UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[**X**] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **March 31, 2003**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from______to______

Commission File Number 333-57170

Resolution Performance Products LLC
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	76-0607613 (I.R.S. Employer Identification Number)

Commission File Number 333-57170-01

RPP Capital Corporation
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	76-0660306 (I.R.S. Employer Identification Number)

1600 Smith Street, Suite 2400
Houston, Texas 77002
(888) 949-2502
(Address of principal executive offices and telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes __X__ No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

Yes No __X__

At April 30, 2003, there were 1,000,000 outstanding membership units of Resolution Performance Products LLC and 1,000 outstanding shares of common stock of RPP Capital Corporation.

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Item 1. Financial Statements

RESOLUTION PERFORMANCE PRODUCTS LLC

CONSOLIDATED BALANCE SHEETS (Unaudited)

(*in millions of U. S. dollars, except for Units*)

	March 31, 2003	December 31, 2002
Assets		
Current assets:		
Cash and cash equivalents	$ 2	$ 4
Receivables, less allowance of $2 and $2, respectively	119	105
Due from related parties	2	3
Prepaid assets	8	10
Inventories, less allowance of $1 and $1, respectively	147	145
Taxes receivable	9	9
Deferred income taxes	5	5
Total current assets	292	281
Property, plant and equipment, at cost, less accumulated depreciation	440	441
Intangible assets, at cost, less accumulated amortization	18	19
Investments in equity affiliate	12	11
Deferred income taxes	43	41
Total assets	$ 805	$ 793
Liabilities and Owner's Deficit		
Current liabilities:		
Accounts payable-trade	$ 166	$ 156
Other payables and accruals	31	17
Deferred credit	3	5
Due to related parties	-	1
Taxes payable	2	2
Current portion of long-term debt	1	1
Total current liabilities	203	182
Capital lease obligation	1	2
Deferred revenue	5	5
Deferred income taxes	66	66
Pensions and other retirement plan obligations	23	22
Long-term debt	560	565
Total liabilities	858	842
Commitments and contingencies (Note 13)		
Owner's deficit:		
Member interest, 1,000,000 units authorized and issued	102	102
Accumulated deficit	(88)	(80)
Accumulated other comprehensive loss	(67)	(71)
Total owner's deficit	(53)	(49)
Total liabilities and owner's deficit	$ 805	$ 793

See accompanying notes to consolidated financial statements.

RESOLUTION PERFORMANCE PRODUCTS LLC

CONSOLIDATED STATEMENTS OF INCOME (unaudited)
(*in millions of U.S. dollars*)

	Three months ended March 31, 2003	Three months ended March 31, 2002
Revenues	$ 198	$ 187
Other revenues	-	-
Total	198	187
Cost and expenses:		
Purchase and variable product costs	138	101
Operating expenses	28	31
Selling, general and administrative	14	16
Depreciation and amortization	11	8
Research and development	4	5
Special charges	-	1
Total	195	162
Operating income	3	25
Interest expense, net	16	16
Income (loss) before income taxes	(13)	9
Income tax expense (benefit)	(5)	4
Net income (loss)	$ (8)	$ 5

See accompanying notes to consolidated financial statements.

RESOLUTION PERFORMANCE PRODUCTS LLC

CONSOLIDATED STATEMENT OF OWNER'S DEFICIT (Unaudited)
(*in million of U. S. dollars*)

	Member Interest	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total	Comprehensive Income(loss)
Balance, December 31, 2002	$102	$ (80)	$ (71)	$(49)	
Net loss		(8)		(8)	$ (8)
Currency translation gain, net of tax			3	3	3
Interest rate swap, net of tax			1	1	1
Comprehensive loss					$ (4)
Balance, March 31, 2003	$102	$ (88)	$ (67)	$(53)	

See accompanying notes to consolidated financial statements.

RESOLUTION PERFORMANCE PRODUCTS LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(*in millions of U. S. dollars*)

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002
Cash flows provided by (used for) operating activities:		
Net income (loss)	$ (8)	$ 5
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11	8
Amortization of deferred finance costs	1	-
Deferred income taxes	(2)	3
Pensions and other retirement plans obligation	1	(3)
Changes in operating assets and liabilities:		
Receivables, net	(12)	(1)
Due from related parties	-	1
Prepaid assets	2	3
Inventories	(1)	(3)
Payables and accruals	21	4
Deferred credit	(2)	-
Net cash provided by operating activities	11	17
Cash flows used for investing activities:		
Capital expenditures	(5)	(6)
Net cash by used for investing activities	(5)	(6)
Cash flows provided by (used for) financing activities:		
Repayments of capital lease obligation	(1)	-
Proceeds from long-term debt	179	20
Repayments of long-term debt	(186)	(28)
Net cash used for financing activities	(8)	(8)
Net increase (decrease) in cash and cash equivalents	(2)	3
Cash and cash equivalents at beginning of period	4	6
Cash and cash equivalents at end of period	$ 2	$ 9
Supplemental cash flow information on non cash transactions:		
Capital lease obligation incurred	$ -	$ 2
Trade notes payable incurred	$ -	$ 3

See accompanying notes to consolidated financial statements.

RESOLUTION PERFORMANCE PRODUCTS LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2003

1. Organization, Formation and Basis of Presentation

The consolidated financial statements include the consolidated operations of Resolution Performance Products LLC (“RPP LLC”, or the “Company”), and its wholly owned subsidiaries including RPP Capital Corporation (“RPP CC”). RPP LLC is a wholly owned subsidiary of Resolution Performance Products Inc. (“RPPI”).

