

HECLA MINING CO/DE/  
Form DEF 14A  
April 08, 2015

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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    
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to §240.14a-12

**Hecla Mining Company**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
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- 1) Amount Previously Paid:
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April 8, 2015

Dear Fellow Shareholders:

On behalf of your Board of Directors and management, it is our pleasure to invite you to attend the Annual Meeting of Shareholders of Hecla Mining Company to be held on Thursday, May 21, 2015, at 10:00 a.m., Eastern Daylight Time, at the offices of Lavery, de Billy, L.L.P., located at 1 Place Ville Marie, Suite 4000, Montreal, Quebec, Canada. Driving directions to the offices of Lavery, de Billy can be found in the back of this document.

This year's Proxy Statement again demonstrates our commitment to simplify and more effectively explain the matters to be addressed at our Annual Meeting of Shareholders. Our Board of Directors feels that it is important to provide you the information you are looking for about the Company in a way that is easy to understand.

At the meeting, we will be electing two members to our Board of Directors. We will also be considering ratification of the selection of BDO USA, LLP as our independent registered public accountants, and an advisory vote to approve executive compensation. In addition, we will discuss Hecla's 2014 performance and the outlook for 2015, and answer your questions.

**Your vote is very important to us and to our business. Whether or not you plan to attend our Annual Meeting of Shareholders, we urge you to vote your shares as soon as possible. Since a majority of the outstanding shares of our common stock must be represented either in person or by proxy to constitute a quorum for the conduct of business, please promptly vote your shares by completing, signing, dating and returning your proxy card in the envelope provided, or by Internet or telephone voting as described in the Proxy Statement, the proxy card, or the Notice of Internet Availability of Proxy Materials.**

We sincerely hope you will be able to attend and participate in our Annual Meeting of Shareholders. We welcome the opportunity to meet with many of you and give you a firsthand report on our progress, as well as express our appreciation for your confidence and support. Your Board of Directors and management are committed to the continued success of Hecla Mining Company, and the enhancement of your investment.

Ted Crumley  
Chairman of the Board

Phillips S. Baker, Jr.  
President and Chief Executive Officer

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Hecla Mining Company  
Notice of 2015 Annual Meeting of Shareholders

6500 N. Mineral Drive, Suite 200  
Coeur d Alene, Idaho 83815-9408  
208-769-4100

NOTICE IS HEREBY GIVEN that the 2015 Annual Meeting of Shareholders of Hecla Mining Company will be held at the offices of Lavery, de Billy, L.L.P., located at 1 Place Ville Marie, Suite 4000, Montreal, Quebec, Canada, on Thursday, May 21, 2015, at 10:00 a.m., Eastern Daylight Time, for the following purposes:

1. Elect two nominees to the Board of Directors, to serve for a three-year term or until their respective successors are elected;
2. Ratify the Audit Committee's appointment of BDO USA, LLP as our independent registered public accounting firm for 2015;
3. Approve, on an advisory basis, the compensation of our named executive officers; and
4. Transact such other business as may properly come before the meeting.

The Board of Directors ( Board ) has fixed the close of business on March 27, 2015 as the record date for the determination of shareholders entitled to notice of and to vote at the 2015 Annual Meeting of Shareholders and at any adjournment or postponement thereof. We are not currently aware of any other business to be brought before the 2015 Annual Meeting of Shareholders. A list of shareholders eligible to vote at the meeting will be available for examination by any shareholder for any purpose relevant to the meeting during ordinary business hours for at least ten days prior to May 21, 2015, at Hecla's corporate offices, located at 6500 N. Mineral Dr., Suite 200, Coeur d Alene, Idaho, and at the offices of Lavery, de Billy, L.L.P., located at 1 Place Ville Marie, Suite 4000, Montreal, Quebec, Canada.

We are pleased to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to shareholders over the Internet. We believe that this e-proxy process lowers our costs and reduces the environmental impact related to the mailing of materials associated with our 2015 Annual Meeting of Shareholders. On or about April 8, 2015, we began mailing to certain shareholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy materials and how to vote online. All other shareholders will receive the proxy materials by mail.

