calculated on a straight line basis between the percentage that would apply at those two thresholds.

Under Mr. Sorrentino's agreement, the board of directors (or the Compensation Committee) establishes the specific performance targets for Mr. Sorrentino no later than sixty days after the beginning of each fiscal year. Mr. Sorrentino must agree with the performance target established, and the performance target must be consistent with our business plan approved by the board of directors for such fiscal year. For 2008, the Compensation Committee established the performance target as achieving operating income of \$54.0 million. Our 2008 operating income was \$40.4 million, which is less than 85% of the \$54.0 million, so Mr. Sorrentino was not eligible for an incentive bonus for 2008. For 2009, Mr. Sorrentino's bonus also will be based on achieving a specified operating income target.

For 2008, Mr. Graham (and all members of senior management, other than Mr. Sorrentino) participated in our Senior Management Bonus Program. For each participant under the program, the potential bonus award was based on the participant's salary at the end of the year. In order for any bonus to be paid for 2008, we needed to achieve the operating income threshold of \$50.0 million set by the Compensation Committee for the year. If the threshold had been met, then the participant would have received a "basic" bonus equal to a percentage (ranging from 0% to 40%) of his or her salary, depending on our performance with respect to targets established for three incentive factors: operating income, revenue and inventory turns. For 2008, 70% of the bonus was based on performance against the targets for operating income (the target for a minimum payout was \$50.0 million and for a maximum payout was \$58.0 million), 20% of the bonus was based on performance against the established targets for revenue (a minimum payout at \$360 million and a maximum at \$400 million), and 10% of the bonus was based on performance against the established targets for inventory turns (a minimum payout at 4.00 times and a maximum at 4.25 times). The full basic bonus of 40% of salary was available if we achieved the maximum target for each of the three incentive factors. The bonus available for each incentive factor was calculated on a stand-alone basis (provided the operating income threshold was met) and was calculated on a pro rata, straight line basis between the 0% and 40% level, provided the specific target for such incentive factor was met. In addition, starting in 2007, the Compensation Committee established an additional award potential of 10% of salary, in the event we achieve certain sales thresholds with respect to certain proprietary products.

The 2008 program also provided that a bonus equal to an additional 5% of salary could have been awarded in the event that we made one or more acquisitions during the relevant year and the acquired businesses met established financial goals. The maximum bonus payable (the basic bonus plus the additional bonus) could not exceed 55% of the participant's base salary. Under the program, all bonuses are payable the year following the year for which performance is being measured, after receipt of (and subject to) the audit of the financial statements for the relevant year. No award is payable under the program for any full or partial year to a participant whose employment terminates prior to the time the bonus is paid. In all cases, the payment is in the discretion of the Compensation Committee, and the Compensation Committee retains the right to terminate a participant's participation in the bonus program at any time, in which case no bonus may be paid.

In 2008, we failed to meet the operating income threshold under the Senior Management Bonus Program, so Mr. Graham and other members of senior management were not entitled to receive a bonus under the terms of the program.

For 2009, the Senior Management Bonus Program is similar to the program in 2008, but will be based on targets approved for 2009.

*Equity Awards.* In addition to base salary and incentive compensation, each member of our senior management is eligible to receive stock option grants under our stock plan. We believe that through our broad-based plan, the economic interests of our employees, including our executives, are more closely aligned to those of the stockholders. The number of stock options granted to each executive officer is made on a discretionary basis rather than pursuant to a formula by the Compensation Committee after consideration of the CEO's recommendations.

#### ***How the Company Chose Amounts and/or Formulas for Each Element***

In 2007, our Compensation Committee engaged Pearl Meyer & Partners to review Mr. Sorrentino's compensation package and to provide a market perspective to the Compensation Committee with respect to Mr. Sorrentino's compensation. The Compensation Committee reviewed the information prepared by Pearl Meyer & Partners, and then entered into negotiations with Mr. Sorrentino regarding an appropriate long-term incentive grant. During these negotiations, the committee considered Mr. Sorrentino's tenure with us, our financial results and the success of our initial public offering. The committee also considered the fact that Mr. Sorrentino had not received any equity-based compensation in the prior four years and that Mr. Sorrentino had requested that his compensation contain a greater equity component than it then did. Based on these negotiations, the Compensation Committee determined to grant to Mr. Sorrentino an option to purchase 500,000 shares of our common stock, which is the maximum annual award permitted under the 2006 Stock Plan, at a price of \$26.19 per share, which was the closing price of our common stock on the date of the grant. This option vests in two equal installments on March 9, 2011 and 2012.

