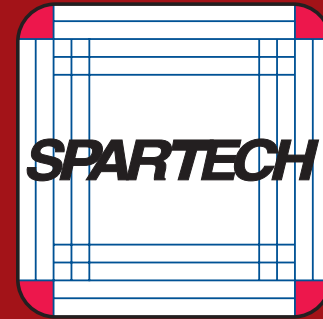


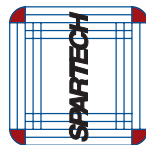
SPARTECH CORPORATION



3rd Quarter 2002 Report

**COMMITTED TO
GENERATING VALUE**

SPARTECH Corporation
120 S. Central • Suite 1700 • Clayton, Missouri 63105-1705

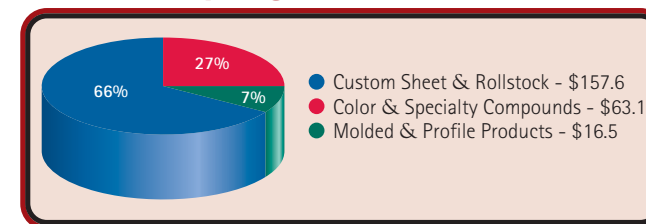


Dear Fellow Shareholder:

We are pleased to report that SPARTECH's fiscal 2002 third quarter, which ended on August 3rd, once again generated improved results in comparison to both our second quarter of this year and the same three-month period of fiscal 2001. Volume shipped during this year's third quarter totaled slightly more than 315 million pounds, which exceeded our volume for the prior year's similar period by nearly 20 million pounds or approximately 6%. Third quarter fiscal 2002 operating earnings were \$24.7 million or 64% higher than the \$15.1 million in the prior year same quarter and 2% higher than 2001's third quarter operating earnings before considering that year's non-recurring expenses of \$9.1 million. The Company's debt reduction efforts continued strong in the quarter, with a \$17 million reduction being made, assisted by the completion of our May equity offering. Additional highlights of SPARTECH's third quarter results are summarized below and presented in more detail in the financial statement section of this report.

- ▣ Sales, in dollars, increased by 4% to \$237.2 million.
- ▣ Operating Earnings were \$24.7 million, representing 10.4% of sales.
- ▣ Financing Costs declined by 17% to \$6.7 million.
- ▣ Net Earnings increased by 147% to \$11.5 million.
- ▣ Earnings Per Diluted Share was \$.39.

Sales By Segment (Millions of Dollars)



Review of Operations

The Company's Custom Sheet & Rollstock group recorded a solid 6% increase in pounds shipped during the quarter over the prior year third quarter, but the group's net sales (\$157.6 million) rose only by 4% compared to last year's similar period, primarily due to changes in price/mix. The group's operating margin for the third quarter was 12.1%, compared to last year's third quarter of 11.5%, due to the elimination of goodwill amortization for the group (\$1.6 million) and the benefit from our ongoing cost reduction efforts, partially offset by a change in mix of products sold. The group continues to maintain a reasonably good backlog moving into the fourth quarter of our fiscal year, but competitive pricing pressures may be greater as resin cost increases begin to take effect.

SPARTECH's Color & Specialty Compounds group, which benefited from our early June acquisitions of PolyTech South and UVTEC, saw an even more significant 10% jump in pounds shipped over the prior year same quarter, with the increase split equally between acquisition and internal growth from current customers. Practically all of the markets served by the group contributed to this increase, with the exception of consumer electronics. The group's third quarter operating margin was 11.0%, equal to the prior year's third quarter, as escalating Polypropylene and PVC resin prices offset the higher margins of our newly acquired businesses.

Our Molded & Profile Products segment continues to have the most difficult time rebounding from the sluggish economy experienced during the last 18 months. Excluding the results of the

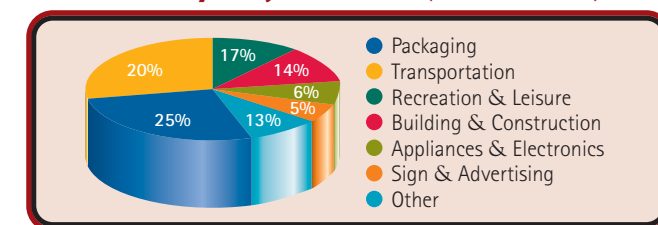
molded products business sold in July of 2001, sales were actually up more than 15% from last year's volume, however, operating margins continued to be below the prior year—only 7.5% for the quarter—as we further consolidated/closed down idle capacity which we believe will not be required for the markets we are targeting for the future. We expect margins within this group to return to more normal double-digit percentages over the next 12 months.

Strategic Expansions Activity

In early July, we broke ground on a new 110,000-square-foot facility in Ramos Arizpe, Mexico. This plant, which will be our first manufacturing facility in Mexico, is expected to be in full production in late 2002 and will consist of both extruded plastic sheet and plastic compounding operations. This strategic investment, representing an approximate \$9-10 million expenditure for the facility and equipment, enhances our ability to better serve existing customers in the area, while also providing us with a basis to support other new business opportunities in the growing Mexican market.

