



Over Eleven Years and Still Going Strong

With all the bad news about other airline pension plans being discussed, I thought we might reflect on the past eleven years and the current status of our plan. The DAP is a qualified retirement plan under ERISA (Employment Retirement Income Security Act of 1974). As such, we are required by law to undergo an annual audit with the associated mandatory reporting to the Employee Benefits Security Administration, Department of Labor. In addition, we are required annually to report a summary to our participants. Our Summary Annual Report is presented on the back page. The DAP, as of October 1, 2004, has assets in excess of

one billion dollars with approximately 2,700 participants. Our expenses have remained basically at the same low level over the last three years. Go to www.4twadap.com and select "Expense Ratios" for full details.

All of our options have good long term performance relative to their respective benchmarks. Good performance, low costs, great investment choices, and plan security (it is not going away) - a retirement plan to feel good about - stay healthy.

Joe Montanaro
Executive Director

DAP Plan News

Model Portfolio Performance

Whether you are conservative, moderate, or aggressive, if you have invested in any of our models, over the long term, you have outperformed the appropriate benchmark over all time periods. This is no small accomplishment. Many investors chasing performance end up with a fraction of the market return by trading too frequently and being on the wrong side of the market.

December DAP Installments

This year installments will be made on the normal payment day. Monthly installments will be on the fourth Friday (December 24th). If you reached 70 1/2 or older this year, and you have not taken out the IRS minimum distribution for your age, the Plan will distribute the minimum required for you during the week of December 20th by check. Any partial or lump sum distribution request received after December 27, 2004 will be dated in 2005. Benefits Express sends out your minimum required distribution (MRD) amount notice, if applicable, early each year.

Heads Up Newsletter Library

Visit www.4twadap.com and select "Heads Up Library" under Communication to view any of the DAP newsletters, which date back to the first issue in 1994. Many of the educational articles still apply to investing your retirement dollars.

Fund Performance

as of September 30, 2004

| Fund & Portfolios | ytd. 2004 | 3 yr. avg. | 5 yr. avg. | 10 yr. avg. |
|--------------------------------------|--------------|---------------|---------------|----------------|
| Stable Value Fund | 3.60% | 5.02% | 5.69% | 6.17% |
| Lehman Brothers 1-3 yr. Govt./Treas. | 1.01% | 3.26% | 5.22% | 5.78% |
| Value Stock Fund | 3.55 | 8.66 | 5.04 | 11.94 |
| Russell 1000 Value Index | 5.54 | 7.57 | 4.31 | 12.53 |
| Equity Index Fund | 1.62 | 5.25 | -0.40 | 10.40 |
| Russell 3000 Index | 1.62 | 5.31 | -0.10 | 10.87 |
| Growth Stock Fund | 0.44 | 4.76 | -4.35 | 8.51 |
| Russell 1000 Growth Index | -2.63 | 1.61 | -6.78 | 8.72 |
| International Stock Fund | 3.74 | 10.38 | 1.30 | 6.16 |
| MSCI All Country World Free Ex US | 5.15 | 11.38 | 0.49 | 4.25 |
| Div. Small Co. Stock Fund | 2.68 | 12.21 | 10.90 | 12.08 |
| Russell 2000 Index | 3.71 | 13.71 | 7.41 | 9.87 |
| Conservative Portfolio | 3.28 | 6.09 | 4.68 | 8.43 |
| Conservative Composite Index | 2.04 | 4.53 | 3.97 | 8.15 |
| Moderate Portfolio | 2.80 | 7.25 | 3.99 | 9.23 |
| Moderate Composite Index | 1.92 | 5.82 | 2.23 | 8.25 |
| Aggressive Portfolio | 2.59 | 8.07 | 4.17 | 9.75 |
| Aggressive Composite Index | 2.40 | 7.27 | 2.21 | 8.59 |

Performance

The Directed Account Plan Quarterly Review

October 2004

The Directed Account Plan 2003 Summary Annual Report

This is a summary of the Annual Report for The Directed Account Plan (formerly the TWA Pilots' Directed Account Plan, employer identification number 75-6646952, plan number 002) for the period January 1, 2003 through December 31, 2003. The Annual Report has been filed with the Employee Benefits Security 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 \$123,058,000. These expenses included \$120,446,000 in benefits paid to participants and beneficiaries, and \$2,612,000 in administrative expenses. A total of 2,891 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 \$1,085,194,000 as of December 31, 2003, compared to \$1,027,564,000 as of December 31, 2002. During the plan year the plan experienced an increase in its net assets of \$57,630,000. This increase 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 a total income of \$180,688,000, including a gain from employer contributions of \$19,000, a gain from employee contributions of \$3,580,000, and a gain from investments of \$177,089,000.

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, Suite 105, 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, Room N1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210.

Fund Component Weighting

These tables represent component weightings for individual investment funds as of September 30, 2004.

| | Weighting | Net Value of Funds (\$MM) |
|---|-----------|---------------------------|
| Stable Value Fund | | \$346.5 |
| Cash/BGI Money Market | 15% | |
| PRIMCO GIC | 45% | |
| Wellington Core Bond | 40% | |
| Value Stock Fund | | 59.9 |
| BGI Value Index | 20% | |
| Clipper | 10% | |
| Legg Mason Spec. Inv. Trust | 10% | |
| Morgan Value Strategy | 20% | |
| Neuberger/Berman Focus | 10% | |
| Neuberger/Berman Regency | 10% | |
| T. Rowe Price Value | 20% | |
| Equity Index Fund | | 35.0 |
| BGI US Equity Index | 100% | |
| Growth Stock Fund | | 37.6 |
| BGI Growth Index | 20% | |
| Wellington Mid Cap Opport. | 20% | |
| Turner Mid Cap Growth | 20% | |
| TCW Galileo Select Eq. I | 20% | |
| Marsico Focus | 20% | |
| International Stock Fund | | 25.1 |
| BGI EAFE Index | 5% | |
| Am Century Instl. Intl. Disc. | 25.5% | |
| Am Century Instl. Intl. Growth | 25.5% | |
| Templeton Instl. Foreign Equity | 20% | |
| First Eagle Overseas | 12% | |
| Lionleaf Partners Intl. | 12% | |
| Diversified Small Co. Stock Fund | | 70.6 |
| BGI Small Co. Index | 20% | |
| Dimensional US Micro Cap Port. | 12% | |
| Royce Opportunity | 12% | |
| Janus Small Cap Value Instl. | 18% | |
| State Street Aurora S | 18% | |
| Franklin Small Cap Gr. II | 20% | |
| Conservative Model | | 52.8 |
| Moderate Model | | 307.7 |
| Aggressive Portfolio | | 26.7 |
| Fidelity Funds Window | | 64.2 |
| Total | | \$1,026.1 |

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 Plan Contacts

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
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