COEUR D ALENE MINES CORP
Form DEF 14A
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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

Filed by the Registrant x

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Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
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Coeur d Alene Mines Corporation

(Name of Registrant as Specified In Its Charter)

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

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Table of Contents

COEUR D ALENE MINES CORPORATION
505 Front Avenue
Post Office Box I
Coeur d Alene Idaho 83816

Dear Shareholder:

In 2008, your Company took a number of steps to deliver robust production growth and substantial, sustainable cash flows from two new silver mines that rank among the world s largest.

At this year s Annual Meeting of Shareholders, the Board of Directors recommends you vote YES on the following proposals that will continue positioning your Company for the future:

Elect our Board of Directors;

Authorize an amendment to our Articles of Incorporation to reduce the par value of our common stock from $1.00 per share to $0.01 per share;

Authorize the Board of Directors to effect a reverse stock split of our common stock at a stock split ratio of 1-for-10;

Subject to the approval of the proposed 1-for-10 reverse stock split, authorize an amendment to our Articles of Incorporation to change the number of authorized common shares from 750,000,000 shares to 150,000,000 shares; and

Ratify the appointment of KPMG as our independent accountants and auditors.

These proposals have been **unanimously** recommended by your Board of Directors who believe they will:

Enable us to attract a wider shareholder base;

Bring us into compliance with minimum share price listing standards of the New York Stock Exchange (NYSE) and significantly reduce our NYSE listing fees; and

Provide flexibility, through our authorized but un-issued common shares, for us to pursue accretive growth opportunities which may become available in the currently unpredictable economic times and financial markets.

We hope you will attend this year s Annual Meeting of Shareholders, to be held at The Coeur d Alene Resort and Conference Center, Second Avenue and Front Avenue, Coeur d Alene, Idaho at 9:30 a.m., local time, on May 12, 2009.

Only shareholders of record at the close of business on March 19, 2009 are entitled to notice of, and to vote at, the Annual Meeting.

Respectfully,

DENNIS E. WHEELER,

Chairman of the Board, President
and Chief Executive Officer

Coeur d Alene, Idaho
April 1, 2009

Table of Contents

COEUR D ALENE MINES CORPORATION
505 Front Avenue
Post Office Box I
Coeur d Alene Idaho 83816

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholder:

Notice is hereby given that our Annual Meeting of Shareholders will be held at The Coeur d Alene Resort and Conference Center, Second Street and Front Avenue, Coeur d Alene, Idaho, on Tuesday, May 12, 2009, at 9:30 A.M., local time, for the following purposes:

1. Elect a Board of Directors consisting of nine persons to serve for the ensuing year or until their respective successors are duly elected and qualified;

2. Authorize an amendment to our Articles of Incorporation to reduce the par value of our common stock from $1.00 per share to $0.01 per share;

3. Authorize the Board of Directors to effect a reverse stock split of our common stock at a stock split ratio of 1-for-10;

4. Subject to the approval of Proposal No. 3, authorize an amendment to our Articles of Incorporation to change the number of authorized common shares from 750,000,000 shares to 150,000,000 shares;

5. Ratify the appointment of KPMG as our independent accountants; and

6. Transact such other business as properly may come before the meeting.

Nominees for directors to be elected at the Annual Meeting are set forth in the enclosed Proxy Statement.

Only shareholders of record at the close of business on March 19, 2009, the record date fixed by the Board of Directors, are entitled to notice of, and to vote at, the Annual Meeting.

YOUR VOTE IS IMPORTANT

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 12, 2009. OUR PROXY STATEMENT IS ATTACHED. FINANCIAL AND OTHER INFORMATION CONCERNING COEUR IS CONTAINED IN OUR 2008 ANNUAL REPORT TO SHAREHOLDERS. YOU MAY ACCESS THIS PROXY STATEMENT AND OUR 2008 ANNUAL REPORT TO SHAREHOLDERS AT HTTP://BNYMELLON.MOBULAR.NET/BNYMELLON/CDE.

Whether or not you plan to attend the Annual Meeting of Shareholders, we urge you to vote and submit your proxy in order to ensure the presence of a quorum.

