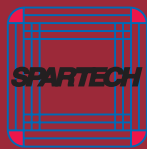


**SPARTECH CORPORATION****3<sup>RD</sup> QUARTER 2000 REPORT****PYRAMIDS OF PERFORMANCE****COMMITTED TO GENERATING VALUE**

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**SPARTECH Corporation****To Our Shareholders:**

SPARTECH's sales and earnings for the three month period ended July 29, 2000, established new third quarter and nine month records and produced the Company's 35th consecutive quarter of increased year-over-year results. Highlights of our 2000 interim results are summarized below and presented in more detail in the financial statement section of this report:

**Third Quarter Financial Highlights**

- Net Sales increased by approximately 27% to \$255.8 million.
- Operating Earnings totaled \$30.8 million, 35% greater than the \$22.9 million recorded in the third quarter of 1999.
- Net Earnings were \$13.5 million, or \$.46 per diluted share, up 24% from the \$11.4 million, or \$.38 per diluted share reported for the same period last year.

**First Nine Months Financial Highlights**

- Net Sales rose by nearly 25% to \$710.9 million, compared to \$566.5 million reported for the first three quarters of 1999.
- Operating Earnings were \$83.7 million, compared to the \$64.8 million recorded for the same period last year.
- Net Earnings increased to \$38.4 million, or \$1.32 per diluted share, up 21% from the \$31.7 million, or \$1.09 per diluted share, reported for the first nine months of 1999.

The Company's operating earnings reached record levels, despite persistent raw material price increases received during the quarter, as our recent acquisitions continue to perform well and benefits from our Pyramids of Productivity program further enhanced operating earnings.

**Operations Review**

Our Custom Sheet & Rollstock unit once again produced excellent results with third quarter 2000 revenues reaching nearly \$169 million. Strong sales to the pack-aging market helped boost base volume by 5%, while our recent acquisitions of OS Plastics, Allied Resinous, and Uniroyal Technology Corporation's High Performance Plastics Group added another \_\_% to the segment's sales. The unit's operating margin also showed a modest increase to 12.5%, as improvements in production efficiencies at practically all our Sheet & Rollstock facilities continued throughout the quarter.

The Color & Specialty Compounds group generated excellent sales (\$63.9 million) and operating earnings (\$7.8 million) as well during the third quarter of 2000. The group recorded an approximate 6% growth in base volume--principally tied into packaging markets--and

also increased production efficiencies during the quarter, as the result of improved machine optimization. Strong cost containment efforts and the strength of recent order intake should further benefit fourth quarter results for this group.

The Company's Molded & Profile Products segment had a reasonably good quarter in what traditionally is a slow period for this group. Our October 1999 acquisitions of Accura and Geoplast, coupled with excellent volume in most of our profile extrusion facilities, were the principal reasons for the greater than 70% increase in both sales and earnings for this segment during the third quarter.

**New "Creating Positive Change" Initiative**

Pursuant to our ongoing desire to continually improve all facets of the Company, we recently introduced our new "Creating Positive Change" initiative. Under this new effort, we formally issued our Growth Focused Communication Program--the basis for our E-Commerce effort during the next several years--and started our new Management Development Training initiative designed to train our management team for growth anticipated during the next decade. The first course under our "MDT" initiative--Financial Decision-Making--was successfully completed in early June at Washington University in St. Louis.

In addition, we recently made several changes in our senior management structure to provide more strategic leadership focus to each of our core processing groups. In connection therewith, David Mueller has transitioned from his full-time COO position to a consulting arrangement, and four of the Company's senior managers have become Executive Vice Presidents of our core processing units...reporting directly to the CEO. Our new Executive Vice Presidents are George Abd, Color & Specialty Compounds; Randy Martin, Acrylic Products & CFO; David Pocost, Extruded Sheet & Profile Products; and Normand Tanguay, Molded Products.

**Outlook**

We remain cautiously optimistic as we look forward to the last quarter of the year, with recent raw material price increases, on most resins, finally beginning to level off. In addition, strategic expansions completed over the last 12 months, coupled with our "Class of 2000 Alloy Plastics," should assist us in the penetration of several new Product Transformation markets in the near future. Based on these items, we expect our favorable year-to-year earnings comparisons to continue during the last quarter of fiscal 2000.

