

DGSE COMPANIES INC
Form DEF 14A
April 30, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant ☒ [X]
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 §240.14a-12

DGSE COMPANIES, 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):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

(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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

DGSE Companies, Inc.

13022 Preston Road

Dallas, Texas 75240

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD June 15, 2018

Dear Stockholder:

As a stockholder of DGSE Companies, Inc. (the “Company”), you are hereby given notice of and invited to attend in person or by proxy our 2018 Annual Meeting of Stockholders to be held in the conference room at the Holiday Inn located at 6055 LBJ Freeway, Dallas, Texas 75240, on June 15, 2018, at 10:00 a.m. (local time).

At this year’s stockholders’ meeting, you will be asked to: (i) elect five directors to serve until the next annual meeting of stockholders and until their respective successors shall have been duly elected and qualified; (ii) ratify the appointment of Whitley Penn LLP (“Whitley Penn”) as our independent registered public accountants for the fiscal year ending December 31, 2018; (iii) vote to adjourn the annual meeting, if necessary, to solicit additional proxies in favor of proposals one through two; and (iv) transact such other business as may properly come before the meeting and any adjournment(s) thereof. Our Board of Directors unanimously recommends that you vote: (a) FOR the directors nominated; and (b) FOR the ratification of Whitley Penn. Accordingly, please give careful attention to these proxy materials.

Only holders of record of our Common Stock as of the close of business on April 27, 2018, are entitled to notice of and to vote at our annual meeting and any adjournment(s) thereof. Our transfer books will not be closed.

You are cordially invited to attend the annual meeting. Whether you expect to attend the annual meeting or not, please vote, sign, date and return in the self-addressed envelope provided the enclosed proxy card as promptly as possible. If you attend the annual meeting, you may vote your shares in person, even though you have previously signed and returned your proxy.

By Order of the Board of Directors,

/s/ Bret A. Pedersen
Bret A. Pedersen
Chief Financial Officer

Dallas, Texas

April 30, 2018

YOUR VOTE IS IMPORTANT.

PLEASE EXECUTE AND RETURN PROMPTLY THE

ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED HEREIN.

TABLE OF CONTENTS

<u>PROXY STATEMENT</u>	Page 2
<u>VOTING PROCEDURES AND REVOCABILITY OF PROXIES</u>	2
<u>PROPOSAL 1: ELECTION OF DIRECTORS</u>	4
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	6
<u>BOARD OF DIRECTORS AND COMMITTEES</u>	6
<u>EXECUTIVE OFFICERS</u>	10
<u>EXECUTIVE COMPENSATION</u>	11
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	15
<u>PROPOSAL 2: RATIFICATION OF THE APPOINTMENT OF WHITLEY PENN AS INDEPENDENT AUDITORS OF DGSE FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018</u>	17
<u>PROPOSAL 3: ADJOURNMENT OF THE ANNUAL MEETING TO SOLICIT ADDITIONAL PROXIES IN FAVOR OF PROPOSALS ONE THROUGH TWO</u>	18
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	19
<u>PERSONS MAKING THE SOLICITATION</u>	20
<u>OTHER MATTERS</u>	20

DGSE Companies, Inc.

13022 pRESTON rOAD

Dallas, Texas 75240

PROXY STATEMENT

FOR THE ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD june 15, 2018

To Our Stockholders:

This proxy statement (this “Proxy Statement”) is furnished in connection with the solicitation of proxies by the Board of Directors (our “Board of Directors” or “Board”) of DGSE Companies, Inc., a Nevada corporation (the “Company,” “we,” “us,” “our,” and “DGSE”), to be used at our Annual Meeting of Stockholders to be held in a conference room at the Holiday Inn located at 6055 LBJ Freeway, Dallas, Texas 75240, on June 15, 2018 at 10:00 a.m. (local time), or at any adjournment or adjournments thereof. Our stockholders of record as of the close of business on April 27, 2018 (the “Record Date”) are entitled to vote at our annual meeting.