Registered holders may vote:

1. By Internet: go to http://www.proxyvoting.com/cde;

2. By toll-free telephone: call 1-866-540-5760; or

3. By mail (if you received a paper copy of the proxy materials by mail): mark, sign, date and promptly mail the enclosed proxy card in the postage-paid envelope.

Beneficial Shareholders. If your shares are held in the name of a broker, bank or other holder of record, follow the voting instructions you receive from the holder of record to vote your shares.

By order of the Board of Directors,

DENNIS E. WHEELER
Chairman of the Board, President and
Chief Executive Officer

Coeur d Alene, Idaho
April 1, 2009

TABLE OF CONTENTS

Table of Contents

PROXY STATEMENT

General

This proxy statement is furnished in connection with the solicitation by our Board of Directors of proxies of shareholders for shares to be voted at the Annual Meeting of Shareholders to be held on Tuesday, May 12, 2009, and any and all adjournments or postponements thereof.

Any shareholder executing a proxy has the right to revoke it at any time prior to its exercise by giving notice to our Secretary.

This proxy statement and the accompanying proxy are first being made available to our shareholders on or about April 1, 2009.

If the reverse stock split discussed in detail herein is approved by our stockholders, we will exchange one new share for ten outstanding shares. We will not issue any fractional shares. Stockholders who otherwise would hold fractional shares as a result of the reverse stock split will be entitled to receive cash (without interest or deduction) in lieu of such fractional shares upon following the procedures of our transfer agent described below under Proposal No. 3 under the heading Fractional Shares.

If you hold nine or fewer shares, you will cease to be a stockholder when the reverse stock split becomes effective. Pursuant to applicable Idaho law, there are no dissenters or appraisal rights relating to the matters to be acted upon at the Annual Meeting.

Important Notice Regarding the Availability of Proxy Materials for Annual Meeting of Shareholders to be Held on May 12, 2009: The Company s Proxy Statement and Annual Report to Shareholders are available at http://bnymellon.mobular.net/bnymellon/cde.

VOTING SECURITIES

All shareholders of record as of the close of business on March 19, 2009 are entitled to vote at the Annual Meeting or any adjournment or postponement thereof upon the matters listed in the Notice of Annual Meeting. Each shareholder is entitled to one vote for each share held of record on that date. As of the close of business on March 19, 2009, a total of 673,905,440 shares of our common stock were outstanding.

Shares represented by a proxy will be voted according to the instructions, if any, given in the proxy. Unless otherwise instructed, the person or persons named in the proxy will vote:

- FOR the election of the nine nominees for directors listed herein (or their substitutes in the event any of the nominees is unavailable for election);

- FOR the authorization an amendment to our Articles of Incorporation to reduce the par value of our common stock from $1.00 per share to $0.01 per share;

- FOR the authorization of the Board of Directors to effect a reverse stock split of our common stock at a stock split ratio of 1-for-10;

FOR the authorization of an amendment to our Articles of Incorporation to change our total number of authorized common shares from 750,000,000 shares to 150,000,000 shares, subject to the approval of the reverse stock split;

FOR the ratification of KPMG as our independent accountants; and

in their discretion with respect to such other business as properly may come before the Annual Meeting.

If you received a paper copy of the proxy materials by mail and wish to vote your proxy by mail, mark your vote on the enclosed proxy card; then follow the directions on the card. To vote your proxy using the Internet or by telephone, see the instructions set forth on the Notice of Annual Meeting of Shareholders included with this proxy statement or the Notice of Internet Availability of Proxy Materials mailed to our shareholders on or about April 1,

Table of Contents

2009. Your shares will be voted according to your directions. If you do not mark any selections on your proxy card, your shares will be voted as recommended by the Board of Directors.

Votes cast by proxy or in person at the Annual Meeting will be tabulated by the inspectors of election appointed by us for the meeting. The number of shares represented at the meeting in person or by proxy will determine whether or not a quorum is present. The inspectors of election will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum but as unvoted for purposes of determining the approval of any matter submitted to the shareholders for a vote. If a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered as present and entitled to vote by the inspectors of election with respect to that matter.

