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*This newsletter is published quarterly
for the members of Petroleum
Associates Federal Credit Union.*

3rd Quarter, 2003

PETROLEUM ASSOCIATES

(FORMERLY TEXACO EMPLOYEES FEDERAL CREDIT UNION)

FEDERAL CREDIT UNION NEWSLETTER

SERVING CHEVRON TEXACO AND EQUILON, MOTIVA, EQUIVA SERVICES, EQUIVA TRADING

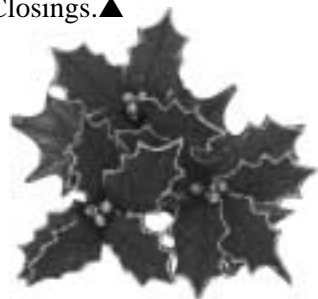
Holiday Closings

The staff at Petroleum Associates Federal Credit Union would like to wish you the happiest of holidays. We will be closed November 27 and November 28 for Thanksgiving.

The Main Office in Atlanta will close at noon on Wednesday, December 24, Christmas Eve, and will be closed all day Thursday, December 25, Christmas Day. The Main Office will be closed on Friday, December 26.

The Main Office will also close at noon on Wednesday, December 31, New Year's Eve, and remain closed on Thursday, January 1, New Year's Day. Regular office hours will resume on Friday January 2, 2004.

Please check with your local branch office dates and times of its Holiday Closings.▲



Notice of Your Financial Privacy Rights

This is our privacy notice for our customers. We are committed to respecting the individual privacy of consumers. In accordance with federal regulations, we are giving you this notice to tell you how we use information about you or your account. We will not share non-public personal information about you with non-affiliated third parties, except as permitted by law and we will continue to protect your privacy. We intend to comply with Federal law, but if State law provides you with greater protection, we will follow State law.

CATEGORIES OF INFORMATION THAT WE MAY COLLECT

We collect non-public personal information about you from the following sources:

Information we receive from you on applications or other forms, including, but not limited to: your name, address, social security number, assets, and income.

Information about your transactions with us, our affiliates, or others, including, but not limited to: your account balance, payment history, parties to transactions, and credit-card usage.

Information we receive from the consumer reporting agency, including, but not limited to: your credit worthiness and credit history.

CATEGORIES OF INFORMATION THAT WE DISCLOSE

We do not disclose any non-public personal information about our customers or former customers to non-affiliated third parties, except as permitted by law.

DISCLOSURE AS PERMITTED BY LAW

We may disclose all of the information we collect, as described above to service providers and companies that perform marketing services on our behalf.

CONFIDENTIALITY AND SECURITY

We restrict access to non-public personal information about you to those Credit Union employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with NCUA standards. To guard your non-public personal information.

As required by Federal law, we will notify you of our Privacy Policy annually. We reserve the right to modify this policy at any time. If you have questions, or concerns about the integrity of your account information, please contact us.

1-877-833-8200-toll-free

Please visit our web site at: www.paefcu.org or contact us at: paefcu@aol.com or (company email) atltecu@ShellIOPUS.com

Be On Guard

In this fast paced world, it has become extremely necessary to guard the security of your finances. Lost and stolen checks, ATM cards and VISA cards account for millions of dollars in losses ever year. In most cases, the Credit Union will work with you to limit your losses. But, in the big picture, both you and the Credit Union lose.

Please help yourself and us by keeping your PIN numbers separate from your cards and person. Also, notify us immediately when you discover your checks or cards are missing. A fast response can prevent a bad situation from getting worse!

Petroleum Associates Federal Credit Union is looking out for your best interests. If you have any questions, please call the Credit Union branch nearest you.▲

Christmas Club Checks

will be mailed out after the payroll is posted on November 17, 2003.

WIN \$15

If you find your account number hidden in this newsletter, call one of the Credit Union offices. We'll deposit \$15 into your account.

For every quarter that no one claims their prize, we will increase the amount by \$15. ▲

**A 1% DIVIDEND
was declared for the
third quarter 2003
by the PAFCU
Board of Directors.**

Automated Teller Machines

We have expanded our ATM Services in Texas by joining the PULSE™ selective surcharge network. Members may use ATM/debit cards at any ATM with the select ATM logo free of surcharge fees. Use is restricted to Texas, at present. Visit www.selectatm.com for select location.▲

Branch Office Closure

Changes in the locations of our members has caused us to close the branch office located at 1100 Louisiana Street, Houston.