By Order of the Board of Directors

**Michael B. White**  
Corporate Secretary  
April 8, 2015

Hecla Mining Company Notice of 2015 Annual Meeting and Proxy Statement

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Proxy Statement Summary

*This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider and you should read the entire Proxy Statement before voting. For more complete information regarding the Company's 2014 performance, please review the Company's Annual Report on Form 10-K for the year ended December 31, 2014.*

**General Information**

**2015 Annual Meeting of Shareholders  
Time and Date**

10:00 a.m., Eastern Daylight Time  
Thursday, May 21, 2015

**Location**

Lavery, de Billy, L.L.P.  
1 Place Ville Marie  
Suite 4000  
Montreal, Quebec, Canada

**Items to be Voted on**

**Proposal 1:** Election of two directors (Nethercutt and Bowles)  
(p. 17)

Board recommendation **FOR ALL NOMINEES**

**Proposal 2:** Ratification of appointment of BDO USA, LLP as  
our independent registered public accounting firm for  
calendar year ending December 31, 2015 (p. 24)

Board recommendation **FOR**

**Proposal 3:** Advisory vote to approve named executive  
officer compensation (p. 27)

Board recommendation **FOR**

**Record Date**

March 27, 2015

**Shareholders of Record**

5,424

**About the Company**

**Stock Symbol:** HL

**Stock Exchange:** NYSE

**Shares Outstanding as of Record Date:** 369,990,632

**Registrar & Transfer Agent:** American Stock Transfer &  
Trust Company (Phone: 1-800-937-5449)

**Corporate Headquarters:** 6500 N. Mineral Dr., Suite 200,  
Coeur d'Alene, Idaho 83815

**Corporate Website:** [www.hecla-mining.com](http://www.hecla-mining.com)

Established in 1891, Hecla is headquartered in Coeur d'Alene, Idaho, and has a sister office in Vancouver, B.C. The Company's common stock has been traded on the New York Stock Exchange for 50 years.

*Continues on next page*

Hecla Mining Company Notice of 2015 Annual Meeting and Proxy Statement 1

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**Table of Contents****Corporate Governance Highlights**

The following table summarizes our Board structure and key elements of our corporate governance framework:

Governance Element	Comments
<b>Board Independence</b>	6 of our 7 directors are independent under the New York Stock Exchange listing standards. Mr. Baker, our Chief Executive Officer, is not independent. All members of the Audit, Compensation and Corporate Governance and Directors Nominating Committees are independent.
<b>Tenure of the Independent Directors</b>	8 years: Terry V. Rogers and Charles B. Stanley 9 years: John H. Bowles 10 years: George R. Nethercutt, Jr. 13 years: Dr. Anthony P. Taylor 20 years: Ted Crumley
<b>Independent Directors Meetings</b>	Our independent directors meet in executive sessions after each regular board meeting without management present, unless the independent directors request their attendance.
<b>Meeting Attendance</b>	All Directors attended all Board and committee meetings in 2014.
<b>Board Leadership Structure</b>	Our Board is led by an independent chair.
<b>Board Structure</b>	Our Board is classified with three classes.
<b>Share Ownership Guidelines</b>	To align director and executive officer interests with those of our shareholders, we have share ownership guidelines for executive officers and directors. Each of the executive officers exceeds the guidelines for ownership of Hecla common shares, and all directors, except for Mr. Crumley, exceed the guidelines for ownership of Hecla common shares.
<b>Board Self-Assessments</b>	Each year, the Board conducts a self-evaluation of its performance and effectiveness. Additionally, each committee conducts an annual self-evaluation of its performance.
<b>Hedging/Pledging Transactions Prohibited</b>	We have an insider trading policy that prohibits executive officers and directors from pledging, short sales and hedging of shares of our common stock.
<b>Performance-Based Compensation</b>	We rely heavily on performance-based compensation for executive officers, including awards of performance-based shares to our Chief Executive Officer.
<b>Clawback Policy</b>	Our Board may require reimbursement of incentive compensation and/or equity awarded to an executive officer if we are required to restate our financial results due to material non-compliance with financial reporting requirements.
<b>Advisory Vote on Executive Compensation</b>	We conduct an annual shareholder advisory vote on named executive officer compensation.
<b>Related Party Transactions</b>	No executive officer or director was involved in a related party transaction in 2014.
<b>Shareholder Rights Plan (Poison Pill)</b>	We do not have a shareholder rights plan.
<b>Oversight of Risk</b>	The Board as a whole exercises its oversight responsibilities with respect to material risks we face, including operational, financial, strategic, competitive, reputational, legal and regulatory risks. The Board has delegated responsibility for the oversight of specific risks to Board committees.
<b>Insider Trading Policy</b>	We have a policy that prohibits all executive officers and directors and certain other employees designated as insiders from purchasing or selling any Company securities three weeks before through two days after the release of any Form 10-Q or Form 10-K, or at other specified times during the year while in possession of material non-public information.
<b>Shareholder Proposals under Rule 14a-8</b>	Shareholder proposals for consideration for inclusion in our 2016 Proxy Statement pursuant to Rule 14a-8 of the Securities Exchange Act of 1934 must be delivered to us by December 10, 2015.
<b>Proposals and Director Nominations Submitted Pursuant to our Bylaws</b>	Notice of shareholder proposals and director nominees for consideration at our 2016 Annual Meeting of Shareholders must be received by us no earlier than January 21, 2016, and no later than February 20, 2016.