Important Notice of Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on June 15, 2018.

Our proxy materials, including our Proxy Statement for the 2018 Annual Meeting, 2017 Annual Report on Form 10-K for the year ended December 31, 2017 and proxy card, are being first sent to security holders on May 18, 2018 and are available on the internet at www.DGSECompanies.com.

VOTING PROCEDURES AND REVOCABILITY OF PROXIES

The accompanying proxy card is designed to permit each of our stockholders as of the Record Date to vote on each of the proposals properly brought before the annual meeting. As of the Record Date, there were 26,924,381 shares of our common stock, par value \$0.01 per share (our “Common Stock”), issued and outstanding and entitled to vote at the annual meeting. Each outstanding share of our Common Stock is entitled to one vote.

The holders of a majority of our outstanding shares of Common Stock entitled to vote, present in person or by proxy, will constitute a quorum for the transaction of business at the annual meeting. If a quorum is not present, the annual meeting may be adjourned from time to time until a quorum is obtained.

Abstentions and broker non-votes will be counted for the purpose of determining whether a quorum is present. Abstentions, but not broker non-votes, are treated as shares present and entitled to vote. Broker non-votes are treated as shares present but not entitled to vote on the particular matter. Broker non-votes occur when nominees, such as banks and brokers holding shares on behalf of beneficial owners, do not receive voting instructions from the beneficial holders at least ten days before the meeting. If that happens, the nominees may vote those shares only on matters deemed “routine” by the NYSE American LLC (the “Exchange”), such as the ratification of auditors. Nominees cannot vote on non-routine matters unless they receive voting instructions from beneficial holders, resulting in so-called “broker non-votes.”

Assuming that a quorum is present, directors will be elected by a plurality vote and the five nominees who receive the most votes will be elected. As a result, abstentions and broker non-votes, if any, will not affect the outcome of the vote on this proposal. There is no right to cumulative voting unless cumulative voting is requested at the Annual Meeting by a stockholder who has complied with the requirements set forth in our bylaws with respect to cumulative voting.

Assuming that a quorum is present, the ratification of the appointment of Whitley Penn as our independent registered public accountants for the fiscal year ending December 31, 2018 and approval of any other matter that may properly come before the annual meeting, requires the affirmative vote of a majority of the total votes cast on these proposals, in person or by proxy, is required to approve these proposals. As a result, abstentions and broker non-votes, if any, will not affect the outcome of the vote on these proposals because they are not considered votes cast. We believe that the proposal for the ratification of our independent registered public accounting firm is considered to be a “routine” matter, and hence we do not expect that there will be a significant number of broker non-votes on such proposal.

The accompanying proxy card provides space for you to vote in favor of, against or to withhold or abstain voting for: (i) the nominees for the Board of Directors identified herein; (ii) ratification of the appointment of Whitley Penn as our independent registered public accountants for the fiscal year ending December 31, 2018; (iii) adjournment of the annual meeting, if necessary, to solicit additional proxies in favor of proposals one through two; and (iv) transaction of such other business as may properly come before the meeting and any adjournment(s) thereof. Our Board of Directors urges you to complete, sign, date and return the proxy card in the accompanying envelope, which is postage prepaid for mailing in the United States.

When a signed proxy card is returned with choices specified with respect to voting matters, the proxies designated on the proxy card will vote the shares in accordance with the stockholder’s instructions. We have designated Bret Pedersen and Tim Natoli as proxies for the stockholders. If you desire to name another person as your proxy, you may do so by crossing out the names of the designated proxies and inserting the name of the other person to act as your proxy. In that case, it will be necessary for you to sign the proxy card and deliver it to the person named as your proxy and for the named proxy to be present and vote at the annual meeting. Proxy cards so marked should not be mailed to us.

