

HECLA MINING CO/DE/
Form 11-K
June 29, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

- x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934
For the Fiscal Year Ended December 31, 2008
Commission File No. 1-8491
-

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

HECLA MINING COMPANY CAPITAL ACCUMULATION PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Hecla Mining Company

6500 North Mineral Drive, Suite 200
Coeur d Alene, ID 83815-9408

REQUIRED INFORMATION

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(a) Financial Statements:	
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Schedules:	
<u>Schedule of Assets Held for Investment Purposes at Year End</u>	F-16
Schedules I, II and III have been omitted as provided under SEC Release No. 33-6867.	
(b) Exhibits:	
23 Consent of BDO Seidman, LLP to incorporation by reference of their report dated June 29, 2009, on the audit of the financial statements of the Hecla Mining Company Capital Accumulation Plan.	F-19
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the members of the Administrative Committee of the Hecla Mining Company Capital Accumulation Plan have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

HECLA MINING COMPANY CAPITAL ACCUMULATION PLAN

By: /s/ James Sabala
James Sabala, Senior Vice President and
Chief Financial Officer

Date: June 29, 2009

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Report of Independent Registered Public Accounting Firm

To the Participants and Administrative Committee
of the Hecla Mining Company Capital Accumulation Plan
Coeur d'Alene, Idaho

We have audited the accompanying statements of net assets available for benefits of the Hecla Mining Company Capital Accumulation Plan (the Plan) as of December 31, 2008 and 2007, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2008 and 2007, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying supplemental Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ BDO Seidman, LLP

Spokane, Washington

June 29, 2009

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Hecla Mining Company Capital Accumulation Plan

Statements of Net Assets Available for Benefits

<i>December 31,</i>	2008	2007
Assets		
Investments, at fair market value:		
Money market funds	\$ 3,521,828	\$ 1,302,260
Mutual funds	16,218,096	8,060,904
Common stock of Hecla Mining Company, including cash of \$5,765 and \$2,729	1,152,760	593,716
Participant loans	878,190	121,132
Total investments	21,770,874	10,078,012
Receivables:		
Employer contributions	61,042	445,015
Participant contributions	5,056	31,609
Total receivables	66,098	476,624
Net assets available for benefits	\$ 21,836,972	\$ 10,554,636

See accompanying summary of significant accounting policies and notes to financial statements.

Hecla Mining Company Capital Accumulation Plan

Statements of Changes in Net Assets Available for Benefits

<i>Years ended December 31,</i>	2008	2007
Investment (loss) income:		
Interest income money market	\$ 48,048	\$ 60,037
Interest income participant loans	39,585	6,472
Dividend income	539,788	612,296
Net (depreciation) appreciation in fair market value of investments	(8,898,919)	106,778
Total investment (loss) income	(8,271,498)	785,583
Contributions:		
Participants	3,068,351	845,300
Employer matching	1,216,189	112,641
Employer profit sharing contribution		332,374
Total contributions	4,284,540	1,290,315
Deductions:		
Distributions to participants	(784,552)	(668,287)
Total deductions from net assets	(784,552)	(668,287)
Net (decrease) increase in net assets available for benefits	(4,771,510)	1,407,611
Assets transferred into the plan	16,053,846	
Assets transferred out of the plan		(277,056)
Net assets available for benefits:		
Beginning of year	10,554,636	9,424,081
End of year	\$ 21,836,972	\$ 10,554,636

See accompanying summary of significant accounting policies and notes to financial statements.

Hecla Mining Company Capital Accumulation Plan

Summary of Significant Accounting Policies

Basis of Accounting	The Hecla Mining Company Capital Accumulation Plan (Plan) financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.
Investment Valuation and Income Recognition	<p>Investments in mutual funds are reported at quoted market value for the number of shares held by the Plan at year-end. Money market funds are recorded at cost, which approximates fair value. Hecla Mining Company common stock is valued at its quoted market price, per the New York Stock Exchange. Participant loans are stated at their outstanding balances, which approximates fair value.</p> <p>The Plan presents in the statement of changes in net assets available for benefits the net appreciation or depreciation in the fair value of its investments, which consists of the realized gains or losses and the unrealized appreciation or depreciation on those investments. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.</p>
Payment of Benefits	Benefits are recorded when paid.
Use of Estimates	The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ materially from those estimates.
Risks and Uncertainties	The Plan invests in funds that invest in a combination of stocks, bonds, fixed income securities and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

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Hecla Mining Company Capital Accumulation Plan

Summary of Significant Accounting Policies

The fair value of the Plan's investment in Hecla Mining Company common stock amounted to \$1,152,760 and \$593,716 as of December 31, 2008 and 2007, respectively. Such investments represented 5.3% and 5.6% of the Plan's total net assets available for Plan benefits as of December 31, 2008 and 2007, respectively. For risks and uncertainties regarding Hecla Mining Company, participants should refer to the December 31, 2008, Form 10-K and March 31, 2009, Form 10-Q of Hecla Mining Company filed with the Securities and Exchange Commission.