We will bear the cost of soliciting proxies. Proxies may be solicited by directors, officers or regular employees in person or by telephone or telegram. We have retained Morrow & Company, Inc., New York, New York, to assist in the solicitation of proxies. Morrow & Company s charge will be $7,500 plus out-of-pocket expenses.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Nine directors are to be elected at the Annual Meeting, each to serve for one year or until his successor is elected and qualified. Proxies will be voted at the Annual Meeting, unless authority is withheld, FOR the election of the nine persons named below. Mr. Alex Vitale, a valued member of our Board since 2005, resigned from the Board on March 17, 2009. We thank Mr. Vitale for his service on the Board. Mr. L. Michael Bogert was appointed to the Board on March 17, 2009 to fill the vacancy created by Mr. Vitale s resignation. We are pleased to nominate Mr. Bogert to continue to serve on the Board. We do not contemplate that any of the persons named below will be unable, or will decline, to serve; however, if any such nominee is unable or declines to serve, the persons named in the accompanying proxy may vote for a substitute, or substitutes, in their discretion.

Nominee	Age	Director Since
Dennis E. Wheeler Currently, Chairman of the Board, President and Chief Executive Officer of Coeur d Alene Mines Corporation. Chairman of the Board and President from May 1992 to September 2002; President from December 1980 to September 2002 and January 2005 to present; Chief Executive Officer since December 1986.	66	1978
James J. Curran Chairman of the Board and Chief Executive Officer of First Interstate Bank, Northwest Region (Alaska, Idaho, Montana, Oregon and Washington) from October 1991 to April 1996; Chairman of the Board and Chief Executive Officer of First Interstate Bank of Oregon, N.A. from February 1991 to October 1991; Chairman and Chief Executive Officer of First Interstate Bank of Denver, N.A. from March 1990 to January 1991; Chairman, President and Chief Executive Officer of First Interstate Bank of Idaho, N.A. from July 1984 to March 1990.	69	1989
John H. Robinson Chairman of Hamilton Ventures LLC (consulting and investment) since founding the firm in 2006; Vice Chairman of Olsson Associates (engineering consultants) from 2004 to 2005; Chairman of EPCglobal Ltd. (professional engineering staffing) and Executive Director of MetiLinx Ltd. (software) from 2003 to 2004; Executive Director of Amey plc (business process	58	1998

outsourcing and construction) from 2000 to 2002; Vice Chairman and Managing Partner of Black & Veatch Inc. (engineering and construction) from 1989 to 2000; Member of the Board of Directors of Alliance Resource Management GP, LLC (coal mining); Olsson Associates; Federal Home Loan Bank of Des Moines; and COMARK Building Systems Inc (modular building systems).

Table of Contents

Nominee	Age	Director Since
Robert E. Mellor Chairman, Chief Executive Officer and President of Building Materials Holding Corporation (distribution, manufacturing and sales of building materials and component products) since 1997, director since 1991; Member of the Board of Directors of The Ryland Group (national residential home builder).	65	1998
Timothy R. Winterer President, Chief Operating Officer and Director of Western Oil Sands from January 2000 to December 2001; President and Chief Executive Officer of BHP World Minerals Corporation (international resources company) from 1997 to 1998; Senior Vice President and Group General Manager, BHP World Minerals (1992-1996); Senior Vice President, Operations International Minerals, BHP Minerals (1985-1992); Executive Vice President, Utah Development Company (1981-1985).	72	1998
J. Kenneth Thompson President and CEO of Pacific Star Energy LLC (private energy investment firm in Alaska) from September 2000 to present; Managing Director of Alaska Venture Capital Group LLC (private oil and gas exploration company) from December 2004 to present; Executive Vice President of ARCO s Asia Pacific oil and gas operating companies in Alaska, California, Indonesia, China and Singapore from 1998 to 2000; President and CEO of ARCO Alaska, Inc., the parent company s oil and gas producing division based in Anchorage from June 1994 to January 1998; Member of the Board of Directors of Horizon Air and Alaska Air Group, Inc., the parent corporation of Alaska Airlines and Horizon Air and is also a member of the Board of Directors of Tetra Tech, Inc. (engineering consulting firm).	57	2002
Andrew Lundquist Managing Partner of BlueWater Strategies LLC (business and government relations consulting and project management firm) since he founded the firm in 2002; Director of Pioneer Natural Resources Company (oil and gas company); previously served as a Director of Evergreen Resources (natural gas exploration and production company) (2002-2004); Director of the National Energy Policy Development Group and senior energy advisor to the President and Vice-President (2001-2002); Majority Staff Director of the Senate Committee on Energy and Natural Resources (1998-2001); Chief of Staff for Senator Frank Murkowski (1996-1998); and counsel for the Senate Energy Committee (1995-1996).	48	2005
Sebastian Edwards Henry Ford II Professor of International Business Economics at the Anderson Graduate School of Management at the University of California, Los Angeles (UCLA) from 1996 to present; Chairman of the Inter American Seminar on Economics from 1987 to present; member of the Scientific Advisory Council of the Kiel Institute of World Economics in Germany from 2002 to present; research associate at the National Bureau of Economic Research from 1981 to present; previously served as President of the Latin American and Caribbean Economic Association (2001-2003) and as Chief Economist for the World Bank Group for the Latin America and Caribbean Region (1993-1996); taught at IAE Universidad Austral in Argentina and at the Kiel Institute (2000-2004).	55	2007
L. Michael Bogert Counselor to the Secretary, United States Department of the Interior, from July 2006 to January 2009; Regional Administrator, United States Environmental Protection Agency, Region X, from August 2005 to June 2006; Of Counsel Perkins Coie, LLP, Boise, Idaho from September	51	2009