The committee believes that this grant aligns Mr. Sorrentino's compensation with the interests of stockholders and, due to the delayed vesting schedule, will assist in retaining Mr. Sorrentino as our President and Chief Executive Officer. In the event of Mr. Sorrentino's death or permanent disability, the option grant will vest on a pro-rata basis over the term of the vesting schedule, such that the option will vest with respect to a percentage of the shares subject to the option equal to the percentage of the vesting period during which Mr. Sorrentino served prior to his death or disability.

In January 2008, the Compensation Committee awarded Mr. Sorrentino an option to purchase an additional 65,000 shares at a price of \$11.99 per share, the closing price of our common stock on the date of grant. This option vests in two equal installments on the same dates as the 2007 grant. In December 2008, the Compensation Committee awarded Mr. Sorrentino an option to purchase an additional 65,000 shares at a price of \$9.27 per share, the closing price of our common stock on the date of grant. This option vests in two equal installments on the same dates as the 2007 grant.

Each executive officer's current and prior compensation is considered in setting future compensation. The elements of our plan (base salary, bonus and stock options) are similar to the elements used by many companies. We do not have an exact formula for allocating between cash and non-cash compensation. In making its annual stock option grants in December 2008, the board determined that the awards would be larger than usual, in light of the fact that there was no payout for 2008 under the Senior Management Bonus Program and to provide an incentive for the future.

Our chief executive officer provides recommendations to the Compensation Committee regarding most compensation matters, including compensation of other members of key management.

With respect to current employees, we plan stock option grant dates well in advance of any actual grant. The timing of each grant is determined to coincide with a scheduled meeting of our board of directors and its Compensation Committee and, except in highly unusual circumstances, we will not allow discretionary option grants at other dates. The grant date is established when our Compensation Committee approves the grant and all key terms have been determined. The exercise price of each of our stock option grants is the market closing price on the grant date. Our general policy is for the annual grant to occur in December several weeks after the official announcement of our third quarter results so that the stock option exercise price reflects a fully-informed market price. If at the time of any planned option grant date any member of our board of directors or any executive officer is aware of material non-public information, we would not generally make the planned stock option grant. In such event, as soon as practical after material information is made public, the Compensation Committee would call a special meeting and otherwise take all necessary steps to authorize the delayed stock option grant. Regarding the grant process, the Compensation Committee does not delegate any related function, and executive officers are not treated differently from other employees.

### ***Tax Considerations***

We have structured our compensation program to comply with Internal Revenue Code Sections 162(m) and 409A. Section 162(m) of the Internal Revenue Code imposes a limitation on tax deductions of any publicly-held corporation for compensation paid to certain executives in excess of \$1,000,000 in any taxable year, unless the compensation is performance-based. Section 409A of the Internal Revenue Code addresses certain nonqualified deferred compensation benefits payable to an executive and provides that, if such benefits do not comply with Section 409A, they will be taxable in the first year they are not subject to a substantial risk of forfeiture. In such case, the executive is subject to regular federal income tax, interest and an additional federal income tax of 20% of the benefit includible in income. We have no individuals with non-performance based compensation paid in excess of the Internal Revenue Code Section 162(m) tax deduction limit.

### ***Employment Arrangements and Payments upon Termination of Employment***

We entered into an employment agreement dated April 26, 2006 with Mr. Sorrentino, our President and Chief Executive Officer, with a term that extends through April 26, 2011. It provides for a base salary of \$425,000 per year, subject to annual reviews and increases (but not decreases) by our board. The Compensation Committee approved increases in Mr. Sorrentino's base salary to \$450,000, effective March 2007, and to \$475,000, effective March 2008. Mr. Sorrentino's employment agreement entitles him to an annual bonus of up to 100% of base salary, as described above. Mr. Sorrentino's agreement provides for reimbursement of reasonable business expenses, the employment benefits generally available to our executives, four weeks of vacation per year and a car allowance of \$1,000 per month. Mr. Sorrentino may participate in our 2006 Stock Plan. Under his employment agreement, Mr. Sorrentino is entitled to severance equal to two years' base salary if we terminate his employment without cause, or if he terminates his employment for good reason. The employment agreement limits Mr. Sorrentino's ability to compete with us for two years after his employment ends.