If you sign your proxy card and return it to us and you have made no specifications with respect to voting matters, your shares will be voted FOR: (i) the election of the nominees for director identified herein; (ii) ratification of the appointment of Whitley Penn as our independent registered public accountants for the fiscal year ending December 31, 2018; (iii) adjournment of the annual meeting, if necessary, to solicit additional proxies in favor of proposals one through two; and (iv) transaction of such other business as may properly come before the meeting and any adjournment(s) thereof.

You have the unconditional right to revoke your proxy at any time prior to the voting of the proxy by taking any act inconsistent with the proxy. Acts inconsistent with the proxy include notifying our Secretary in writing of your revocation, executing a subsequent proxy, or personally appearing at the annual meeting and casting a contrary vote. However, no revocation shall be effective unless at or prior to the annual meeting we have received notice of such revocation.

At least ten (10) days before the annual meeting, we will make a complete list of the stockholders entitled to vote at the annual meeting open to the examination of any stockholder for any purpose germane to the meeting. The list will be open for inspection during ordinary business hours at our executive offices located at 13022 Preston Road, Dallas, Texas 75240, and will also be made available to stockholders present at the meeting.

PROPOSAL ONE:**ELECTION OF DIRECTORS**

Five directors are proposed to be elected at the annual meeting. If elected, each director will hold office until the next annual meeting of stockholders or until his successor is elected and qualified. The election of directors will be decided by a plurality vote.

The five nominees for election as directors to serve until the next annual meeting of stockholders and until their successors have been duly elected and qualified are John R. Loftus, Joel S. Friedman, Jim R. Ruth, Alexandra C. Griffin and Allison M. DeStefano. All five nominees are members of our current Board of Directors, and all have served since January 2017, except Ms. DeStefano who has served since March 19, 2018. All nominees have consented to serve if elected and we have no reason to believe that any of the nominees named will be unable to serve. If any nominee becomes unable to serve: (i) the shares represented by the designated proxies will be voted for the election of a substitute as our Board of Directors may recommend; or (ii) our Board of Directors may fill the vacancy at a later date after selecting an appropriate nominee.

The Compliance, Governance and Nominating Committee of the Board nominated the individuals named below for election to our Board of Directors, and information regarding the background and qualifications of each of the nominees is set forth below. See “Security Ownership of Certain Beneficial Owners and Management” for additional information about the nominees, including their ownership of securities issued by DGSE.

Name	Age	Director Since	Position
John R. Loftus	49	2016	Chairman of the Board, Chief Executive Officer and President
Joel S. Friedman (1)	50	January 2017	Lead Independent Director and Chairman of the Compensation Committee
Alexandra C. Griffin (1)	29	January 2017	Independent Director and Chairman of the Audit Committee
Jim R. Ruth (1)	54	January 2017	Independent Director and Chairman of the Compliance, Governance and Nominating Committee
Allison DeStefano	34	March 2018	Director

- (1) Member of the Audit Committee, Compensation Committee, and Compliance, Governance and Nominating Committee.

The following paragraphs summarize each nominee's principal occupation, business affiliations and other information.

John R. Loftus was appointed Chief Executive Officer and elected as Chairman of the Board on December 12, 2016. Mr. Loftus was the Chief Executive Officer of Elemetal LLC ("Elemetal"), a precious metals company and DGSE's largest stockholder, from 2012 to 2015 and was responsible for Elemetal's operations. Prior to Elemetal, Mr. Loftus was the founder of NTR Metals, LLC, a precious metals refiner for jewelers, pawnbrokers, and metal industries customers worldwide. Previous to his work at NTR Metals, Mr. Loftus was a commodities floor trader and holds an M.B.A. from the SMU Cox School of Business.

Joel S. Friedman has served as the Lead Independent Director and Chairman of the Compensation Committee since January of 2017. Mr. Friedman is a Senior Vice President – Mortgage Originations Development with Citi, where he has served since 2012. Mr. Friedman received his undergraduate degree from the University of North Texas and holds an M.B.A. from the SMU Cox School of Business.