Bradley B. Buechler  
Chairman, President & CEO

August 24, 2000

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

	July 29, 2000 (Unaudited)	October 30, 1999
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 9,000	\$ 8,890
Receivables, net	148,000	117,345
Inventories	100,000	72,108
Prepayments and other	13,000	8,634
<b>Total Current Assets</b>	<b>270,000</b>	<b>206,977</b>
<b>Property, Plant and Equipment, net</b>	<b>315,000</b>	<b>242,699</b>
<b>Goodwill</b>	<b>305,000</b>	<b>168,497</b>
<b>Other Assets</b>	<b>10,000</b>	<b>7,228</b>
	<b><u>\$900,000</u></b>	<b><u>\$625,401</u></b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 12,500	\$ 13,215
Accounts payable	87,500	78,644
Accrued liabilities	45,000	37,420
<b>Total Current Liabilities</b>	<b>145,000</b>	<b>129,279</b>
<b>Long-Term Debt, Less Current Maturities</b>	<b>340,000</b>	<b>217,094</b>
<b>Other Liabilities</b>	<b>55,000</b>	<b>38,986</b>
<b>Total Long-Term Liabilities</b>	<b>395,000</b>	<b>256,080</b>
<b>Company-Obligated Mandatorily Redeemable Convertible Preferred Stock</b>	<b>150,000</b>	<b>50,000</b>
<b>Shareholders' Equity</b>	<b>210,000</b>	<b>190,042</b>
	<b><u>\$900,000</u></b>	<b><u>\$625,401</u></b>

**Consolidated Statement of Operations & Segment Information**  
Periods Ended July 29, 2000 and July 31, 1999  
(Unaudited and dollars in thousands, except per share amounts)

	<b>Three Months</b>		<b>Nine Months</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
<b>OPERATING RESULTS</b>				
<b>Sales</b>	<b>\$255,883</b>	<b>\$201,802</b>	<b>\$710,998</b>	<b>\$566,540</b>
<b>Costs and Expenses</b>				
Cost of sales	208,570	166,451	581,629	465,926
Selling and administrative	14,500	11,325	40,986	32,735
Amortization of intangibles	1,800	1,087	4,517	3,085
	<b><u>224,870</u></b>	<b><u>178,863</u></b>	<b><u>627,132</u></b>	<b><u>501,746</u></b>
<b>Operating Earnings</b>	<b>31,013</b>	<b>22,939</b>	<b>83,866</b>	<b>64,794</b>
Interest	6,100	3,278	14,872	10,670
Distribution on Preferred Securities	2,200	813	5,210	1,322
<b>Earnings Before Income Taxes</b>	<b>22,713</b>	<b>18,848</b>	<b>63,784</b>	<b>52,802</b>
Income Tax Provision	8,813	7,433	24,936	21,125
<b>Net Earnings</b>	<b>\$ 13,900</b>	<b>\$ 11,415</b>	<b>\$ 38,848</b>	<b>\$ 31,677</b>
<b>Earnings Per Common Share:</b>				
Basic	<b><u>\$ .50</u></b>	<b><u>\$ .42</u></b>	<b><u>\$ 1.41</u></b>	<b><u>\$ 1.17</u></b>
Diluted	<b><u>\$ .47</u></b>	<b><u>\$ .39</u></b>	<b><u>\$ 1.32</u></b>	<b><u>\$ 1.09</u></b>
<b>SEGMENT INFORMATION*</b>				
<b>Net Sales</b>				
Custom Sheet & Rollstock	\$168,896	\$133,259	\$458,777	\$363,697
Color & Specialty Compounds	60,922	54,641	178,951	162,246
Molded & Profile Products	26,065	13,902	73,270	40,597
<b>Total Net Sales</b>	<b><u>\$255,883</u></b>	<b><u>\$201,802</u></b>	<b><u>\$710,998</u></b>	<b><u>\$566,540</u></b>
<b>Operating Earnings</b>				
Custom Sheet & Rollstock	\$ 21,190	\$ 15,805	\$ 56,237	\$ 42,096
Color & Specialty Compounds	8,309	6,857	23,299	21,252
Molded & Profile Products	3,677	2,014	7,722	5,715
Corporate/Other	(2,163)	(1,737)	(5,426)	(3,513)
<b>Total Operating Earnings</b>	<b><u>\$ 31,013</u></b>	<b><u>\$ 22,939</u></b>	<b><u>\$ 81,832</u></b>	<b><u>\$ 64,794</u></b>

\*Excludes intersegment sales of \$6,000 and \$5,000 for the three months ended July 29, 2000 and May 1, 1999, respectively, and \$18,754 and \$14,924 for the nine months ended July 29, 2000 and May 1, 1999, respectively.