Under Mr. Sorrentino's employment agreement, the phrases "termination without cause" and "termination for good reason" are defined as follows:

"termination without cause" shall mean a termination of Mr. Sorrentino's employment for any reason other than by reason of the following: (i) a material breach by Mr. Sorrentino of his employment agreement or material neglect by Mr. Sorrentino of his assigned duties, which includes any failure to follow the written direction of the board of directors (other than by reason of disability), or repeated refusal by Mr. Sorrentino to perform his assigned duties (other than by reason of disability) which continues for thirty days following receipt of written notice from the board of directors; (ii) the commission by Mr. Sorrentino of any act of fraud or embezzlement against us or the commission of any felony or act involving dishonesty; (iii) the commission by Mr. Sorrentino of any act of moral turpitude which actually causes us financial harm; (iv) a material breach by Mr. Sorrentino of the terms of the confidentiality provisions contained in his employment agreement or any other confidentiality or non-disclosure agreement he has with us; or (v) Mr. Sorrentino's commencement of employment with another company while he is employed by us without the prior consent of the board of directors.

“termination for good reason” shall mean the voluntary termination by Mr. Sorrentino of his employment, if without his prior consent: (i) we relocate our principal executive offices to a location outside the Houston, Texas metropolitan area, (ii) we materially reduce his responsibilities, duties, authority, title, or reporting relationship; or (iii) we act in any way that would reduce his base salary or if we adversely affect his participation in or materially reduce his benefit under any of our benefit plans in which he is participating; provided, however, that a “termination for good reason” shall not be permitted unless Mr. Sorrentino has given us at least thirty days’ prior written notice that he has a basis for such a termination, the notice specifies the facts and circumstances constituting a basis for such a termination, and we do not remedy such facts and circumstances constituting the basis for his termination for good reason within the thirty-day period.

Assuming that Mr. Sorrentino had terminated his employment with us as of December 31, 2008 (whether “without cause” or “for good reason”), he would have received 24 months of his then current salary in accordance with our current general payroll practices (which would equal \$475,000 per year for 2009 and 2010). If Mr. Sorrentino terminated his employment on December 31, 2008 following a change in control, then pursuant to the terms of our 2006 Stock Plan, in addition to the payments discussed in the preceding sentence, all of his outstanding options would have fully vested as of the date of the change in control.

Our other members of senior management are elected by and serve at the discretion of the board of directors.

### Summary Compensation Table

The following table and related notes sets forth information concerning the compensation paid to our Chief Executive Officer and Chief Financial Officer for fiscal years 2008, 2007 and 2006. Because our Chief Executive Officer and Chief Financial Officer are our only executive officers, the following compensation disclosures have been limited to those two individuals. For ease of reference, we collectively refer to these executive officers throughout this section as our “named executive officers.”

| Name and Principal Position                                     | Year | Salary (\$) | Bonus (\$) <sup>(1)</sup> | Option Awards (\$) <sup>(2)</sup> | Non-Equity Incentive Plan Compensation (\$) <sup>(3)</sup> | All Other Compensation (\$) <sup>(4)</sup> | Total (\$) |
|---|------|-------------|---------------------------|-----------------------------------|--|--|------------|
| Charles A. Sorrentino,<br>President and Chief Executive Officer | 2008 | 469,231     | —                         | 1,294,427                         | —  | 24,312                                     | 1,787,970  |
|   | 2007 | 444,231     | —                         | 971,977                           | 10,350   | 23,014                                     | 1,449,572  |
|   | 2006 | 383,173     | —                         | —                                 | 425,000  | 19,094                                     | 827,267    |
| Nicol G. Graham,<br>Chief Financial Officer                     | 2008 | 189,291     | —                         | 29,384                            | —  | 12,760                                     | 231,435    |
|   | 2007 | 180,600     | 45,570                    | 21,110                            | —  | 14,636                                     | 261,916    |
|   | 2006 | 167,000     | —                         | 615                               | 52,500   | 6,440                                      | 226,555    |

(1) In 2007, the Company did not meet the operating income threshold under the Senior Management Bonus Program, largely due to certain unbudgeted expenses, and the Compensation Committee made a discretionary award to Mr. Graham and other members of senior management (other than Mr. Sorrentino) equal to 25% of their salaries. The amount shown in this column represents the discretionary award made to Mr. Graham.

(2) This column shows the dollar amount recognized by the Company for financial reporting purposes in 2008 in accordance with SFAS No. 123(R) for all stock options granted to each named executive officer. See note 8 of Notes to Consolidated Financial Statements contained in our Annual Report of Form 10-K for the year ended December 31, 2008 for a discussion of the assumptions made by the Company in the valuation of these option awards. Under SFAS No. 123(R), the fair value of option awards is recognized as expense over the vesting period of the award except where it is accelerated for employees that are retirement-eligible or will become retirement-eligible during the vesting period. The value of the stock options reported in the “Option Awards” column is different from the grant date fair value of the stock options granted in 2008 because the “Option Awards” column includes, as required by SFAS No. 123(R), the expense of awards granted prior to 2008 where the vesting period for those awards extends into 2008 to the extent the expense was not previously accelerated due to retirement-eligibility of the employees. The expense of the option awards for Mr. Graham, who is a non-retirement-eligible employee, is spread equally over the full vesting period. In addition to the amount shown above, we expensed \$11,404 in 2008 and in 2007 with respect to outstanding option grants to Mr. Graham that were made prior to 2007. As a private company, we accounted for those earlier awards under Accounting Principles Board Opinion No. 25 rather than SFAS No. 123(R).