The Plan's investment options include funds that invest in securities of foreign companies, which involve special risks and considerations not typically associated with investing in U.S. companies. These risks include devaluation of currencies, less reliable information about issuers, different securities transaction clearance and settlement practices, and possible adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than securities of comparable U.S. companies.

New Accounting Pronouncements	As of January 1, 2008, the Plan adopted the provisions of Statement on Financial Accounting Standards (SFAS) No. 157 (SFAS 157), <i>Fair Value Measurements</i> , for its investments. SFAS 157 establishes a single authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurement. Although the adoption of SFAS 157 did not materially impact the Plan's financial statements, the Plan is now required to provide additional disclosures as part of its financial statements (see note 6).
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Hecla Mining Company Capital Accumulation Plan

Notes to Financial Statements

1. Description of Plan

The following descriptions and disclosures about the Plan provide only general information. Participants should refer to the Plan document for a more complete description of its provisions.

General

The Plan is a defined contribution plan, which originally became effective on January 1, 1986. The Plan provides for incentive savings through investments, which qualify under the Internal Revenue Service of the United States of America (IRS) section 401(a) for tax deferral status. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Eligible Employees

Effective April 25, 2008, all salaried and substantially all non-union hourly employees of Hecla Mining Company (the Company), and its subsidiaries, who are residents of the United States are immediately eligible to enroll in the plan upon employment. Prior to that date employees were required to have more than two months of service to be eligible to enroll in the Plan effective the first day of the next payroll period. Non-resident aliens that have no earned income from the company within the U.S., hourly employees at the company's Lucky Friday Mine who are included in the United Steelworkers of America Local 5114, and leased employees are not allowed to participate in the Plan.

Contributions

Effective April 25, 2008, the plan was amended to allow non-highly and highly compensated employees, as defined by the plan, to contribute from 1% to 50% of their compensation. Prior to that date non-highly and highly compensated participants, as defined in the Plan, could contribute from 2% to 15% and 2% to 10% of their compensation, respectively. Employees who do not affirmatively specify their instructions with regard to participation in the Plan will automatically have 3% of their compensation reduced for contribution. Total pre-tax contributions may not exceed \$15,500 for the years ended December 31, 2008 and 2007. Contributions may be suspended at any time upon thirty days written notice by the participant. Reinstatement and changes in contributions are effective for the following payroll period. Participants may also contribute amounts to the Plan previously contributed to another qualified plan.

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Hecla Mining Company Capital Accumulation Plan

Notes to Financial Statements

As of the April 25, 2008 amendment date, the Company makes matching contributions equal to 100% on deferred contributions, up to 6% of the participant's compensation. Prior to April 25, 2008, the Company made matching contributions equal to 25%, on deferred contributions, up to 6% of the

participant's compensation. The Company may also make a discretionary profit sharing contribution for any plan year. For the years ended December 31, 2008, and 2007, the Company made profit sharing contributions of \$0 and \$332,374, respectively.

Participant Accounts

Individual accounts are maintained for each participant. Each participant's account is credited with the participant's contribution, employer's matching contribution, if eligible, earnings within the Plan and an allocation of the Company's discretionary profit-sharing contribution, if any. Allocations of the Company's contribution and plan earnings are based on participant account balances, as defined in the Plan document. The participant's benefit is limited to the benefit that has accumulated in the participant's account. Participants may direct the investment of their account balances into the investment options offered by the Plan. Currently the Plan offers sixteen investment options for participants. Participants may elect to change the amounts invested in any one or all of the individual options at any time.

Vesting

Participant contributions and the Company's matching and discretionary contributions are 100% vested at all times.

Payment of Benefits

Distributions are made upon termination of employment, death, disability or retirement. Participants or their beneficiaries will receive payment of benefits as follows: (a) balances of \$5,000 or less will be distributed as soon as administratively feasible, or (b) balances greater than \$5,000 in various optional forms of distribution with written request to the Company for payment. Withdrawals from the Plan may also be made upon circumstances of financial hardship or termination of the Plan, in accordance with provisions specified in the Plan.