Alexandra C. Griffin has served as an Independent Director and Chairman of the Audit Committee since January of 2017. Ms. Griffin has a Bachelor of Science Degree in Accounting from the University of Texas at Arlington. She has been with PrimeLending since December 2014 and is currently an Accounting Supervisor. Prior to PrimeLending, Ms. Griffin worked as a Senior Accountant for NTR Metals, LLC from 2012 to 2014. Ms. Griffin is a CPA skilled in financial analysis and financial statement reporting in accordance with GAAP.

Jim R. Ruth has served as an Independent Director and Chairman of the Compliance, Governance and Nominating Committee since January 2017. Mr. Ruth is currently the President and Chief Executive Officer of OppMetrix. From 2010 to 2015 he was the Executive Vice President – Sales and Marketing, Strategic Planning of OppMetrix. He obtained his Bachelor of Science Degree from the University of Michigan and holds an M.B.A. from the SMU Cox School of Business.

Allison M. DeStefano was elected as a director by the Board of Directors on March 19, 2018 to fill a vacancy. Ms. DeStefano is the sales director for Echo Environmental, LLC (formerly known as Elemetal Recycling, LLC), a data security and de-manufacturer/refurbishment processor of electronics in the aftermarket supply chain. She is responsible for management of client services, firm marketing and communications, investment analysis, structuring and execution, and internal operations of the company. Ms. DeStefano started her career as a sales consultant and spent years as a senior sales executive with prior working relationships and with the National Pawnbrokers Association Board and numerous members thereof. She studied art at the State University of New York and is a native of Buffalo, NY.

None of the individuals listed above have been involved in a legal proceeding as defined by Item 401(f) of Regulation S-K or as contemplated by Instruction 4 to Item 103 of Regulation S-K.

Family Relationships

There are no family relationships among our directors, our executive officers or our key employees.

Vote Required

Directors will be elected by a plurality of the votes cast by the holders of our Common Stock voting in person or by proxy at the annual meeting. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum, but will have no effect on the vote for election of directors.

THE BOARD OF DIRECTORS URGES YOU TO VOTE “FOR”

EACH OF THE NOMINEES FOR DIRECTOR SET FORTH ABOVE.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL**OWNERS AND MANAGEMENT**

The following table sets forth the beneficial ownership each stockholder known by us to own beneficially more than five (5) percent of our outstanding shares of Common Stock as of April 15, 2018. Common Stock beneficially owned and percentage ownership as of April 15, 2018 was based on 27,924,381 shares outstanding.

Title of class	Name and Address of beneficial owner	Amount and nature of beneficial ownership	Percent of class	Sole Voting Power	Shared Voting Power	Sole Investment Power	Shared Investment Power
Common Stock	Truscott Capital (1) 15850 Dallas Parkway Dallas, TX 75248	20,180,187	72.3 %	(1)	(1)	(1)	(1)

Based solely on information disclosed in the Schedules 13D and 13D/A, jointly filed with the SEC on January 2, 2018 by Truscott Capital, LLC (“Truscott”), Elemetal, LLC (“Elemetal”), NTR Metals, LLC (“NTR”) and John R. (1)Loftus. Truscott reported sole reporting and dispositive power with respect to 13,814,727 shares, including a warrant held by Truscott to purchase up to 1,000,000 shares of our common stock. NTR and Mr. Loftus reported shared voting and dispositive power with respect to 6,365,460 shares.

The following table sets forth information with respect to beneficial ownership of our Common Stock by each of our executive officers, by each of our directors and nominees, and by all executive officers and directors as a group as of April 15, 2018. Except as otherwise noted, the address of each of the following beneficial owners is c/o DGSE Companies, Inc., 13022 Preston Road, Dallas, Texas 75240.

