

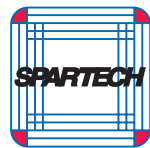
Annual Meeting Report



SPARTECH Corporation's 2000 Annual Meeting of Shareholders was held in St. Louis on March 8th, with approximately 130 shareholders in attendance. Of the Company's outstanding shares, more than 90 percent were represented, either in person or by proxy.

At the meeting, shareholders (1) Elected three Class A Directors, Messrs. Roy Dobson, David Mueller, and Richard Scherrer, each to serve a three-year term, (2) Approved the calculation method for incentive bonuses under the Company's employment agreements for certain employees, and (3) Ratified management's selection of Arthur Andersen LLP as auditors of the Company for the 2000 fiscal year. All items received an affirmative vote of at least 93 percent.

Following the declaration of vote results, Bradley Buechler, Chairman, President & CEO, reviewed fiscal year 1999 and first quarter 2000 results, discussed the Company's strategy for future growth, and then answered questions from the audience.



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SPARTECH CORPORATION

2ND QUARTER 2000 REPORT



PYRAMIDS OF PERFORMANCE

COMMITTED TO GENERATING VALUE

SPARTECH Corporation

Dear Fellow Shareholder:

We are certainly pleased to report that SPARTECH once again produced a record second quarter performance, generating a solid increase in earnings despite the recent flurry of resin cost increases. This performance demonstrates the success we are beginning to realize from our new Alloy Plastics and related Product Transformation sales. In addition, contributions from our late 1999 and early fiscal 2000 acquisitions, along with ongoing improvements in production efficiency, helped us produce our thirty-fourth consecutive quarter of improved year-over-year results. The following summarizes our 2000 interim results, which are presented in more detail in the financial summary section of this report:

Second Quarter Financial Highlights

- Sales were \$256.7 million...up 30% from 1999.
- Operating earnings totaled \$29.9 million...31% greater than 1999's \$22.8 million.
- Net earnings increased to \$13.8 million, or \$.47 per diluted share...approximately 24% greater than the \$11.1 million, or \$.38 per diluted share, reported in 1999.

First Half Financial Highlights

- Sales rose by 25% to \$455.1 million.
- Operating earnings increased to \$52.9 million ...up 26% from 1999.
- Net earnings totaled \$24.9 million, or \$.86 per diluted share...23% greater than the \$20.3 million, or \$.70 per diluted share, reported for the first half of 1999.

Operational Review By Segment

Our Custom Sheet & Rollstock segment's second quarter 2000 sales increased by 32% compared to last year, principally due to acquisitions (23%) and base volume/sales price growth (9%). Strong volume in the recreation & leisure and packaging markets was the primary contributor driving the internal sales growth, while the February acquisition of Uniroyal's HPP Group generated the majority of the new acquisition volume. This acquisition, coupled with sales of higher margin Alloy Plastics and improved production efficiencies, drove the earnings increase for the segment.

Sales from the Color & Specialty Compounds group grew by 9% in the second quarter of fiscal 2000, with base volume increasing by 4%, and price/mix making up the 5% balance. New volume within the packaging & consumer appliance markets represented the main reason for the growth. Increasing raw material costs had a slight negative impact on margins within this group.

The Molded & Profile Products segment generated the largest sales percentage improvement, a 98% increase, primarily due to three recent acquisitions. Segment operating earnings also rose sharply by almost 75%, reflecting the new acquisition volume and product mix changes.

New Alloy Plastics and Product Transformations

We continue to develop new proprietary products which combine advanced engineered thermoplastic compounds and additives with new manufacturing techniques--together referred to as Alloy Plastics. SPARTECH brought to market 15 such Alloy Plastics during the last 3 years and in April of this year followed up this effort with the introduction of another five new products. This introduction further demonstrates our ongoing commitment to bring the benefits of advanced product solutions to our valued customers. Each new product has been through an extensive testing period and was recently placed into commercial production. These five new Alloy Plastics are produced from a variety of materials and should provide some unique opportunities for new applications in all of our key markets. We believe that Alloy Plastics will continue to fuel our "Product Transformation" effort, which has been a key growth vehicle for both our Company and the plastics industry over the last several years.

Annual Meeting and Future Outlook

We appreciate the significant turnout at our recent Annual Shareholders' Meeting and the positive response given to the Company's new Pyramids of Performance initiatives. For a more detailed discussion on the Annual Meeting, including vote results, please see the back cover of this report.