Patriot Act Requirements

Important information
about procedures
for opening
a new account



To help the government fight the funding of terrorism and money laundering activities, Federal Law requires all financial institutions to obtain, verify, a record information that identifies each person who opens an account.

What this means to you:

When new members to the Credit Union or new account signatories are added on existing member accounts, we will ask you for your name, address, date of birth and other information that will allow us to identify you. We will also ask to see your driver's license or other identifying objects, such as passport, etc.▲

Home Equities: A Great Alternative



Have you ever wished you had a source of cash to draw from... at your convenience? Imagine never having to go through the process of applying for a loan and waiting to be approved. With the Home Equity line of credit, you can have that source 24 hours a day, 365 days a year. Home Equities are a great source for vehicle purchases, home improvements, debt consolidation and more. Talk to your tax consultant because the interest you pay may be tax-deductible unlike other consumer loans.▲

LOAN RATES

Type of Loan	Maximum Amount	Annual % Rate	Maximum Term	Requirements
1st Mortgage (1)*	Up to \$1,000,000.00	For current rates, and more info, call 1-800-503-6855 or 770-506-7476	30 years only 15 years only 7/23 years only 5/25 years only Call Credit Union	Creditworthy subject to terms of secondary mortgage market; call Credit Union for an application
2nd Mortgage & Home Equity (*5)	\$200,000	Prime 4 %	15 years	Creditworthy; 80% of appraised value minus mortgage balance
New: Auto, Truck, RV, Camper, Boat, Motorcycle (*2,5,6)	100% of sticker price	4.9%	1-5 years (6) Longer terms available Call Credit Union	Title Creditworthy
Used: Auto, Truck, RV, Camper, Boat, Motorcycle (*2,3,5,6)	100% of NADA retail value for no more than 3 years old. 85% of NADA retail value for models older than 3 years old.	4.9%	1-5 years (6) Longer terms available Call Credit Union	Title Creditworthy
Share Secured	Amount of Shares	Variable Passbook Rate plus 1%	5 years	Shares
Signature (*5)	\$7,500	1 year 11.00% 2 years 12.00% 3 years 13.00% 4 years 14.00% 5 years 15.00%	5 years	Creditworthy; past credit record; reviewed annually
VISA	\$10,000	13.56%	Unpaid Balance	Creditworthy
CD Secured	100% of CD face value	1% above rate on CD	Terms of CD	Certificate

*1 Conventional mortgages up to 90% of appraised value with private mortgage insurance. Loan amounts of \$80,000 to \$100,000 have discount, origination and closing costs of 3.5%; loan amounts of \$100,000 to \$159,000: 2%. Buy downs available. Call for details.

*2 PAFCU auto loans cannot be refinanced to get a lower rate.

*3 Refinanced auto loans are made at loan values in current NADA book.

*4 Titles are accepted as collateral at NADA retail value and stock at 80% of current value.

*5 Petroleum Associates Federal Credit Union will pay off any new or used auto loan held with another financial institution. Above rates would apply to refinancing in the absence of any special loan promotion. Note: Auto loans currently held by Petroleum EFCU not eligible for refinancing.

*6 Longer terms are available. Please call nearest office for more details.

* For current first mortgage rates, please call 1-800-503-6855.

The following is required by the Truth In Lending Act - Regulation Z: You pay a FINANCE CHARGE for all money borrowed from the Credit Union. The FINANCE CHARGE is computed at the time each payment is made. For each day since the previous payment, the unpaid balance of your loan is multiplied by the daily periodic rate. The sum of this product equals the FINANCE CHARGE.

How we compute loans: Petroleum Associates Federal Credit Union calculates simple interest based on a 365-day year. For example, take your loan balance from the last date of payment or day of a new loan, multiply times the number of days elapsed from that date to present, multiply by the interest rate (10%: .1), divide by 365 days and that equals the current interest due. Example: Your last statement was 1/1/95, loan balance \$5,000.00, interest rate is 10%, today's date is 2/25/95. The calculation is \$5,000 x 56 days x .10 365: \$76.71 interest due. Standard repayment procedure is payroll deduction, but a cash pay schedule is also available to members without access to deductions. Additional payments or total payoff of a loan may be made at any time without any prepayment penalty. Interest is computed only on the unpaid balance.