RPP CC is a wholly owned finance subsidiary of RPP LLC that was formed in October 2000 to co-issue the 13-1/2% Senior Subordinated Notes jointly and severally with RPP LLC. RPP CC has nominal assets and no operations.

The Company is engaged in manufacturing and marketing resins in the U.S. and internationally. Resins include epoxy resins, versatic acids and derivatives. Epoxy resins are chemicals primarily used in the manufacture of coatings, adhesives, printed circuit boards, fiber reinforced plastics and construction materials.

Products containing epoxy resins serve a wide range of end-users, including automotive, aerospace, electrical, construction and industrial maintenance. Versatic acid and derivatives are specialty products that complement epoxy resins product offerings in the coatings, adhesives and construction industries.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete audited financial statements. In the opinion of management, all adjustments, consisting only of normal, recurring adjustments considered necessary for a fair presentation, have been included. For further information, refer to the Resolution Performance Products LLC Annual Report on Form 10-K for the year ended December 31, 2002, including the consolidated and combined financial statements and notes thereto contained therein. Certain amounts from the prior period have been reclassified to conform to the current period presentation.

2. Inventories of Products

Product inventories are valued at the lower of cost or net realizable value, cost being determined using a FIFO (First In First Out) method. Effective January 2002, the Company changed its inventory accounting policy in Europe from the weighted-average method to FIFO. The change was made for consistency with the inventory accounting policy in the United States and because the FIFO method provides for a better matching of revenues and expenses. The effect of this change was not material due to the Company’s fairly rapid inventory turnover. Historically, the Company’s inventory turnover has averaged about sixty days.

Total inventories at March 31, 2003 and December 31, 2002 were comprised of the following (in millions of U. S. dollars):

	March 31, 2003	December 31, 2002
Raw materials	$ 12	$ 10
Finished products.............	122	122
Materials and supplies	13	13
Total.....................	$ 147	$145

3. Property, Plant and Equipment

Property, plant and equipment at March 31, 2003 and December 31, 2002 consist primarily of manufacturing assets as follows:

	March 31, 2003	December 31, 2002
Plant and equipment.........	$ 1,103	$ 1,084
Office buildings	33	33
Other assets......................	67	65
Total....................	$ 1,203	$1,182
Less: accumulated depreciation	(763)	(741)
Net property, plant and equipment	$ 440	$ 441

Property, plant and equipment include capital leased assets with a net book value of $3 million. Substantially all current and future assets are pledged as security under the Company's credit agreement. Expenditures for property, plant and equipment totaled $5 million for the quarter ending March 31, 2003. The $5 million spent in 2003 is made up of $7 million gross amount for operational projects net of $2 million environmental indemnification recovery from Shell.

4. Intangible Assets

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 141 "Business Combinations" and Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets". These accounting pronouncements require that we prospectively cease amortization of all intangible assets having indefinite useful economics lives. Such assets are not to be amortized until their lives are determined to be finite, however, a recognized intangible asset with an indefinite useful life should be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of the asset has decreased below its carrying value.

Intangible assets consist of the following (in millions of U. S. dollars):

	March 31, 2003		December 31, 2002	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Patents and trademarks	$12	$11	$12	$11
Deferred finance costs	$23	$ 6	$23	$ 5
Total	$35	$17	$35	$16

Aggregate Amortization Expense:	
For the three months ended March 31, 2003	$1.0
Estimated Amortization Expense:	
For the period April 1, 2003 through December 31, 2003.......................	$8.0
For the year ended December 31, 2004	$3.0
For the year ended December 31, 2005	$3.0
For the year ended December 31, 2006	$3.0
For the year ended December 31, 2007	$2.0

The remaining amortization expense for 2003 includes a $6 million write-off of deferred financing costs related to the refinancing and credit agreement amendment. See note 18.

5. Long-term Debt

Long-term debt at March 31, 2003 and December 31, 2002 consisted of the following (in millions of U. S. dollars):

	March 31, 2003	December 31, 2002
Senior Subordinated Notes	$ 328	$ 328
Term Loan A	69	69
Term Loan B	151	155
Revolver	6	6
Other	2	3
Total long-term debt	556	561
Net premium on senior subordinated notes	5	5
Less current portion of long-term debt	1	1
	$ 560	$ 565

During the quarter ended March 31, 2003, we borrowed $179 million and made payments of $186 million under the credit agreement. The payments include a mandatory excess cash flow payment of $6 million as defined in the credit agreement. Other long-term debt consists of trade notes payable totaling $2.0 million that bear interest rates ranging from 6.75 to 8.18 percent and are unsecured and payable over thirty-six months with one of our vendors for the purchase of computer equipment and related services. Annual payments will average approximately $1.0 million. See note 18 for details related to subsequent refinancing and credit agreement amendment.

6. Obligations Under Capital Leases

Capital leases at March 31, 2003 and December 31, 2002 consisted of the following (in millions of U. S. dollars):

	March 31, 2003	December 31, 2002
Total capital leases obligation	$ 2	$ 3
Less current portion of capital leases obligation	$ 1	$ 1
	$ 1	$ 2

The capital leases were recorded at the present value of the minimum lease payments which also approximated the fair market value of the obligation.

7. Interest Rate Cap

Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on the type of derivative and the effectiveness of the hedge. The Company does not enter into derivative instruments for trading purposes; however, an interest rate cap agreement was entered into during 2002 in connection with the Company's credit facility. The Company uses the interest rate cap to protect against interest rate fluctuation by limiting the exposure to increases in the variable portion of interest rates in its credit facility.

