CASS INFORMATION SYSTEMS INC
Form DEF 14A
March 15, 2005

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant |X|

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))
|X| Definitive Proxy Statement
|_| Definitive Additional Materials
|_| Soliciting Material Pursuant to ss.240.14a-12

CASS INFORMATION SYSTEMS, INC.

(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):

|X| No fee required.

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(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

CASS INFORMATION SYSTEMS, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held on

April 18, 2005

TO THE SHAREHOLDERS:

The Annual Meeting of Shareholders of Cass Information Systems, Inc. will be held at the offices of Cass Information Systems, Inc. located at 13001 Hollenberg Drive, Bridgeton, Missouri on Monday, April 18, 2005, at 11:00 a.m., for the following purposes:

1. To elect four Directors, each to serve for a three-year term;

2. To act upon such other matters as may properly come before the meeting.

The close of business on March 7, 2005 has been fixed as the record date for determining shareholders entitled to notice of and to vote at the Meeting.

By Order of the Board of Directors,

Eric H. Brunngraber
Secretary

March 15, 2005
Bridgeton, Missouri

ALL SHAREHOLDERS ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. WHETHER OR NOT YOU INTEND TO BE PRESENT, IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AND VOTED AT THE ANNUAL MEETING. YOU CAN VOTE YOUR SHARES BY ONE OF THE FOLLOWING METHODS: VOTE OVER THE INTERNET OR BY TELEPHONE USING THE INSTRUCTIONS ON THE ENCLOSED PROXY CARD, OR MARK, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD. THE PRESENCE, IN PERSON OR BY PROPERLY EXECUTED PROXY, OF A MAJORITY OF THE COMMON STOCK OUTSTANDING ON THE RECORD DATE IS NECESSARY TO CONSTITUTE A QUORUM AT THE ANNUAL MEETING.

CASS INFORMATION SYSTEMS, INC.
13001 Hollenberg Drive
Bridgeton, Missouri 63044

PROXY STATEMENT

Annual Meeting of Shareholders
to be held April 18, 2005

This Proxy Statement is being furnished to the common shareholders of Cass Information Systems, Inc. (the "Company") on or about March 15, 2005 in connection with the solicitation of proxies on behalf of the Board of Directors of the Company (the "Board) for use at the annual meeting of shareholders (the "Annual Meeting") to be held on April 18, 2005 at the time and place and for the purposes set forth in the accompanying Notice of Annual Meeting, and at any adjournment or postponement of that meeting.

Holders of shares of Common Stock, par value $.50 per share ("Shares" or the "Common Stock"), of the Company at its close of business on March 7, 2005 (the "Record Date") are entitled to receive notice of and vote at the Annual Meeting. On the Record Date, 3,675,757 shares of Common Stock were outstanding. Holders of record of Common Stock (the "Shareholders") are entitled to one vote per share of Common Stock they held of record on the Record Date on each matter that may properly come before the Annual Meeting. Company management ("Management"), and members of the Board (the "Board"), in the aggregate, directly or indirectly controlled approximately 26.08% of the Common Stock outstanding on the Record Date.

Shareholders of record on the Record Date are entitled to cast their votes in person or by properly executed proxies at the Annual Meeting. The presence, in person or by properly executed proxy, of a majority of the Common Stock outstanding on the Record Date is necessary to constitute a quorum at the Annual Meeting. If a quorum is not present at the time the Annual Meeting is convened, the Company may adjourn or postpone the Annual Meeting.

A plurality of the votes of Shareholders cast at the Annual Meeting is required for the election of each director. Abstentions are counted in the number of shares present for purposes of determining whether a quorum is present, and are counted as having voted on each matter presented for vote. As a result, an abstention has the same effect as a vote against a proposal, but will have no effect on the vote to elect directors. Broker non-votes are counted in the number of shares present for purposes of determining whether a quorum is present, but as not being present as to matters for which voting instructions are not given. As a result, broker non-votes will not affect voting on any matter voted on at the meeting.

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (i) filing with the Secretary of the Company, at or before the Annual Meeting, a written notice of revocation bearing a date later than the date of the proxy, (ii) duly executing and dating a subsequent proxy relating to the Common Stock and delivering it to the Secretary of the Company at or before the vote is taken at the Annual Meeting, or (iii) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy). Any written notice revoking a proxy should be sent to Eric H. Brunngraber, Secretary, Cass Information Systems, Inc., 13001 Hollenberg Drive, Bridgeton, Missouri 63044 (telephone number (314) 506-5500).

All Common Stock represented at the Annual Meeting by properly executed proxies received prior to or at the Annual Meeting and not properly revoked will be voted at the Annual Meeting in accordance with the instructions indicated in such proxies. If no instructions are indicated, such proxies will be voted FOR the election of the Board's director nominees. The Board of the Company does not know of any matters other than the matters described in the Notice of Annual Meeting attached to the Proxy Statement that will come before the Annual Meeting.

The Board of the Company solicits the proxies. In addition to the use of the mails, proxies may be solicited personally or by telephone or facsimile transmission, by directors, officers or regular employees of the Company or persons employed by the Company for the purpose of soliciting proxies. It is contemplated that brokerage houses, custodians, nominees and fiduciaries will be requested to forward the soliciting material to the beneficial owners of Common Stock held of record by such persons, and will be reimbursed by the Company for expenses incurred therewith. The cost of solicitation of proxies will be borne by the Company.

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ELECTION OF DIRECTORS

Pursuant to the by-laws of the Company, the Company's Board consists of twelve members and is divided into three classes of approximately equal numbers of directors. Each director is elected for a three-year term, and the term of each class of directors expires in successive years.

The following information is submitted respecting the members of the Company's Board whose terms will continue after the meeting, together with the nominees for election to the Board:

Nominees for election at this meeting to a term expiring in 2008:

K. Dane Brooksher	Mr. Brooksher, 66, is Chairman of the Board of ProLogis, a leading provider of distribution facilities. He has been with ProLogis since 1993 and has held positions including Chief Operating Officer ("COO"), Co-Chairman and Chief Executive Officer ("CEO"). Prior to joining ProLogis, he spent over 32 years with KPMG, serving as the Mid-West area-managing partner and Chicago office-managing partner, as well as serving on the firm's Board of Directors, Management Committee and as International Development Partner. Mr. Brooksher is currently a director of Qwest Communications International, Inc., Butler Manufacturing Company, Pactiv Corporation, National Association of Manufacturers, and Colorado Forum, and is a current member of the Advisory Board of the J. L. Kellogg Graduate School of Management, Northwestern University.
Eric H. Brunngraber	Mr. Brunngraber, 48, has been a director since 2003. He has served as Chief Financial Officer ("CFO") of the Company since 1997. He has held numerous positions with the Company since his employment began in 1979, including Executive Vice President-Secretary of the Company's bank subsidiary. Mr. Brunngraber has been active in various civic, charitable, professional and

	church-related groups. He is a current board member of the St. Louis Equity Fund, Inc.
Bryan S. Chapell	Dr. Chapell, 50, has been a director since 1998. Dr. Chapell joined the faculty of Covenant Theological Seminary in 1985, and has served as seminary president since 1994. Dr. Chapell has obtained degrees from Northwestern University, Covenant Theological Seminary, and Southern Illinois University and has authored numerous books and publications.
Benjamin F. Edwards, IV	Mr. Edwards, 49, has been with A. G. Edwards & Sons, Inc., one of the nation's largest investment firms, since 1977. He is currently the branch manager of the firm's Town & Country, Missouri office. He has also been a member of the Board of Directors of A. G. Edwards since 1994. During his career with A. G. Edwards he has held positions including Employment Manager, Financial Advisor, Associate Branch Manager, Regional Officer, Director of Sales and Marketing, and President. He serves on the Advisory Boards of Sunshine Missions, Bethesda Hospital and Homes, Trinity University, and Covenant Theological Seminary. Mr. Edwards is also a board member of The Missouri Historical Society and serves on the Investment Advisory Committee of The American Legacy Foundation.

The Company's Board recommends a vote FOR the four nominees for election to the Board of Directors.

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Directors whose terms expire in 2007:

Lawrence A. Collett	Mr. Collett, 62, has been a director since 1983. He has been the CEO and Chairman of the Board of the Company since 1990 and 1992, respectively. He began his career at Cass in 1963 and served as Executive Vice President from 1974 to 1983 and President of the Company from 1983 to 1990. He has held numerous positions with civic, charitable, and church-related institutions. Mr. Collett is a current member of the St. Louis Regional Business Council.
Wayne J. Grace	Mr. Grace, 64, has been a director since 2003. He has been the Managing Director of UHY Advisors, Tax and Business Consultants, since 2004. He was the founder and Managing Director of Grace Advisors, Inc. from 1983 to 2004. From 1966 to 1983, he was the Managing Partner of the St. Louis office of Fox & Company, where he served as a member of the National Consulting Services Steering Committee. Mr. Grace serves on the Board of Managers for the YMCA of the Ozarks.
Irving A. Shepard	Mr. Shepard, 87, has been a director since 1970. He is the President of Venture Consulting, a

	nationwide consulting firm. He has held numerous engineering positions throughout his career, including Aerodynamicst, Chief of Flight Test with McDonnell Aircraft, President of Shepard Engineering Company, and President and CEO of Chromalloy American Corporation. Mr. Shepard currently serves on the Board of Essex Industries, a St. Louis-based firm.
Andrew J. Signorelli	Mr. Signorelli, 65, has been a director since 1986. He currently serves as CEO of Andrews Educational & Research Center and Hope Educational & Research Center, which he founded in the early 1980's. He has also served as Administrator for St. Louis University Association from 1963 to 1965, and Faith Hospital Association from 1965 to 1986. Mr. Signorelli is a member of the Board of Directors for Andrews and Hope Educational & Research Centers, as well as various other private corporations located in the St. Louis area.

Directors whose terms expire in 2006:

Robert J. Bodine	Mr. Bodine, 80, has been a director since 1966. He is Chairman Emeritus and former CEO of Bodine Aluminum, Inc. where he served from 1947 to 1990. He is an active member of numerous civic and charitable organizations, including Chairman of the Aluminum Association-Foundry Division, Past Board Chairman of the St. Louis Salvation Army, Board Trustee of the St. Louis Zoo, and board member of St. Joseph Hospital, located in Kirkwood, Missouri.
Thomas J. Fucoloro	Mr. Fucoloro, 79, has been a director since 1986. He is the former CEO of Todd Uniform, a manufacturer and marketer of customized uniforms for North American businesses. He presently serves on the Board of Directors of Catholic Youth Council, a charitable organization that provides services to over 90,000 youth and young adults in its Catholic scouting and sports programs.
Harry J. Krieg	Mr. Krieg, 80, has been a director since 1962. He is Chairman Emeritus of the Board of Directors of the Company. He began his career with the Company in 1955. He served as the President of Cass Bank & Trust Company (presently known as Cass Commercial Bank, the banking subsidiary of the Company) from 1964 to 1969. He became CEO and Chairman in 1969 and 1974, respectively. Mr. Krieg also served as CEO and Chairman of Cass Commercial Corporation (the predecessor name of the Company) until 1992.
Howard A. Kuehner	Mr. Kuehner, 89, has been a director since 1966. He is retired from the insurance industry, where he spent a number of years with Daniel & Henry Insurance Agency and Rebholz Insurance Agency. He was the founder of Kuehner Insurance Agency and served as the past president of the Insurance Association of St. Louis.

