# Heads Up

The Directed Account Plan 2006 Year-End Review January 2007

## Reviewing the DAP Investment Options

This issue of Heads Up is the one to save for a quick reference to your DAP investment options throughout the year. Page two and three of this newsletter contains a description of all of our options, performance history and the growth of $10,000. On the last page, the "Fund Component Weighting" lists the target asset allocation and the current line up of managers. The "2006 Plan Expense Overview" details the cost of operating the Directed Account Plan. The expense overview also allows you to compare the cost of our DAP options with the average mutual fund or compare the cost of a combination of mutual funds to our models.

## Fund Performance

as of December 31, 2006

| Funds & Portfolios | 2006 | 3 yr. avg. | 5 yr. avg. | 10 yr. avg. |
|---|---|---|---|---|
| **Stable Value Fund** | 5.21% | 5.17% | 5.12% | 5.81% |
| Lehman Br. 1-3 yr. Govt./Treas. | 4.12% | 2.30% | 2.97% | 4.79% |
| **Value Stock Fund** | 16.93 | 12.81 | 9.44 | 10.63 |
| Russell 1000 Value Index | 22.25 | 15.09 | 10.86 | 11.00 |
| **Equity Index Fund** | 15.50 | 11.14 | 7.04 | 8.36 |
| Russell 3000 Index | 15.72 | 11.19 | 7.17 | 8.64 |
| **Growth Stock Fund** | 5.79 | 9.65 | 5.44 | 6.31 |
| Russell 1000 Growth Index | 9.07 | 6.87 | 2.69 | 5.44 |
| **International Stock Fund** | 27.41 | 21.16 | 15.86 | 10.04 |
| MSCI EAFE Net Dividend | 26.34 | 19.93 | 14.98 | 7.71 |
| **Div. Small Co. Stock Fund** | 14.54 | 11.58 | 9.35 | 10.66 |
| Russell 2000 Index | 18.37 | 13.56 | 11.39 | 9.44 |
| **Conservative Portfolio** | 9.72 | 7.97 | 6.62 | 7.53 |
| Conservative Composite Index | 10.07 | 6.64 | 5.39 | 6.80 |
| **Moderate Portfolio** | 11.97 | 10.30 | 7.93 | 8.55 |
| Moderate Composite Index | 12.97 | 9.13 | 6.79 | 7.15 |
| **Aggressive Portfolio** | 13.99 | 11.74 | 8.86 | 9.20 |
| Aggressive Composite Index | 15.50 | 11.13 | 8.23 | 7.76 |

## DAP Plan News

Continued on page 4

### Online Heads Up Newsletter

You are reminded that the quarterly issue of "Heads Up" is mailed with your DAP paper statement. If you receive your DAP statement electronically, you may visit www.4twadap.com or www.401k.com to obtain the latest "Heads Up" and all of the archived newsletters.

### A Shift in Leadership at the DAP

Captain Marty Zygmund will step down from his Chairman position at the DAP, which he has held since November 2000, to replace Joe Montanaro as Executive Director on February 22, 2007. Joe will continue to serve the participants in the role of Pilot Board Member.

Captain Zygmund has served the The Directed Account Plan Board since 1995. He recently retired from American Airlines as a 757/767 Captain after a thirty two and one-half year airline career that started with Ozark Airlines in 1974, and continued with TWA and American. Captain Zygmund holds a B.S. degree in Finance and Accounting from SIUE. In addition, he has gained a wealth of knowledge in the handling of investment and client issues over the past 18 years as a licensed financial consultant with a variety of financial firms.

Captain Vince Lombardi has served as a Pilot Board Member for over ten years. He will replace Marty Zygmund as Chairman. He has flown as Captain for several airlines including TWA, American Airlines, American Eagle and his current employer, Jet Blue. His interest in the area of finance includes a B.S. degree in Finance from the Univeristy of Illinois, an MBA from Keller Graduate School of Management - graduated with distinct honors, and successful completion of Series 7, 63, and 65 security licenses.