As of March 31, 2003, the Company has an interest rate cap agreement for the notional amount of $150 million. The interest rate cap agreement caps the floating rate at 3% and expires on February 28, 2004. The cost of the interest rate cap agreement was $183,750 and will be amortized over its term.

8. Pension Plans, Other Post Retirement Benefits and 401(k) Plan

The funded pension and unfunded other retirement obligations had the following activity:

	March 31, 2003	December 31, 2002
Balance at beginning of period	$22	$31
Currency translation adjustment	-	2
Net periodic expense accrual	1	4
Cash contributions	-	(15)
Balance at end of period	$23	$22

The Company accrues net periodic expense based on an estimate from its consulting actuary.

9. Transactions with Related Parties and Certain Other Parties

During the first quarter, we have continued our numerous agreements with Royal Dutch/Shell Group of Companies, ("Shell"), including the purchase of feedstock, site services, utilities, materials, facilities and operatorship services. There were no material changes regarding our commitments surrounding certain agreements with Shell during the period.

10. Segment Information

Using guidelines set forth in SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, the Company has identified three reportable segments based on geographic and customer information: (i) U. S., (ii) Europe and Africa, and (iii) Asia Pacific and Middle East. Management operates its business through geographic regions and is not organized nor does it prepare discreet financial information by product line within the geographic regions.

Selected financial data by geographic region are presented below (in millions of U. S. dollars):

	U.S.	Europe and Africa	Asia Pacific And Middle East	Elimination's	Total
As of and for the period ended March 31, 2003:					
Revenues from external customers	$ 89	$ 109	$ —	$ —	$ 198
Intersegment revenues	3	2	—	(5)	—
Operating income	8	(5)	—	—	3
Total assets	452	352	1	—	805
As of and for the period ended March 31, 2002:					
Revenues from external customers	$ 95	$ 88	$ 4	$ —	$ 187
Intersegment revenues	3	4	1	(8)	—
Operating income	31	(5)	(1)	—	25
Total assets	428	299	7	—	734

Sales revenues are attributed to geographic regions based on the location of the manufacturing facility and/or marketing company, and are not based on location of customer. Intersegment amounts represent sales transactions within and between geographic regions.

11. Income Taxes

The Company provides for income taxes in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes ("SFAS 109"). SFAS 109 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax basis of the assets and liabilities.

Deferred taxes result from differences between the financial and tax bases for assets and liabilities, and are adjusted for changes in tax rates and tax laws when changes are enacted. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

12. Restructuring Charges

The Company accrued a charge for employee severance and other exit costs of $6 million in the fourth quarter of 2002 related to a cost reduction program implemented in response to a significant decline in profitability. The global reduction in work force affected approximately 90 employees or 9% of the global work force. Other exit cost relates to a modification of the OMS agreement previously entered into with Shell covering employee termination expenses to be absorbed by the Company. During the current quarter, approximately 39 of the 90 employees have been terminated. The Company expects to complete the restructuring program by the end of 2003. The following is a reconciliation of the severance liability:

	December 31, 2002	Additions	Deductions	March 31, 2003
Severance......................	$ 6	-	$ 1	$ 5

13. Commitments and Contingencies

In the ordinary course of business, the Company is subject to various laws and regulations and, from time to time, litigation. In the opinion of management, compliance with existing laws and regulations will not materially affect the financial position or results of operations of the Company. Management is not aware of any material pending actions against the Company.

As mentioned above, our business is subject to various federal, state, local and foreign laws and regulations which govern environmental health and safety ("EHS") related matters. Compliance with these laws and regulations requires substantial continuing financial commitments and planning. Moreover, the laws and regulations directly affect how we operate our business. The financial commitments consist of environmental costs for normal day to day operations, voluntary and mandatory matters as well as remediation issues.

As of March 31, 2003, we have assessed that an environmental remediation liability accrual is not needed based on the current available facts, present laws and regulations, and current technology.

We have determined that an environmental remediation liability is not needed since we are not aware of any claims or possible claims against us from the closing date of the recapitalization. For environmental conditions that existed prior to the closing date, our environmental remediation liability is influenced by agreements associated with the transactions whereby Shell generally will indemnify us for environmental damages associated with environmental conditions that occurred or existed before the closing date of the recapitalization, subject to certain limitations. In addition, management believes that we maintain adequate insurance coverage, subject to deductibles, for environmental remediation activities.

14. Supplemental Cash Flow Information

The Company translates its foreign subsidiaries financial statements for consolidation in accordance with SFAS 52 (Foreign Currency Translation), using the current rate method. As a result, the statement of cash flows is affected by the non-cash foreign currency translation adjustments that are pervasive in the consolidated balance sheet. The statement of cash flows has been adjusted to exclude the non-cash effects of the foreign currency translation adjustments.

15. Other Revenue

In 2002 and 2001, the Company entered into BPA technology license agreements wherein the Company granted non-exclusive licenses to third parties to use RPP LLC's technology to construct, operate and maintain and/or repair one licensed plant for the manufacture of BPA. Other than the grant to use the license, the Company will also provide technical assistance in the design, engineering, procurement, training, commissioning and/or start-up of the licensed plant. Revenues from the sale of the BPA technology license and related support services have been and will be recognized using the percentage of completion method. For the three months ended March 31, 2003, $0.06 million has been recognized as Other Revenues related to the sale of the BPA technology licenses.

