

2nd Quarter 2001 Report

Committed to Generating Value

Dear Fellow Shareholder:

SPARTECH's second fiscal quarter, which ended May 5, 2001, proved to be both challenging and rewarding. Sales and earnings declined—but met the analyst consensus earnings estimate—as the U.S. economy recorded its lowest quarterly growth rate in "domestic purchases" for the past ten years; however, we generated excellent cash flow/debt reduction during the quarter, as our recent focus on working capital management and the Company's new "Creating Positive Change" effort produced some real benefits.

Highlights of SPARTECH's second quarter results are summarized below and presented in more detail in the financial statement section of this report.

- ▣ Sales declined by 4% to \$245.8 million.
- ▣ Operating Earnings totaled \$25.6 million or 10.4% of sales.
- ▣ Net Earnings declined by 27% to \$10.1 million.
- ▣ Earnings Per Share was \$.37 or 21% lower than last year.
- ▣ Cash Flow From Operations totaled \$18.1 million, a 16% increase from the \$15.6 million generated last year.

Review of Operations

Spartech Plastics & Spartech Polycast, our custom sheet & rollstock group, saw a slight drop—less than 2%—in second quarter fiscal 2001 sales as order volume from the sluggish transportation and building & construction markets serviced by this group negatively offset strong gains coming from our packaging related businesses. Despite these volume shortfalls, excellent improvement in productivity at Polycast's cell cast acrylic plant in Stamford, Connecticut and our focused "Creating Positive Change" efforts allowed us to maintain operating margins above 11% for this group.

Sales in our Color & Specialty Compounds division declined by 8% during the quarter due to its greater level of business with the automotive industry. Operating margin, though down from last year, remained reasonably strong at 11.6% of sales, as the group started to see the benefits of our late fiscal 2000 plant consolidations.

Our Molded & Profile Products segment also saw their sales & earnings decline in the quarter, as weak demand at our profile units more than offset a reasonably good performance by our molded products units.

Outlook

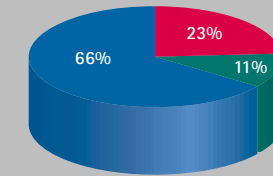
As we look ahead to the balance of fiscal 2001, we continue to see challenges in the economic landscape—fluctuating energy costs and slow demand in the U.S. economy—and believe these will likely effect our earnings for the next three to six months. However, we currently believe that the Federal Reserve Board interest rate cuts over the past five months, as well as the recent Federal tax reduction package, will begin to produce a positive impact on the economy and rekindle overall economic demand later this year.

Bradley B. Buechler
Chairman, President & CEO

May 31, 2001

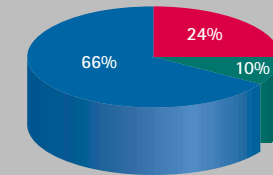
Second Quarter Fiscal 2001 Segment & Major Market Data

Sales By Segment In Millions of Dollars



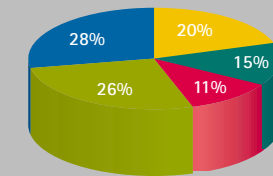
- Custom Sheet & Rollstock - \$162.9
- Color & Specialty Compounds - \$57.4
- Molded & Profile Products - \$25.5

Operating Earnings By Segment In Millions of Dollars



- Custom Sheet & Rollstock - \$18.6
- Color & Specialty Compounds - \$6.6
- Molded & Profile Products - \$2.9

Sales By Major Market Percent of Total Sales



- Packaging
- Transportation
- Recreation & Leisure
- Building & Construction
- Other

Spartech Corporation

Consolidated Balance Sheet & Select Cash Flow Information

Consolidated Balance Sheet

(Dollars in thousands)