The Board welcomes Captain Rick Bennett, selected at the fourth quarter 2006 DAP Board Meeting for a one year term as Alternate Pilot Board Member. He is retired from his 35 year career with TWA where he flew as Captain on various planes. Captain Bennett holds a B.S. degree in Aviation Management and an MBA-Finance degree.

# Reviewing The DAP Investment Options

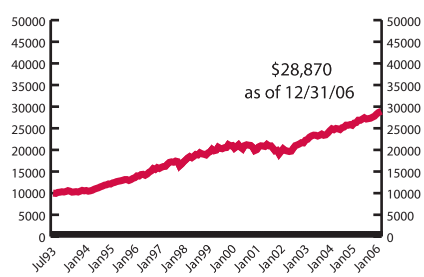
***THE MODEL PORTFOLIOS** - The model portfolios have been created for the participant who does not want to determine his or her own account asset allocation. The DAP Board of Directors has provided an appropriate asset allocation of the DAP investment options based on varying degrees of risk.*

## The Conservative Model

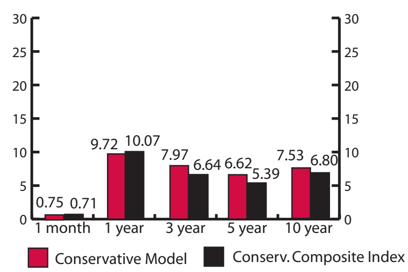
### Investment Objective

This model is designed for the retiree or participant who desires to limit volatility and risk of principal. The objective of this portfolio is income and capital preservation. The majority of the portfolio is invested in the Stable Value Fund. As an inflation hedge, a lessor portion of the portfolio is invested in the Value Stock and Equity Index Funds.

### Growth of $10,000




### Performance

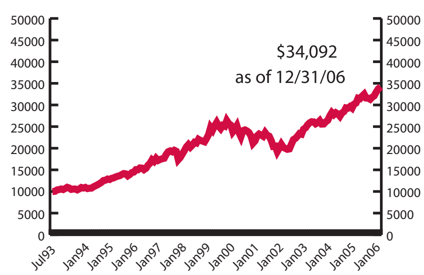



## The Moderate Model

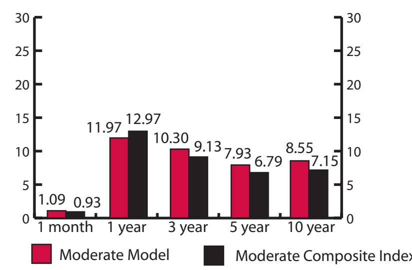
### Investment Objective

This model is designed to provide a balanced long-term asset allocation suitable for a majority of participants. The objective of this portfolio is capital growth and income. A significant portion of the assets is invested in the Stable Value Fund. The majority of this portfolio is diversified among the various equity funds.

### Growth of $10,000




### Performance

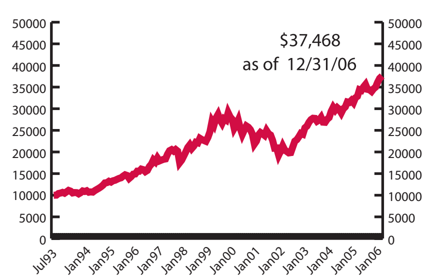



## The Aggressive Model

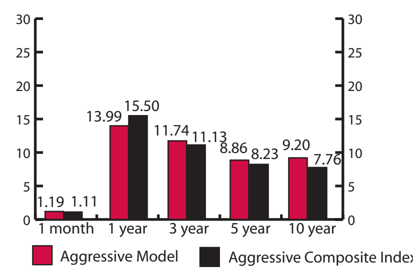
### Investment Objective

This model is suitable for younger articipants and those who are willing to accept more risk and higher volatility in their investments. The objective of this portfolio is capital accumulation. A substantial majority of its assets is allocated to equities. The Aggressive Model takes above-average risk in an attempt to achieve its goal of above-average returns.