In May 2002, the Company entered into an exclusive and irrevocable option with a third party to execute a long-term supply contract, wherein the Company received $4.2 million. In June 2002, the Company executed a calcium chloride supply agreement with the third party for fifteen years. Revenues from the sale of the option will be recognized on a straight line basis over fifteen years consistent with duration of the supply agreement. For the three months ended March 31, 2003, $0.07 million has been recognized as Other Revenues related to the sale of the option.

16. Deferred Revenue

Deferred revenue includes the unamortized balances related to the sale of the BPA technology licenses and the sale of the exclusive and irrevocable option to execute a long-term supply contract. As of March 31, 2003 the balance included in Deferred Revenue for the sale of BPA technology licenses and the sale of the option was $1 million and $4 million, respectively.

17. Deferred Credit

Deferred credit includes the remaining balance of proceeds received from Shell under the environmental agreement indemnity payments. The deferred credit amounts will be matched against specific environmental capital projects that in effect will reduce the amount of gross environmental capital expenditures. The following is a table of the deferred credit activity:

	December 31, 2002	Applied to Capital Expenditures	March 31, 2003
Deferred Credit.................	$ 5	$ 2	$ 3

18. Subsequent Events

On April 9, 2003, the Company announced it completed an offering, together with RPP CC, its wholly-owned subsidiary, of $175 million aggregate principal amount of 9 ½% Senior Second Secured Notes Due 2010 (the "Notes"). Interest will be payable semi-annually in cash on April 15 and October 15, beginning October 15, 2003. The offering of the Notes was not registered under the Securities Act of 1933, as amended, and the Notes may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. The proceeds, net of $5 million estimated debt issue costs, from the offering of the Notes were used to repay borrowings under the Credit Agreement among the Company, RPP Capital, RPPI, Resolution Europe B.V. and, together with the Company, RPP Capital and RPP Inc., (the "Borrowers") and the various lenders party thereto, dated as of November 14, 2000 (as amended by the First Amendment thereto, dated as of November 5, 2001, the Second Amendment thereto, dated as of June 25, 2002, the Third Amendment thereto, dated as of December 2, 2002, and the Fourth Amendment thereto, dated as of April 1, 2003, the "Credit Agreement") and for general corporate purposes, including working capital.

The Company and the other Borrowers executed the Fourth Amendment to the Credit Agreement dated as of April 1, 2003 (the "Credit Agreement Amendment"). The Credit Agreement Amendment, among other things, (a) permitted the Borrowers to issue the Notes so long as they used at least the first $135 million of net proceeds from the offering of the Notes to prepay the term loans outstanding under the Credit Agreement, (b) amended the financial covenants by eliminating the consolidated interest coverage ratio covenant and the adjusted total leverage ratio covenant and added an adjusted bank leverage ratio covenant, and (c) reduced the size of the revolving credit facility from $100 million to $75 million.

In May 2003, the Company and RPP Capital registered an identical series of 9 ½% Senior Secured Notes due 2010 with the Securities and Exchange Commission and commenced an offer to exchange all of the unregistered notes for the registered notes.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Statement Regarding Forward-Looking Information

Management's Discussion and Analysis of Financial Condition and Results of Operations and other items in this Quarterly Report on Form 10-Q contain forward-looking statements and information that are based on management's beliefs, as well as assumptions made by, and information currently available to, management. When used in this document, the words "believe", "anticipate", "estimate", "expect", "intend", and similar expressions are intended to identify forward-looking statements. Although management believes that the expectations reflected in these forward-looking statements are reasonable; it can give no assurance that these expectations will prove to have been correct. These statements are subject to certain risks; uncertainties and assumptions, including those discussed under the heading "-Cautionary Statements for Forward Looking Information" and elsewhere in this report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated. The Company undertakes no obligation to release publicly any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

You should read "Management's Discussion and Analysis of Financial Condition and Results of Operations" in conjunction with the corresponding sections and the Company's audited consolidated and combined financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

Results of Operations

The following table sets forth, for the periods indicated, information derived from the Company's consolidated statements of operations, expressed as a percentage of revenues.

	Three months ended March 31,	
	2003	2002
Revenues	100%	100%
Cost and expenses:		
Purchase and variable product costs	70	54
Operating expenses	14	17
Selling, general and administrative	7	9
Depreciation and amortization	5	4
Research and development	2	3
Special charges	-	-
Total	98	87
Operating income	2	13
Interest expense, net	8	8
Income (loss) before income taxes	(6)	5
Income tax expense (benefit)	(2)	2
Net income (loss)	(4)	3
EBITDA (1)	7%	18%

(1) EBITDA represents income (loss) before income taxes, interest expense, net, and depreciation and amortization. EBITDA is presented because it is used by investors to analyze and compare operating performance, which includes a company's ability to service and/or incur debt. In addition, management focuses on EBITDA and adjustments to EBITDA because they are used as internal performance measures. However, EBITDA should not be considered in isolation or as a substitute for net income, cash flows or other income or cash flow data prepared in accordance with United States generally accepted accounting principles ("GAAP") or as a measure of a company's profitability or liquidity. EBITDA is not calculated under GAAP and therefore is not necessarily comparable to similarly titled measures of other companies. For a reconciliation of EBITDA to net income (loss), see page 18.

The following is a discussion of significant financial statement items related to our consolidated statements of income. See note 10 of the consolidated financial statements for segment information.

Revenues

Our revenues are primarily generated through the sale of our three main product lines: (1) epoxy resins, (2) versatic acids and derivatives, and (3) sales of BPA to third parties. In addition, we sell small amounts of ECH to third parties. Revenues have historically been driven by volumes, market prices and foreign currency fluctuations. Revenues also includes other income derived primarily from royalty income and commission income.