Board and Committee Membership

The Company's Board oversees and guides the Company's management and its business. Committees support the role of the Board on issues that benefit from consideration by a smaller, more focused subset of directors.

Each director that is not an officer of the Company received compensation for his services. During 2004, the regular attendance fee for Board meetings and Committee meetings was $600 and $400, respectively. Additionally, effective March 1, 2004, the monthly retainer fee increased from $300 to $500, and the Committee Chairman attendance fee increased from $400 to $500. Upon re-election to the Board, each director who was not an officer of the Company received 300 shares of restricted stock, carrying voting and dividend rights. Shares are subject to a three-year vesting schedule, with 1/3 of the shares vesting each year on the anniversary date of the awards.

Based on the independence standards defined by the Nasdaq rules, the Board has determined in its business judgment that each of the non-management directors on the Board is independent. Mr. Collett and Mr. Brunngraber are members of Management and as a result are not considered independent directors.

During 2004, there were 12 meetings of the Board. Each director attended at least 75% of the aggregate number of meetings of the Board and committees on which he served. The Company's directors are encouraged, but not required, to attend the Company's Annual Meeting of shareholders. Eight directors attended the 2004 Annual Meeting.

The following table presents, as of March 7, 2005, the key Committees of the Board, the number of times each such Committee met in 2004 (in parentheses) and the membership of such Committees:

Audit (6)	Nominating and Corporate Governance (9)	Compensation (4)
Wayne J. Grace*	Bryan S. Chapell	Robert J. Bodine
Harry J. Krieg	Wayne J. Grace	Irving A. Shepard
Irving A. Shepard	Harry J. Krieg*	Andrew J. Signorelli*

*Committee Chairman

The Audit Committee is composed entirely of independent directors, as defined by the Nasdaq listing standards, and operates pursuant to a written charter, included as Exhibit I and available on the Company's website at www.cassinfo.com. The Committee is responsible for appointing and terminating the independent auditors for the Company, and meeting with the independent auditors and other corporate officers to review matters relating to corporate financial reporting and accounting procedures and policies. Among other responsibilities, the Audit Committee also reviews financial information provided to Shareholders and others, assesses the adequacy of financial, accounting, operating and disclosure controls, evaluates the scope of the audits of the independent auditors and reports on the results of such reviews to the Board. In addition, the Committee assists the Board in its oversight of the performance of the Company's internal auditors. The Committee meets with the internal auditors on a quarterly basis to review the scope and results of such services. The Board has determined that Mr. Grace and Mr. Krieg serve as "audit committee financial experts", as defined by the Securities and Exchange Commission (SEC) and the Nasdaq listing rules.

The Nominating and Corporate Governance Committee is composed entirely of independent directors, as defined by the Nasdaq listing standards, and operates pursuant to a written charter, which is available on the Company's website at www.cassinfo.com. The Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to become members of the Board, recommending director nominees and developing and addressing corporate governance principles and issues applicable to the Company and its subsidiaries. In recommending director nominees to the Board, the Committee solicits candidate recommendations from its own members, other directors and management. No person who has reached the age of 80 prior to the election date may be nominated for election or re-election to the Board. Although the Nominating and Corporate Governance Committee does not specifically solicit suggestions for possible candidates from Shareholders, the Committee will consider candidates meeting the criteria set by the Committee, with the concurrence of the full Board and re-evaluated periodically, including those criteria set out in the Committee's charter. Suggestions, together with a description of the proposed nominee's qualifications, other relevant biographical information and an indication of the willingness of the proposed nominee to serve, should be sent to the Nominating and Corporate Governance Committee, c/o Eric H. Brunngraber, Secretary, Cass Information Systems, Inc., 13001 Hollenberg Drive, Bridgeton, Missouri 63044.

The Compensation Committee is composed entirely of independent directors, as defined by the Nasdaq listing standards, and operates pursuant to a written charter, which is available on the Company's website at www.cassinfo.com.

The Committee reviews and recommends to the Board the salaries and all other forms of compensation of the officers of the Company and its subsidiaries.

Report of the Audit Committee

The Audit Committee, composed entirely of independent directors, assists the Board in its oversight of (1) the integrity of the financial statements of the Company, (2) the independent auditors' qualifications and independence (3) the performance of the independent auditors and the Company's internal audit function, and (4) the compliance by the Company with legal and regulatory requirements. The Audit Committee operates pursuant to a written charter that was last revised and adopted in January 2005, and is attached as Exhibit I to this Proxy Statement.

In the performance of its oversight function and in connection with the December 31, 2004 consolidated financial statements, the Audit Committee reviewed and discussed the audited consolidated financial statements with Management and the independent auditors. The Committee also discussed with the independent auditors the matters required by Statement on Auditing Standards No. 61, Communications with Audit Committees, as currently in effect. The Committee has also received and discussed with the independent auditors the matters required by Independence Standards Board Statement No. 1, Independence Discussions with Audit Committees, as currently in effect. The Committee has considered whether the provision of all non-audit services to the Company by the independent auditors is compatible with maintaining the auditors' independence and has discussed with them their independence.

Based upon these reviews and discussions, and the roles and responsibilities of the Committee outlined in its charter, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in the Annual Report on Form 10-K filed with the SEC.

Wayne J. Grace, Chairman
Harry J. Krieg

Irving A. Shepard

Report of the Compensation Committee

The Compensation Committee is appointed by the Board and is composed of three independent directors, as defined by the Nasdaq listing standards, one of whom serves as chairman of the Committee. The Committee operates under a written charter approved by the Board; the charter is available on the Company's website at www.cassinfo.com. The Committee establishes and administers the Company's executive compensation programs and benefits. During the year, the Committee analyzed, reviewed and approved each of these programs. While the Committee may seek input occasionally from the CEO, the CFO or the Director of Human Resources, all matters are independently resolved and decided without the presence or voting of any officer of the Company or its subsidiaries. The Compensation Committee of the Board is also responsible for recommending salary levels for executive officers to the Board of the Company and recommending the overall levels of salary compensation for all Company employees.

The Committee's goal with regard to executive compensation has been to develop and provide a combination of programs that enable the Company to attract and retain competent executive officers and other management personnel with the capabilities and experience necessary to continue leading the Company in meeting its objectives and in furthering its growth and profitability. Additionally, the Committee's goal is to reward executives and managers in accordance with the results that are accomplished. The Committee believes that total compensation should be related to profits and to the performance of the Company. For this reason, overall compensation is tied to incentive bonus plans that are directly related to the Company's earnings.

In order to determine the levels of peer compensation within its industry, the Committee utilizes the services of Peter R. Johnson & Company of West Chester, Pennsylvania. Additionally, when evaluating the cash compensation and stock incentives for senior executive management, the Committee utilizes the services of Towers Perrin and other sources for comparison to compensation levels at companies performing in industries similar to those of the Company. For peer group comparison, compensation data is gathered from both the Financial Services and Professional/Business Services industries. In setting executive compensation, the Company strives to maintain a target range of 95% of the 50th percentile of the total compensation data from such comparable industries. The Committee considers stock options and restricted stock grants to be a significant motivational tool for rewarding its executive officers and senior management. Stock options and grants provided under the Company's stock incentive programs are awarded primarily on the basis of performance of the Company, performance of the individual operating subsidiaries, relationship of the Company's performance to other companies in its peer group, and the recommendation of the CEO regarding the individual's performance. The Company has also developed supplemental guidelines for stock compensation based on the return on investment received. Because of the relatively small number of restricted stock options and shares held by the Company's executive officers, the Committee has not considered such restricted stock options and shares as a factor in granting additional restricted shares and options.

The Committee also considers the potential impact of Section 162(m) of the Internal Revenue Code of 1986, as amended ("Section 162(m)") and has determined that Section 162(m) will not prevent the Corporation from receiving a tax deduction for any of the compensation paid to executive officers.

The Committee seeks to maintain salaries at levels competitive with peer groups. Bonuses are available to all personnel in the Company based upon the level of profits before taxes achieved by the Company. These bonuses are distributed on the basis of merit. Performance is measured on the basis of several factors deemed relevant and bonuses are calculated on the basis of these evaluations. The pool available for executive bonuses is formula-driven and is based on the size of the overall bonus pool, which is determined by the level of earnings achieved before taxes. The portion available for executive bonuses takes into consideration such factors as the return on investment and the growth in the Company's net profits after taxes. The determination of salaries for the Company's executive officers is a subjective process, which consists of individual performance, growth in the Company's profits, resources, and the quality of the Company's operations, as well as adherence to regulatory requirements. The amount of bonuses available for executive officers is a percentage of the profit-sharing allocation for all staff members and is based on the growth in net earnings of the Company. Because the Company's net earnings in 2004 were greater than in 2003, the amount available for executive officers in 2004 was comparable to the 2003 levels, and most of the executives received bonuses in 2004 comparable or slightly higher than those received in 2003 due to the level of profits achieved in 2004.

The Committee reviews salaries of the CEO, CFO and other executive officers annually in January for the current fiscal year. Bonuses are calculated in July and January, and relate directly to the profit performance for the year. The CEO's bonus is a percentage of total profit sharing allocations and fluctuates with the Company's return on equity. The CEO's salary was increased in 2004 due to improved profitability in 2003. The CEO's bonus for 2004 was directly related to profit performance in 2004 and was slightly higher than that received in 2003. In 2004, the CEO also received long-term incentive awards based on results of 2003 in the form of incentive stock options and restricted stock grants in conjunction with the plans adopted by the Committee and approved by the Board.

Andrew J. Signorelli, Chairman
Robert J. Bodine
Irving A. Shepard

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is or was during the year ended December 31, 2004 an officer, former officer or employee of the Company or any of its subsidiaries or a person having a relationship requiring disclosure by the Company pursuant to item 404 of SEC Regulation S-K. No executive officer of the Company served as a member of (i) the compensation committee of another entity in which one of the executive officers of such entity served on the Company's Compensation Committee or (ii) the Board of another entity in which one of the executive officers of such entity served on the Company's Board, during the year ended December 31, 2004.