- (3) The amounts shown for Mr. Sorrentino represent payments made pursuant to the terms of his current employment agreement, since its execution on April 26, 2006. The amount shown for Mr. Graham represents payments made pursuant to the Company’s senior management incentive plan. Mr. Graham’s bonus was based on the achievement of operating income targets, revenue and inventory-turns targets, in each case, as approved by the Company’s board of directors and its Compensation Committee. For a description of the incentive arrangements, please see “Compensation Discussion and Analysis – Elements of Company’s Compensation Plan and How Each Element Relates to Our Objectives – Incentive Cash Bonuses.”
- (4) All Other Compensation reported for Mr. Sorrentino in 2008 represents a \$9,000 matching contribution by the Company to our 401(k) Plan, \$3,312 for group term life and long-term disability insurance premiums and \$12,000 for an auto allowance. All Other Compensation reported for Mr. Graham in 2008 represents a \$7,039 matching contribution by the Company to our 401(k) Plan, \$1,044 for group term life and long-term disability insurance premiums and \$4,677 for personal use of an automobile.

**Grants of Plan Based Awards**

The following table sets forth information for each named executive officer with respect to:

- Estimated possible payouts under non-equity incentive plan awards for 2008, and
- Stock options granted in 2008.

| Name                  | Grant Date <sup>(1)</sup> | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards <sup>(2)</sup> |                       |                        | All Other Option Awards: Number of Securities Underlying Options <sup>(6)</sup> | Exercise or Base Price of Option Awards <sup>(7)</sup> | Grant Date Fair Value of Stock and Option Awards <sup>(8)</sup> |
|-----------------------|---------------------------|--|-----------------------|------------------------|---|--|---|
|                       |                           | Threshold <sup>(3)</sup>   | Target <sup>(4)</sup> | Maximum <sup>(5)</sup> |   |  |   |
| Charles A. Sorrentino | 01/09/08                  | 403,750  | 475,000               | 546,250                | 65,000  | 11.99  | 400,762   |
|                       | 12/17/08                  |  |                       |                        |   |  | 264,833   |
| Nicol G. Graham       | 12/17/08                  | —  | —                     | 105,267                | 10,000  | 9.27   | 40,700  |

- (1) The “Grant Date” reflects the date on which the Compensation Committee acted to approve the grant of the award.
- (2) The amounts shown for Mr. Sorrentino reflect the amounts that were payable pursuant to his employment agreement and are based on performance targets established by the Compensation Committee and board of directors for 2008. Mr. Sorrentino did not receive a payout under his agreement for 2008. For a description of Mr. Sorrentino’s employment agreement, please see “Compensation Discussion and Analysis — Elements of Company’s Compensation Plan and How Each Element Relates to Our Objectives – Employment Agreements.” The amounts shown for Mr. Graham represent the potential payout under our Senior Management Bonus Program for 2008. No payouts were actually made under the Senior Management Bonus Program in 2008.
- (3) *Non-Equity Incentive Plan Awards – Threshold.* Pursuant to our employment agreement with Mr. Sorrentino, the amount shown in this column for Mr. Sorrentino represents 85% of his salary for 2008, the percentage of his salary to be paid upon reaching the thresholds set in accordance with his agreement. Pursuant to the Senior Management Bonus Program, in which Mr. Graham participates, performance at or below a specific incentive factor will result in no payment with respect to that incentive factor. Performance above the minimum goals for each incentive factor result in a payment (based on a percentage of the executive’s salary) ranging from \$1 to the maximum bonus amount for each incentive factor, depending on the level at which the performance goal was attained.