Other revenues

Other revenue consist mainly of the sale of a BPA technology license and related support services.

Purchases and Variable Product Costs

Purchases and variable product costs are primarily comprised of feedstock costs. Feedstock costs are driven primarily by market conditions and exchange rates as volumes are generally consistent year over year. The significant feedstocks for which we are highly sensitive to the market prices are phenol, acetone, propylene and chlorine. We purchase chlorine, a primary raw material for ECH, under long-term supply contracts with third parties which provide us with producer-like economics by allowing us to buy this raw material at a margin above production cost and thereby lower our manufacturing costs. We also purchase propylene, the other primary raw material for ECH, under long-term supply agreements with Shell that are based on market price less negotiated volume discounts. We purchase phenol and acetone, the primary raw materials for BPA, under supply contracts with Shell and other third parties that are based on discounted market prices and an input-cost formulae. Because we are co-located with Shell at several of our facilities, our transportation and logistics costs for certain raw materials which Shell provides to us are also reduced. Variable manufacturing costs, which are primarily utilities, are also a significant component of this line item. Purchases and variable costs are reduced by the sale of by-products generated during the manufacturing process, primarily hydrochloric acid.

Operating Expenses

Operating expenses represent the costs associated with the non-variable operations of our manufacturing facilities. Included in operating costs are personnel related costs, manufacturing overhead, periodic maintenance, turnaround costs and environmental costs. Depreciation relating to manufacturing assets is included within depreciation and amortization.

Selling, General and Administrative Expenses

Selling, general and administrative expenses are comprised primarily of costs associated with non-manufacturing, non-research and development operations, including management, accounting, treasury, information technology, marketing and sales, and legal. This includes costs associated with health, safety and environmental projects.

Depreciation and Amortization

Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets. Estimated useful lives for plant and equipment, office buildings, tanks and pipelines are twenty years and range from three to ten years for other assets. Amortization is computed on a straight-line basis for intangibles such as patents.

Research and Development Expenses

Research and development expenses are costs associated with product or customer specific initiatives and costs associated with projects that seek improvements in manufacturing processes. Primarily all of our research and development expenses are generated in one of our three research facilities.

Special Charges

Special charges consist of non-recurring type costs such as transaction, transition and severance costs related to restructuring or cost reduction programs.

Income from Equity Investment

Income from equity investment is related to unconsolidated equity investment.

Interest Expense, net

Interest expense, net consists of interest expense payable with respect to borrowings under our credit agreement and the existing notes, offset by our interest income from short-term cash investments. Interest expense also includes amortization of deferred financing costs and amortization of the premium and discount for the senior subordinated notes issued in 2002, 2001 and 2000, respectively.

Income Tax Expense

The Company is organized as a limited liability company and is not subject to U. S. income tax. Income tax information presented includes U. S. income taxes attributed to the Company's operations that are the responsibility of the Company's sole-owner, RPP Inc.

As of March 31, 2003 and 2002, we have accrued for income taxes, including both deferred and current income tax provisions. Additionally, we have made a Section 338(h)(10) election to allow our recapitalization to be treated as an acquisition of assets for tax purposes. Accordingly, for tax purposes the basis of our U.S. assets have been stepped-up to their fair market values, and we will be able to depreciate our assets using higher basis than the historical amount. This tax basis step-up may reduce cash payments for income taxes over the next four years.

First Quarter of 2003 and 2002 Compared

Revenues

Revenues increased by $11 million, or 6%, to $198 million compared to the prior year quarter. The increase in revenues is a result of increased average prices, partially offset by lower volume. The increase in average prices was primarily attributable to the impact of a weaker dollar on our Euro-related sales and to a lesser extent due to modest price increases on certain products. Overall average prices increased by 8% from the prior year period, however, excluding the impact of a weaker dollar on our Euro-related sales, overall average prices were flat. Overall volumes decreased by 1% from the prior year period as a result of soft demand related to the global recession.

Purchases and Variable Product Costs

Purchases and variable product costs increased by $37 million, or 37%, to $138 million. This increase was largely driven by higher prices for feedstocks due to the increasing price of crude oil and related petrochemical products, partially offset by lower sales volume.

Operating Expenses

Operating expenses decreased by $3 million, or 10%, to $28 million. The decrease is principally related to the cost reduction program implemented by the Company at the beginning of 2003, lower net periodic pension expense and lower maintenance costs. Pension expense decreased due to the change in estimates in connection with our postretirement medical benefit obligation and to a lesser extent due a reduction of benefits in pension. Maintenance costs declined but we expect such a decline will be temporary and that maintenance costs will return to historic levels.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by $2 million, or 13%, to $14 million. The decrease is primarily a result of the cost reduction program implemented by the company at the beginning of the quarter and lower net periodic pension expense. Pension expense decreased due to the change in estimates in connection with our post retirement medical benefit obligation and to a lesser extent due a reduction of benefits in pension.

Depreciation and Amortization

Depreciation and amortization increased by $3 million, or 38%, to $11 million. The increase is primarily attributable to an increase in depreciation expense resulting from capital projects placed in service subsequent to the prior year quarter, such as the information technology project completed in November 2002.

Research and Development Expenses

Research and development costs decreased by $1 million, or 20%, to $4 million. The decrease is primarily due to the cost reduction program implemented by the Company at the beginning of the quarter.