We also entered into an outsourcing agreement with MAAX, Inc., a leading North American bath and spa manufacturer, in late July. This transaction includes a five-year supply agreement and our purchase of the extrusion assets of MAAX, Inc. for approximately \$1 million. This opportunity, representing approximately 7 million pounds of growth for SPARTECH, is a key component of our "Strategic Expansions" cornerstone for growth, which includes focusing on outsourcing opportunities with current captive producers of plastic products. This transaction, along with our recently announced MTD and Whirlpool outsourcing agreements, solidifies our commitment towards developing and strengthening partnerships with customers who are looking to focus on their own market development while benefiting from SPARTECH's more than 30 years of experience in the plastics processing market.

Sales By Major Market (Percent of Sales)



Outlook For The Future

As we move into the last quarter of our fiscal year, we continue to receive mixed economic signals...our backlogs are up over prior year levels, but current consumer confidence levels have been dropping. The "sustainable" recovery predicted by many economists has not yet taken effect in 2002, however our fourth quarter 2002 results are expected to show improvements from the fourth quarter of 2001. In addition, the efforts of our employees to reduce our cost structure and make investments in new businesses during the past 18 months have been very positive and we believe these will have an even greater impact in our fiscal 2003.

Bradley B. Buechler
Chairman, President & CEO

August 29, 2002

Consolidated Balance Sheet

(Dollars in thousands)

Assets	August 3, 2002 (Unaudited)	November 3, 2001
Current Assets		
Cash	\$ 10,054	\$ 8,572
Receivables, net	126,189	119,074
Inventories	101,240	93,091
Prepayments and other	5,999	9,333
Total Current Assets	243,482	230,070
Property, Plant and Equipment, net	273,700	274,155
Goodwill and Other Intangible Assets	336,070	292,576
Other Assets	18,110	18,302
	\$871,362	\$ 815,103
Liabilities and Shareholders' Equity		
Current Liabilities		
Current maturities of long-term debt	\$ 18,076	\$ 18,225
Accounts payable	86,321	76,131
Accrued liabilities	38,587	24,568
Total Current Liabilities	142,984	118,924
Long-Term Debt, Less Current Maturities	232,476	270,489
Other Liabilities	59,967	59,144
Total Long-Term Liabilities	292,443	329,633
Mandatorily Redeemable Convertible Preferred Stock	150,000	150,000
Shareholders' Equity	285,935	216,546
	\$871,362	\$ 815,103

Select Cash Flow Information

Periods Ended August 3, 2002 and August 4, 2001
(Unaudited and dollars in thousands)

	Three Months		Nine Months	
	2002	2001	2002	2001
Cash Flow From Operations	\$ 26,434	\$ 12,418	\$ 63,430	\$ 44,455
Capital Expenditures	8,660	3,262	17,236	11,830
Depreciation & Amortization	7,174	9,008	20,715	27,089
Debt Repayments, Excluding Acquisitions/Divestitures	17,461	7,700	42,852	23,402
Dividends on Common Stock	2,790	2,539	7,886	7,604
Treasury Stock Acquired (Option Proceeds), Net	1,765	(71)	(518)	4,098

Consolidated Statement of Operations

Periods Ended August 3, 2002 and August 4, 2001
(Unaudited and dollars in thousands, except per share amounts)

	Three Months		Nine Months	
	2002	2001	2002	2001
Net Sales	\$ 237,242	\$ 228,501	\$ 661,114	\$ 721,235
Costs and Expenses				
Cost of sales	198,990	188,437	559,643	598,811
Selling & administrative	13,507	13,865	40,794	43,042
Amortization of goodwill	-	2,040	-	6,130
Non-recurring expenses	-	9,090	-	9,090
	212,497	213,432	600,437	657,073
Operating Earnings	24,745	15,069	60,677	64,162
Interest	4,094	5,477	12,752	19,320
Distributions on Preferred Securities	2,563	2,563	7,688	7,688
Earnings Before Income Taxes	18,088	7,029	40,237	37,154
Income taxes	6,602	2,370	14,815	13,817
Net Earnings	\$ 11,486	\$ 4,659	\$ 25,422	\$ 23,337
Earnings Per Common Share:				
Basic	\$.40	\$.17	\$.93	\$.87
Diluted	\$.39	\$.17	\$.91	\$.87

Segment Information

	Three Months		Nine Months	
	2002	2001	2002	2001
Net Sales*				
Custom Sheet & Rollstock	\$ 157,635	\$ 151,730	\$ 443,856	\$ 474,385
Color & Specialty Compounds	63,124	55,276	169,428	172,907
Molded & Profile Products	16,483	21,495	47,830	73,943
Total Net Sales	\$ 237,242	\$ 228,501	\$ 661,114	\$ 721,235
Operating Earnings				
Custom Sheet & Rollstock	\$ 19,103	\$ 17,457	\$ 46,379	\$ 52,708
Color & Specialty Compounds	6,921	6,077	18,496	18,893
Molded & Profile Products	1,234	2,276	3,676	7,594
Corporate/Other	(2,513)	(10,741)	(7,874)	(15,033)
Total Operating Earnings	\$ 24,745	\$ 15,069	\$ 60,677	\$ 64,162

* Excludes intersegment sales of \$7,487 and \$6,631 for the three months ended August 3, 2002 and August 4, 2001, respectively, and \$19,637 and \$21,966 for the nine months ended August 3, 2002 and August 4, 2001, respectively.