2004 to July 2005; Counsel to Idaho Governor Dirk Kempthorne, from January 1999 to August 2004; Counsel to the Office of California Governor-Elect Arnold Schwarzenegger, 2003.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THE ABOVE NOMINEES AS DIRECTORS.

Table of Contents

Committees of the Board of Directors

Our Board of Directors met nine times during 2008. Our Board has an Audit Committee comprised solely of outside directors and presently consisting of Messrs. Curran (Chairman), Robinson, Thompson and Winterer. The Audit Committee is responsible for reviewing and reporting to the Board of Directors with respect to various auditing and accounting matters, including the selection of our independent public accountants, the scope of the audit procedures, the nature of all audit and non-audit services to be performed, the performance of our independent accountants and our accounting practices and policies. The Audit Committee met six times during 2008.

Our Board has a Compensation Committee, comprised solely of outside directors and presently consisting of Messrs. Thompson (Chairman), Mellor, Robinson and Edwards. The Compensation Committee is responsible for determining and approving, together with the other independent members of the Board, the annual compensation of the Company s Chief Executive Officer, for determining the annual compensation of the non-CEO executive officers and the directors, overseeing the Company s stock incentive plans and other executive benefit plans and providing guidance in the area of certain employee benefits. The Compensation Committee met four times during 2008.

Our Board has a Nominating and Corporate Governance Committee consisting of Messrs. Mellor (Chairman), Thompson, Winterer and Edwards. The Nominating and Corporate Governance Committee is responsible for proposing nominees for the Board of Directors, the establishment of corporate governance guidelines and related corporate governance matters. The Nominating Committee met two times during 2008.

Our Board also has an Executive Committee on which Messrs. Wheeler (Chairman), Curran, Mellor, Robinson, Winterer and Lundquist currently serve. The Executive Committee is authorized to act in the place of the Board of Directors on limited matters that require action between Board meetings. The Executive Committee did not meet during 2008.

Our Board has determined that, except for Dennis E. Wheeler and Andrew Lundquist, each director and each of the nominees for director, including each of the members of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, are independent within the meaning of applicable New York Stock Exchange listing standards and rules. In its evaluation of the directors independence, the Board considered the related person transactions with respect to Mr. Lundquist discussed below under Certain Related Person Transactions.

Copies of the charters of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are available at our website www.coeur.com and to any shareholder who requests them. Each incumbent director attended at least 75% of the meetings of the Board of Directors and committees on which he served during 2008.