Special Charges

Special charges decreased by $1 million. The decrease is primarily related to the completion of the Company's transition activities in the last quarter of 2002. Transition activities for the quarter ended March 31, 2002 consisted of non-recurring transition expenses from our predecessor's IT and accounting systems.

Operating Income

Operating income decreased by $22 million, or 88%, to $3 million. The decrease was primarily due to the increases in purchases and variable product costs and depreciation and amortization expenses, partially offset by increased revenues and decreased operating expenses, selling, general and administrative expenses, research and development and special charges.

Income (loss) before Income Taxes

Income (loss) before taxes decreased by $22 million to a $13 million loss. The decrease is due to the decrease in operating income.

Income Tax Expense (Benefit)

Income tax expense (benefit) decreased by $9 million to a $5 million benefit in 2003. The decrease is primarily related to decreased taxable income resulting from decreased operating income.

Net Income (Loss)

Net income (loss) decreased by $13 million to an $8 million net loss in 2003. The decrease was due to decreased income (loss) before income taxes, partially offset by increased income tax benefit.

EBITDA

EBITDA decreased by $19 million, or 58%, to $14 million. The decrease was primarily due to the increases in purchases and variable product costs, partially offset by increased revenues and decreased operating expenses, selling, general and administrative expenses and research and development expenses.

EBITDA is presented because it is used by investors to analyze and compare operating performance, which includes a company's ability to service and/or incur debt. In addition, management focuses on EBITDA and adjustments to EBITDA because they are used as internal performance measures. However, EBITDA should not be considered in isolation or as a substitute for net income, cash flows or other income or cash flow data prepared in accordance with GAAP or as a measure of a company's profitability or liquidity. EBITDA is not calculated under GAAP and therefore is not necessarily comparable to similarly titled measures of other companies. The following table reconciles the differences between net income (loss), as determined under GAAP and EBITDA (in millions).

	For the quarter ended March 31,	
	2003	**2002**
Net income (loss)	$ (8)	$ 5
Income tax expense (benefit)	(5)	4
Interest expense, net	16	16
Depreciation and amortization	11	8
EBITDA	$ 14	$ 33

Liquidity and Capital Resources

During the three months ended March 31, 2003, our operating cash flow was more than our working capital needs, and we used this excess for a mandatory excess cash flow payment of $6 million as defined under our credit agreement. Our working capital requirements principally include accounts receivable, product and raw materials inventory, labor, equipment and debt service costs. We expect to continue to finance our operations through net cash provided by operating activities, existing cash on hand, other refinancing vehicles and borrowings under our revolving credit facility. As a result of our high level of debt and the global recession, we will have to continue to generate significant cash flows to meet our current debt service requirements. For a discussion of factors affecting our operating cash flows, see "Outlook for Remainder of 2003" below.

At March 31, 2003, we had $69 million outstanding under the Term Loan A, $150 million outstanding under the Term Loan B, and $6 million outstanding under the revolving credit facility. This resulted in a borrowing capacity of $91 million after considering $3 million related to letters of credit. During the quarter ended March 31, 2003, we borrowed $179 million and made payments of $186 million, which includes a mandatory principal payment of $6 million as a result of the excess cash flow calculation under the credit agreement. Also as of March 31, 2003, we were in compliance with each of our financial covenants under the credit agreement.

On April 9, 2003, the Company announced it completed an offering, together with RPP CC, its wholly-owned subsidiary, of $175 million aggregate principal amount of 9 ½% Senior Second Secured Notes Due 2010 (the "Notes"). Interest will be payable semi-annually in cash on April 15 and October 15, beginning October 15, 2003. The offering of the Notes was not registered under the Securities Act of 1933, as amended, and the Notes may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. The proceeds, net of $5 million estimated debt issue costs, from the offering of the Notes were used to repay borrowings under the Credit Agreement among the Company, RPP Capital, RPPI, Resolution Europe B.V. and, together with the Company, RPP Capital and RPP Inc., (the "Borrowers") and the various lenders party thereto, dated as of November 14, 2000 (as amended by the First Amendment thereto, dated as of November 5, 2001, the Second Amendment thereto, dated as of June 25, 2002, the Third Amendment thereto, dated as of December 2, 2002, and the Fourth Amendment thereto, dated as of April 1, 2003, the "Credit Agreement") and for general corporate purposes, including working capital.

The Company and the other Borrowers executed the Fourth Amendment to the Credit Agreement dated as of April 1, 2003 (the "Credit Agreement Amendment"). The Credit Agreement Amendment, among other things, (a) permitted the Borrowers to issue the Notes so long as they used at least the first $135 million of net proceeds from the offering of the Notes to prepay the term loans outstanding under the Credit Agreement, (b) amended the financial covenants by eliminating the consolidated interest coverage ratio covenant and the adjusted total leverage ratio covenant and added an adjusted bank leverage ratio covenant, and (c) reduced the size of the revolving credit facility from $100 million to $75 million.

In May 2003, the Company and RPP Capital registered an identical series of 9 ½% Senior Secured Notes due 2010 with the Securities and Exchange Commission and commenced an offer to exchange all of the unregistered notes for the registered notes.

As of March 31, 2003, the Company has an interest rate cap agreement for the notional amount of $150 million. The interest rate cap agreement caps the floating rate at 3% and expires on February 28, 2004. The cost of the interest rate cap agreement was $183,750 and will be amortized over its term.

For the quarter ended March 31, 2003, we generated net cash provided by operating activities of $11 million, used cash in investing activities of $5 million and used cash in financing activities of $8 million. Investing activities primarily consisted of expenditures for property, plant and equipment. For the quarter ended March 31, 2002, we generated net cash provided by operating activities of $17 million, used cash in investing activities of $6 million and used cash in financing activities of $8 million.