### Growth of $10,000




### Performance



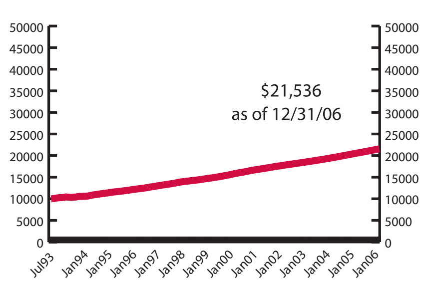

***THE INVESTMENT OPTIONS** - The DAP Board of Directors applies their investment expertise and careful analysis to select a diversified group of managers that fit the objective for each of the following investment options.*

## Stable Value Fund

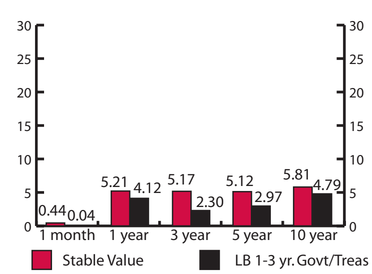
### Investment Objective

This option is designed to provide investors with a return comparable to that of high quality bonds with less volatility. It invests in a combination of traditional investment contracts, security-backed investment contracts, actively managed bonds, CDs and cash. The benchmark is the Lehman Brothers 1-3 Year Govt./Agency Index.

### Growth of $10,000




### Performance

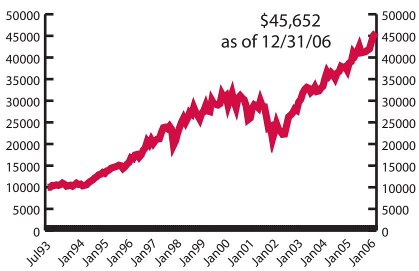


## Value Stock Fund

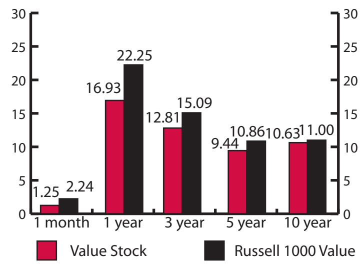
### Investment Objective

This option may include a range of value investment managers. These value managers look for large or mid-cap stocks that are undervalued in the marketplace in relation to factors such as the company's assets, sales, earnings, book value, growth potential, cash flow, or in relation to securities of other companies in the same industry. The benchmark is the Russell 1000 Value Index.

### Growth of $10,000




### Performance

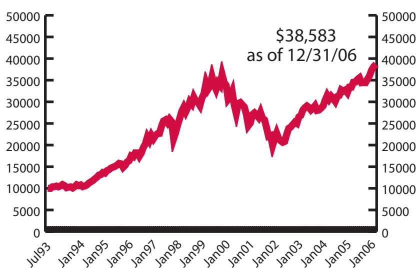



## Equity Index Fund

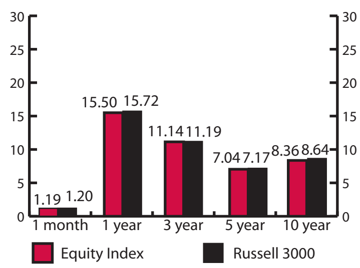
### Investment Objective

This option is invested in a portfolio of equity securities. The investment objective is to closely approximate the capitalization weighted total rate of return of publicly traded securities represented by the 3000 largest companies. The benchmark for this option is the Russell 3000 Index.

### Growth of $10,000




### Performance

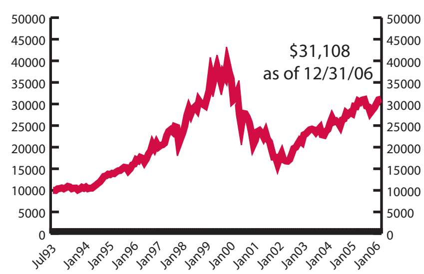



## Growth Stock Fund

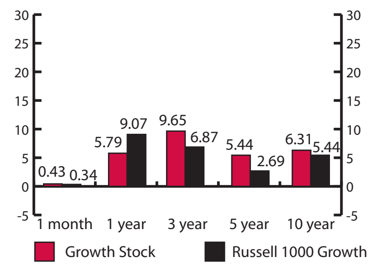
### Investment Objective

This option contains funds whose managers invest in stocks from companies with higher historical or expected growth rates in sales or earnings. The primary objective is capital appreciation. The benchmark for this option is the Russell 1000 Growth Index.

