

The Directed Account Plan News

Loans - The deadline for loan payment extensions was September 30, 2002. All participants who had an outstanding loan were notified in December 2001, and again in May of 2002 that all loans would have to be brought current. The grace period is over and all loans that are not current through September 30, 2002 will be defaulted. A 2002 IRS Form 1099 will be issued for the defaulted amount, which will be treated as taxable income in 2002.

Rollovers - Effective June 1, 2002,

for those participants who have a balance in their DAP account. Rollovers may come from AMR Retirement Plans or other conduit IRAs with previous DAP assets that have not been commingled with other non-DAP assets. Rollovers are not allowed to accounts that have been closed (zero balance). There is a \$100 administrative fee for rollovers. Call Benefits Express for information.

Summary Annual Report - The SAR for 2001 is enclosed with this mailing. Plan trust, recordkeeping,

administrative and communication expenses for 2001 continue to be reasonable at 11 basis points (11/100ths of one percent) of assets. Refer to your Summary Plan Description or www.4twadap.com under "fund fact sheets" for expense ratios including investment management fees.

New Fidelity Video - Recent market volatility...a slumping economy...corporate accounting scandals... Have these issues been weighing on your mind? Are you concerned about the impact these events may have on your retirement goals? If so, you'll want to view a new video featuring Fidelity's Peter Lynch called "Investing in Turbulent Markets" that's currently available on Fidelity NetBenefits.

In this candid, 12 minute video, Lynch discusses the current market environment, offers his historical perspective, describes some investing principles, and addresses such questions as:

How can you know which companies to trust?

Is diversification still important to your investment strategy?

What role should bonds and bond investments play in investor portfolios?

What about the role of international investing?

Supplemental reading materials are also available from the Planning Center library.

Go to fidelity.com/atwork and click on the link "Peter Lynch: Investing in Turbulent Markets."

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Fund Component Weighting

These tables represent component weighting for individual investment funds as of September 30, 2002.

Stable Value Fund	Weighting
Cash/BGI Money Market	15%
PRIMCO GIC	45%
Wellington Core Bonds	40%

Value Stock Fund	Weighting
BGI Value Index	20%
Federated Stock Trust	20%
Legg Mason Spec. Inv. Trust	10%
Morgan Value Strategy	20%
Neuberger/Berman Focus	10%
Neuberger/Berman Regency	10%
T. Rowe Price Value	10%

Equity Index Fund	Weighting
BGI US Equity Index	100%

Growth Stock Fund	Weighting
BGI Growth Index	40%
MFS Instl. Mid Cap Growth	10%
Turner Mid Cap Growth	10%
TCW Galileo Select Eq. I	20%
Marsico Focus	20%

International Stock Fund	Weighting
Am Century Instl. Intl. Disc	25%
Am Century Instl. Intl. Growth	20%
Templeton Instl. Foreign Equity	20%
Janus Overseas	15%
First Eagle SoGen Overseas I	10%
Longleaf Partners Intl.	10%

Diversified Small Co. Stock Fund	Weighting
BGI Small Co. Index	20%
DFA US Micro Cap Portfolio	12%
Royce Opportunity	12%
MFS Instl. Emerging Equities	12%
Berger Small Cap Value Instl.	12%
State Street Aurora S	12%
Franklin Small Cap Gr. II	20%

Net Value of Funds (Millions)	DAP
(September 30, 2002)	
Stable Value Fund	\$498.3
Value Stock Fund	42.6
Equity Index Fund	27.7
Growth Stock Fund	27.0
International Stock Fund	16.6
Diversified Small Co. Stock Fund	42.5
Conservative Portfolio	36.3
Moderate Portfolio	255.1
Aggressive Portfolio	17.0
Fidelity Funds Window	61.5
Total	\$1,024.7

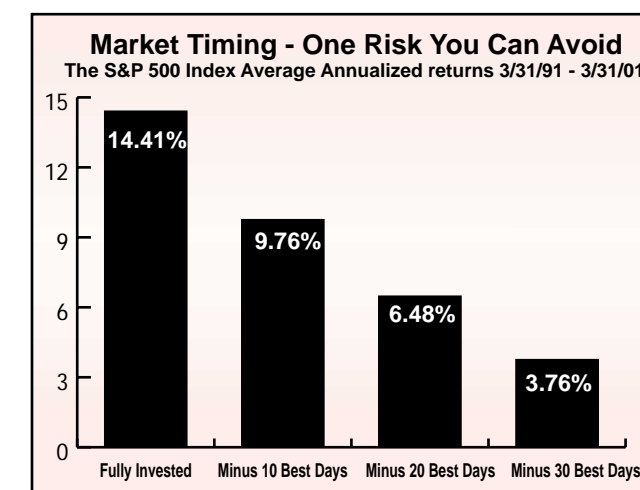
Visit www.4twadap.com

- Daily NAVs
- Plan Details
- Forms
- Links to many other Educational Web Sites
- And More

Market Declines continued from front

history shows that while long-term investors have come out ahead, often the pain has been substantial.