Expenditures for property, plant and equipment totaled $5 million and $6 million for the quarters ending March 31, 2003 and 2002, respectively. The $5 million spent in 2003 is made up of $7 million gross amount for operational projects net of $2 million environmental indemnification recovery. Of the $6 million in 2002, $4 million was related to the information technology project and $2 million for other capital expenditures from Shell.

Because we have an established infrastructure in place, our capital expenditures are generally not for the building of new plants but for their maintenance, mandatory environmental projects, occasional incremental expenansion or cost reduction/efficiency improvement where justified by the expected return on investment. We expect our capital expenditures for 2003 to be approximately $15 million of which approximately $13 million has been budgeted for mainitenance capital expenditures.

Our high level of debt may preclude us from borrowing any more funds beyond those available under the revolving credit agreement. Based on our current level of operations and anticipated growth and cost savings, management believes that our cash flow from operations, together with existing cash and cash equivalents on hand and future borrowings under our revolving credit facility, if necessary, will be sufficient to fund our working capital needs and expenditures, for property, plant and equipment and debt service obligations, although no assurance can be given in this regard.

Outlook for Remainder of 2003

While the global economy remains in a low growth mode or is impacted by regional recessions, we expect our raw material costs to continue to increase in the near-term a result of the current conflict in Iraq and decrease in the latter half of the year. Only modest increases in demand are expected coupled with fairly broad price increases in 2003. Once a global recovery takes hold, volumes are expected to rebound along with a continued reduction in average raw material prices, which had been increasing from political instability in the Middle East, including the current conflict in Iraq, and elsewhere. There can be no assurances that (a) the global recovery will occur during 2003, (b) we will be able to realize margins we have historically achieved as feedstock costs decline, or (c) our feedstock costs will not rise faster than our product prices and reduce our margins.

Environmental, Health and Safety

Our business is subject to various federal, state, local and foreign laws and regulations which govern environmental health and safety ("EHS") related matters. Compliance with these laws and regulations requires substantial continuing financial commitments and planning. Moreover, the laws and regulations directly affect how we operate our business. The financial commitments consist of environmental costs for normal day to day operations, voluntary and mandatory matters as well as remediation issues.

As of March 31, 2003, we have assessed that an environmental remediation liability accrual is not needed based on the current available facts, present laws and regulations, and current technology. We accrue for environmental liabilities when the liability is probable and the costs are reasonably estimable. This assessment is based on the lack of evidence of any claims or possible claims against us from the closing date of the recapitalization. For environmental conditions that existed prior to the closing date, our environmental remediation liability is influenced by agreements associated with the transactions whereby Shell generally will indemnify us for environmental damages associated with environmental conditions that occurred or existed before the closing date of the recapitalization, subject to certain limitations. In addition, for incidents occurring after the closing date of the recapitalization transaction, management believes that we maintain adequate insurance coverage, subject to deductibles, for environmental remediation activities.

As mentioned above, we have substantial continuing financial commitments for compliance of environmental matters. During the first quarter of 2003, we expended a gross total of $2 million in related mandatory EHS capital projects and we recovered $2 million from the Deferred Credit balance. The Deferred Credit balance resulted from the 2002 settlement with Shell. The remaining Deferred Credit balance of $3 million at March 31, 2003 will be applied to capital expenditures and operating expenses as the funds are spent in the future. We expect a similar operating environmental commitment to continue in future years; however, the level of financial commitment may increase if the environmental laws and regulations become more stringent.

Effects of Currency Fluctuations

We conduct operations in countries around the world. Therefore, our results of operations are subject to both currency transaction risk and currency translation risk. We incur currency transaction risk whenever we enter into either a purchase or sales transaction using a currency other than the local currency of the transacting entity. With respect to currency translation risk, our financial condition and results of operations are measured and recorded in the relevant domestic currency and then translated into U.S. dollars for inclusion in our audited consolidated and combined financial statements. Exchange rates between these currencies and U.S. dollars in recent years have fluctuated significantly and may do so in the future. The majority of our revenues and costs are denominated in U.S. dollars, with euro-related currencies also being significant. For the quarter ended March 31, 2003, 55% of our total revenues and 58% of our total expenses were from companies incorporated outside the United States. For the quarter ended March 31, 2002, 49% of our total revenues and 59% of our total expenses were from companies incorporated outside the United States. A substantial amount of assets and liabilities outside the United States are denominated in the Euro. The average exchange rate of the U. S. dollar to the Euro was approximately 1.068 to 0.876 for the three months ended March 31, 2003 and 2002, respectively. Historically, we have not undertaken hedging strategies to minimize the effect of currency fluctuations. Significant changes in the value of the Euro relative to the U.S. dollar could also have an adverse effect on our financial condition and results of operations and our ability to meet interest and principal payments on euro-denominated debt, including certain borrowings under the credit agreement, and U.S. dollar denominated debt, including the notes and certain borrowings under the credit agreement.

Cautionary Statements for Forward-Looking Information

Certain information set forth in this report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, business trends, and other information that is not historical information in particular, appear under the heading “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations”. When used in this report, the words “estimates,” “expects,” “anticipates,” “forecasts,” “plans,” “intends,” “believes” and variations of such words or similar expressions are intended to identify forward-looking statements. We may also make additional forward-looking statements from time to time. All such subsequent forward-looking statements, whether written or oral, by us or on our behalf, are also expressly qualified by these cautionary statements.