### Growth of $10,000




### Performance

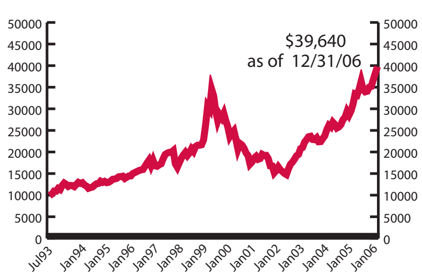



## International Stock Fund

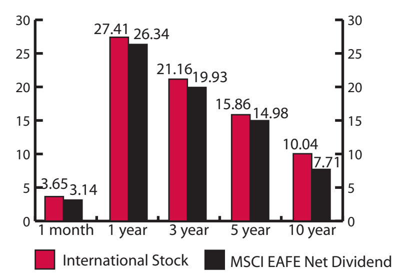
### Investment Objective

This option contains funds whose managers invest in securities across world markets. The primary objective is long-term growth of capital through a diversified portfolio of world market securities. Investment is in common stocks of foreign and some US companies. The benchmark for this option is the MSCI EAFE Net Dividend Index.

### Growth of $10,000




### Performance

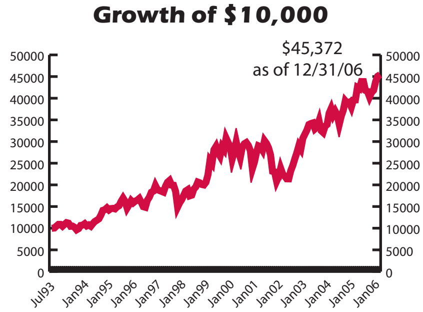



## Diversified Small Co. Stock Fund

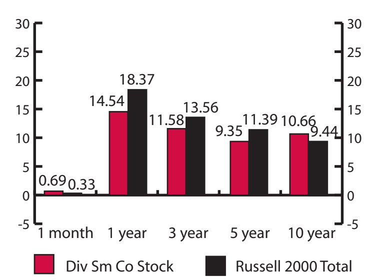
### Investment Objective

This option contains portfolios that typically include growth and value stocks of small to medium companies. The primary objective is capital appreciation through investment in equity securities that have significantly better-than-average prospects for appreciation. Funds in this category tend to be more volatile than other equity investments. The benchmark for this option is the Russell 2000 Total Index.

### Growth of $10,000




### Performance



# Performance

The Directed Account Plan 2006 Year-End Review — January 2007

## 2006 Plan Expense Overview

The information below is based on un-audited but actual expense numbers in addition to estimates of investment manager fees for 2006. Expenses have decreased slightly from last year. The basis points listed below are not charged directly to you but taken as an adjustment to the daily NAV of each DAP Option.

| | |
|---|---|
| **Total Assets (12/31/06)** | **$1,008,934,821** |
| **Total * Operating Expenses (Recordkeeping, Trustee, Administration, Personnel, Communication)** | **1,812,688** |
| **Operating Expenses * as a percent of assets** | **18** |
| **Approximate ** net *** investment manager fees** | **31** |
| **Other Mutual Fund Expenses ****** | **8** |
| **Total DAP Fees and Expenses as a percent of assets -** | **57 basis points** |

* net of transfer fees, ** mutual fund investment management fee avg., *** after administrative offsets, **** includes mutual fund transaction fees, 12 b-1 fees, administrative fees, and all other asset-based costs incurred by the funds. Does not include transaction costs of participant activity, which is reflected in each BGI NAV, lowering BGI performance. Basis Point - one basis point is equal to 1/100th of one percent.