After the 1929 crash, it took investors 16 years to see the value of their investments restored if they purchased them at the market high. But after the 1987 crash, it took 23 months to get back. In 1990, it took only eight months. All cases assume dividends were reinvested.



Lessons 3: Successful market timing during a decline is extremely difficult because it requires two near-perfect actions - getting out at the right time and getting back in at the right time. Getting out of a bear market is easy - all you have to do is sell. A common mistake investors make is to lose patience and sell at or near the bottom of a downturn. But even if you have decent timing and get out early in a decline, you still

have to figure out when to get back in.

A bear market is not usually characterized by a straight-line decline in stock prices. Instead, the market's downward trend is likely to be jagged - showing bursts of stock price increases and then declines.

DAP Plan News continued from page 2

Annuities - A fixed or variable annuity is one of the distribution options in The Directed Account Plan. We occasionally see a participant move his assets out of the DAP to an insurance company. The group contract we have with Metlife may provide a competitive premium for an immediate annuity product.

Contact Metlife Call Center at 866-438-6477 for more information. Metlife is an experienced and major provider of annuities, with strong credit ratings from Standard & Poor's (AA or Very Strong), Moody's Investors (Aaz or Excellent)* and A.M. Best (A+ or Superior).

* In September 2002, Moody's assigned Metlife a "Negative Outlook" for the next six to eighteen months.

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.

More information and interacting with the Plan
To get daily NAVs, account balance information, or to make transfers, you may call the Benefits Express telephone voice response system, available 24 hours a day. Customer Service Representatives are available 8 am to 5 pm, CST Monday through Friday. Call 1-877-4TWADAP (1-877-489-2327) or 1-847-883-0471 (not toll-free) from a rotary telephone or outside the U.S. Use Social Security number and PIN to access your account. You may contact Fidelity at 1-800-881-4015, Monday through Friday 7:30 am to 7:00 pm, CST.

Informational Web Site: www.4twadap.com

Interactive Web Site: www.resources.hewitt.com/4twadap

Other Information:
The Directed Account Plan
3221 McKelvey Road, Suite 105
Bridgeton, MO 63044-2551
314-739-7373

Fund Performance - Quarter Ended September 30, 2002

Fund & Portfolios	Sept. 2002	2002 YTD	3 yr. annlzd.	5 yr. annlzd.	Inception* annlzd.
Stable Value Fund	0.48%	4.20%	6.32%	6.33%	6.24%
Lehman Brothers 1-3 yr. Govt./Treas.	0.81%	5.04%	7.43%	6.67%	
Value Stock Fund	-11.96	-27.28	-6.36	0.15	8.43
Russell 1000 Value Index	-11.12	-22.65	-6.25	0.26	
Equity Index Fund	-10.22	-27.40	-11.89	-2.18	7.74
Wilshire 5000 Index	-10.03	-26.59	-11.69	-2.02	
Growth Stock Fund	-8.61	-32.41	-18.32	-5.07	5.31
Russell 1000 Growth Index	-10.37	-32.70	-19.59	-4.87	
International Stock Fund	-9.28	-19.98	-11.17	-3.38	4.63
EAFE All Country World Free Ex US	-10.76	-21.67	-15.21	-7.38	
Div. Small Co. Stock Fund	-9.34	-28.14	1.42	1.00	8.27
Russell 2000 Index	-7.18	-25.10	-4.11	-3.19	
Conservative Portfolio	-4.09	-8.94	0.41	3.71	7.22
Conservative Composite Index	-3.75	-6.83	0.87	3.65	
Moderate Portfolio	-6.20	-17.46	-3.65	1.70	7.31
Moderate Composite Index	-6.24	-15.14	-4.90	0.46	
Aggressive Portfolio	-7.88	-21.39	-4.99	0.69	7.35
Aggressive Composite Index	-7.61	-19.46	-7.15	-1.15	

* July 1, 1993 through Sept. 30, 2002 annualized performance (9 and one-quarter years)

The Directed Account Plan

Summary Annual Report – 2001

This is a summary of the Annual Report for The Directed Account Plan (formerly the TWA Pilots' Directed Account Plan, employer identification number 43-1145889, plan number 002) for the period January 1, 2001 through December 31, 2001. The Annual Report has been filed with the Pension and Welfare Benefits Administration, U.S. Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

BASIC FINANCIAL STATEMENT

Benefits under the plan are provided by Mellon Trust (Boston Safe Deposit and Trust Company). During the plan year, expenses were \$245,358,000. These expenses included \$243,915,000 in benefits paid to participants and beneficiaries, and \$1,443,000 in Master Trust expenses. A total of 3,484 persons were participants in or beneficiaries of the plan at the end of the plan year.