Assets	May 5, 2001 (Unaudited)	October 28, 2000
Current Assets		
Cash	\$ 9,396	\$ 10,495
Receivables, net	144,701	143,733
Inventories	101,733	95,130
Prepayments and other	8,797	8,443
Total Current Assets	264,627	257,801
Property, Plant and Equipment, net	305,684	311,621
Goodwill	301,048	305,153
Other Assets	15,380	14,394
	\$ 886,739	\$ 888,969
Liabilities and Shareholders' Equity		
Current Liabilities		
Current maturities of long-term debt	\$ 18,524	\$ 18,667
Accounts payable	99,359	90,077
Accrued liabilities	34,539	38,016
Total Current Liabilities	152,422	146,760
Long-Term Debt, Less Current Maturities	318,760	334,178
Other Liabilities	48,792	47,009
Total Long-Term Liabilities	367,552	381,187
Mandatorily Redeemable Convertible Preferred Stock	150,000	150,000
Shareholders' Equity	216,765	211,022
	\$ 886,739	\$ 888,969

Select Cash Flow Information

Periods Ended May 5, 2001 and April 29, 2000
(Unaudited and dollars in thousands)

	Three Months		Six Months	
	2001	2000	2001	2000
Cash Flow From Operations	\$ 18,082	\$ 15,623	\$ 32,036	\$ 14,635
Capital Expenditures	\$ 3,157	\$ 7,878	\$ 8,568	\$ 14,367
Depreciation & Amortization	\$ 9,016	\$ 8,150	\$ 18,081	\$ 14,823
Debt Repayments (Borrowings)	\$ 15,239	\$ (3,961)	\$ 15,702	\$ (13,752)
Dividends on Common Stock	\$ 2,535	\$ 2,355	\$ 5,065	\$ 4,701
Treasury Stock Acquired, Net of Option (Proceeds)	\$ (297)	\$ 4,909	\$ 4,169	\$ 7,725

Spartech Corporation

Consolidated Statement of Operations & Segment Information

Statement of Operations

Periods Ended May 5, 2001 and April 29, 2000
(Unaudited and dollars in thousands, except per share amounts)

	Three Months		Six Months	
	2001	2000	2001	2000
Sales	\$ 245,798	\$ 256,660	\$ 480,483	\$ 455,115
Costs and Expenses				
Cost of sales	203,092	210,724	398,123	373,059
Selling and administrative	15,074	14,495	29,177	26,486
Amortization of intangibles	2,040	1,578	4,090	2,717
	220,206	226,797	431,390	402,262
Operating Earnings	25,592	29,863	49,093	52,853
Interest	6,702	5,058	13,843	8,772
Distributions on Preferred Securities	2,563	2,197	5,125	3,010
Earnings Before Income Taxes	16,327	22,608	30,125	41,071
Income Tax Provision	6,204	8,827	11,447	16,123
Net Earnings	\$ 10,123	\$ 13,781	\$ 18,678	\$ 24,948
Earnings Per Common Share:				
Basic	\$.38	\$.50	\$.70	\$.91
Diluted	\$.37	\$.47	\$.69	\$.86

Segment Information

Net Sales*

Custom Sheet & Rollstock	\$ 162,880	\$ 165,842	\$ 315,540	\$ 289,881
Color & Specialty Compounds	57,372	62,306	113,316	118,029
Molded & Profile Products	25,546	28,512	51,627	47,205
Total Net Sales	\$ 245,798	\$ 256,660	\$ 480,483	\$ 455,115

Operating Earnings

Custom Sheet & Rollstock	\$ 18,583	\$ 20,392	\$ 35,251	\$ 35,047
Color & Specialty Compounds	6,629	8,067	12,816	14,990
Molded & Profile Products	2,946	3,989	5,318	6,079
Corporate/Other	(2,566)	(2,585)	(4,292)	(3,263)
Total Operating Earnings	\$ 25,592	\$ 29,863	\$ 49,093	\$ 52,853

* Excludes intersegment sales of \$6,794 and \$6,616 for the three months ended May 5, 2001 and April 29, 2000, respectively, and \$15,335 and \$12,754 for the six months ended May 5, 2001 and April 29, 2000, respectively.