- (4) *Non-Equity Incentive Plan Awards – Target.* Pursuant to our employment agreement with Mr. Sorrentino, the amount shown in this column for Mr. Sorrentino represents 100% of his salary for 2008. The Senior Management Bonus Program, in which Mr. Graham participates, does not specify a target amount. Where “target” amounts are not determinable, the SEC rules require the disclosure of representative amounts based on the previous fiscal year’s performance. Accordingly, we have disclosed above in the “Target” column the amount that would be paid under our 2008 Senior Management Bonus Program to Mr. Graham, based on our performance in 2007.
- (5) *Non-Equity Incentive Plan Awards – Maximum.* Pursuant to our employment agreement with Mr. Sorrentino, the amount shown in this column for Mr. Sorrentino represents 115% of his salary for 2008, the maximum percentage of his salary that is available to him under his agreement. Pursuant to the 2008 Senior Management Bonus Program, the amount shown in this column for Mr. Graham represents 55% of his salary for 2008, the maximum percentage of his salary that is available to him under the Program.
- (6) This column shows the number of shares that may be issued to the named executive officers upon exercise of stock options granted in 2008.
- (7) The exercise price for all stock options granted in 2008 was the closing sale price of our common stock on the date of grant as reported by The Nasdaq Global Market.
- (8) The grant date fair value of the option awards was computed in accordance with SFAS No. 123(R). See footnote 8 to the Consolidated Financial Statements contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2008 for a discussion of the assumptions made in the valuation of these option awards.

**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth information for each named executive officer with respect to each option to purchase common stock that had not been exercised and remained outstanding at December 31, 2008. The Company’s executive officers currently do not have any other outstanding stock awards.

| Name                  | Option Awards   |   |                            |                        |
|-----------------------|---|---|----------------------------|------------------------|
|                       | Number of Securities Underlying Unexercised Options Exercisable (#) | Number of Securities Underlying Unexercised Options Unexercisable (#) | Option Exercise Price (\$) | Option Expiration Date |
| Charles A. Sorrentino | —   | 500,000 <sup>(1)</sup>  | 26.19                      | 03/09/2017             |
|                       | —   | 65,000 <sup>(2)</sup>   | 11.99                      | 01/09/2018             |
|                       | —   | 65,000 <sup>(2)</sup>   | 9.27                       | 12/17/2018             |
| Nicol G. Graham       | 1,875   | 3,750 <sup>(3)</sup>  | 2.67                       | 12/30/2015             |
|                       | 4,000   | 6,000 <sup>(4)</sup>  | 21.73                      | 12/20/2016             |
|                       | 1,000   | 4,000 <sup>(5)</sup>  | 15.40                      | 12/18/2017             |
|                       | —   | 10,000 <sup>(6)</sup>   | 9.27                       | 12/17/2018             |

(1) The options under this grant vest in equal installments of 250,000 shares per year on March 9, 2011 and March 9, 2012.

(2) The options under this grant vest in equal installments of 32,500 shares per year on March 9, 2011 and March 9, 2012.

(3) The remaining options under this grant vest in equal installments of 1,875 shares per year on December 30, 2009 and 2010.

(4) The remaining options under this grant vest in equal installments of 2,000 shares per year on December 20, 2009, 2010 and 2011.

- (5) The options under this grant vest in equal installments of 1,000 shares per year on December 18, 2009, 2010, 2011 and 2012.
- (6) The options under this grant vest in equal installments of 2,000 shares per year on December 17, 2009, 2010, 2011, 2012 and 2013.

***Option Exercises and Stock Vested***

The following table sets forth information for each named executive officer with respect to:

- The exercise during 2008 of stock options to purchase shares of our common stock, and
- The dollar amount realized upon exercise of the stock options.

| <b>Name</b>          | <b>Option Awards</b>                             |  |
|----------------------|--|--|
|                      | <b>Number of Shares Acquired on Exercise (#)</b> | <b>Value Realized on Exercise (\$)<sup>(1)</sup></b> |
| Charles A Sorrentino | —  | —  |
| Nicol G. Graham      | 2,625  | \$ 38,801  |

(1) *Value Realized on Exercise* . The value realized on the exercise of stock options represents the pre-tax difference between the option exercise price and the closing price of the stock on the exercise date, multiplied by the number of shares of common stock covered by the stock options exercised by Mr. Graham.

***Defined Pension Plans, Non-Qualified Defined Contribution Plans and Non-Qualified Deferred Compensation Plans***

We do not maintain any defined benefit plans, non-qualified defined contribution plans or non-qualified deferred compensation plans.

**REPORT OF THE COMPENSATION COMMITTEE**

The Compensation Committee of the Board of Directors has furnished the following report to the stockholders of the Company in accordance with rules adopted by the SEC.

The Compensation Committee of the Company states that the committee reviewed and discussed with management the Company's Compensation Discussion and Analysis contained in this proxy statement.

Based upon the review and discussions referred to above, the Compensation Committee recommended to the Board of Directors that the Company's Compensation Discussion and Analysis be included in this proxy statement.