**2014 Business Highlights**

We had a very good year in 2014, setting a number of new records in our 124-year history, such as silver reserves, silver production and silver equivalent production, and total revenue. Hecla's net income increased \$42 million compared to 2013 despite lower metals prices. Silver production was 11.1 million ounces and gold was 186,997 ounces, an increase of 24% and

56% respectively over 2013, due principally to a full year of ownership of Casa Berardi and production at Lucky Friday, as well as Greens Creek having an excellent year. In addition, in 2014 we also achieved record sales of \$501 million, a 31% increase over 2013, adjusted EBITDA<sup>1</sup> of \$174.4 million, a 29% increase over 2013,

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<sup>1</sup> Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is a measurement that is not in accordance with U.S. Generally Accepted Accounting Principles ( GAAP ). A reconciliation of this non-GAAP measure to net income (loss), the most comparable GAAP measure, can be found in Appendix A.

2 Proxy Statement Summary

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**Table of Contents****Proxy Statement Summary**

and our Total Shareholder Return ranking for 2014 was second out of a peer group of 12 companies. Additional 2014 highlights include the following:

Cash and cash equivalents of approximately \$209.7 million at year-end, only \$2.5 million less than 2013 year-end;  
 Operating cash flow of \$83.1 million, a 212% increase over 2013, despite the final \$55.4 million payment to satisfy the Coeur d'Alene Basin litigation settlement;  
 Net income applicable to common shareholders of \$17.3 million compared to a loss of \$25.7 million in 2013;  
 Cash costs, after by-product credits, per ounce of silver and gold<sup>2</sup> decreased by 30% and 15%, respectively compared to 2013;  
 Silver equivalent production of 34.5 million ounces for 2014, which is the highest in our history, and is a 50% increase over 2013 and 142% increase over 2012 levels;<sup>3</sup>  
 Lead and zinc production was 33% and 11% higher than 2013 production; and  
 Highest year-end proven and probable silver reserve levels in our history and an increase for the ninth consecutive year despite lower silver price assumptions.

**Shareholder Outreach**

Once again we engaged in a shareholder outreach program in order to hear and understand the issues that our shareholders consider to be important. Members of our management team (excluding named executive officers) sought meetings with each of our largest shareholders, and ultimately met in one-on-one

discussions with shareholders holding over 10% of our common stock. We also engaged in one-on-one discussions with the two major proxy advisory firms. The response was overwhelmingly supportive of the changes we made in our executive compensation program in 2014. See further discussions on pages 27, 29 and 46.

**Key Compensation Actions Taken in 2015 and 2014**

The compensation of our named executive officers for 2014 is more fully described in the Compensation Discussion and Analysis section of this Proxy Statement, starting on page 44. The following includes key issues discussed with shareholders and proxy advisory services.

<b>Pay Component</b>	<b>Comments</b>
<b>Elimination of Excise Tax Gross-Up (p. 64)</b>	In March 2015, the Compensation Committee authorized amending the change in control agreements to eliminate the excise tax gross-up provision for those named executive officers whose agreements still had them. The amended agreements will apply a Best Net After Tax Payment, which reduces the amount received by the executive upon a change in control if the executive would receive a greater after-tax benefit than he would receive if full severance benefits were paid, taking into account all applicable taxes including any excise tax.
<b>Elimination of Single Trigger Equity Vesting (p. 73)</b>	We amended existing agreements to further clarify the double-trigger for equity vesting in a change in control.
<b>Base Salary (p. 53)</b>	There was no increase in base salary for our Chief Executive Officer. We increased base salaries for our Senior Vice President and Chief Financial Officer and Senior Vice President Operations to better align pay to market levels.
<b>Annual Incentive Plan (p. 54)</b>	

We amended the Annual Incentive Plan, starting with the 2014 Annual Incentive Plan, in order for awards to be more formulaic.

There was no increase in incentive opportunity for our Chief Executive Officer in 2014.

We increased annual incentive opportunities for our Senior Vice President and Chief Financial Officer, and Senior Vice President Operations to better align pay to market levels.

We published performance goals for all existing three-year plans under our Long-term Incentive Plan.

We increased the number of units granted under the Long-term Incentive Plan for our Chief Executive Officer, Senior Vice President and Chief Financial Officer, and Senior Vice President Operations to better align pay to market levels, starting with the 2014-2016 Long-term Incentive Plan period.