A LITTLE HISTORY

The Credit Union idea was born in 1849 when the mayor of a small village in Germany wanted to help his people recover from the physical and financial devastation caused by the Napoleonic wars. His plan was for people to pool their small but regular savings and give out low interest loans. His plan worked well and the idea quickly caught on and spread across Europe.

The United States saw its first Credit Union established in Manchester, New Hampshire in 1909—based on the same (9513) principles of pooled savings and low interest loans. Today, there are over 17,000 Federal Credit Unions and that number is growing rapidly. The popularity of Credit Unions is due to many contributing factors, but the primary one is the quality of service they provide to members.▲

Attention Members

Effective January 1, 1998 financial institutions are required by law to report bad debt write-offs to the IRS and to supply the debtor a 1099 form. This means that the value of the bad debt writeoff will be counted as ordinary income to the debtor and will be taxed as ordinary income by the Federal and State Governments if applicable.▲

SAVINGS RATES

Type of Account	Annual % Rate	Annual % Yield	Rate Changes	Charges & Dividends
Passbook Savings and IRAs (\$100 minimum balance) and Christmas Club (\$10 minimum)	1.0%	1.0%	90 day account, interest accrued and paid quarterly. 1	Rates adjusted quarterly based on market conditions. Fees-None
CD's & IRAs*** (\$500 minimum balance) Rates fixed at time of purchase	12 months 1.25% 30 months 2.0% 60 months 3.0%	1.26% 2.02% 3.04%	Rates subject to change weekly 30 months 60 months	based on market conditions
Money Market Accounts** (\$1000 minimum balance)	.25%	.25%	No service or per-check fee Interest paid monthly or service charge except for check order charges.	Rates subject to change monthly based on market conditions. No monthly fees
Regular Checking Accounts**	.10%	.10%	No service or per-check fee Interest paid monthly	Rates subject to change monthly based on market conditions. No monthly fees or service charge except for check order charges.
Super Money Market Account (minimum balance \$10,000)	.75%	.75%	No service or per-check fee Interest paid monthly	Rates subject to change monthly based on market conditions. No monthly fees or service charge except for check order charges.

*Rates effective 1-1-03 through 3-31-03. Call the Credit Union for current rates.
For current rates call the branch nearest you.

**Rates effective 7-1-03 through 9-30-03

***Rates effective 7-21-03 and are subject to change.

Free Life Insurance on Share Accounts

When you open your share account, you become an owner of Petroleum Associates Federal Credit Union. That is why it's called a share account: you own shares of the Credit Union. One of the benefits you receive as an owner of the Credit Union is life insurance at no charge. Coverage is based on the total balance on deposit in your share account up to \$3,000.00. Terms subject to the qualifying requirements of the Credit Union's group life insurance policy.

Call the Credit Union for a copy of the Certificates of Insurance explaining the benefits in detail.

This insurance is provided for you free of charge. The amount of your insurance is based on the insured balance of your savings on the date of your death and how old you were on the date of each deposit that makes up that balance as follows:

<i>If your age on the date of an insured deposit was:</i>	<i>The amount of your insurance is equal to:</i>
0-6 months	25% of that insured deposit
6 months through 54 years	100% of that insured deposit
55 years through 59 years.....	75% of that insured deposit
60 years through 64 years.....	50% of that insured deposit
65 years through 69 years.....	25% of that insured deposit
70 years or older	0% of that insured deposit

Please note your insurance is based on your age on the date of each deposit for which you are insured and does not decrease as you grow older. Withdrawal of savings will be on a last in - first out basis. The insured portion of your savings balance may not exceed \$3,000.00.