Policy Regarding Director Nominating Process

The Nominating and Corporate Governance Committee has adopted a policy pursuant to which a shareholder who has owned at least 1% of our outstanding shares of common stock for at least two years may recommend a director candidate that the Committee will consider when there is a vacancy on the board either as a result of a director resignation or an increase in the size of the Board. Such recommendation must be in writing addressed to the Chairman of the Nominating and Corporate Governance Committee at our principal executive offices and must be received by the Chairman at least 120 days prior to the anniversary date of the release of the prior year s proxy statement. Although the Committee has not formulated any specific minimum qualifications that the Committee believes must be met by a nominee that the Committee recommends to the board, the factors it will take into account will include strength of character, mature judgment, career specialization, relevant technical skills or financial acumen, diversity of viewpoint and industry knowledge, as set forth in the Committee s charter. The Committee does not believe that there will be any differences between the manner in which the Committee evaluates a nominee recommended by a shareholder and the manner in which the Committee evaluates nominees recommended by other persons.

Policy Regarding Shareholder Communications with Directors

Shareholders and other interested persons desiring to communicate with a director, the non-management directors as a group or the full board may address such communication to the attention of Kelli Kast, Esq., General

Table of Contents

Counsel of the Company, 505 Front Avenue, P.O. Box I, Coeur d Alene, Idaho 83814, and such communication will be forwarded to the intended recipient or recipients.

Policy Regarding Director Attendance at Annual Meetings

The Company has a policy that encourages directors to attend each annual meeting of shareholders, absent extraordinary circumstances. Each of the nine members of the Board attended the annual meeting on May 13, 2008.

Meetings of Non-Management Directors

Non-management members of the Board of Directors conduct at least two regularly-scheduled meetings per year without members of management being present. Robert E. Mellor presides over each meeting of non-management directors.

Corporate Governance Guidelines and Code of Business Conduct and Ethics for Directors and Employees

In February 2004, the Board of Directors adopted Corporate Governance Guidelines and a Code of Business Conduct and Ethics for Directors, Officers and Employees in accordance with New York Stock Exchange corporate governance listing standards. Copies of these documents are available at our website, www.coeur.com, and to any shareholder who requests them.

SHARE OWNERSHIP

The following table sets forth information, as of March 19, 2009, concerning the beneficial ownership of our common stock by each beneficial holder of more than 5% of our outstanding shares of common stock, each of the nominees for election as directors, each of the executive officers listed in the Summary Compensation Table set forth below, and by all of our directors and executive officers as a group.

	Shares Beneficially Owned	Percent of Outstanding
L. Michael Bogert	0(2)	*
James J. Curran	191,659(1)(2)	*
Sebastian Edwards	35,998(2)	*
Andrew Lundquist	53,033(2)	*
Robert E. Mellor	65,784(2)	*
John H. Robinson	92,756(2)	*
J. Kenneth Thompson	136,023(1)(2)	*
Dennis E. Wheeler	2,124,724(1)(2)	0.31
Timothy R. Winterer	121,270(2)	*
Donald J. Birak	268,420(2)	*
Mitchell Krebs	249,315(2)	*
Richard Weston	284,806(2)	*
Alan L. Wilder	116,085(2)(3)	*
James A. Sabala	0(3)	
All executive officers and nominees for director as a group (21 persons)	4,439,272(2)	0.66

(*) Holding constitutes less than 0.10% of the outstanding shares.

(1) Individual shares investment and voting powers over certain of his shares with his wife. The other directors have sole investment and voting power over their shares.

(2) Holding includes the following shares which may be acquired upon the exercise of exercisable options outstanding under the 1989/2003 Long-Term Incentive Plans and the Non-Employee Directors Stock Option Plan: L. Michael Bogert 0 shares; James J. Curran 157,996 shares; Sebastian Edwards 0 shares;

Andrew Lundquist 0 shares; Robert E. Mellor 32,121 shares; John H. Robinson 47,002 shares; J. Kenneth Thompson 66,349 shares; Dennis E. Wheeler 1,094,502 shares; Timothy R. Winterer 66,120 shares; Donald J. Birak 110,424 shares; Mitchell Krebs 80,561 shares; Richard Weston 34,692 shares; Alan Wilder 75,999 shares; and all directors and executive officers as a group 1,872,310 shares.