This report is submitted on behalf of the members of the Compensation Committee:

**Members of the Compensation Committee**

Peter M. Gotsch, Chairman  
William H Sheffield  
Wilson B. Sexton

Dated: March 10, 2009



## EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2008 with respect to our compensation plans (including individual compensation arrangements) under which our equity securities are authorized for issuance:

|   | (a)   | (b)   | (c)  |
|---|---|---|--|
| Plan Category   | Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights | Weighted-Average Price of Outstanding Options, Warrants and Rights <sup>(3)</sup> | Number of Securities Remaining Available for Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) |
| Equity compensation plans approved by security holders <sup>(1)</sup>     | 1,112,500   | \$ 20.23  | 687,500  |
| Equity compensation plans not approved by security holders <sup>(2)</sup> | 65,081  | \$ 2.30   | —  |

- (1) Amounts shown in this row relate solely to stock options granted under our 2006 Stock Plan. The 2006 plan provides for discretionary awards of stock options and restricted stock to selected employees and directors. Our board may grant non-qualified or incentive stock options to selected employees and non-qualified stock options to non-employee directors. The board may set the terms and conditions applicable to the options, including the exercise price of the option, type of option and the number of shares subject to the option. In any event, each option will expire 10 years from the date of grant.

Our board also may grant restricted stock awards to directors and selected employees, either for no consideration or for such appropriate consideration as the board determines. The board has the discretion to determine the number of shares awarded and the restrictions, terms and conditions of the award. Subject to the restrictions, the recipient of an award will be a stockholder with respect to the shares awarded to him or her and will have the rights of a stockholder with respect to the shares, including the right to vote the shares and receive dividends, if any, on the shares. Our board may establish, as restrictions on the stock, performance goals and targets for participants, which lapse if we achieve the performance goals and targets for the designated performance period. The performance goals may be based on one or more business criteria. Performance goals may be absolute in their terms or measured against or in relationship to the performance of other companies or indices selected by the board.

- (2) Amounts shown in this row relate solely to non-qualified stock options granted under our 2000 Stock Plan. No grants under the 2000 plan have been made since the Company's public offering in June 2006 nor will be made in the future. Under the 2000 Stock Plan the board of directors was able to grant non-qualified or incentive stock options to selected key employees and non-qualified stock options to non-employee directors. The duration of any option could not exceed 10 years from the grant date. The board was also able to grant stock awards to key employees and directors for such numbers of shares, and subject to such vesting requirements, restrictions and other terms and conditions, as the board determined in its discretion.
- (3) Weighted-average exercise price of outstanding stock options.

## REPORT OF THE AUDIT COMMITTEE

Management is responsible for the Company's financial reporting process including its system of internal controls, and for the preparation of the consolidated financial statements in accordance with generally accepted accounting principles. Ernst & Young LLP, is responsible for auditing those financial statements and issuing a report thereon.

The Audit Committee of the board is responsible for providing oversight of our accounting and financial reporting functions. The board appoints the Audit Committee annually, with the committee consisting of at least three directors. The Audit Committee operates under a formal charter, which is available on the Company's website at <http://www.houwire.com> and by clicking on the "Corporate Governance" link. The Audit Committee charter sets forth in detail, the duties and responsibilities of the Audit Committee.

The Audit Committee received the written disclosures and the letter from Ernst & Young LLP, the Company's independent registered public accounting firm, that are required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence. The disclosures described the relationships and fee arrangements between the firm and the Company. Consistent with the applicable requirements of the Public Company Accounting Oversight Board and the rules and regulations of the SEC, the Audit Committee considered whether the provision of non-audit services by the independent registered public accounting firm to the Company for the fiscal year ended December 31, 2008 is compatible with maintaining Ernst & Young LLP's independence and has discussed with Ernst & Young LLP the firm's independence from the Company.

The Audit Committee reviewed and discussed with the Company's independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1 AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee reviewed and discussed with management and the Company's independent registered public accounting firm the audited financial statements of the Company for the year ended December 31, 2008.

Based on the above-mentioned reviews and discussions with management and the Company's independent registered public accounting firm, the Audit Committee, exercising its business judgment, recommended to the board that the Company's audited financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2008, for filing with the SEC.

This report is submitted on behalf of the members of the Audit Committee:

Scott L. Thompson, Chairman  
Michael T. Campbell  
Peter M. Gotsch  
Wilson B. Sexton

Dated: March 10, 2009

## PRINCIPAL INDEPENDENT ACCOUNTANT FEES AND SERVICES

### Audit Committee's Pre-Approval and Procedures

The Audit Committee is responsible for the appointment, compensation, retention and oversight of the work of Ernst & Young LLP, our independent registered public accounting firm. The independent registered public accounting firm reports directly to the Audit Committee. As part of its responsibility, the committee established a policy requiring the pre-approval of all audit and permissible non-audit services performed by the registered public accounting firm. In pre-approving services, the Audit Committee considers whether such services are consistent with the SEC's rules on auditor independence.