**Long-term Incentive Plan (p. 60)**

<sup>2</sup>Cash cost, after by-product credits, per ounce of silver and gold is a non-GAAP measurement, a reconciliation of which to cost of sales and other direct production costs and depreciation, depletion and amortization, the most comparable GAAP measure, can be found in Appendix A under Reconciliation of Cash Cost, Before By-product Credits and Cash Cost, After By-product Credits (non-GAAP) to Cost of Sales and Other Direct Production Costs and Depreciation, Depletion and Amortization (GAAP) .

<sup>3</sup>2014 silver equivalent calculation is based on the following prices: \$19.08/oz. for silver, \$1,266/oz. for gold, \$0.95/lb. for lead, and \$0.98/lb. for zinc.

*Continues on next page*

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Pay Component	Comments
<b>Performance-based Shares (awarded to CEO only) (p. 58)</b> <b>Equity Awards (p. 58)</b>	Based on a three-year Total Shareholder Return (TSR). There were no stock options awarded in 2014. Restricted stock units represent 14.7% of the Chief Executive Officer's long-term compensation and 23.7% for all other named executive officers. Restricted stock units were awarded with a three-year vesting schedule.
<b>Director's Compensation (p. 41)</b>	We increased director's equity grants from \$46,000 to \$61,000. We increased committee chair retainers. We increased the Chairman of the Board's annual retainer from \$75,000 to \$90,000.

**Key Elements of Chief Executive Officer Pay Mix for 2014****CHIEF EXECUTIVE OFFICER TOTAL DIRECT COMPENSATION FOR 2014 - \$3,908,538**

Base Salary  
Annual Incentive (cash portion)  
Long-term Incentive (cash portion)  
Annual and Long-term Incentive (equity portion)  
Restricted Stock Units  
Performance-based Shares

2014 Base Salary - \$605,000 (no increase in 2014).

Annual Incentive Plan Payout was \$919,600 (152% of target). For 2014, the Compensation Committee determined that Annual Incentive Plan awards be paid 75% in cash and 25% in Hecla common stock issued under the 2010 Stock Incentive Plan.

Long-term Incentive Plan Payout was \$1,383,938. In February 2012, our Chief Executive Officer was awarded 8,250 units under our 2012-2014 Long-term Incentive Plan. Based on the long-term achievements under this plan period, the plan paid out \$167.75 per unit. For 2014, the Compensation Committee determined that the 2012-2014 Long-term Incentive award be paid 75% in cash and 25% in Hecla common stock issued under the 2010 Stock Incentive Plan.

Restricted Stock Units In June 2014, our Chief Executive Officer was awarded 151,515 restricted stock units with a grant date fair value of \$500,000 (\$3.30 per share), subject to a three-year vesting schedule (one-third in June 2015, one-third in June 2016, and one-third in June 2017).

Performance-based Shares: Awarded 151,515 performance-based shares with a grant date fair value of \$500,000 (\$3.30 per share), the ultimate value of which is based on our three-year TSR ranking in a peer group.

**2014 Summary Compensation and Realized Compensation**

Set forth below is the 2014 compensation for each named executive officer as determined under Securities and Exchange Commission (SEC) rules. Total compensation, as reported in the Summary Compensation Table and calculated under SEC rules, includes several items that are driven by accounting and actuarial assumptions. Accordingly, it is not necessarily reflective of the compensation our named executive officers actually realized in 2014. To supplement that disclosure we have added the W-2/T4 Realized Comp. column to the right of the table below to compare our named executive officers' 2014 compensation as determined under SEC rules with W-2/T4 income for 2014, which is the federally taxable compensation our named executive officers received



in 2014 inclusive of vested stock and

exercised stock options, if any. This supplemental table is not designed to replace the Summary Compensation Table found on page 67, but rather to provide additional, supplemental compensation disclosure. The differences between this supplemental table and the Summary Compensation Table are (i) the supplemental table includes compensation related to stock awards that became fully vested in 2014, whereas the Summary Compensation Table includes compensation for stock awards as it is expensed for financial accounting purposes; (ii) the supplemental table does not reflect the FASB ASC Topic 718 expense associated with equity awards; (iii) the supplemental table includes compensation related to bonuses that were paid in 2014, whereas the Summary Compensation Table includes bonuses as they

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**Proxy Statement Summary**

are expensed for financial accounting purposes; and (iv) the supplemental table does not include in compensation the change in pension value and the Company matching contribution for individual 401(k) deferral. For more

information on total compensation as calculated under SEC rules, see the narrative and footnotes accompanying the Summary Compensation Table for 2014 on page 67.

**2014 Summary Compensation and Realized Compensation**

Name and Principal Position	Salary (\$)	Stock Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings (\$)
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