Cargo revenue yield per ton mile (cents)	38.51
34.37	
12.0	
Operating expenses per available seat mile, excluding Regional Affiliates (cents) (1)	13.40

12.91		
	3.8	
Fuel consumption (gallons, in millions)		597
598		
	(0.3)	
Fuel price per gallon (dollars)		2.75
2.22		
	23.6	
Regional Affiliates		
Revenue passenger miles (millions)		2,136
1,863		
	14.6	
Available seat miles (millions)		3,155
2,773		
	13.8	
Passenger load factor		67.7%
67.2%		
	0.5 pts	
AMR Corporation		
Average Equivalent Number of Employees		
American Airlines		65,700
65,400		
Other		13,300
12,400		
Total		79,000
77,800		

(1) Excludes \$721 million and \$629 million of expense incurred related to Regional Affiliates in 2011 and 2010, respectively.

AMR CORPORATION
OPERATING STATISTICS
(Unaudited)

OPERATING STATISTICS BY REGIONAL ENTITY

American Airlines, Inc. Entity Results		Three Months Ended March 31, 2011		
	RASM1 (cents)	Y-O-Y Change	ASMs2 (billions)	Y-O-Y Change
DOT Domestic	10.89	6.3%	22.8	(0.2)%
International	10.97	3.0	15.1	7.6
DOT Latin America	12.65	6.3	8.1	9.7
DOT Atlantic	9.07	(2.4)	5.0	(0.8)
DOT Pacific	8.93	(2.9)	2.0	23.2

American Airlines, Inc. Entity Results		Three Months Ended March 31, 2011		
	Load Factor (pts)	Y-O-Y Change (pts)	Yield (cents)	Y-O-Y Change
DOT Domestic	78.3	(0.5)	13.91	7.0%
International	75.1	(1.3)	14.60	4.7
DOT Latin America	80.0	1.3	15.82	4.6
DOT Atlantic	67.3	(4.0)	13.49	3.4
DOT Pacific	75.3	(6.6)	11.86	5.6

1 Revenue per Available Seat Mile

2 Available Seat Miles

AMR CORPORATION
NON-GAAP AND OTHER RECONCILIATIONS
(Unaudited)

American Airlines, Inc. Mainline Jet Operations (in millions, except as noted)	Three Months Ended March 31,	
	2011	2010
Total operating expenses	\$ 5,793	\$ 5,385
Less: Operating expenses incurred related to Regional Affiliates	721	629
Operating expenses excluding expenses incurred related to Regional Affiliates	\$ 5,072	\$ 4,756
American mainline jet operations available seat miles	37,850	36,846
Operating expenses per available seat mile, excluding Regional Affiliates (cents)	13.40	12.91
Percent change	3.8%	
American Airlines, Inc. Mainline Jet Operations (in millions, except as noted)	Three Months Ended March 31,	
	2011	2010
Total operating expenses	\$ 5,793	\$ 5,385
Less: Operating expenses incurred related to Regional Affiliates	721	629
Operating expenses excluding expenses incurred related to Regional Affiliates	\$ 5,072	\$ 4,756
American mainline jet operations available seat miles	37,850	36,846
Operating expenses per available seat mile, excluding Regional Affiliates (cents)	13.40	12.91
Less: Impact of special items (cents)	0.08	0.15
Operating expenses per available seat mile, excluding impact of special items (cents)	13.32	12.76
Percent change	4.4%	
Less: Fuel cost per available seat mile (cents)	4.33	3.61
Operating expenses per available seat mile, excluding impact of special items and the cost of fuel (cents)	8.99	9.15
Percent change	(1.8)%	

Note: The Company believes that operating expenses per available seat mile, excluding the cost of fuel and special items assists investors in understanding the impact of fuel prices and special items on the Company's operations.