Code of Conduct and Business Ethics

The Company has adopted a Code of Conduct and Business Ethics policy, applicable to all Company directors, executive officers, and employees. Pursuant to Nasdaq listing requirements, the policy is publicly available and can be viewed on the Company's website at www.cassinfo.com.

Communications with the Board of Directors

Shareholders may communicate with any and all members of the Board by transmitting correspondence to the following address or fax number:

Name of Director(s)
c/o Eric H. Brunngraber, Secretary
Cass Information Systems, Inc.
13001 Hollenberg Drive
Bridgeton, Missouri 63044
(314) 506-5560 (fax)

The Secretary will forward all correspondence to the Chairman of the Board or the identified director as soon as practicable. Communications that are abusive, in bad taste or that present a safety or security concern may be handled differently. Correspondence addressed to the full Board will be forwarded to the Chairman of the Board. As deemed necessary, the Chairman will present the correspondence to the full Board or a committee thereof. If a response to the communication is warranted, the content and method of the response may be coordinated with the Company's legal counsel.

Performance Quoted on The Nasdaq Stock Market for the last Five Fiscal Years

The following graph compares the cumulative total returns over the last five fiscal years of a hypothetical investment of $100 in shares of Common Stock of the Company with a hypothetical investment of $100 in the Nasdaq Stock Market (US) and in the index of Nasdaq Computer and Data Processing Stocks. The graph assumes $100 was invested on December 31, 1999, with dividends reinvested. Returns are based on period end prices.

[PERFORMANCE CHART]

[The following table was depicted as a Performance Chart in the printed materials.]

		Cass Information Systems, Inc.	Nasdaq Stock Market (US)	Nasdaq Computer and Data Processing Stocks
12/31/1999	12/31/1999	100.000	100.000	100.000
1/31/2000		99.383	96.325	88.277
2/29/2000		101.235	114.691	104.383
3/31/2000		98.494	112.351	98.474
4/28/2000		104.728	94.493	75.424
5/31/2000		105.351	83.095	66.225
6/30/2000		104.473	97.685	80.351
7/31/2000		102.585	92.578	72.151
8/31/2000		97.927	103.521	81.310
9/29/2000		89.025	90.070	74.320
10/31/2000		87.753	82.667	68.017
11/30/2000		93.635	63.691	49.336
12/29/2000	12/29/2000	90.007	60.308	45.880
1/31/2001		115.081	67.612	53.049
2/28/2001		105.437	52.338	40.574
3/30/2001		95.421	44.977	33.469
4/30/2001		101.549	51.685	41.120
5/31/2001		103.341	51.628	41.188
6/29/2001		103.822	53.038	43.579
7/31/2001		104.923	49.669	38.241
8/31/2001		104.608	44.261	31.556
9/28/2001		111.335	36.803	26.655
10/31/2001		111.229	41.527	30.987
11/30/2001		125.000	47.439	35.154
12/31/2001	12/31/2001	130.867	47.837	36.945

1/31/2002		130.867	47.475	36.752
2/28/2002		133.939	42.537	33.118
3/30/2002		135.125	45.327	34.091
4/30/2002		133.536	41.562	28.862
5/31/2002		134.990	39.729	27.018
6/29/2002		135.147	36.130	27.095
7/31/2002		132.412	32.832	23.796
8/31/2002		124.835	32.484	23.915
9/28/2002		136.742	28.991	20.959
10/31/2002		127.727	32.951	25.335
11/30/2002		133.476	36.625	28.670
12/31/2002	12/31/2002	142.570	33.073	25.477
1/31/2003		147.206	32.716	24.908
2/28/2003		153.697	33.175	24.761
3/30/2003		153.316	33.271	24.820
4/30/2003		189.060	36.295	26.746
5/31/2003		154.192	39.482	28.154
6/29/2003		175.824	40.115	28.796
7/31/2003		171.675	42.879	29.798
8/31/2003		183.917	44.748	31.157
9/28/2003		195.274	44.166	31.434
10/31/2003		183.365	47.721	32.443
11/30/2003		177.530	48.428	32.244
12/31/2003	12/31/2003	197.504	49.449	33.563
1/29/2004		189.638	50.914	34.453
2/26/2004		205.312	49.956	33.059
3/31/2004		225.565	49.104	31.358
4/30/2004		235.936	47.477	30.804
5/28/2004		256.286	49.055	32.113
6/30/2004		264.272	50.562	34.105
7/30/2004		267.260	46.705	31.515
8/31/2004		249.000	45.561	30.224
9/30/2004		246.975	46.920	31.891
10/29/2004		246.975	48.822	33.595
11/30/2004		234.960	51.830	35.854
12/31/2004	12/31/2004	234.624	53.813	36.967

EXECUTIVE OFFICERS

The following tables list all executive officers of the Company, their ages, their position(s) with the Company, and compensation information. All officers serve at the pleasure of the Company's Board.

Lawrence A. Collett	Information on Mr. Collett can be found in the Section "Election of Directors."
Eric H. Brunngraber	Information on Mr. Brunngraber can be found in the Section "Election of Directors."
Harry M. Murray	Mr. Murray, 51, has been Executive Vice President since 2003. He has held various positions with the Company since his initial employment in 1982, including COO - Utility Division from 2000 to 2003, and Executive Vice President - Operations from 1995 to 2000.
John F. Pickering	Mr. Pickering, 53, has been COO - Transportation Information Services since 2001. He has held

	various positions with the Company since 1977, including President - Transportation Information Services from 1998 to 2001.
Gary B. Langfitt	Mr. Langfitt, 49, has been COO - Utility Information Services since 2003. Prior to that he was Vice President, Sales and Marketing - Utility Division since joining the Company in 1999.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation		Long Term Compensation	
		Salary ($)	Bonus ($)	Restricted Stock, ($) Awards (1)	Securities Underlying Options (#
Lawrence A. Collett	2004	$410,000	$ 59,100	$ 42,988	4,260
Chairman and	2003	365,000	60,900	67,716	9,029
CEO	2002	341,000	58,000	--	--
of the Company and subsidiaries					
Eric H. Brunngraber	2004	$202,000	$ 36,000	$ 16,226	1,610
CFO and	2003	181,600	33,000	22,275	2,970
Vice President - Secretary	2002	156,600	29,000	--	--
of the Company and subsidiaries					
Harry M. Murray	2004	$180,000	$ 32,000	$ 6,354	530
Executive Vice President	2003	170,000	30,500	15,042	1,818
	2002	150,000	21,000	--	--
John F. Pickering	2004	$153,400	$ 26,000	$ 5,600	467
Chief Operating Officer -	2003	150,000	24,000	--	--
Transportation Information	2002	150,000	19,080	--	--
Services					
Gary B. Langfitt	2004	$120,000	$ 55,436	$ 4,093	343
Chief Operating Officer -	2003	110,000	112,041	--	--
Utility Information	2002	104,000	55,090	--	--
Services					

(1) This item shows the grant date value of restricted stock awards, pursuant to the terms of the Company's 1995 Restricted Stock Bonus Plan. The value of restricted stock was calculated by multiplying the number of shares awarded by the average of the high and low market price of the Company's stock on the day prior to the date of the award. During 2004, Messrs. Collett and Brunngraber received awards of 1,420 and 536 shares, respectively; these shares are subject to a three-year vesting schedule, with 1/3 of the shares vesting each year on the anniversary date of the awards, beginning January 26, 2005. Also during 2004, Messrs. Murray, Pickering and Langfitt received awards of 177, 156, and 114 shares, respectively; these shares are subject to a three-year vesting schedule, with 1/3 of the shares vesting each year on the anniversary

date of the awards, beginning April 30, 2005. At December 31, 2004, the aggregate number and value of all restricted shares held by each named executive officer was as follows:

	Number of Shares	Values at December 31, 2004*
Mr. Collett	3,426	$119,738
Mr. Brunngraber	1,196	41,800
Mr. Murray	580	20,271
Mr. Pickering	156	5,452
Mr. Langfitt	114	3,984

*These values are based on the closing market price of the Company's Common Stock on the Nasdaq Stock Market on December 31, 2004. The executive officers are entitled to vote and receive dividends on the restricted shares awarded to them.

(2) This item represents the Company's matching contributions paid on behalf of the executive under the Company's 401(k) Plan (in 2004 contributions were $3,075 for Mr. Collett, $3,075 for Mr. Brunngraber, $3,075 for Mr. Murray, $2,691 for Mr. Pickering, and $3,075 for Mr. Langfitt) and the imputed value of group term life premiums paid on their behalves (in 2004 premiums were $1,980 for Mr. Collett, $450 for Mr. Brunngraber, $690 for Mr. Murray, $690 for Mr. Pickering, and $467 for Mr. Langfitt).

Option/SAR Grants in 2004

Pursuant to the terms of the Company's 1995 Performance-Based Stock Option Plan, the Board may grant options on up to 462,000 shares of the Company's Common Stock to aid in securing and retaining qualified personnel. These options vest over a period not to exceed seven years, but the vesting period can be accelerated based on the Company's attainment of certain financial operating performance criteria.

The following table summarizes options granted during 2004 to the executive officers named above, together with estimates of the value of such options at the end of their seven-year terms assuming the market value of the Common Stock appreciates at an annual rate of 5% or 10%.

	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise Base Price ($/SH)	Expiration Date	Potential Reali Value at Assumed Rates of Stock Appreciation Options Ter	
					5% ($)	1
Mr. Collett	4,260	42%	$30.270	2011	$80,542	$1
Mr. Brunngraber	1,610	16	30.270	2011	30,445	
Mr. Murray	530	5	35.910	2011	7,032	
Mr. Pickering	467	5	35.910	2011	6,196	
Mr. Langfitt	343	3	35.910	2011	4,551	

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Options Exercised in 2004 and Year-end Option Values

The following table summarizes options exercised during 2004 and the values of options outstanding on December 31, 2004, for the executive officers named above.

	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at Fiscal Year-End Exercisable/ Unexercisable (#)	Va Une In-t Opt Fisca Exe Unexerc
Mr. Collett	--	--	5,428 / 42,165	$71,04
Mr. Brunngraber	--	--	2,698 / 11,122	34,9
Mr. Murray	--	--	875 / 7,247	11,
Mr. Pickering	--	--	875 / 5,366	11,
Mr. Langfitt	--	--	349 / 2,303	4,

(1) These values are based on the closing market price of the Company's Common Stock on the Nasdaq Stock Market on December 31, 2004.

Defined Contribution Savings Plan

All full-time employees of the Company and subsidiaries are eligible to participate in the Cass Information Systems, Inc. 401(k) Plan. Employees may voluntarily defer up to 15% of pre-tax earnings subject to the Internal Revenue Service (the "IRS") maximum limitation, which was $13,000 for 2004. Voluntary deferrals contributed to the 401(k) Plan by the Executive officers are included in Annual Salary Compensation in the Summary Compensation Table. The Company matches 50% of the first 3% of employee contributions, subject to IRS limitations. Amounts contributed to the Plan in 2004 for the benefit of the executive officers are included in the section titled All Other Compensation in the Summary Compensation Table. Each executive officer is fully vested in Company contributions.

