



2364 Leicester Rd.
Leicester NY, 14481 USA
585-382-3223 cpac.com

COMPANY CONTACTS:

Karen G. McCulley, *Mgr., Corp Comm*
Wendy F. Clay, *VP, Admin*
585-382-3223

CPAC, INC. ANNOUNCES Q3 RESULTS; DECLARES DIVIDEND

LEICESTER, NY... February 12, 2003 – CPAC, Inc. (Nasdaq: CPAK), a manufacturer and marketer with holdings in the Cleaning & Personal Care and Imaging industries, today reported third quarter and nine-month results for Fiscal Year 2003 ended December 31, 2002.

On February 11, 2003 CPAC's Board of Directors declared a quarterly cash dividend in the amount of \$0.07 per share payable on March 21, 2003 to shareholders of record at the close of business on February 28, 2003.

Consolidated Results

Net sales for the quarter were up 2.3% to \$23.7 million compared to \$23.1 million for the same quarter last year. Net income was \$500,000 or \$0.10 per diluted share versus pro forma net income of \$782,000 or \$0.15 per diluted share for the quarter ended December 31, 2001. The pro forma figure of \$0.15 per share includes an additional \$0.01 of income over reported earnings of \$0.14 per share because, under SFAS No. 142, which the Company adopted in the first quarter of FY '03, goodwill is no longer being amortized.

For the nine months ended December 31, 2002, net sales were \$72.1 million versus \$73.7 million for the same period last year, a decline of 2.2%. Net income before the SFAS No. 142 adjustment was \$1.7 million or \$0.34 per diluted share versus pro forma net income of \$2.7 million or \$0.51 per diluted share for the nine-month period ended December 31, 2001. The pro forma figure of \$0.51 per share includes an additional \$0.03 of income over reported earnings of \$0.48 per share. After the impact of SFAS No. 142, which resulted in an adjustment of \$6.3 million recorded in the first quarter, the Company reported a loss of \$4.6 million or \$0.89 per diluted share for the nine months ended December 31, 2002.

Thomas N. Hendrickson, CPAC's President and CEO, stated, "Revenue improvements in the third quarter were driven primarily by achievements in the Fuller Brands segment. G. Robert Gey was appointed President of the Fuller Brands segment on January 19, 2003, assuming total financial and operational responsibility for all Fuller Brands business units, including Cleaning Technologies Group and Stanley Home Products. Mr. Gey will focus on top line initiatives in addition to further cost reduction programs throughout the segment. He will continue to serve as President of The Fuller Brush Company."

Fuller Brands Segment Highlights

- Segment sales rose 3.6% for the third quarter, due primarily to increases in the Fuller Brush home shopping initiative with QVC, and its own marketing via Internet partners. These relationships continue to exceed expectations.
- Cleaning Technologies Group sales in the quarter improved by more than 8% on the strength of the distributor sales network. In national accounts, the latest round of Kmart store closings will impact results going forward. CTG continues to monitor and work closely with this key account.
- A 3% reduction in the number of direct selling representatives combined with general economic worries contributed to a 9% quarterly sales decline in the Stanley Home Products division, partially offsetting other segment increases. Plans are in place to restructure the compensation program to provide increased incentives and rewards for the field sales organization.

According to G. Robert Gey, "We are pleased with the sales results for The Fuller Brush Company. Cleaning Technologies Group is showing measurable improvements versus prior year despite the challenges present in its markets. Growth initiatives relative to new products and new channels are beginning to take hold, but operating income is disproportionate with the level of sales. We have assigned high priority to bringing SG&A expenses in line."

CPAC Imaging Segment Highlights

- CPAC Imaging segment sales increased by 0.7% over last year's third quarter, but declined 3.9% for the nine-month period. Competitive pricing pressures, the weak economy, and the impact of digital technologies in domestic markets continue to affect revenues.
- CPAC Imaging, Americas has expanded its operations to penetrate the Mexican market for color photographic chemicals. This new initiative will facilitate sales and distribution of chemicals, equipment, film, and paper throughout Latin America.
- The segment recorded quarterly sales increases of 8% and 12% respectively for its African and Asian operations, which together represent approximately 11% of total segment sales year to date. The Belgian and Italian operations are down slightly for the quarter, as the sluggish European economy and rise of the Euro against the U.S. dollar have dampened growth in those markets.