The value of plan assets, after subtracting liabilities of the plan, was \$1,284,167,000 as of December 31, 2001, compared to \$1,433,216,000 as of December 31, 2000. During the plan year the plan experienced a decrease in its net assets of \$149,049,000. This decrease includes unrealized appreciation or depreciation in the value of plan assets; that is, the difference between the value of the plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. The plan had total income (loss) of (\$54,965,000), including employer contributions of \$8,316,000, employee contributions of \$133,000, and earnings (loss) from investments of (\$63,414,000).

YOUR RIGHTS TO ADDITIONAL INFORMATION

You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The items listed below are included in that report:

1. An accountant's report;
2. Financial information and information on payments to service providers;
3. Assets held for investment; and
4. Information regarding any common or collective trusts, pooled separate accounts, master trusts or 103-12 investment entities in which the plan participates.

To obtain a copy of the full Annual Report, or any part thereof, write or call The Directed Account Plan office, 3221 McKelvey Road, Bridgeton, Missouri 63044, (314)739-7373.

You also have the right to receive from the plan administrator, on request and at no charge, a statement of the assets and liabilities of the plan and accompanying notes, or a statement of income and expenses of the plan and accompanying notes, or both. If you request a copy of the full annual report from the plan administrator, these two statements and accompanying notes will be included as part of that report.

You also have the legally protected right to examine the Annual Report at the plan office, and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, N-1513, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210.



INTRODUCING YOUR NEW HEADS UP Quarterly Newsletter

This newsletter will supplement each quarterly statement from Benefits Express. It will provide a performance summary, plan news, and investment education articles for your review. This edition also includes the 2001 Directed Account Plan Summary Annual Report. Call 314-739-7373 with other information requests to be included in your DAP "Heads Up".

Market Declines - A History Lesson

Investment education article from American Funds - Retirement Planning Center

Stock market corrections are an inevitable part of investing. They're also the last things most investors want to experience. Still, it's good to face the fact that market declines are a natural part of the investment process. While the unprecedented bull market of the 1980s and 1990s led many investors to believe that stock prices would rise forever, recent market turbulence served as a wake-up call. Let's take a close look at what market declines are - how often they've happened, how long they've lasted, and what you can do about them. Although we can never know when a decline will occur, how you react to stock market declines could affect your long-term investment success.

Here is some historical background to help you put market declines in perspective.

Types of stock market declines

One of the problems in dealing with a decline is that you don't know at first whether it's just a slight dip or the beginning of a longer, more serious correction. A look back at the stock

market history since 1900 shows that declines have varied widely in intensity, length and frequency. Routine declines of 5% or more (as measured by the Dow Jones Industrial Average, which is unmanaged) have occurred about three times a year and lasted an average of 47 days. In contrast, bear markets, when stock values fall 20% or more, have happened about once every 3-1/2 years and have lasted almost a year on average. The study below shows how frequently declines in the Dow Jones Industrial Average have occurred since 1900. As you can see, they have been regular events.

Lessons from market declines

While historical results are no guarantee of future performance, past market declines can provide some meaningful lessons.

Lesson 1: No one can consistently predict when market declines will happen.

It's easy to look back today and say with hindsight that the stock market was overvalued at a particular time and due for a decline. But no one has been able to predict market declines on a consistent basis. In January 1973, a

New York Times poll of eight market authorities predicted that the market would "move somewhat higher" in the future. The Dow industrials proceeded to decline 45% over the next 23 months. Then, although almost no one predicted it, the Dow rose 38% in 1975.

Lesson 2: Since 1982, market declines have been brief and, for the long-term investor, relatively painless. Yet a broader look at

A History of Declines (as of June 2002)

Type of decline*	Average frequency	Average length +	Last Occurrence
Routine	about 3 times a year	47 days	May 2002
Moderate	about once a year	113 days	Sept. 2001
Severe	about once every 2 years	216 days	Sept. 2001
Bear Market	about once every 3-1/2 years	336 days	Sept. 2001

Source: Capital Research and Management Company

* As measured by the unmanaged Dow Jones Industrial Average

+ Assumes 50% recovery of lost value