How to figure your Average Daily Balance

For share drafts, Christmas Club, IRA and passbook savings, it's easy to figure your average daily balance. For example, say you have a savings account with a balance of \$352.40 on November first and want to know your average daily balance for that month. Add each day's balance in the dividend period:

Day in Period	Date	Daily Balance
1	11/1	\$352.40
2	11/2	\$352.40
3	11/3	\$352.40
4	11/4	\$252.40
5	11/5	\$252.40
6	11/6	\$251.40
7	11/7	\$199.25
8	11/8	\$165.54
9	11/9	\$165.54
10	11/10	\$165.54
11	11/11	\$40.44
12	11/12	\$40.44
13	11/13	\$0.00
14	11/14	\$0.00
15	11/15	\$1030.84
16	11/16	\$941.83
17	11/17	\$901.83
18	11/18	\$901.83
19	11/19	\$890.77
20	11/20	\$11.07
21	11/21	\$11.07
22	11/22	\$11.07
23	11/23	\$11.07
24	11/24	\$261.41
25	11/25	\$261.41
26	11/26	\$261.41
27	11/27	\$261.41
28	11/28	\$261.41
29	11/29	\$261.41
30	11/30	\$261.41
		\$9131.41

Calculation: The sum of the daily balances divided by 30 days in period equals the Average daily balance: \$9131.41 ÷ 30 = \$304.38
Multiply the Average daily balance by the number of days in dividend period: \$304.38 x 30 = \$9131.40. Multiply this amount (\$9131.40) by the dividend rate (3.00%) and divide by 365 (days in a year): \$9131.40 x .03 = 365 = \$75.

Note: On share drafts, money market accounts, dividends are paid only on balances of \$250 or more. On savings accounts, we pay on balances of \$100 or more.

Day-in, day-out calculation

For certificate accounts, it's easy to figure your day-in, day-out balance. For example, say you have an account with a beginning balance of \$52.40. Add each day's balance in the dividend period:

Day in Period	Daily	Daily Balance
1	11/1	\$52.40
2	11/2	\$52.40
3	11/3	\$52.40
4	11/4	\$52.40
5	11/5	\$52.40
6	11/6	\$51.40
7	11/7	\$199.25
8	11/8	\$165.54
9	11/9	\$165.54
10	11/10	\$165.54
11	11/11	\$40.44
12	11/12	\$40.44
13	11/13	\$0.00
14	11/14	\$0.00
15	11/15	\$30.84
16	11/16	\$941.83
17	11/17	\$901.83
18	11/18	\$901.83
19	11/19	\$890.77
20	11/20	\$11.07
21	11/21	\$11.07
22	11/22	\$11.07
23	11/23	\$11.07
24	11/24	\$261.41
25	11/25	\$261.41
26	11/26	\$261.41
27	11/27	\$261.41
28	11/28	\$261.41
29	11/29	\$261.41
30	11/30	\$261.41
		\$6631.40

Calculation: Multiply this amount (\$6,631.40) by the dividend rate (3.00%) and divide by 365 (days in year): \$6631.40 x .03 = 365 = \$55

Note: On IRA and regular certificates, dividends are paid only on balances of \$500.00 or more. These accounts carry a fixed rate.



PAFCU REFERENCE

Atlanta (Main Office)
4127 Winters Chapel
Droaville, GA 30360
Local 770-936-7040
Toll-Free 877-833-2800
Fax: 770-936-4627
Mon-Thurs 7:00-3:45
Fri 7:00-2:45

Florida Branch
Colonade Hotel Bldg, 4th Floor
2333 Ponce De Leon
#443, Coral Gables, FL 33134
786-552-6009
Fax: 786-552-6029
Mon-Fri 8:00-1:30

Heritage Plaza Branch
1111 Bagby Street, Skylobby Room SL38
Houston, TX 77002
713-752-3803
Fax: 713-752-3805
Mon-Thurs 7:30-3:30
Fri 7:30-2:30

Northborough Branch
12700 Northborough Room 179
Houston, TX 77067
281-874-2281
Fax: 281-874-2282
Mon-Thurs 7:30-12:30/1:15-3:30
Fri 7:30-12:30/1:15-2:30

Bellaire Branch
4800 Fournace Plaza Room W-108
Bellaire, TX 77401
713-432-6722
Fax: 713-432-6727
Mon-Thurs 7:30-12:30/1:15-3:30
Fri 7:30-2:30

Charleston Lubricants Plant
4950 Virginia Avenue
N. Charleston, SC 29045
843-308-7254
Mon-Wed-Fri 10:00-3:30
Closed 12:00-12:30

Please visit our web site at: www.paefcu.org or contact us at: paefcu@aol.com or (company email) atltecu@ShellIOPUS.com