Prior to the engagement of the registered public accounting firm for an upcoming audit/non-audit service period, defined as a twelve-month timeframe, Ernst & Young LLP submits a detailed list of services expected to be rendered during that period as well as an estimate of the associated fees for each of the following four categories of services to the Audit Committee for approval:

- **Audit Services** consist of services rendered by an external auditor for the audit of our annual consolidated financial statements (including tax services performed to fulfill the auditor's responsibility under generally accepted auditing standards) and internal controls and reviews of financial statements included in Form 10-Qs, and includes services that generally only an external auditor can reasonably provide, such as comfort letters, statutory audits, attest services, consents and assistance with and review of documents filed with the SEC.
- **Audit-Related Services** consist of assurance and related services by an external auditor that are reasonably related to audit or review of financial statements, including employee benefit plan audits, due diligence related to mergers and acquisitions, and accounting consultations.
- **Tax Services** consist of services not included in Audit Services above, rendered by an external auditor for tax compliance.
- **Other Non-Audit Services** are any other permissible work that is not an Audit, Audit-Related or Tax Service.

Circumstances may arise during the twelve-month period when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval. In those instances, the Audit Committee requires specific pre-approval before engaging the independent auditor.

The table below summarizes the fees billed by our independent registered public accounting firm, Ernst & Young LLP, for the fiscal years ended December 31, 2008 and 2007:

| Year | Audit Fees | Audit-Related Fees | Tax Fees  | All Other Fees | Total      |
|------|------------|--------------------|-----------|----------------|------------|
| 2008 | \$ 419,099 | \$ —               | \$ 51,500 | \$ —           | \$ 470,599 |
| 2007 | \$ 717,906 | \$ —               | \$ 40,775 | \$ —           | \$ 758,681 |

(1) Audit fees include fees for professional services rendered for the audit of our annual consolidated financial statements, the audit of our internal controls and the reviews of the interim financial statements included in our Forms 10-Q. The audit fees in 2008 and 2007 also included charges for internal control compliance with Sarbanes-Oxley Section 404. For 2007 the audit fees include charges of \$159,943 related to audit work performed in connection with our secondary public offering in March 2007.

(2) There were no audit-related services for fiscal 2008 and 2007.

(3) Tax fees represent professional services related to tax compliance.

For the fiscal year ended December 31, 2008, none of the Audit-Related Fees, Tax Fees or Other Fees were approved in accordance with the exceptions to the pre-approval requirements set forth in 16 CFR 210.2-01(c)(7)(i)(C).

The Audit Committee has considered the compatibility of the provision of services covered by the preceding paragraph with the maintenance of the principal accountant's independence from the Company and has determined that the provision of such services is not incompatible with the maintenance of such independence. The Audit Committee annually reviews the performance of the independent registered public accounting firm and the fees charged for their services.

## PROPOSAL NO. 2 — RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

### General

Stockholder ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2009 is not required. However, the board of directors is submitting the selection of Ernst & Young LLP as the Company's independent registered public accounting firm to the stockholders for ratification to learn the opinion of stockholders on this selection. If the stockholders fail to ratify Ernst & Young LLP as the independent registered public accounting firm, the Audit Committee will reassess its appointment. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such change would be in the best interests of the Company and its stockholders. Representatives of Ernst & Young are expected to be at the Annual Meeting of stockholders and will have the opportunity to make a statement, if they desire to do so, and to respond to appropriate questions from those attending the meeting.

### Board Recommendation and Stockholder Vote Required

The board of directors recommends a vote "FOR" the ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2009 (Proposal No. 2 on the proxy card).

The affirmative vote of the holders of a majority of the votes represented at the annual meeting in person or by proxy will be required for approval.

### ANNUAL REPORT TO STOCKHOLDERS

We have enclosed our 2008 annual report to stockholders for the fiscal year ended December 31, 2008 with this proxy statement. The annual report includes our annual report on Form 10-K for the fiscal year ended December 31, 2008, as filed with the SEC. The annual report on Form 10-K contains our audited financial statements, along with other financial information about us. We urge you to read these documents carefully.

You can also obtain, free of charge, a copy of our annual report on Form 10-K by:

- accessing the Investor Relations section of our website at <http://www.houwire.com> and clicking on the "SEC Filings" link;
- writing to:

Houston Wire & Cable Company — Investor Relations Coordinator  
10201 North Loop East  
Houston, Texas 77029; or

- telephoning us at: (713) 609-2100.