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Hecla Mining Company Capital Accumulation Plan

Notes to Financial Statements

Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with prevailing rates as determined by the Plan administrator, which currently range from 5.00% to 9.25%. Principal and interest are repaid ratably through payroll deductions over periods ranging up to 5 years, unless the loan is for the purchase of the participant's principal residence, in which case the Plan Administrator may permit a longer repayment term.

Administrative Expenses

Expenses for administration of the Plan are paid directly by the Company.

2. Investments

All of the plan's assets are managed and held by Vanguard Fiduciary Trust Company, the Trustee, which operates under the direction of certain officers of the company. Participants may invest in one or more of the various mutual funds and money market funds sponsored by the Trustee.

The following investments represent 5% or more of the Plan's net assets:

<i>December 31,</i>	2008	2007
Vanguard Prime Money Market	\$ 3,521,828	\$ 1,302,260
Vanguard Target Retirement 2025	\$ 2,987,561	\$ 1,752,569

Vanguard Target Retirement 2015	\$ 2,502,511	\$ 480,513
Vanguard Target Retirement 2020	\$ 1,903,320	\$
Vanguard Target Retirement 2035	\$ 1,296,264	\$ 463,803
Vanguard Growth & Income	\$ 1,266,028	\$ 1,692,152
Hecla Mining Company Common Stock Fund	\$ 1,152,760	\$ 593,716

The net depreciation of the fair value of mutual funds for 2008 and 2007 was \$7,707,836 and \$50,084, respectively. The net depreciation in the fair value of the common stock of Hecla Mining Company for 2008 was \$1,191,083, while the net appreciation was \$156,862 in 2007.

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Hecla Mining Company Capital Accumulation Plan

Notes to Financial Statements

- 3. Plan Termination** Although it has not expressed intent to do so, the Company has the right, under the Plan, to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. All assets remaining in the Plan after payment of any expenses properly chargeable against the Plan shall be paid to participants in such a manner as the Plan Administrator shall determine.
- 4. Party-in-Interest Transactions** Certain Plan investments are shares of mutual funds managed by Vanguard Fiduciary Trust Company, the trustee, and therefore, these transactions qualify as party-in-interest transactions. Certain Plan investments are shares in Hecla Mining Company common stock; therefore, these transactions also qualify as party-in-interest transactions.
- 5. Income Tax Status** The Plan received a letter from the IRS dated March 31, 2008, informing it that the Plan is qualified and exempt under Section 401(a) of the Internal Revenue Code. The Plan has been amended since receiving the determination letter; however, management of the Company and the Plan Administrator believe the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.
- 6. Fair Value Measurement** Effective January 1, 2008, the Plan adopted the provisions of SFAS No. 157 for its investments. SFAS No. 157 expands disclosure requirements to include the following information for each major category of assets and liabilities that are measured at fair value on a recurring basis:
- a. The fair value measurement;
 - b. The level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3);
 - c. For fair value measurements using significant unobservable inputs (Level 3), a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following:
 - 1) Total gains or losses for the period (realized and unrealized), segregating those gains or losses included in earnings (or changes in net assets), and a description of where those gains or losses included in earnings (or changes in net assets) are reported in the statement of income (or activities);

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Hecla Mining Company Capital Accumulation Plan

Notes to Financial Statements

- 2) The amount of these gains or losses attributable to the change in unrealized gains or losses relating to those assets liabilities still held at the reporting period date and a description of where those unrealized gains or losses are reported;
- 3) Purchases, sales, issuances, and settlements (net); and
- 4) Transfers in and/or out of Level 3.

The following is a description of the valuation methodologies used for Plan assets, as well as the general classification of such items pursuant to the fair value hierarchy of SFAS 157:

Money Market Funds The fair value of the Money Market Funds are determined by the quoted share price on active markets as of the last day of the plan year and are included in Level 1 of the fair value hierarchy.

Mutual Funds The fair value of the Mutual Funds are determined by the quoted share price on active markets as of the last day of the plan year and are included in Level 1 of the fair value hierarchy.

Common Stock of Hecla Mining Company The fair value of the Hecla Common Stock are determined by the quoted share price on active markets as of the last day of the plan year and are included in Level 1 of the fair value hierarchy.

Participant Loans The Participant loans are valued at amortized cost, which approximates fair value and are included in Level 3 of the fair value hierarchy.

The table below sets forth our assets that were accounted for at fair value as of December 31, 2008, and the fair value calculation input hierarchy level that we have determined applies to each asset category.

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Hecla Mining Company Capital Accumulation Plan

Notes to Financial Statements

	Balance at December 31, 2008	Input Hierarchy Level
Money Market Funds	\$ 3,521,828	Level 1
Mutual Funds	\$ 16,218,096	Level 1
Common Stock-Hecla Mining Company	\$ 1,152,760	Level 1
Participant Loans	\$ 878,190	Level 3

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The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2008.