Defined Benefit Retirement Plans

Retirement Plan for Employees of Cass Information Systems, Inc.

All executive officers of the Company and subsidiaries are participants in the Retirement Plan for Employees of Cass Information Systems, Inc., which covers all full-time employees. Upon retirement, participants in the plan will begin to receive monthly payments equal to 1/12 of the sum of:

(a) .9% of Final Average Earnings multiplied by the number of years of participation, plus

(b) .5% of Final Average Earnings in excess of Covered Compensation multiplied by years of participation.

Final Average Earnings is defined as the average annual total compensation for the five consecutive years of highest earnings during the last ten years of employment. Covered Compensation is the average of the maximum social security taxable wage bases in effect for each calendar year during the 35-year period, ending with the year in which retirement age is attained under the Social Security Act. Earnings covered by the Plan equal total compensation as reported in the Summary Compensation Table, including any amounts deferred under the Cass

Information Systems, Inc. 401(k) Plan.

Normal retirement under the Plan commences at age 65. At normal retirement, the years of participation under the Plan for the executive officers listed in the Compensation Table would be as follows: Mr. Collett-41; Mr. Brunngraber-41; Mr. Murray-34; Mr. Pickering-37; and Mr. Langfitt-21.

The following table shows the estimated annual benefits payable at retirement, assuming a straight-life annuity with 120 months guaranteed.

			Estimated Annual Retirement Benefit (1)(2)				
Final Average Earnings			Years of Service Credited at Retirement				
	10	15	20	25	30	35	
$ 125,000	$ 15,000	$ 22,400	$ 29,900	$ 37,400	$ 44,900	$ 52,400	$
150,000	18,500	27,700	36,900	46,100	55,400	64,600	
175,000	22,000	32,900	43,900	54,900	65,900	76,900	
200,000	25,500	38,200	50,900	63,600	76,400	89,100	

(1) Estimated benefit calculation assumes retirement at age 65 in the year 2006 with no increase in the maximum social security taxable wage base after 2004.

(2) Estimated benefits would be subject to IRS maximum retirement limitations in effect at the retirement date. The maximum annual compensation that may be recognized for determining benefits in 2004 was $205,000.

Supplemental Executive Retirement Plan

In addition to the Retirement Plan for Employees of Cass Information Systems, Inc. described above, the Company established the Cass Information Systems, Inc. Supplemental Retirement Plan in 1998, which covers key executive officers of the Company. This supplemental plan was designed to provide additional retirement benefits to key executives whose benefits are limited by the IRS under the Company's qualified plan.

Upon retirement, participants in the plan will receive monthly payments equal to 1/12 of 70% of the Final Average Earnings, reduced proportionately for length of service less than 25 years and reduced by the participant's: (a) Qualified retirement plan benefit, (b) Primary social security benefit, and (c) 401(k) hypothetical annuity.

Final Average Earnings, normal retirement age and years of participation at normal retirement are the same as under the Retirement Plan for Employees of Cass Information Systems, Inc.

The following table shows the estimated annual benefits payable at retirement, assuming a straight-life annuity with 120 months guaranteed.

Final Average Earnings	Estimated Annual Retirement Benefit (1) Years of Service Credited at Retirement 10	15	20	25	30	35	
$125,000	$ --	$ --	$ 2,100	$ 12,000	$ 4,500	$ --	$
150,000	--	--	5,800	17,600	8,300	--	
175,000	--	--	9,600	23,100	12,100	1,100	
200,000	--	3,100	15,900	31,200	18,400	5,700	
300,000	26,000	45,100	71,900	101,200	88,400	75,700	
400,000	54,000	87,100	127,900	171,200	158,400	145,700	1

(1) Estimated benefit calculation assumes retirement at age 65 in the year 2006.

Certain Relationships and Related Party Transactions

Some of the directors and executive officers of the Company, and members of their immediate families and firms and corporations with which they are associated, have had transactions with the Company's subsidiary bank, including borrowings and investments in depository accounts. All such loans and investments have been made in the ordinary course of business, and on substantially the same terms, including interest rates charged or paid and collateral required, as those prevailing at the same time for comparable transactions with unaffiliated persons, and did not involve more than the normal risk of collectibility or present other unfavorable features. As of December 31, 2004, the aggregate indebtedness to officers and directors of the Company and to firms and corporations in which they have at least a 10% beneficial interest was approximately $4,150,813 which represents approximately 6% of the Company's consolidated Shareholders' equity at that date.

Principal Shareholders

The following table contains information with respect to beneficial ownership of the Company's outstanding Common Stock, as of March 7, 2005, by: (1) each person known to the Company to be the beneficial owner of more than 5% of Common Stock, and (2) each director and executive officer of the Company. The address of each director and executive officer is c/o Cass Information Systems, Inc., 13001 Hollenberg Drive, Bridgeton, Missouri 63044. Unless otherwise indicated, the named person has sole voting and investment rights with respect to such shares.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class

Directors and Executive Officers:		
Robert J. Bodine	109,986 (1)	2.99%
K. Dane Brooksher	--	*
Eric H. Brunngraber	9,511 (2)	*
Bryan S. Chapell	1,049 (3)	*
Lawrence A. Collett	71,660 (4)	1.95
Benjamin F. Edwards, IV	--	*
Thomas J. Fucoloro	676 (5)	*
Wayne J. Grace	410 (6)	*
Harry J. Krieg	55,855 (7)	1.52
Howard A. Kuehner	137,289 (8)	3.74
Gary B. Langfitt	724 (9)	*
Harry M. Murray	11,963 (10)	*
Jake Nania	397,741 (11)	10.82%
John F. Pickering	11,520 (12)	*
Irving A. Shepard	20,749 (13)	*
Andrew J. Signorelli	129,417 (14)	3.52
All directors and executive officers as a group	958,550	26.08%

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* Less than 1% of class.

(1) Includes shares held in a trust as to which Mr. Bodine has shared voting and investment rights. Includes 220 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Bodine has voting but no investment rights.

(2) Includes 4,430 shares owned jointly with his wife. Includes 983 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Brunngraber has voting but no investment rights. Includes 3,589 shares Mr. Brunngraber has the right to acquire under the 1995 Performance-Based Stock Option Plan.

(3) These shares are owned jointly with his wife. Includes 115 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Chapell has voting but no investment rights.

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(4) Includes 31,471 shares owned jointly with his wife. Includes 2,725 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Collett has voting but no investment rights. Includes 8,195 shares Mr. Collett has the right to acquire under the 1995 Performance-Based Stock Option Plan.

(5) Includes 220 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Fucoloro has voting but no investment rights. Excludes 231 shares held in a trust as to which Mr. Fucoloro's wife has sole voting and investment rights.

(6) Includes 373 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Grace has voting but no investment rights. Excludes 1,550 shares owned by his wife.

(7) Includes 55,635 shares held in a trust with Mr. Krieg having shared voting and investment rights. Includes 220 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Krieg has voting but no investment rights. Excludes 58,648

shares owned by his wife.

(8) Includes 65,437 shares held in a trust with Mr. Kuehner having shared voting and investment rights. Includes 220 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Kuehner has voting but no investment rights. Excludes 61,784 shares owned by his wife.

(9) Includes 227 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Langfitt has voting but no investment rights. Includes 497 shares Mr. Langfitt has the right to acquire under the 1995 Performance-Based Stock Option Plan.

(10) Includes 9,786 shares owned jointly with his wife. Includes 748 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Murray has voting but no investment rights. Includes 1,429 shares Mr. Murray has the right to acquire under the 1995 Performance-Based Stock Option Plan.

(11) Includes 397,626 shares held in a trust with Mr. Nania having sole voting and investment rights. Includes 115 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Nania has voting but no investment rights.

(12) Includes 9,975 shares owned jointly with his wife. Includes 300 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Pickering has voting but no investment rights. Includes 1,245 shares Mr. Pickering has the right to acquire under the 1995 Performance-Based Stock Option Plan.

(13) Includes 20,449 shares held in family partnerships in which Mr. Shepard has shared voting and investment rights. Includes 300 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Shepard has voting but no investment rights.

(14) Includes 129,117 shares held in various trusts with Mr. Signorelli having shared voting and investment rights. Includes 300 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Signorelli has voting but no investment rights.

Section 16(a) Beneficial Ownership Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10% of the registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission (SEC) and The Nasdaq Stock Market. Directors and executive officers and greater than 10% Shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based on its review of the copies of such forms received by it and written representation from certain reporting persons that no Form 5 was required for those persons, the Company believes that during 2004, all filing requirements applicable to its directors, executive officers, and greater than 10% beneficial owners were complied with in a timely manner.

INDEPENDENT AUDITORS

KPMG LLP were the auditors of the Company during the year ended December 31, 2004 and also have been selected by the Audit Committee of the Board to serve as auditors for the present year, 2005. KPMG LLP has served as the Company's independent auditors since 1983.

A representative of KPMG LLP is expected to be present at the Meeting, will have an opportunity to make a statement, and is expected to be available to respond to appropriate questions of Shareholders.

Fees Incurred For 2004 Services Performed by the Independent Auditors

For the years ended December 31, 2004 and 2003, the Company incurred the following fees for services performed by KPMG LLP:

	2004	2003
Audit Fees (1)	$225,000	$101,300
Audit-related Fees	--	--
Taxes (2)	61,520	69,745
All Other Fees	--	--

(1) 100% of these services were pre-approved by the Audit Committee.
(2) Represents tax compliance and preparation services.

It is the policy of the Audit Committee to pre-approve all audit, audit-related and non-audit services provided by our independent auditors.

OTHER MATTERS

Management does not intend to present to the Annual Meeting any business other than the items stated in the "Notice of Annual Meeting of Shareholders" and does not know of any matters to be brought before the Meeting other than those referred to above. If, however, any other matters properly come before the Meeting, the persons designated as proxies will vote on each such matter in accordance with their best judgment.

HOUSEHOLDING

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of this proxy statement or annual report may have been sent to multiple Shareholders in your household. We will promptly deliver a separate copy of either document to you if you write or call us at:

Cass Information Systems, Inc.
13001 Hollenberg Drive
Bridgeton, Missouri 63044
Attn: Eric H. Brunngraber, Secretary
(314) 506-5500

If you wish to receive separate copies of our proxy statements and annual reports to Shareholders in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and phone number.