(3) Mr. Sabala resigned as our Executive Vice President and Chief Financial Officer effective March 21, 2008. Mr. Wilder retired from Coeur on January 15, 2009.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

Coeur is one of the world s largest publicly-traded primary producers of silver, and has a significant presence in gold. Coeur is engaged in the development, exploration and operation of silver and gold mining properties and companies, with operations in seven countries. In 2008, Coeur had sales of $189.5 million, with approximately 70% of revenues from sales of silver. Coeur s primary business objectives are to increase production levels and reserves, decrease cash-production costs, and increase cash flows and earnings. Coeur aims to meet these objectives through cost-competitive operations, internal development projects, exploration and acquisitions. Additional information about Coeur is available at our website www.coeur.com.

The following is a discussion of Coeur s executive compensation program and compensation decisions made with respect to the Company s named executive officers (NEOs) listed in the 2008 Summary Compensation Table on page 26. Effective March 21, 2008, Mitchell J. Krebs was appointed Senior Vice President Chief Financial Officer upon the resignation of James A. Sabala. In addition, Alan L. Wilder, Senior Vice President, Project Development, retired from Coeur effective January 15, 2009; therefore, in 2008 we had six NEOs.

In light of the current global economic downturn and the potential implications for the Company s business strategies, the Company has implemented a freeze of base salary levels for its executive officers in their current positions during 2009.

Role of the Compensation Committee and its Consultant

The Compensation Committee of the Board of Directors (the Committee) acts on behalf of the Board to establish and oversee the Company s executive compensation program in a manner that supports the Company s business strategy. The Committee formulates an annual calendar for its activity that is designed to cover necessary regular approvals as well as special topics. The Committee meets at least two times annually, or more frequently as circumstances dictate, in order to set executive compensation for the year, review recommendations of its outside consultant, and recommend compensation changes to the Board of Directors.

The Committee has retained Mercer (US) Inc. (Mercer) to provide information, analyses, and advice regarding executive and director compensation, as described below. Mercer reports directly to the Committee chair.

The Committee has established procedures that it considers adequate to ensure that Mercer s advice to the Committee remains objective and is not influenced by the Company s management. These procedures include: a direct reporting relationship of the Mercer consultant to the Committee; a provision in the Committee s engagement letter with Mercer specifying the information, data, and recommendations that can and cannot be shared with management; an annual update to the Committee on Mercer s financial relationship with the Company, including a summary of the work performed for the Company during the preceding 12 months; and written assurances from Mercer that, within the Mercer organization, the Mercer consultant who performs services for the Committee has a reporting relationship and compensation determined separately from Mercer s other lines of business and from its other work for the Company. Mercer has provided the Committee with written assurance that these procedures continue to be in place and were followed during the last completed fiscal year.

Table of Contents

At the Committee s direction, Mercer provided the following services for the Committee during fiscal year 2008:

Evaluated the Company s executive officers base salary, annual incentive and long-term incentive compensation relative to the competitive market;

Advised the Committee on executive officer target award levels within the annual and long-term incentive program and, as needed, on actual compensation actions;

Assessed the alignment of Company compensation levels relative to the Company s compensation philosophy;

Provided ongoing advice as needed on the design of the Company s annual and long-term incentive plans;

Briefed the Committee on executive compensation trends among the Company s peers and broader industry;

Evaluated the Company s Board of Director compensation relative to the competitive market; and

Assisted with the preparation of the Compensation Discussion and Analysis for this proxy statement.

In the course of conducting its activities during fiscal year 2008, Mercer attended two meetings of the Compensation Committee and presented its findings and recommendations for discussion. In performing its duties under the engagement with the Committee during the last completed fiscal year, Mercer was subject to the following instructions: Mercer may not share data and recommendations regarding the CEO s compensation (including equity awards) with any member of management, without the Committee chair s prior approval; and Mercer may contact the Company s executive officers for information necessary to fulfill its assignment.

The decisions made by the Committee are the responsibility of the Committee and may reflect factors and considerations other than the information and recommendations provided by Mercer. Further, the compensation and benefit amounts presented in the Company s Annual Report on Form 10-K and proxy statement reflect the decisions of the Committee taking into account many factors and considerations and may or may not be consistent with recommendations made by Mercer, management, or any other advisor to the Committee.

