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"Goldcorp and Glamis: All Shareholders Should Have a Say", According to The Anderson Governance Group

As it calls for open debate on the merits - and appropriate mechanisms - of shareholder involvement in corporate decision-making

TORONTO, ONTARIO-- David Anderson, President of The Anderson Governance Group, called today for a constructive dialogue among shareholders, directors, executives and regulators on the matter of shareholder involvement in corporate decision-making. What follows is a statement by David Anderson:

"The evolution of corporate governance is entering a new phase. In the last 5 years we have witnessed an unparalleled transfer of power from management to the board. Shareholders have played an active role in encouraging directors to defend their interests. The results have been clear: better informed directors, more rigorous debate around the boardroom table, and a new ethos of transparency and accountability.

To do their job best, directors have made a counter-intuitive discovery: they must become strategic partners with management, embracing with mature collegiality and renewed understanding and respect, their responsibilities in spite of their different but complementary roles. This is not the distant and impartial oversight envisioned by investors and regulators as the antidote to the clubby and ineffective boards that previously failed in their duties.

To their credit, investors have recognized the wisdom of directors and have granted them license to partner with management on the condition that they, as owners, have a clear mechanism to render their judgment on the effectiveness of directors and their decisions. Voting for directors on an individual basis, as opposed to a slate, permits shareholders to voice with greater specificity who will best represent their interests. Voting on issues of strategic relevance to the organization gives shareholders a clear voice on matters affecting their investment.

It is at this juncture where the debate is being waged so actively today. I make two propositions that, in my experience, find widespread agreement among those concerned with the integrity of our capital markets:

1. Executives and the boards they serve are best placed to decide on the appropriate risk profile for the organization and strategies necessary to achieve the potential benefit implied by that risk profile in the three core markets in which directors must render judgment: capital, product, and talent.
2. Shareholders, having chosen to invest in an organization based on its established risk profile and strategic choices, ought to be consulted when material changes to that risk profile or the capital structure that underpins it are being proposed.

These propositions have both philosophical and practical roots and implications. It is the second proposition that I address here, as it is at the heart of the dispute between Mr. McEwen and Goldcorp.

Goldcorp has made a business decision to acquire Glamis with newly-minted equity equivalent to 67% of the outstanding shares. The quality of the business decision is beyond my expertise, as is the legal question as to whether the proposed transaction contravenes Ontario law which requires shareholder approval for fundamental corporate changes. But the larger question is not what is required by law in such a transaction, but rather, does the nature of this transaction warrant the legitimacy of shareholder approval?

Goldcorp's business case may be solid; the legal underpinnings secure. Nonetheless, the truly important question remains: should shareholders have a voice? And if so, in what circumstances, on the specific facts in this case and more generally?

I believe that Goldcorp's shareholders should be consulted. Not on the strength of business judgment or legal perspective, but on the principle that shareholders deserve a means of voicing approval and dissent for

proposals that alter significantly the risk profile and underlying capital structure of an organization.

In five years, this debate will seem antiquated, just as the debate surrounding CEO-Chair separation in Canada is today. But the need to foster vitality and depth in our capital markets will be just as important then as it is now. Decisions we make today will create the future in which our companies will compete for global capital and talent.

For Canadian markets to be secure and our companies successful, I believe we need a robust governance culture; one that supports transparency and accountability in our companies and complementary power in the framework of rules and expectations those companies inhabit. Directors, executives and investors each have valid interests - sometimes in common and sometimes at odds with each other. We need vital leadership today that chooses a higher standard of governance, despite narrow, short term interests.

This is why I believe that directors, executives, shareholders and regulators need to engage in a constructive debate on the merits - and appropriate mechanisms - of shareholder involvement in corporate decision-making. This debate should seek to answer these questions of shareholder involvement not only for the specific issues raised in this commentary, but also as regards to such matters as director compensation, use of options, managing conflicts of interest in related party transactions and insider trading.

And so the evolution of governance continues apace. The issues are real, the stakes are high and the outcome is yet to be determined. Rob McEwen has ignited this latest debate. Whatever the outcome, McEwen deserves thanks for putting himself on the line in the name of shareholder rights."

About The Anderson Governance Group

The Anderson Governance Group (www.taggra.com) is an advisory firm dedicated to assisting corporate boards and management teams enhance leadership and governance effectiveness. The firm advises boards, regulators and investors both nationally and internationally.

David Anderson, President of The Anderson Governance Group, writes and speaks widely on leadership in governance and management. He authors a regular column entitled "Inside the Boardroom" for Director, published by the Institute of Corporate Directors (ICD) in Canada and co-wrote the 2001 Blue Ribbon Commission Report on Board Evaluation for the National Association of Corporate Directors (NACD) in the US. David has served as Special Advisor to four other Blue Ribbon Commissions of the NACD.

David holds a PhD in Industrial and Organizational Psychology from The University of Western Ontario, where he instructed Organizational Behaviour and led numerous research initiatives with industry for the Research Unit on Work and Productivity. In addition, David is a member of the Society for Industrial and Organizational Psychology, the American Psychological Association, and the Canadian Institute of Strategic Studies.

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