SHAREHOLDER PROPOSALS

Any Shareholder proposal to be considered for inclusion in the Company's Proxy Statement for its next Annual Meeting, which is expected to be held in April, 2006, must be received by the Company in writing at its principal office at the address listed in the section above no later than November 15, 2005. The deadline for written notice of a proposal for which the Shareholder will conduct his or her own solicitation is January 30, 2006.

By Order of the Board of Directors

Eric H. Brunngraber, Secretary

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Cass Information Systems, Inc. Exhibit I
Audit Committee Charter

I. PURPOSE

The Audit Committee is appointed by the Board to oversee the accounting and financial reporting processes of the Company and the audits of the Company's financial statements. In that regard, the Audit Committee assists the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the independent auditors' qualifications and independence, (3) the performance of the Company's internal audit function and independent auditors, and (4) the compliance by the Company with legal and regulatory requirements.

The Audit Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the "Commission") to be included in the Company's annual proxy statement.

II. COMMITTEE MEMBERSHIP

The Audit Committee shall consist of no fewer than three members. Each member of the Audit Committee shall meet the independence and experience requirements of The NASDAQ Stock Market, Inc. Marketplace Rules and the Securities Exchange Act of 1934 (the "Exchange Act"). All members of the Audit Committee shall be able to read and understand fundamental financial statements. No member of the Audit Committee shall have participated in the preparation of the financial statements of the Company in the past three years. At least one member of the Audit Committee shall be an "audit committee financial expert" as defined by the Commission. However, one director who does not meet the NASDAQ definition of independence, but who meets the criteria set forth in Section 10A(m)(3) under the Exchange Act and the rules there under, and who is not a current officer or employee or a family member of such person, may serve for no more than two years on the audit committee if the Board, under exceptional and limited circumstances, determines that such individual's membership is required by the best interests of the Company and its shareholders. Such person must satisfy the independence requirements set forth in Section 10A(m)(3) of the Exchange Act, and may not chair the Audit Committee. The use of this "exceptional and limited circumstances" exception, as well as the nature of the individual's relationship to the Company and the basis for the board's determination, shall be disclosed in the annual proxy statement.

In addition, if an audit committee member ceases to be independent for reasons outside the member's reasonable control, his or her membership on the audit committee may continue until the earlier of the Company's next annual shareholders' meeting or one year from the occurrence of the event that caused the failure to qualify as independent. If the Company is not already relying on this provision, and falls out of compliance with the requirements regarding audit committee composition due to a single vacancy on the audit committee, then the Company will have until the earlier of the next annual shareholders' meeting or one year from the occurrence of the event that caused the failure to comply with this requirement. The Company shall provide notice to Nasdaq immediately upon learning of the event or circumstance that caused the non-compliance, if it expects to rely on either of these provisions for a cure period.

The members of the Audit Committee shall be appointed and may be replaced by the Board.

III. MEETINGS

The Audit Committee shall meet as often as it determines necessary but not less frequently than quarterly. The Audit Committee shall meet periodically in separate executive sessions with management, the internal auditors and the independent auditors, and have such other direct and independent interaction with such persons from time to time, as the members of the Audit Committee deem appropriate. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Audit Committee shall have the sole authority to appoint, determine funding for, and oversee the outside auditors (subject, if applicable, to shareholder ratification). The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditors shall report directly to the Audit Committee.

The Audit Committee shall pre-approve all auditing services, internal control-related services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditors, subject to the de minimis exception for non-audit services that are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may delegate to one or more members the authority to grant pre-approvals of audit and permitted non-audit services, provided that such decisions to grant pre-approvals shall be presented to the full Audit Committee at its next scheduled meeting.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to engage and determine funding for independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditors for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company and to any advisors employed by the Audit Committee, as well as funding for the payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

V. FINANCIAL STATEMENT AND DISCLOSURE MATTERS

The Audit Committee, to the extent it deems necessary or appropriate, shall:

(1) Review and discuss with management and the independent auditors the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.

(2) Review and discuss with management and the independent auditors the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditors' review of the quarterly financial statements.

(3) Discuss with management and the independent auditors significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.

(4) Review and discuss with management and the independent auditors any major issues as to the adequacy of the Company's internal controls, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.

(5) Review and discuss with management (including the senior internal audit executive) and the independent auditors the Company's internal controls report and the independent auditors' attestation of the report prior to the filing of the Company's Form 10-K.

(6) Review and discuss quarterly reports from the independent auditors on:

(a) all critical accounting policies and practices to be used;

(b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors, and

(c) other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.

(7) Discuss with management the Company's earnings press releases,

including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).

(8) Discuss with management and the independent auditors the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

(9) Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

(10) Discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

(11) Review disclosures made to the Audit Committee by the company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls of material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

(12) Ensure that a public announcement of the Company's receipt of an audit opinion that contains a going concern qualification is made promptly.

VI. OVERSIGHT OF THE COMPANY'S RELATIONSHIP WITH THE INDEPENDENT AUDITORS

(1) Review and evaluate the lead partner of the independent auditors team.

(2) Obtain and review a report from the independent auditors at least annually regarding (a) the independent auditors' internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm and (c) any steps taken to deal with any such issues. Evaluate the qualifications, performance and independence of the independent auditors, including considering whether the auditors' quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditors' independence, and taking into account the opinions of management and internal

auditors. The Audit Committee shall present its conclusions with respect to the independent auditors of the Board.

(3) Obtain from the independent auditors a formal written statement delineating all relationships between the independent auditors and the Company. It is the responsibility of the Audit Committee to actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors and for purposes of taking, or recommending that the full board take, appropriate action to oversee the independence of the outside auditors.

(4) Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.

(5) Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditors.

(6) Discuss with the independent auditors material issues on which the national office of the independent auditors was consulted by the Company's audit team.

(7) Meet with the independent auditors prior to the audit to discuss the planning and staffing of the audit.

VII. OVERSIGHT OF THE COMPANY'S INTERNAL AUDIT FUNCTION

(1) Review the appointment and replacement of the senior internal auditing executive.

(2) Review the significant reports to management prepared by the internal auditing department and management's responses.

(3) Discuss with the independent auditors and management the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.

VIII. COMPLIANCE OVERSIGHT RESPONSIBILITIES

(1) Obtain from the independent auditors assurance that Section 10A(b) of the Exchange Act has not been implicated.

(2) Obtain reports from management, the Company's senior internal auditing executive and the independent auditors that the Company and its subsidiary/foreign-affiliated entities are in conformity with applicable legal requirements and the Company's

Code of Business Conduct and Ethics. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics.

(3) Approve all related party transactions.

(4) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

(5) Discuss with management and the independent auditors any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.

(6) Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance polices.

IX. LIMITATION OF AUDIT COMMITTEE'S ROLE

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditors.

THIS PROXY WILL BE VOTED AS DIRECTED, OR IF NO DIRECTION IS INDICATED, WILL BE VOTED "FOR" THE PROPOSAL.

Please Mark Here for Address Change or Comments |_|
SEE REVERSE SIDE

1. Election of Directors

FOR	WITHHELD FOR ALL
|_|	|_|

Nominees:

01 K. Dane Brooksher
02 Eric H. Brunngraber
03 Bryan S. Chapell
04 Benjamin F. Edwards, IV

Withheld for the nominees you list below: (Write that nominee's name in the space provided below.)

I PLAN TO ATTEND |_|
THE MEETING

Choose MLink(sm)for fast, easy and secure 24/7 online access to your future proxy materials, investment plan statements, tax documents and more. Simply log on to Investor ServiceDirect((R))at www.melloninvestor.com/isd where step-by step instructions will prompt you through enrollment.

Signature ______________________ Signature ______________________ Date ___________

NOTE: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

^ FOLD AND DETACH HERE ^

Vote by Internet or Telephone or Mail
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Internet and telephone voting is available through 11:59 PM Eastern Time the day prior to annual meeting day.

Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

Internet		Telephone		Mail
http://www.proxyvoting.com/cass		1-866-540-5760		
Use the internet to vote your proxy. Have your proxy card in hand when you access the web site.	OR	Use any touch-tone telephone to vote your proxy. Have your proxy card in hand when you call.	OR	Mark, sign and d your proxy card return it in t enclosed postage- envelope.

If you vote your proxy by Internet or by telephone, you do NOT need to mail back your proxy card.

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF THE COMPANY

CASS INFORMATION SYSTEMS, INC.

The undersigned hereby appoints Lawrence A. Collett and Eric H. Brunngraber, and each of them, with power to act without the other and with power of substitution, as proxies and attorneys-in-fact and hereby authorizes them to represent and vote, as provided on the other side, all the shares of Cass Information Systems, Inc. Common Stock which the undersigned is entitled to vote, and, in their discretion, to vote upon such other business as may properly come before the Annual Meeting of Stockholders of the company to be held April 18, 2005 or at any adjournment or postponement thereof, with all powers which the undersigned would possess if present at the Meeting.

(Continued and to be marked, dated and signed, on the other side)

Address Change/Comments (Mark the corresponding box on the reverse side)

^ FOLD AND DETACH HERE ^

GHT>42,276 30,215 69,921

Cash and cash equivalents, end of the period $ 32,463 $ 26,758 $ 32,463 $ 26,758

Supplementary information: Income taxes paid 45 68 107 390 Non-cash investing and financing activities Fair value of stock options exercised 133 Stock-based compensation in deferred exploration 710 1,087

See accompanying notes to consolidated financials statements.

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MIRAMAR MINING CORPORATION
Notes to the Consolidated Financial Statements
(Tabular dollar amounts expressed in thousands of Canadian dollars, except per share amounts)

For the three and nine months ended September 30, 2005

1. Interim Financial Statements:

These unaudited interim consolidated financial statements of Miramar Mining Corporation (the Company) have been prepared in accordance with the accounting principles and methods of application disclosed in the consolidated financial statements for the year ended December 31, 2004. These interim consolidated financial statements as at September 30, 2005 and for the three and nine months ended September 30, 2005 and 2004 are unaudited; however they reflect all adjustments necessary for a fair presentation of the results for the interim periods presented. Certain of the comparative figures have been reclassified to conform to the current period presentation.

These financial statements do not include all disclosures required by Canadian generally accepted accounting principles for annual financial statements and accordingly the consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company s annual report for the year ended December 31, 2004.

2. Changes in Accounting Policies:

Effective January 1, 2005, the Company adopted the new CICA Accounting Guideline 15 Consolidation of Variable Interest Entities (AcG-15). The new guideline establishes when a company should consolidate a variable interest entity and requires a variable interest entity to be consolidated if a company is at risk of absorbing the variable interest entity s expected losses, or is entitled to receive a majority of the variable interest entity s residual returns, or both. The adoption of AcG-15 did not result in any changes to the Company s consolidated financial statements.