Steven E. Baune, President of CPAC Imaging, Worldwide commented, "The segment's modest 1% sales increase for the quarter illustrates an ability to achieve top line sales growth at a time when the domestic imaging industry is experiencing general declines. While encouraged by our sales results in some areas, we will continue to implement stringent cost containment initiatives to improve net income."

Other Financial Information

Thomas J. Weldgen, CPAC's Chief Financial Officer, remarked, "We continue to exercise a conservative approach to our cash position. We began the fiscal year on April 1, 2002 with approximately \$8.0 million in cash. By December 31, 2002, investments of \$1.2 million were made in new property and equipment, \$351,000 of debt was paid down, \$677,000 was expended to repurchase CPAC stock in the marketplace, and dividends of \$1.1 million were distributed to shareholders. At December 31, 2002 the Company had \$8.5 million in available cash, no outstanding balance on its \$20 million corporate line of credit, working capital of \$31.7 million, and a solid balance sheet."

About CPAC, Inc.

Established in 1969, CPAC, Inc. (cpac.com) manages holdings in two industries. CPAC's Global Imaging Group develops and markets innovative imaging chemicals, equipment, and supplies at eight business units worldwide. The Fuller Brands segment manufactures commercial, industrial, and household cleaning products, as well as custom brushes and personal care lines. Products are sold under more than 350 registered trademarks. Stock is traded under the symbol: CPAK.

Except for the historical matters contained herein, statements in this press release are forward-looking and are made pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements involve risks and uncertainties, which may affect CPAC's business and prospects, including economic, competitive, governmental, technological and other factors discussed in CPAC's filings with the Securities and Exchange Commission.

(Tables Follow)

**CPAC, INC.
RESULTS OF OPERATIONS**

DECEMBER 31, 2002, AND DECEMBER 31, 2001

(UNAUDITED)

	<u>Three months ended</u>			<u>Nine months ended</u>		
	<u>2002</u>	<u>2001</u>	<u>% change</u>	<u>2002</u>	<u>2001</u>	<u>% change</u>
Net sales:						
Fuller Brands	\$ 13,422,120	\$ 12,951,874	3.6	\$ 42,739,333	\$ 43,146,430	(0.9)
Imaging	<u>10,263,736</u>	<u>10,192,261</u>	0.7	<u>29,354,647</u>	<u>30,533,772</u>	(3.9)
Total sales:	<u>\$ 23,685,856</u>	<u>\$ 23,144,135</u>	2.3	<u>\$ 72,093,980</u>	<u>\$ 73,680,202</u>	(2.2)
Income before cumulative						
Change in accounting principle	\$ 500,271	\$ 725,609	(31.1)	\$ 1,733,700	\$ 2,510,749	(30.9)
Cumulative effect of change						
in accounting principle*	<u>\$ 0</u>	<u>\$ 0</u>		<u>\$ (6,281,251)</u>	<u>\$ 0</u>	
Net income	<u>\$ 500,271</u>	<u>\$ 725,609</u>	(31.1)	<u>\$ (4,547,551)</u>	<u>\$ 2,510,749</u>	N/M
Income per common						
share (diluted):						
Before cumulative effect of						
Change in accounting principle	\$ 0.10	\$ 0.14	(28.6)	\$ 0.34	\$ 0.48	(29.2)
Cumulative effect of change						
in accounting principle*	<u>\$ 0</u>	<u>\$ 0</u>		<u>\$ (1.23)</u>	<u>\$ 0</u>	
Diluted net income per share	<u>\$ 0.10</u>	<u>\$ 0.14</u>	(28.6)	<u>\$ (0.89)</u>	<u>\$ 0.48</u>	N/M
Weighted avg. number of common						
shares outstanding (diluted)	5,059,045	5,152,800	(1.8)	5,111,726	5,238,901	(2.4)

*Adjustment reflects adoption of SFAS No. 142 "Goodwill and Other Intangible Assets"

CPAC, Inc.
SUPPLEMENTAL PRO FORMA NET INCOME COMPARISON

DECEMBER 31, 2002, AND DECEMBER 31, 2001

(UNAUDITED)

