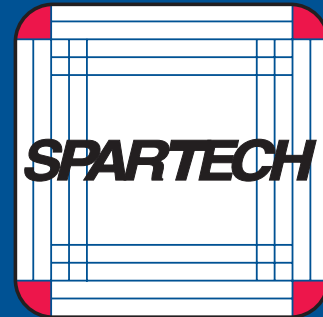


SPARTECH CORPORATION



**1st Quarter
 2002 Report**

**COMMITTED TO
 GENERATING VALUE**

Dear Fellow Shareholder:

While certainly disappointed with the overall results of our first quarter, ending February 2, 2002, we were pleased to see our January shipments exceed the comparable prior-year period for the first time in more than twelve months. We also continue to see positive signs in several key markets early in our fiscal second quarter, as it now appears that the worst part of the economic downturn is behind us. Our earnings decline in the first quarter was largely due to low capacity utilization rates, coupled with an extremely competitive pricing environment on such lower demand. Highlights of SPARTECH's first quarter results are summarized below and presented in more detail in the financial statement section of this report.

- Sales decreased by 11%* to \$190.7 million.
- Operating Earnings were down 38% to \$14.6 million.
- Financing Costs declined by 29% to \$6.9 million.
- Net Earnings were down 43% to \$4.9 million.
- Earnings Per Share was \$.18.

*After adjusting for the July 2001 divestiture of SPARTECH's custom molded products business (sales of \$8.5 million in first quarter 2001) and the effect of an additional week reported in our fiscal 2001 (added 7% to first quarter 2001).

Review of Operations

Our Custom Sheet & Rollstock group had a difficult quarter, as low demand in the aerospace, mass transit and transportation markets pushed the group's capacity utilization rate down below 70% for the first time in more than a decade. Despite focused cost reduction efforts, creative supply chain management initiatives and the elimination of goodwill amortization charges (\$1.6 million), our operating margin for the group dropped by approximately 2% to 8.7% in the quarter. On a positive note, January shipments for the group exceeded the comparable period last year by more than 5%, which bodes well for the segment's second quarter.


Despite extended holiday shutdowns by many of our customers, SPARTECH's Color & Specialty Compounds group fared a little better than the Sheet & Rollstock segment in the first quarter of 2002, with comparable 13-week sales totaling approximately 95% of the prior year's pounds sold. Our Creating Positive Change initiative implemented during 2001 produced some benefits for the group this quarter, as the segment's operating margin saw only a modest decline of .3% in the first three months of fiscal 2002.

Our Molded & Profile segment realized the largest percentage drops in both sales and earnings, following the July 2001 sale of the unit's custom molded products businesses. A "January rebound" was also seen within this group, which should see improved results as the year progresses.

Outlook

As we move forward into our second quarter, we are beginning to see some signs of economic recovery—larger order sizes, stable to increasing resin prices and more requests for quotes. However, we are not ready to declare the recession over, as it still remains unclear whether these apparent signs of recovery are sustainable for the longer term. Therefore, we will continue to aggressively manage our operations through (1) ongoing cost containment efforts, (2) the extensive marketing of our 27 new Alloy Plastics and more than 200 successful Product Transformations, and (3) emphasizing the maximization of free cash flow to pay down our debt and fund future strategic expansions.

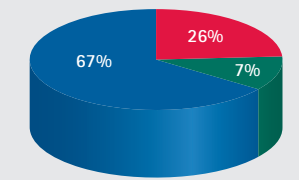
Finally, we would like to personally extend an invitation for you to attend our Annual Shareholders' Meeting to be held in St. Louis on March 13, 2002. We look forward to seeing each of you at the meeting.