3. Related Parties:

The Company holds 14.0% of Sherwood Mining Corporation (Sherwood). The Company supplied services on a cost recovery basis to Sherwood totalling $122,344 during the nine month period ended September 30, 2005 (September 30, 2004 nil), consideration for which included approximately $107,000 for common shares issued by Sherwood to the Company for services provided.

The Company holds 7.2% of Maximus Ventures Ltd (Maximus), a company related by virtue of common directors. The Company supplied services on a cost recovery basis to Maximus totalling $988,949 during the nine month period ended September 30, 2005 (September 30, 2004 nil). On September 20, 2004, the Company completed an option agreement with Maximus whereby Maximus can earn a 75% interest in the Eastern Contact and Twin Peaks areas of Hope Bay by spending $7.5 million scheduled over a three year period. In consideration for entering the option agreement, Maximus will pay the Company five million shares of Maximus over a three-year period as repayment for expenditures on the properties. Additional shares could also be issued to the Company at specific resource milestones.

MIRAMAR MINING CORPORATION
Notes to the Consolidated Financial Statements
(Tabular dollar amounts expressed in thousands of Canadian dollars, except per share amounts)

For the three and nine months ended September 30, 2005

4. Property, plant and equipment:

	Cost	Accumulated depreciation & depletion	Net book value at September 30, 2005	Net book value at December 31, 2004
Mine plant and equipment	$109,923	$(107,707)	$2,216	$2,261
Exploration equipment	1,990	(277)	1,713	1,506
Construction in progress	1,217		1,217	1,216
Computer equipment	1,343	(810)	533	566
Leasehold and office equipment	532	(406)	126	123
Other	94	(94)		94
Total	$115,099	$(109,294)	$5,805	$5,766

5. Mineral properties:

The following is a summary of exploration and development costs incurred to September 30, 2005:

	Three Months			Nine Months		
	Back River	Hope Bay	Total	Back River	Hope Bay	Total
Balance at beginning of period	$ -	$ 160,897	$ 160,897	$ 8,292	$ 151,711	$ 160,003

(Tabular dollar amounts expressed in thousands of Canadian dollars, except per share amounts)

Additions in the period:						
Drilling	-	1,745	1,745	-	4,015	4,015
Sample analysis	-	232	232	-	438	438
Personnel and contracts	-	1,054	1,054	-	2,591	2,591
Stock-based compensation	-	-	-	-	710	710
Supplies and equipment	-	406	406	132	757	889
Other exploration costs	-	36	36	-	327	327
Title and claim management	-	49	49	-	355	355
Transportation and freight	-	1,745	1,745	-	2,784	2,784
Camp and infrastructure	-	706	706	-	1,410	1,410
Environmental and permitting	-	840	840	-	2,390	2,390
Feasibility and studies	-	194	194	-	416	416
	-	7,007	7,007	132	16,193	16,325
Disposition of mineral property	-	-	-	(8,424)	-	(8,424)
Balance at end of period	$ -	$ 167,904	$ 167,904	$ -	$ 167,904	$ 167,904

On February 18, 2005 the Company assigned to Dundee Precious Metals Inc. its option to purchase from Kinross Gold Corporation 60% of the Back River project, including the Goose and George Lakes deposits. The Company received proceeds of approximately $10 million for the reimbursement of past exploration costs and inventory acquisition incurred by the Company on the Back River Project plus 5%.

6. Site closure and reclamation:

Balance, December 31, 2004	$ 19,759
Liabilities incurred in the current year	-
Site closure and reclamation costs incurred	(6,587)
Accretion expense	583
Balance, end of the period	$ 13,755

Allocated between:

Current portion	3,254
Non-current portion	10,501
	$ 13,755

7. Share capital:

(a) Authorized:

500,000,000 common shares without par value.

(b) Issued:

	Common shares Number of shares	Common shares Amount	Contributed surplus Amount
Balance December 31, 2004	159,774,830	$ 380,734	$ 5,025
Issued:			
Common shares, net of costs	-	(12)	-
Future income tax effect of flow through shares	-	(5,140)	-
Fair value of stock-based compensation	-	-	1,490
Balance March 31, 2005	159,774,830	$ 375,582	$6,515
Issued:			
Common shares, net of costs	-	(2)	-
On exercise of stock options	6,000	6	-
Fair value of stock-based compensation	-	-	346
Balance June 30, 2005	159,780,830	$ 375,586	$ 6,861
Issued:			
Common shares, net of costs	7,320,000	14,206	-
On exercise of stock options	6,000	6	-
Balance September 30, 2005	167,106,830	$ 389,798	$ 6,861

On September 30, 2005, the Company completed a private placement of 7,320,000 flow-through common shares at a price of $2.05 per common share for gross proceeds of $15.0 million. In consideration for their services, the underwriters received commissions of $0.8 million and brokers warrants exercisable to purchase 366,000 common shares at $2.05 per common share until September 30, 2006. The fair value of these warrants at the grant date was $0.1 million and has been

MIRAMAR MINING CORPORATION
Notes to the Consolidated Financial Statements
(Tabular dollar amounts expressed in thousands of Canadian dollars, except per share amounts)

For the three and nine months ended September 30, 2005

shown on a net basis in share capital. The Company must incur Canadian exploration expenditures as defined in the Income Tax Act (Canada) in the amount of $15,000,000 by December 31, 2006.

(c) Stock options:

At September 30, the Company had stock options outstanding as follows:

	Shares options	Average exercise price
Outstanding, December 31, 2004	6,263,578	$ 2.18
Granted	2,362,000	1.29
Forfeited or expired	(56,300)	2.38
Outstanding, March 31, 2005	8,569,278	1.93
Exercised	(6,000)	1.00
Granted	671,706	1.40
Forfeited or expired	(619,100)	2.71
Outstanding, June 30, 2005	8,615,884	$ 1.83
Exercised	(6,000)	1.01
Forfeited or expired	(421,500)	1.89
Outstanding, September 30, 2005	8,188,384	$ 1.84

The stock-based compensation costs reflected in the consolidated financial statements were estimated using the Black-Scholes option pricing model with the following weighted average assumptions: a risk-free interest rate of 3.6% a dividend yield of 0%, an expected volatility of 60% and expected lives of stock options of 5 years. The weight average fair value of options granted in 2005 was $0.74 per share option.

(d) Warrants and brokers compensation options:

At September 30, the Company had warrants and brokers compensation options outstanding as follows:

	Warrants and options	Average exercise price

Outstanding, December 31, 2004	1,316,267	$ 2.26
Expired	(676,267)	2.10
Outstanding, March 31, 2005	640,000	2.43
Expired	(265,000)	3.05
Outstanding, June 30, 2005	375,000	$ 1.99
Expired	366,000	2.05
Outstanding, September 30, 2005	741,000	$ 2.02

8. Financial instruments:

The carrying values and fair values based on the quoted market values, of the investment in Sherwood, Maximus and other assets, at September 30, 2005 are as follows:

	Carrying value	**Fair value**
Investment in Sherwood	$180	$4,041
Other assets	134	719

EXHIBIT 3

MIRAMAR MINING CORPORATION
MANAGEMENT S DISCUSSION AND ANALYSIS

This Management s Discussion and Analysis (MD&A) provides an analysis of the financial results of Miramar Mining Corporation (the Company) for the three and a nine month period ended September 30, 2005 and compares them with the same periods in the previous year. The MD&A should be read in conjunction with the unaudited interim consolidated financial statements and related notes. The Company s consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and are expressed in thousands of Canadian dollars, except per share amounts. This MD&A is as of November 14, 2005.

OVERVIEW

The Company s mining and exploration assets are primarily gold assets in the Canadian Arctic. The Company has developed considerable experience in operations, exploration and logistics in the Canadian Arctic where the Company has focused its activities for more than ten years. In 2004, the Company determined that gold production was no longer economically viable at its Con and Giant mines in Yellowknife, Northwest Territories and terminated all mining activities. The Company s business focused on the exploration and development of the Hope Bay gold mineral project in Nunavut.

The Company s goal is to become an intermediate gold producer through the phased development of the Hope Bay gold project as follows:

Phase 1: **Short-term:** Development of a small scale, high return gold mine at Doris North to commence production as expeditiously as possible, with the objective of generating significant cash flow, after capital payback, to advance the subsequent phases while minimizing equity dilution. Doris North is projected to produce 155,000 ounces of gold per year for two years;

Phase 2: **Medium-term:** To extend and expand production levels by developing the higher grade, readily accessible areas of the Boston, Doris and Madrid deposits, with a target production level of approximately 200,000 ounces of gold per annum, generating sufficient cash flow to advance to phase three;

Phase 3: **Longer-term:** To further expand gold production by maximizing the potential of the very large Madrid deposit, and the remainder of the Boston and Doris deposits, to generate sustained production in the range of 350,000 to 400,000 ounces of gold per annum.

Phases 2 and 3 are based on conceptual plans which depend on future positive mine engineering and geological studies.

In parallel with these development oriented activities, the Company intends to continue its exploration efforts at Hope Bay with the objective of discovering new deposits which could contribute to a sustained intermediate production profile, while also conducting grassroots exploration in cooperation with strategic partners to identify longer term opportunities.

To achieve these objectives, the Company needs to successfully complete, among other things, the current permitting process for the Doris North project, complete a positive feasibility study in 2006 for the Phase 2 expansion, complete financing for mine construction, successfully construct and place into production the Doris North deposit, complete development and permitting of the Boston, Doris and Madrid deposits and identify additional resources.

Third Quarter 2005 Highlights

Exploration programs in 2005 have been designed to upgrade the confidence in resources to support, if successful, a feasibility study in 2006 on Phase 2 of the development strategy for Hope Bay.

Exploration drilling totaling 33,264 meters was completed during 2005, including 26,310 meters in the Madrid area, 5,412 meters at Doris Central and 1,542 meters in regional belt targets.

A technical meeting to review the Doris North Draft Environmental Impact Study (DEIS) was held in August 2005 by the Nunavut Impact Review Board (NIRB) with all of the relevant regulatory agencies in attendance. The meeting identified additional information to be incorporated into the final Environmental Impact Study (FEIS). The FEIS was submitted on October 31, 2005.

Flow-through equity financing completed for $15 million of gross proceeds of 7,320,000 common shares issued at $2.05 per share.

Consolidated net loss of $1.0 million or $0.01 per share.

EARNINGS AND CASH FLOW

For the three month period ended September 30, 2005, the Company had a net loss of $1.0 million or $0.01 per share compared to a net loss of $6.3 million or $0.04 per share in the same period in 2004. For the nine month period, the Company had a net loss of $2.6 million or $0.02 per share compared to a net loss of $20.2 million or $0.13 per share in the same period in 2004. In 2004, the Company had gold mining operations which were operating at a loss and accounted for $5.3 million of the reported loss in the quarter and $15.7 million of the reported loss during the

MIRAMAR MINING CORPORATION
MANAGEMENT S DISCUSSION AND ANALYSIS

nine month period. In December 2004, the Company terminated gold operations at the Con Mine and activities were transitioned into reclamation of the property.