Balance, beginning of year	\$ 121,132
Loan withdrawals, repayments and transfers from other plans, net	757,058
Balance, end of year	\$ 878,190

7. Assets Transferred

On April 16, 2008, the Company completed the acquisition of all of the equity of the Rio Tinto, PLC subsidiaries that held a 70.3% interest in the Greens Creek mine, thus consolidating the Company's ownership. The Company's wholly-owned subsidiary, Hecla Alaska LLC, previously owned an undivided 29.7% joint venture interest in the assets of Greens Creek. The acquisition gives the Company's subsidiaries control of 100% of the Greens Creek mine. As a result, the employees of the Greens Creek mine were given the option to rollover their balances into the Hecla Mining Company Capital Accumulation Plan of which 262 participants exercised this option and transferred approximately \$16.1 million into the Plan. During the year ended December 31, 2007, the Company sold the Hollister Development Block gold exploration project in Nevada to its partner Great Basin Gold, Inc. As a result, assets of \$277,056 were transferred out of the Plan to Great Basin Gold.

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Supplemental Schedule

Hecla Mining Company Capital Accumulation Plan

**Schedule H, Line 4i Schedule of Assets (Held at End of Year)
December 31, 2008**

EIN: 77-0664171
Plan Number: 004

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost **	(e) Current Value
*	Vanguard Prime Money Market Fund	Cash equivalents at various interest rates averaging 2.77% in 2008	**	\$ 3,521,828
*	Vanguard Total Bond Market Index Fund	Mutual fund consisting of 52,676 units	**	\$ 536,242
*	American Funds Growth Fund of America	Mutual fund consisting of 41,403 shares	**	\$ 841,307
*	Vanguard 500 Index Fund	Mutual fund consisting of 4,500 shares	**	\$ 373,938
*	Vanguard Windsor II Fund	Mutual fund consisting of 10,779 shares	**	\$ 205,981
*	Vanguard Growth and Income Fund	Mutual fund consisting of 65,091 shares	**	\$ 1,266,028
*	Vanguard Target Retirement 2005 Fund	Mutual fund consisting of 4,010 shares	**	\$ 38,859
*	Vanguard Target Retirement 2015 Fund	Mutual fund consisting of 262,043 shares	**	\$ 2,502,511
*	Vanguard Target Retirement 2025 Fund	Mutual fund consisting of 322,283 shares	**	\$ 2,987,561
*	Vanguard Target Retirement 2035 Fund	Mutual fund consisting of 140,137 shares	**	\$ 1,296,264

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**Hecla Mining Company
Capital Accumulation Plan**

Schedule H, Line 4i Schedule of Assets (Held at End of Year)
December 31, 2008

EIN: 77-0664171
Plan Number: 004

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost **	(e) Current Value
*	Vanguard Target Retirement 2045 Fund	Mutual fund consisting of 40,376 shares	**	\$ 386,396
*	Vanguard Target Retirement 2010 Fund	Mutual fund consisting of 47,922 shares	**	\$ 843,912
*	Vanguard Target Retirement 2020 Fund	Mutual fund consisting of 114,865 shares	**	\$ 1,903,320
*	Vanguard Target Retirement 2030 Fund	Mutual fund consisting of 65,589 shares	**	\$ 1,019,247
*	Vanguard Target Retirement 2040 Fund	Mutual fund consisting of 29,024 shares	**	\$ 439,140
*	Vanguard Target Retirement 2050 Fund	Mutual fund consisting of 14,793 shares	**	\$ 224,563
	Artisan International Fund	Mutual fund consisting of 55,078 shares	**	\$ 823,970
*	Vanguard Strategic Equity Fund	Mutual fund consisting of 29,794 shares	**	\$ 348,589
	Third Avenue Small-Cap Value Fund	Mutual fund consisting of 10,859 shares	**	\$ 158,861
*	Vanguard Target Retirement Income	Mutual fund consisting of 2,249 shares	**	\$ 21,407
*	Hecla Mining Company Common Stock	Common stock of the Company consisting of 409,641 shares, par value \$0.25	**	\$ 1,152,760

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Hecla Mining Company Capital Accumulation Plan

Schedule H, Line 4i Schedule of Assets (Held at End of Year)
December 31, 2008

EIN: 77-0664171
 Plan Number: 004

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost **	(e) Current Value
*	Participant loans	99 loans with interest rates ranging from 5.00% - 9.25% maturing through February 2026	**	\$ 878,190

* Represents party-in-interest to the Plan

** The cost of participant directed investments is not required to be disclosed.