All forward-looking statements, including, without limitation, management’s examination of historical operating trends, are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management’s expectations, beliefs and projections will result or be achieved. All forward-looking statements apply only as of the date made. We undertake no obligation to publicly update or revise forward-looking statements, which may be made to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in or contemplated by this report. Such risks, uncertainties and other important factors include, among others:

- general economic and business conditions; including those influenced by international and geopolitical events such as the war with Iraq and any future terrorist attacks;
- the continuing decrease in our annual revenues over the past five years and net income over the last three years;
- industry trends;
- increases in our leverage;
- changes in our ownership structure;
- restrictions contained in our debt agreements;
- the continuity or replacement of systems and services being provided to us by Shell or its affiliates;
- changes in business strategy, development plans or cost savings plans;
- competition;
- changes in distribution channels or competitive conditions in the markets or countries where we operate;
- the highly cyclical nature of the end-use markets in which we participate;
- the loss of any of our major customers;
- raw material costs and availability;
- ability to attain and maintain any price increases for our products;
- changes in demand for our products;

- availability of qualified personnel;
- foreign currency fluctuations and devaluations and political instability in our foreign markets;
- the loss of our intellectual property rights;
- availability, terms and deployment of capital;
- changes in, or the failure or inability to comply with, government regulation, including environmental regulations; and
- increases in the cost of compliance with laws and regulations, including environmental laws and regulations.

These risks and certain other uncertainties are discussed in more detail in our Registration Statement on Form S-4, as amended (File No. 333-104750), which was declared effective by the SEC on May 2, 2003. There may be other factors, including those discussed elsewhere in this report that may cause our actual results to differ materially from the forward-looking statements. Any forward-looking statements should be considered in light of these factors.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are engaged in manufacturing and marketing resins in the U. S. and internationally. As a result, the Company is exposed to certain market risks that include financial instruments such as foreign currency, short-term investments, trade receivables, and long-term debt. The Company does not enter into derivative instruments for trading purposes; however, an interest rate cap for a notional amount of $150 million has been previously executed in connection with the Company’s credit facility. The interest rate cap protects the Company against interest rate fluctuation by fixing the credit facility interest rate from a variable interest rate by limiting the floating interest rates at 3%. The credit facility balance includes $75 million at March 31, 2003 that is subject to variable interest rates and not hedged. Assuming no change in credit facility borrowings, a one hundred basis point changes in interest rates would impact net interest expense by approximately $1 million per year.

Item 4. Controls and Procedures

Within the 90 days prior to the filing date of this report, we evaluated the effectiveness of the design and operation of our "disclosure controls and procedures" ("Disclosure Controls"). This evaluation ("Controls Evaluation") was done under the supervision and with the participation of management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

Our management, including the CEO and CFO, does not expect that our Disclosure Controls or our "internal controls and procedures for financial reporting" ("Internal Controls") will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Management is aware that certain internal controls continue to be refined and improved. For example, we are in the process of implementing an internal control steering committee and an internal control software tool to enhance internal controls that will continue to provide us with reasonable assurance that the identified controls are operating as intended.

Based upon the Controls Evaluation, the CEO and CFO have concluded that, to the best of their knowledge and subject to the limitations noted above, the Disclosure Controls are effective to timely alert management to material information relating to us during the period when our periodic reports are being prepared. There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to the date we carried out this evaluation.

Part II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 99.1 CEO Section 906 certification
- 99.2 CFO Section 906 certification

(b) Reports on Form 8-K.

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RESOLUTION PERFORMANCE PRODUCTS LLC

Date: May 13, 2003

By: /s/ J. Travis Spoede
J. Travis Spoede, Executive Vice President
and Chief Financial Officer
(Principal Financial and Accounting Officer)

RPP CAPITAL CORPORATION

Date: May 13, 2003

By: /s/ J. Travis Spoede
J. Travis Spoede, Executive Vice President
and Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATIONS

I, J. Travis Spoede, Chief Financial Officer, certify that

1. I have reviewed this quarterly report on Form 10-Q of Resolution Performance Products LLC and RPP Capital Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants' as of, and for, the periods presented in this quarterly report;

4. The registrants' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrants' and have:

a) Designed such disclosure controls and procedures to ensure that material information relating to the registrants', including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Evaluated the effectiveness of the registrants' disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date");

c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date; and

5. The registrants' other certifying officer and I have disclosed, based on our most recent evaluation, to the registrants' auditors and the audit committee of the registrants' board of directors (or persons performing the equivalent function):

a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrants' ability to record, process, summarize and report financial data and have identified for the registrants' auditors any material weaknesses in internal controls; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal controls; and

6. The registrants' other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

By/s/ J. Travis Spoede
J. Travis Spoede, Chief Financial Officer

I, Marvin O. Schlanger, Chief Executive Officer, certify that

1. I have reviewed this quarterly report on Form 10-Q of Resolution Performance Products LLC and RPP Capital Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants' as of, and for, the periods presented in this quarterly report;

4. The registrants' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrants' and have:

a) Designed such disclosure controls and procedures to ensure that material information relating to the registrants', including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date");

c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date; and

5. The registrants' other certifying officer and I have disclosed, based on our most recent evaluation, to the registrants' auditors and the audit committee of the registrants' board of directors (or persons performing the equivalent function):

a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrants' ability to record, process, summarize and report financial data and have identified for the registrants' auditors any material weaknesses in internal controls; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal controls; and

6. The registrants' other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

By/s/ Marvin O. Schlanger
Marvin O. Schlanger, Chief Executive Officer