Selected Financial Data

The following tables summarize total revenue loss and loss per share over the last eight fiscal quarters.

		2005 Q3		2005 Q2		2005 Q1		2004 Q4
Total Revenue	$	578	$	614	$	999	$	1,670
Loss	$	(1,025)	$	(481)	$	(1,137)	$	(12,278)
Per Share	$	(0.00)	$	(0.00)	$	(0.01)	$	(0.07)

		2004 Q3		2004 Q2		2004 Q1		2003 Q4
Total Revenue	$	2,570	$	4,057	$	3,968	$	9,513
Loss	$	(6,259)	$	(6,868)	$	(7,054)	$	(4,263)
Per Share	$	(0.04)	$	(0.05)	$	(0.05)	$	(0.03)

Note: Loss and loss per share figures for 2004 and 2003 have been restated to reflect the changes in accounting for site reclamation and closure costs and stock-based compensation, disclosed in note 2 of the annual consolidated financial statements.

OPERATIONS OVERVIEW

Revenue

Interest income in the third quarter of 2005 was $0.2 million compared to $0.2 million in the same period of 2004. For the nine month period ended September 30, 2005, interest income was $0.7 million compared to $0.9 million in 2004 and was lower due to a lower average cash balance in 2005. Other income was $1.1 million in the nine month period ended September 30, 2005 and includes management fees received from the Department of Indian and Northern Affairs (DIAND) for services provided for the Giant Mine, a fee for services provided to Sherwood Mining Corporation and a gain on the sale of the Back River mineral property. For the nine month period in 2004, other income was $2.4 million and included a gain on the utilization of power credits which were received as part of the sale of the Bluefish hydroelectric facility. Power credits utilized in 2005 are credited to the cost of reclamation of the Con mine which reduces the accrued asset retirement liability for the mine rather than being reported as other income. There are no significant amounts of gold sales revenue reported in 2005 due to termination of mining activity at Con Mine in December 2004; however, in the third quarter of 2005, the Company sold 760 ounces of residual gold recovered from the process plant in the period.

MIRAMAR MINING CORPORATION
MANAGEMENT S DISCUSSION AND ANALYSIS

Operating Costs

As noted above, mining operations ceased in December 2004, however during the third quarter the company sold 760 ounces of residual gold for which costs were 0.4 million. During the third quarter of 2005, general and administrative expenses, salaries, professional services, investor relations and other costs totaled $0.9 million compared to $1.3 million in the same period of 2004 due to higher travel costs in 2004 and partially offset by higher allocation of staff to the Hope Bay project in 2005. Depreciation, depletion and accretion expense in the third quarter of 2005 was $0.2 million compared to $0.4 million in the same period of 2004. The decrease results from the closure of Yellowknife operations and elimination of related equipment depreciation.

During the nine month period ended September 30, 2005, general and administrative expenses, salaries and benefits, professional services, investor relations and other costs totaled $2.8 million compared to $3.2 million in the same period of 2004 as discussed above. Stock-based compensation was $1.1 million in the first nine months of 2005 compared to $2.2 million in the same period of 2004. In total in the 2005 period, options to purchase 3,033,706 common shares were granted which the Company estimated had an average fair value of $0.74 per share option, compared to 2,664,060 stock options in the 2004 period at an average fair value of $1.55 per share option. The estimated fair value in 2005 was lower than the estimated fair value in 2004 due a decrease in the market price per share. Depreciation, depletion and accretion expense in the first nine months of 2005 was $0.8 million compared to $1.4 million in the same period of 2004. The decrease results from the closure of Yellowknife operations as noted above.

Exploration and Development Activities

The focus for the Company continues to be on the Hope Bay project. The Company is committed to a strategy of advancing the Hope Bay project to a production decision while continuing to expand gold resources. The staged development strategy will focus first on the high grade gold Doris North project, with the goal of generating cash flow to pay for site infrastructure and to fund the continued exploration and development of other resources on the Hope Bay belt. The Company plans to pursue extensions and expansions to the initial phase of production through the mining of other resources on the Hope Bay belt. The Company s exploration strategy will focus on expanding and increasing the confidence level of existing deposits and on continued exploration for new gold resources in order to support a sustained intermediate production profile. The Company will continue to conduct grassroots exploration in cooperation with strategic partners. To achieve these objectives, the Company needs to successfully complete the current

permitting process for the Doris North project, complete a positive feasibility study during 2006 for the Phase 2 expansion, complete financing for mine construction, successfully construct and place into production the Doris North deposit, complete development of the Boston, Doris and Madrid deposits and identify additional resources.

In the third quarter of 2005, expenditures at Hope Bay totaled $7.1 million for exploration, including 15,310 meters of core drilling and the advancement of permitting and engineering for the Doris North project. Exploration programs for 2005 are designed to upgrade resources at Boston, Doris Central and Madrid to support, if successful, a feasibility study in 2006. Drilling commenced in March, first at Doris Central and then later in the month at Madrid.

In the third quarter of 2005, drilling was focused within the Madrid system primarily around the Naartok deposit where 13,759 meters were drilled. Activity at Naartok focused on extending mineralization surrounding the wide, high grade interception of hole 05PMD328 in the second quarter which returned 66 meters grading 11.5 grams of gold per ton. This hole was a 105 meter step out from a 2004 hole that intercepted 9.8 grams of gold per ton over 64.2 meters and suggests potential for significant dimensions and thickness. Prior to the 2005 work, the Madrid area, which includes Naartok, contained more than 3 million ounces of gold comprised of an indicated resource of 838,000 ounces of gold at a grade of 5.5 grams per ton with an additional 2.6 million ounces of gold at a grade of 5.4 grams per ton of inferred resources.

The Company continues to work towards obtaining permits for the Doris North project. As a result of the NIRB recommendation in August 2004 to the Minister of DIAND that the project should not proceed on the basis of the existing application, the Company submitted a revised preliminary project description on Doris North in February 2005. On March 7, 2005 NIRB recommended to the Minister of DIAND that the project should proceed to a Part 5 review requiring a public hearing. In April 2005, the Minister accepted NIRB s recommendation for a Part 5 review which led the Company to submit a revised draft environmental impact statement (DEIS) to NIRB in June 2005. In August 2005, NIRB conducted a technical review of the DEIS and issued comments to be addressed before submission of the final document. The Company revised the draft document as requested and submitted the final environmental impact statement (FEIS) on October 31, 2005. The Company is targeting production for the end of 2007; however, the timing of production is dependent upon future permitting, the timing of which is uncertain. To account for contingencies that might delay the permitting process, the FEIS contains a hypothetical schedule with production commencing in 2008.

Capital Programs

During the third quarter of 2005, the Company had capital expenditures of $7.0 million for exploration and project activities at Hope Bay and $0.1 million for property, plant and equipment compared to expenditures in the third quarter of 2004 of $10.9 million for exploration and project activities at Hope Bay and Back River.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Company s consolidated financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as well as the reported expenses during the reporting period. Such estimates and assumptions affect the determination of the potential impairment of long-lived assets, estimated costs associated with reclamation and closure of mining properties, and assumptions in determining stock-based compensation and future income taxes. Management re-evaluates its estimates and assumptions on an ongoing basis; however, due to the nature of estimates, actual amounts could differ. The most critical accounting policies upon which the Company depends are those requiring estimates of gold reserves and resources and future recoverable gold ounces and assumptions of future gold prices.

Accounting for Exploration and Development Cost

Exploration expenditures related to mineral properties are deferred only if it is probable that these costs will be recovered from future operations. The carrying values of the mineral properties are assessed at the balance sheet date to determine whether any persuasive evidence exists that the properties may be permanently impaired. The Company s progress in its development activities towards its planned operations is a key factor to be considered as part of the ongoing assessment of the recoverability of the carrying amount of capital assets and deferred exploration and development costs. If there is persuasive evidence of impairment, the asset is written down to its estimated net recoverable value. Deferred acquisition, exploration and development expenditures totaled $167.9 million for Hope Bay at September 30, 2005.

Asset Retirement Obligation

Asset retirement obligations are the estimated costs associated with mine closure and reclamation and recorded as a liability at fair value. The liability is accreted over time through periodic charges to earnings. In addition, the asset retirement cost is capitalized as part of the asset s carrying value at its initial discounted value and is amortized over the asset s useful life. In the event the actual cost of reclamation exceeds the Company s estimates, the additional

MIRAMAR MINING CORPORATION
MANAGEMENT S DISCUSSION AND ANALYSIS

liability for retirement and remediation costs may have an adverse effect on the Company s future results of operations and financial condition.

During the first nine months of 2005, the Company commenced reclamation activities at the Con Mine. Activities in the third quarter of 2005 were focused on the reclamation of historic mill roaster tailings. Arsenic contained within this material is rendered inert by a process which utilizes the pressure oxidation circuit at the Con Mine. Reclamation of a significant portion of these materials was completed as planned in the period and costs for the reclamation activities were recorded as a reduction of the liability, as detailed below:

Balance, beginning of period	$	19,759
Liabilities incurred in the current year		
Site closure and reclamation costs incurred		(6,587)
Accretion expense		583
Balance, end of the period	$	13,755
Allocated between:		
Current portion		3,254
Non-current portion		10,501
	$	13,755

Key assumptions in estimating the asset retirement obligation for the Con Mine include reclamation of historic mill roaster tailings completed in 2005 and final wash down and treatment of storage pits completed in 2006; the final abandonment and restoration plan is approved and other site activities commence in 2006; all buildings are removed and mine openings capped; the site is restored to the standard acceptable for commercial-use property; water treatment and monitoring continues post-closure for a period of 12 years.

Key assumptions in estimating the asset retirement obligation for the Hope Bay exploration camps include removal of exploration camps, reclamation of site pad and infrastructure, placement of surface stored waste rock underground at Boston and re-vegetation as needed.

Stock-based Compensation

Stock-based compensation is accounted for using the fair value based method. Under the fair value based method, compensation cost is measured at fair value of the options at the date of grant and is expensed over the award s vesting period. The Company estimates the fair value using the Black-Scholes option pricing model; key assumptions used in 2005 were: a risk-free interest rate of 3.6%, a dividend yield of 0%, an expected volatility of 60% and expected lives of

stock options of 5 years. The weight average fair value of options granted in 2005 was $0.74 per share option.

FINANCING AND LIQUIDITY

At September 30, 2005, the Company had consolidated working capital of $28.7 million compared to $25.4 million at the end of 2004. At September 30, 2005 the company had $32.5 million of cash and cash equivalents compared to $30.2 million at the end of 2004. September 30, 2005 the Company also had $14.5 million in cash collateral deposits for reclamation bonds which are classified outside of working capital.