You can also obtain a copy of our annual report on Form 10-K and other periodic filings that we make with the SEC from the SEC's website at <http://www.sec.gov>.

### STOCKHOLDER PROPOSALS AND NOMINATIONS FOR 2010 ANNUAL MEETING

The proxy rules of the SEC permit our stockholders, after notice to the Company, to present proposals for stockholder action in our proxy statement where such proposals are consistent with applicable law, pertain to matters appropriate for stockholder action and are not properly omitted by us in accordance with the proxy rules. In order for any stockholder proposal to be considered for inclusion in our proxy statement to be issued in connection with our 2010 annual meeting of stockholders, that proposal must be received at our corporate headquarters, 10201 North Loop East, Houston, Texas 77029 (Attention: Investor Relations Coordinator), no later than December 4, 2009.

Our certificate of incorporation and by-laws provide that stockholder action can be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting. Our certificate of incorporation and by-laws provide that, except as otherwise required by law, special meetings of our stockholders can only be called pursuant to a resolution adopted by a majority of our board of directors or by our chief executive officer or the chairman of our board of directors. Stockholders are not permitted to call a special meeting or to require our board to call a special meeting.

Our by-laws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board. Stockholders at our annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board or by a stockholder who was a stockholder of record on the record date for the meeting and upon giving of notice and provided that the stockholder has given to our secretary timely written notice, in proper form, of the stockholder's intention to bring that business before the meeting. Specifically, our bylaws provide the following procedure in order that business may properly come before the stockholders at the annual meeting. Among other things, stockholders intending to bring business before the annual meeting must provide written notice of such intent to the Secretary of the Company. Such notice must be given no earlier than January 2, 2010 and no later than February 1, 2010. In addition, the following information must be provided in the written notice: (1) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (2) the name and address, as they appear on the Company's books, of the stockholder proposing such business, (3) the class and number of shares of common stock that are beneficially owned by the stockholder, (4) any material interest of the stockholder in such business and (5) a representation that the stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

If the stockholder proposes to nominate a person as a director, the written notice must be given no earlier than January 2, 2010 and no later than February 1, 2010 and must set forth the following information as to each proposed nominee: (1) the name, age, business address and, if known, residence address of such nominee, (2) the principal occupation or employment of such nominee, (3) the number of shares of common stock which are beneficially owned by such nominee, and (4) any other information concerning the nominee that must be disclosed as to nominees in proxy solicitations pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, including such person's written consent to be named as a nominee and to serve as a director if elected. As to the stockholder giving the notice, the following information is required: (1) the name and address, as they appear on the Company's books, of such stockholder and (2) the number of shares of common stock beneficially owned by such stockholder. The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as a director of the Company.

GENERAL

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our officers, directors and persons who own more than ten percent of a registered class of our equity securities to file reports of ownership and changes in ownership on Forms 3, 4 and 5, as applicable, with the SEC. Officers, directors and stockholders owning more than ten percent of our common stock are required by the SEC regulations to furnish us with copies of all Forms 3, 4 and 5 they file.

Based solely upon a review of Forms 3 and 4 and any amendments furnished to Houston Wire & Cable Company, we believe that our directors, officers, and greater than 10% beneficial owners complied with all applicable Section 16 filing requirements, except for the following: (1) Mr. Wilson Sexton, a director, filed a Form 4, which was late by one day, to report the purchase of 5,000 shares of common stock, and (2) Mr. Michael Campbell, a director, filed a late Form 4 to report the purchase of 44 shares of common stock pursuant to a dividend reinvestment.

**Other Information**

The expenses of preparing and mailing this proxy statement and the accompanying proxy card and the cost of solicitation of proxies, if any, will be borne by us. In addition to the use of mailings, proxies may be solicited by personal interview, telephone and by our directors, officers and regular employees without special compensation therefore. We expect to reimburse banks, brokers and other persons for their reasonable out-of-pocket expenses in handling proxy materials for beneficial owners of our common stock.

Unless contrary instructions are indicated on the proxy card, all shares of common stock represented by valid proxies received pursuant to this solicitation (and not revoked before they are voted) will be voted "FOR" all of the proposals described in this proxy statement.

**OTHER MATTERS**

Our board does not know of any other matters that are to be presented for action at the 2009 annual meeting. Should any other matter come before the annual meeting, however, the persons named in the enclosed proxy will have discretionary authority to vote all proxies with respect to such matter in accordance with their judgment.

BY ORDER OF THE BOARD OF DIRECTORS



Nicol G. Graham  
Vice President, Chief Financial Officer, Treasurer and Secretary

Dated: March 27, 2009