## DAP Option Expense Ratios

| | Option (Basis Points) | Morningstar Average (Basis Points) |
|---|---|---|
| Stable Value | 30 | n/a |
| Value Stock | 94 | Large Value 100 |
| | | Mid Value 122 |
| Equity Index | 20 | n/a |
| Growth Stock | 83 | Large Growth 107 |
| | | Mid Growth 122 |
| International Stock | 121 | 112 |
| Diversified Small Co. Stock | 93 | 119 |
| Conservative Model | 41 | 62* |
| Moderate Model | 61 | 65* |
| Aggressive Model | 72 | 99* |

* from Morningstar model portfolios

## Plan News Continued

**Beneficiary Information**

Check that your beneficiary information is up to date by calling the Service Center at 1-877-489-2327 or accessing NetBenefits under "Your Profile" at www.401k.com.

**Retirement Planning Tools**

Go to www.401k.com, login, select "Tools & Learning", for a variety of planning tools. **HU**

The intent of this communication is to provide useful information, not investment advice. Each participant in The Directed Account Plan is ultimately responsible to make his or her own investment decisions.

## 2006 Manager Changes

| Added | Option |
|---|---|
| Legg Mason Opportunity | Div. Small Co. Stock |
| Primecap Odyssey Growth | Growth Stock |
| T. Rowe Price Growth Stock | Growth Stock |
| **Dropped** | **Option** |
| Janus Small Cap Value Instl. | Div. Small Co. Stock |
| Longleaf Partners Intl. | International Stock |
| TCW Select Equities I | Growth Stock |

*More Information and Plan Contacts*

To get daily NAVs, account balance information, or to make transfers, you may call the DAP Service Center telephone voice response system, available 24 hours a day. Customer service representatives are available 8:30 am to midnight, Eastern time Monday through Friday. Call 1-877-4TWADAP (1-877-489-2327) **or** dial the AT&T direct country code and 877-833-9900 (call collect) outside the U.S. Use Social Security number and PIN to access your account.

## Fund Component Weighting

*These tables represent component weightings for individual investment funds as of December 31, 2006.*

| | Weightings | Net Value of Funds ($MM) |
|---|---|---|
| **Stable Value Fund** | | **$310.4** |
| Cash/BGI Money Market | 15% | |
| PRIMCO GIC | 45% | |
| Wellington Core Bond | 40% | |
| **Value Stock Fund** | | **63.4** |
| BGI Value Index | 20% | |
| Neuberger Berman Regency | 20% | |
| Morgan Value Strategy | 20% | |
| Goldman Sachs Mid Cap Value | 15% | |
| T. Rowe Price Value | 15% | |
| CGM Focus | 10% | |
| **Equity Index Fund** | | **27.7** |
| BGI US Equity Index | 100% | |
| **Growth Stock Fund** | | **28.3** |
| BGI Growth Index | 20% | |
| Wellington Mid Cap Opport. | 15% | |
| Turner Mid Cap Growth | 15% | |
| Marsico Focus | 20% | |
| T. Rowe Price Growth Stock | 15% | |
| Primecap Odyssey Growth | 15% | |
| **International Stock Fund** | | **50.1** |
| BGI EAFE Index | 14% | |
| Am Century Instl. Intl. Disc. | 10% | |
| Am Century Instl. Intl. Growth | 10% | |
| Templeton Instl. Foreign Equity | 12% | |
| First Eagle Overseas | 12% | |
| Oppenheimer Intl. Sm. Co. A | 10% | |
| Thornburg Intl. Value | 12% | |
| Marsico Intl. Opportunities | 12% | |
| Dimensional Em. Mkts. Value | 8% | |
| **Diversified Small Co. Stock Fund** | | **49.3** |
| BGI Small Co. Index | 30% | |
| Dimensional US Micro Cap Port. | 15% | |
| Royce Opportunity | 15% | |
| Legg Mason Opportunity | 10% | |
| Century Small Cap Select Instl. | 15% | |
| Third Avenue Small Cap Value | 15% | |
| **Conservative Portfolio** | | **50.7** |
| **Moderate Portfolio** | | **315.4** |
| **Aggressive Portfolio** | | **27.7** |
| **Fidelity Funds Window** | | **86.0** |
| **Total** | | **$1009.0** |

*Information was provided by The Directed Account Plan. Fidelity Investments is not responsible for its content.*

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