Compensation Objectives and Principles

Motivating the Company s executives to achieve goals that are consistent with the Company s business strategies and that create shareholder value is the primary objective of the Company s executive compensation program. Consequently, a majority of Coeur s executives compensation opportunities are in the form of at-risk incentives that require performance against measurable objectives or an increase in long-term shareholder value to result in payouts.

The second fundamental objective of the Company s executive compensation program is to attract and retain highly-skilled executives. Increased mining activity world-wide in recent years has resulted in a significant increase in demand for executive and professional talent with technical skills and industry experience. In addition, over the past decade fewer people have entered the mining industry and several mining schools have closed, resulting in a shortage of industry talent. As a result of these talent market pressures, Coeur s executives and professionals are routinely pursued by competitors, and some of the Company s valued talent has left the company for other opportunities. The objective of attraction and retention is thus a significant factor in many of the compensation decisions discussed below.

In order to meet these compensation objectives in the design and governance of compensation programs for the Company s executive officers, including the NEOs, the Committee is guided by the following principles that express the Committee s view that compensation at Coeur should be:

Performance-based

Reward for Company-wide results in addition to recognizing individual performance, focusing on objectives that are directly under the control of executives.

Market-competitive

Table of Contents

Compared to mining industry peers, target total compensation at the market 75th percentile level in order to attract, motivate and retain high caliber talent.

Aligned with shareholders

Provide a significant portion of incentive compensation to executives in the form of equity-based awards. Award values fluctuate based on share value thus aligning officer and shareholder interests.

Transparent

Clearly communicate both the desired results and the incentive pay programs used to reward the achievement of these results.

In 2008, our executive officer compensation program used the components identified in the following table:

Compensation Component	Objective	Key Features
Base salary	Provide a fixed level of cash compensation for performance of day-to-day responsibilities	Annual adjustments are based on an individual s current and expected future contribution and actual pay positioning relative to the market
Annual incentives	Reward executives for the achievement of annual Company financial and operational goals and for the achievement of individual executive goals	Cash payments based on Company and individual performance, each weighted 50% Company performance measures are silver and gold production, cash operating costs, operating net income and cash flow return on investment
Long-term incentives	Align executives interests with those of shareholders and attract and retain highly-skilled executives	Equity grants consisting of an equal value of stock options, restricted stock and performance shares. Options and restricted stock vest ratably over three years, and performance shares vest based on total shareholder return over a three-year period relative to a peer group
Benefits and perquisites	Attract and retain highly-skilled executives	Participation in medical and retirement plans on same terms as all employees Limited perquisites

Determining Executive Compensation

Coeur s compensation objectives and principles are supported in the compensation-setting process through a number of policies and processes.

Total Compensation: In determining the mix of compensation components and the value of each component for each of the Company s executive officers, including its NEOs, the Committee takes into account the executive s role, the competitive market, individual and Company performance, and internal equity. The Committee does not make use of tally sheets. Amounts realized or realizable from prior compensation awards are not considered in setting other elements of compensation. Details of the various programs and how they support the overall business strategy are outlined below in Compensation Components.

Table of Contents

Variable Pay at Risk: Consistent with a performance-based philosophy, Coeur s compensation program emphasizes pay at risk. The percentage of an executive s compensation opportunity that is at risk or variable instead of fixed is based primarily on the executive s role in the Company. Executives who are in a greater position to directly influence our overall performance have a larger portion of their pay at risk through short and long-term incentive programs compared to other executives. Typically, at least 40% of the target total compensation opportunity for our executives is in the form of variable compensation. The CEO has more pay at risk than the other NEOs, consistent with the competitive market. The mix of compensation elements for our NEOs in 2008, as a percentage of total compensation, is set forth in the table below:

	Fixed Compensation (% of Total Compensation)	Variable Compensation (% of Total Compensation)	
Named Executive Officer	**Base Salary**	**Target Annual Incentives**	**Target Long-Term Incentives**
CEO	30%	20%	50%
Other NEOs (average)	43%	20%	37%

Market Positioning: The Committee s policy is to target the components