AMR CORPORATION
NON-GAAP AND OTHER RECONCILIATIONS
(Unaudited)

AMR Corporation (in cents, except as noted)	Three Months Ended March 31, 2011	2010
Operating expenses per available seat mile	14.06	13.55
Less: Impact of special items		0.14
	0.08	
Operating expenses per available seat mile	13.98	13.41
Percent change	4.3%	
Less: Fuel cost per available seat mile	4.49	3.72
Operating expenses per available seat mile, excluding impact of special items and the cost of fuel	9.49	9.69
Percent change	(2.0)%	

AMR Corporation Calculation of Net Debt (in millions, except as noted)	As of March 31, 2011	2010
Current and long-term debt	\$ 11,430	\$ 10,916
Current and long-term capital lease obligations	688	644
Principal amount of certain airport facility tax-exempt bonds and the present value of aircraft operating lease obligations	5,279	4,378
	17,397	15,938
Less: Unrestricted cash and short-term investments	5,799	4,546
Net Debt	\$ 11,598	\$ 11,392

Note: The Company believes the net debt metric assists investors in understanding changes in the Company's liquidity and the results of its efforts to build a financial foundation under the Company's Turnaround Plan.

AMR CORPORATION
NON-GAAP AND OTHER RECONCILIATIONS
(Unaudited)

American Airlines, Inc. Mainline Jet Operations (in cents, except as noted)	Three Months Ended June 30,	
	2011 (Estimate) ¹	2010 (Actual)
Operating expenses per available seat mile, excluding Regional Affiliates	13.83	12.62
Less: Impact of special items	0.03	-
Operating expenses per available seat mile, excluding Regional Affiliates and impact of special items	13.80	12.62
Percent change	9.4%	
Less: Fuel expense per available seat mile	4.93	3.87
Operating expenses per available seat mile, excluding Regional Affiliates, impact of special items and fuel expense	8.87	8.75
Percent change	1.3%	
American Airlines, Inc. Mainline Jet Operations (in cents, except as noted)	Year Ended December 31,	
	2011 (Estimate) ¹	2010 (Actual)
Operating expenses per available seat mile, excluding Regional Affiliates	13.71	12.62
Less: Impact of special items	0.03	0.05
Operating expenses per available seat mile, excluding Regional Affiliates and impact of special items	13.68	12.57
Percent change	8.9%	
Less: Fuel expense per available seat mile	4.85	3.74
Operating expenses per available seat mile, excluding Regional Affiliates, impact of special items and fuel expense	8.83	8.83
Percent change	0.0%	
AMR Corporation (in cents, except as noted)	Three Months Ended June 30,	
	2011 (Estimate) ¹	2010 (Actual)
Operating expenses per available seat mile	14.51	13.23
Less: Impact of special items	0.02	-
	14.49	13.23

Operating expenses per available seat mile,
excluding impact of special items

Percent change	9.5%	
Less: Fuel expense per available seat mile	5.14	4.00
Operating expenses per available seat mile, excluding impact of special items and fuel expense	9.35	9.23
Percent change	1.3%	

1 CASM and ex-fuel CASM guidance reconciliations represent the mid-point of the guidance provided in the earnings release

AMR CORPORATION
NON-GAAP AND OTHER RECONCILIATIONS
(Unaudited)

AMR Corporation (in cents, except as noted)	Year Ended December 31,	
	2011 (Estimate) ¹	2010 (Actual)
Operating expenses per available seat mile	14.38	13.22
Less: Impact of special items	0.02	0.05
Operating expenses per available seat mile, excluding impact of special items	14.36	13.17
Percent change	9.0%	
Less: Fuel expense per available seat mile	5.06	3.87
Operating expenses per available seat mile, excluding impact of special items and fuel expense	9.30	9.30
Percent change	0.0%	

AMR Corporation (in millions, except as noted)	Three Months Ended March 31,	
	2011	2010
Net Income (Loss)	\$ (436)	\$ (505)
Less: Impact of special items	(31)	(53)
Net Income (Loss), excluding impact of special items	\$ 405	\$ (452)
Earnings (Loss) Per Share (cents)		
Basic	(1.21)	(1.36)
Diluted	(1.21)	(1.36)

¹ CASM and ex-fuel CASM guidance reconciliations represent the mid-point of the guidance provided in the earnings release

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Current AMR Corp. releases can be accessed on the Internet.
The address is <http://www.aa.com>