 Bradley B. Buechler
 Chairman, President & CEO

March 1, 2002

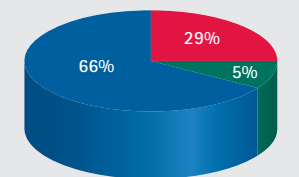
Segment & Major Market Data

Sales By Segment
 (Millions of Dollars)



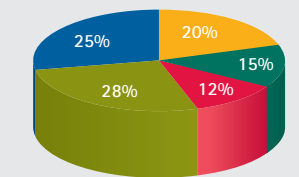
- Custom Sheet & Rollstock - \$128.1
- Color & Specialty Compounds - \$48.9
- Molded & Profile Products - \$13.7

Operating Earnings By Segment
 (Millions of Dollars)



- Custom Sheet & Rollstock - \$11.2
- Color & Specialty Compounds - \$5.0
- Molded & Profile Products - \$.8

Sales By Market
 (Percent of Sales)



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

Consolidated Balance Sheet

(Dollars in thousands)

Assets	February 2, 2002 (Unaudited)	November 3, 2001
Current Assets		
Cash	\$ 8,701	\$ 8,572
Receivables, net	114,277	119,074
Inventories	95,840	93,091
Prepayments and other	9,956	9,333
Total Current Assets	228,774	230,070
Property, Plant and Equipment, net	271,078	274,155
Goodwill	292,576	292,576
Other Assets	21,249	18,302
	\$813,677	\$ 815,103
Liabilities and Shareholders' Equity		
Current Liabilities		
Current maturities of long-term debt	\$ 18,184	\$ 18,225
Accounts payable	70,777	76,131
Accrued liabilities	23,629	24,568
Total Current Liabilities	112,590	118,924
Long-Term Debt, Less Current Maturities	272,049	270,489
Other Liabilities	57,763	59,144
Total Long-Term Liabilities	329,812	329,633
Mandatorily Redeemable Convertible Preferred Stock	150,000	150,000
Shareholders' Equity	221,275	216,546
	\$813,677	\$ 815,103

Select Cash Flow Information

Periods Ended February 2, 2002 and February 3, 2001
(Unaudited and dollars in thousands)

Three Months

	2002	2001
Cash Flow From Operations	\$ 8,181	\$ 13,954
Capital Expenditures	3,771	5,411
Depreciation & Amortization	6,750	9,065
Debt Repayments, Excluding Acquisition Borrowings	2,661	463
Dividends on Common Stock	2,542	2,530
Treasury Stock Acquired (Option Proceeds), Net	(922)	4,466

Consolidated Statement of Operations

Periods Ended February 2, 2002 and February 3, 2001
(Unaudited and dollars in thousands, except per share amounts)

Three Months

	2002	2001
Net Sales	\$ 190,668	\$ 240,635
Costs and Expenses		
Cost of sales	163,507	200,981
Selling & administrative	12,574	14,103
Amortization of goodwill*	-	2,050
	176,081	217,134
Operating Earnings	14,587	23,501
Interest	4,369	7,141
Distributions on Preferred Securities	2,562	2,562
Earnings Before Income Taxes	7,656	13,798
Income Taxes	2,794	5,243
Net Earnings	\$ 4,862	\$ 8,555
Earnings Per Common Share:		
Basic*	\$.18	\$.32
Diluted*	\$.18	\$.32

*The Company adopted Financial Accounting Standards Board Statement No. 142 "Goodwill and Other Intangible Assets" effective at the beginning of fiscal year 2002. Statement No. 142 requires that goodwill no longer be amortized against earnings, but instead tested for impairment at least annually. Upon adoption, the Company did not have an impairment charge and eliminated the amortization of goodwill, which totaled \$2.1 million in the prior year first quarter ended February 3, 2001. Adjusted for the elimination of goodwill, diluted earnings per share for the quarter ended February 3, 2001 would have been \$.37.

Segment Information

Net Sales**

Custom Sheet & Rollstock	\$ 128,037	\$ 155,929
Color & Specialty Compounds	48,925	58,208
Molded & Profile Products	13,706	26,498
Total Net Sales	\$ 190,668	\$ 240,635
Operating Earnings		
Custom Sheet & Rollstock	\$ 11,158	\$ 16,668
Color & Specialty Compounds	5,044	6,187
Molded & Profile Products	812	2,372
Corporate/Other	(2,427)	(1,726)
Total Operating Earnings	\$ 14,587	\$ 23,501

** Excludes intersegment sales of \$4,682 in 2002 and \$8,541 in 2001, primarily from the Color & Specialty Compounds Segment.