We continue to pursue our Commitment to Generate Value for SPARTECH's Customers, Shareholders and Employees through our Focused Growth and Continuous Improvement strategies. Our optimism for the second half of the year is somewhat tempered with the Federal Reserve Board's desire to slow down the overall economy; nevertheless, we remain confident that our new product transformation & acquisition efforts, coupled with ongoing productivity improvements, will produce another record year for SPARTECH in fiscal 2000.

Bradley B. Buechler
Chairman, President & CEO

David B. Mueller
Executive Vice President & COO

May 26, 2000

SPARTECH Corporation**Consolidated Balance Sheet**
(Dollars in thousands)

	April 29, 2000 (Unaudited)	October 30, 1999
Assets		
Current Assets		
Cash	\$ 9,539	\$ 8,890
Receivables, net	149,046	117,345
Inventories	100,865	72,108
Prepayments and other	<u>13,906</u>	<u>8,634</u>
Total Current Assets	<u>273,356</u>	<u>206,977</u>
Property, Plant and Equipment, net	316,753	242,699
Goodwill	302,268	168,497
Other Assets	<u>7,873</u>	<u>7,228</u>
	<u>\$900,250</u>	<u>\$625,401</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Current maturities of long-term debt	\$ 12,353	\$ 13,215
Accounts payable	88,632	78,644
Accrued liabilities	<u>43,131</u>	<u>37,420</u>
Total Current Liabilities	<u>144,116</u>	<u>129,279</u>
Long-Term Debt, Less Current Maturities	347,901	217,094
Other Liabilities	<u>53,751</u>	<u>38,986</u>
Total Long-Term Liabilities	<u>401,652</u>	<u>256,080</u>
Company-Obligated Mandatorily Redeemable Convertible Preferred Stock	150,000	50,000
Shareholders' Equity	<u>204,482</u>	<u>190,042</u>
	<u>\$900,250</u>	<u>\$625,401</u>

Consolidated Statement of Operations & Segment Information
Periods Ended April 29, 2000 and May 1, 1999
(Unaudited and dollars in thousands, except per share amounts)

	Three Months		Six Months	
	2000	1999	2000	1999
OPERATING RESULTS				
Sales	<u>\$256,660</u>	<u>\$196,937</u>	<u>\$455,115</u>	<u>\$364,738</u>
Costs and Expenses				
Cost of sales	210,724	161,871	373,059	299,475
Selling and administrative	14,495	11,285	26,486	21,410
Amortization of intangibles	<u>1,578</u>	<u>1,001</u>	<u>2,717</u>	<u>1,998</u>
	<u>226,797</u>	<u>174,157</u>	<u>402,262</u>	<u>322,883</u>
Operating Earnings	29,863	22,780	52,853	41,855
Interest	5,058	3,541	8,772	7,392
Distribution on Preferred Securities	<u>2,197</u>	<u>509</u>	<u>3,010</u>	<u>509</u>
Earnings Before Income Taxes	22,608	18,730	41,071	33,954
Income Tax Provision	<u>8,827</u>	<u>7,625</u>	<u>16,123</u>	<u>13,692</u>
Net Earnings	<u>\$ 13,781</u>	<u>\$ 11,105</u>	<u>\$ 24,948</u>	<u>\$ 20,262</u>
Earnings Per Common Share:				
Basic	<u>\$.50</u>	<u>\$.41</u>	<u>\$.91</u>	<u>\$.75</u>
Diluted	<u>\$.47</u>	<u>\$.38</u>	<u>\$.86</u>	<u>\$.70</u>
SEGMENT INFORMATION*				
Net Sales				
Custom Sheet & Rollstock	\$165,842	\$125,407	\$289,881	\$230,437
Color & Specialty Compounds	62,306	57,119	118,029	107,605
Molded & Profile Products	<u>28,512</u>	<u>14,411</u>	<u>47,205</u>	<u>26,696</u>
Total Net Sales	<u>\$256,660</u>	<u>\$196,937</u>	<u>\$455,115</u>	<u>\$364,738</u>
Operating Earnings				
Custom Sheet & Rollstock	\$ 20,392	\$ 14,604	\$ 35,047	\$ 26,291
Color & Specialty Compounds	8,067	8,055	14,990	14,395
Molded & Profile Products	3,989	2,277	6,079	3,701
Corporate/Other	<u>(2,585)</u>	<u>(2,156)</u>	<u>(3,263)</u>	<u>(2,532)</u>
Total Operating Earnings	<u>\$ 29,863</u>	<u>\$ 22,780</u>	<u>\$ 52,853</u>	<u>\$ 41,855</u>

*Excludes intersegment sales of \$6,616 and \$5,245 for the three months ended April 29, 2000 and May 1, 1999, respectively, and \$12,754 and \$9,924 for the six months ended April 29, 2000 and May 1, 1999, respectively.