On February 18, 2005, the Company assigned to Dundee Precious Metals Inc. its option from Kinross Gold Corporation to earn a 60% interest in the Back River project. The Company received approximately $10 million representing the reimbursement of costs incurred by the Company on the Back River project plus 5%. Dundee is required to issue to the Company 150,000 common shares, or pay the cash equivalent, if either (i) the total mineral resources on the Goose Lake property are increased to 1,500,000 ounces of gold or (ii) a decision is made to place a mine into commercial production on the Back River project. Dundee is required to issue a further 187,500 common shares, or pay the cash equivalent, if Dundee exercises its option to earn a 60% interest on the Back River project.

On October 18, 2004, the Company completed a private placement of 7,600,000 flow-through common shares at a price of $2.00 per common share for gross proceeds of $15.2 million. The Company must incur Canadian exploration expenditures as defined in the Income Tax Act (Canada) for the entire amount by December 31, 2005.

On September 30, 2005, the Company completed a private placement of 7,320,000 flow-through common shares at a price of $2.05 per common share for gross proceeds of $15.0 million. In consideration for their services the underwriters received commissions of $0.8 million and brokers warrants exercisable to purchase 366,000 common shares at $2.05 per common share until September 30, 2006. The fair value of these warrants at the grant date was $0.1 million and has been shown on a net basis in share capital. The Company must incur Canadian exploration expenditures as defined in the Income Tax Act (Canada) for the entire amount by December 31, 2006.

Subsequent to the quarter, the Company reached an agreement in principal on the terms of a private equity placement of 18,500,000 units at $2.35 per unit to Newmont Mining Corporation

(Newmont) for offering of $43.5 million; each unit consisting of one common share of the Company and a warrant to purchase a common share of the Company at $2.75 for a period of 48 months. The common shares comprise 10% of the Company s issued and outstanding shares and 18% of issued and outstanding if all warrants were exercised. The Company has agreed to grant to Newmont periodic access to technical data, information on permitting progress and future work plans and site visitation rights. The agreement is subject to approval by Toronto Stock Exchange.

The Company believes it has sufficient cash resources and liquidity to sustain its planned activities for the near term. The ongoing exploration and development of the Hope Bay project will require the Company to raise additional capital through a combination of project debt and equity financings. The Company s strategy is to use equity financing for exploration activities and to maximize project debt to build mining infrastructure until sufficient cash flow is generated from mining production.

Liabilities and Contingencies

The Company has the legal obligation to reclaim properties for which it holds water licenses and exploration and mining agreements. The Company has estimated these asset retirement obligations, in accordance with accounting guidelines described above, to be an aggregate of $13.8 million at September 30, 2005. The properties for which these obligations have been estimated are the Con Mine in Yellowknife and the Hope Bay properties in Nunavut. The Company has established cash deposits as collateral for letters of credit pledged in favour of various governmental agencies and others under several water licenses and mineral exploration and mining agreements. The Company has also established two reclamation security trusts for the reclamation of the Con Mine. The Company has cash collateral deposits totaling $14.5 million.

The reclamation security trusts for the Con Mine were established on December 31, 2004. The Company deposited $9 million of the $10 million proceeds from the sale of its Bluefish hydro electric facility into a reclamation security trust, in accordance with an agreement with DIAND. The remaining $1 million of the proceeds was deposited into a second reclamation security trust. The cost of reclamation was estimated by the Company on the basis of a draft remediation plan which had been submitted to the McKenzie Valley Water Board in February 2003. The final plan is currently under review by the Water Board and any changes to the plan could result in an increase to the estimated liability.

In 1995, the Company entered into a joint exploration transaction with an investor that resulted in the sale of an interest in the assets comprising the Con Mine. The transaction was based upon an independent valuation prepared for the Company. In 2000, Canada Revenue Agency (CRA) issued a re-assessment notice challenging the valuation that formed the basis for this transaction. The re-assessment does not give rise to any taxes payable by the Company. However, as part of the original transaction, the Company agreed to compensate the investor for any shortfall in the value of the assets transferred, to a maximum of $2.7 million plus accrued interest, (approximately $2.3 million at September 30, 2005), should a ruling denying the transfer of certain tax pools be made against the Company. The Company has received notification that CRA has recently reviewed the re-assessment and re-confirmed the original re-assessment. As a result, the Company filed a notice of appeal in April 2005. While management intends to strenuously defend the independent valuation, the outcome of this issue is not yet determinable. No provision for these costs has been recorded at September 30, 2005.

Contractual Obligations

The following table summarizes the contractual obligations as at January 1, 2005 of the Company for each of the five years commencing with 2005 and thereafter.

	2005	2006	2007	2008	2009	Thereafter
Oxygen plant	$ 780	$ 1,020	$	$	$	$
Office lease costs	228	228	236	236	236	482
Exploration equipment	450	257	30			
Site reclamation	7,485	3,145				

The Company is obligated to fund reclamation and closure costs for its mining and exploration operations as a condition of associated water licenses. However, the timing of the payments has not been determined and, as a result, only a portion of the obligation is shown in the table above. The Company is in the process of finalizing its abandonment and restoration plan with regulatory agencies for the Con Mine which will establish the extent and timing of reclamation activities. Reclamation of exploration sites will be deferred to the extent that the Company continues to be engaged in actively exploring them.

For additional information related to the Company s obligations and commitments see note 16 in the annual consolidated financial statements.

Off Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements other than the pension obligations which are described in note 13 of the annual consolidated financial statements.

OUTLOOK

The outlook for the Company is dependent on the successful exploration and development of the Hope Bay project. The Company controls 100% of the Hope Bay project, which has measured and indicated resources totaling 2.1 million ounces of gold at a grade of 9.6 grams per ton and an additional 4.3 million ounces of gold at a grade of 7.0 grams per ton in the inferred category.

The Company plans to continue to work towards making a production decision on the Doris North project, including advancement of the permitting process. The Company is confident that it will be successful in addressing the concerns of the regulatory agencies and, if the permitting process is successfully completed, the Company will make a final decision on a commitment to the construction process. If the project is approved by the Company, production could commence during 2007 or 2008. However, there can be no assurance that the permitting process will be completed as planned or that the Company will develop Doris North as anticipated.

As part of the Company s development strategy for Hope Bay, programs have been initiated in 2005 designed to deliver a feasibility study in 2006 which, if successful, could demonstrate the opportunity for the development of significant sustained gold production following the Doris North project. Included in these programs are infill drilling at Doris Central, western Madrid and potentially Boston.

As a result of the termination of mining activities at Con and Giant mines, the Company does not expect to generate significant operating revenue in 2005. The Company anticipates that final approval for the Con Mine abandonment and restoration plan will be received in Q1 2006 which will permit the Company to conduct final reclamation activities in subsequent periods. On June 30, 2005, the Company returned the Giant Mine property to DIAND in accordance with the terms of the acquisition agreement. The Company does not have any ongoing reclamation obligations for the Giant Mine.

In 2005, the Company expects to continue to incur expenses relating to general and administration, stock-based compensation and accretion of its asset retirement obligations.

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RISKS AND UNCERTAINITIES

The Company will require additional capital to pursue its exploration and development work at Hope Bay. Given the nature of capital market demand for speculative investment opportunities, there is no assurance that additional financing will be available for the appropriate amounts and at the times required. The Company has developed a cash management plan that will enable it to invest on a priority basis in projects likely to generate favourable results in the near-to-medium term.

The impact of fluctuations in the price of gold is a risk to the Company s ability to develop its properties as well as future profitability and cash flow. As the gold price is denominated in U.S. dollars, the Company is also at financial risk as the currency exchange rate between Canadian and U.S. dollars fluctuate. The Canadian dollar strengthens compared to the U.S. dollar, revenue from future gold sales, which is generated in U.S. dollars, would convert to fewer Canadian dollars available to pay for operating costs that are almost entirely incurred in Canadian dollars. Permitting mining projects such as the Doris North project requires the input and approval of regulatory agencies which are beyond the Company s control. As a result, the receipt of approvals for the project and the timing of grants of necessary permits are inherently uncertain.

FORWARD LOOKING STATEMENTS

Statements relating to exploration work at the Hope Bay project and the expected results of this work and strategies and plans for the development of the Hope Bay project, statements related to analyses of financial condition, future results of operations and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management are forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words expects, plans, anticipates, believes, intends, estimate projects, satisfies, potential, goal, objective, prospective, strategy , target, and similar expressions, or that events or conditions will can, could or should occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. These forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation: risks related to fluctuations in gold prices and currency exchange rates; uncertainties related to raising sufficient financing to fund the planned work in a timely manner and on acceptable terms; changes in planned work resulting from weather, logistical, technical or other factors; the possibility that results of work will not fulfill expectations and realize the perceived potential of the Company s properties; uncertainties involved in the interpretation of drilling results and other tests and the estimation of gold reserves and resources; the possibility that required permits may not be obtained on a timely manner or at all; the possibility that capital and operating costs may be higher than currently estimated and may preclude commercial development or render operations uneconomic; risk of accidents, equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; the possibility of cost overruns or unanticipated expenses in the work

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program; the risk of environmental contamination or damage resulting from Miramar s operations, risks and uncertainties described under Risks and Uncertainties and elsewhere in the Management s Discussion and Analysis, and other risks and uncertainties, including those described in the Miramar s Annual Report on Form 40-F for the year ended December 31, 2004 and Reports on Form 6-K filed with the Securities and Exchange Commission.

Forward-looking statements are based on the beliefs, estimates and opinions of Miramar s management on the date the statements are made. Miramar undertakes no obligation to update these forward-looking statements if management s beliefs, estimates or opinions, or other factors, should change.

All resource estimates reported in this disclosure are calculated in accordance with the Canadian National Instrument 43-101 and the Canadian Institute of Mining and Metallurgy Classification system. These standards differ significantly from the requirements of the United States Securities and Exchange Commission, which permits U.S. mining companies in their SEC filings to disclose only those mineral deposits that qualify as proven or probable reserves because a determination has been made based on an appropriate feasibility study that the deposits could be economically and legally extracted or produced, and, accordingly, resource information reported in this disclosure may not be comparable to similar information reported by United States companies. The term resource(s)" does not equate to reserves and normally may not be included in documents filed with the Securities and Exchange Commission, and investors are cautioned not to assume that resources will be converted into reserves in the future.

This disclosure uses the term inferred resources . While this term is recognized by Canadian regulations concerning disclosures by mining companies, the U.S. Securities and Exchange Commission does not recognize it. Inferred resources have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a high category. Under Canadian rules, estimates of inferred resources may not form the basis of feasibility or pre-feasibility studies except in rare cases. **Investors are cautioned not to assume that part or all of an inferred resource exist or are economically or legally feasible.**