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Reported net income	\$ 500,271	\$ 725,609	\$ (4,547,551)	\$ 2,510,749
Add back:				
Goodwill amortization, net of tax	\$ 0	56,000	\$ 0	\$ 180,000
Cumulative effect of change in accounting principle*	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,281,251</u>	<u>\$ 0</u>
Pro forma net income	<u>\$ 500,271</u>	<u>\$ 781,609</u>	<u>\$ 1,733,700</u>	<u>\$ 2,690,749</u>

Basic earnings per share before
cumulative effect of change in
accounting principle:

Reported net income	\$ 0.10	\$ 0.14	\$ (0.89)	\$ 0.48
Add back:				
Goodwill amortization, net of tax	\$ 0	\$ 0.01	\$ 0	\$ 0.03
Cumulative effect of change in accounting principle*	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1.23</u>	<u>\$ 0</u>
Pro forma net income	<u>\$ 0.10</u>	<u>\$ 0.15</u>	<u>\$ 0.34</u>	<u>\$ 0.51</u>

Diluted earnings per share before
cumulative effect of change
in accounting principle:

Reported net income (loss)	\$ 0.10	\$ 0.14	\$ (0.89)	\$ 0.48
Add back:				
Goodwill amortization, net of tax	\$ 0	\$ 0.01	\$ 0	\$ 0.03
Cumulative effect of change in accounting principle*	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1.23</u>	<u>\$ 0</u>
Pro forma net income	<u>\$ 0.10</u>	<u>\$ 0.15</u>	<u>\$ 0.34</u>	<u>\$ 0.51</u>

*Adjustment reflects adoption of SFAS No. 142 "Goodwill and Other Intangible Assets"

CPAC, Inc.
SUPPLEMENTAL SEGMENT DATA

DECEMBER 31, 2002, AND DECEMBER 31, 2001

(UNAUDITED)

Three months ended 2002

	FULLER BRANDS	IMAGING	COMBINED
Net sales	\$ 13,422,120	\$ 10,263,736	\$ 23,685,856
Cost of sales	<u>6,599,141</u>	<u>6,390,078</u>	<u>12,989,219</u>
Gross profit	6,822,979	3,873,658	10,696,637
Selling, administrative and Engineering expenses	6,304,298	3,298,925	9,603,223
Research and development Expense	<u>112,494</u>	<u>36,384</u>	<u>148,878</u>
Operating income	<u>\$ 406,187</u>	<u>\$ 538,349</u>	\$ 944,536
Corporate income (loss)			(43,637)
Interest expense, net			<u>(138,628)</u>
Income before income taxes and cumulative effect of change in accounting principle*			<u>\$ 762,271</u>

Three months ended 2001

	FULLER BRANDS	IMAGING	COMBINED
Net sales	\$ 12,951,874	\$ 10,192,261	\$ 23,144,135
Cost of sales	<u>6,217,164</u>	<u>6,230,866</u>	<u>12,448,030</u>
Gross profit	6,734,710	3,961,395	10,696,105
Selling, administrative and Engineering expenses	5,854,329	3,392,322	9,246,651
Research and development expense	<u>128,480</u>	<u>35,729</u>	<u>164,209</u>
Operating income	<u>\$ 751,901</u>	<u>\$ 533,344</u>	\$ 1,285,245
Corporate income (loss)			(57,726)
Interest expense, net			<u>(119,910)</u>
Income before income taxes and cumulative effect of change in accounting principle*			<u>\$ 1,107,609</u>

*Adjustment reflects adoption of SFAS No. 142 "Goodwill and Other Intangible Assets"

CPAC, Inc.
SUPPLEMENTAL SEGMENT DATA

DECEMBER 31, 2002, AND DECEMBER 31, 2001

(UNAUDITED)

Nine months ended 2002

	FULLER BRANDS	IMAGING	COMBINED
Net sales	\$ 42,739,333	\$ 29,354,647	\$ 72,093,980
Cost of sales	<u>21,040,484</u>	<u>18,459,867</u>	<u>39,500,351</u>
Gross profit	21,698,849	10,894,780	32,593,629
Selling, administrative and Engineering expenses	18,992,319	9,799,476	28,791,795
Research and development Expense	<u>384,076</u>	<u>116,762</u>	<u>500,838</u>
Operating income	<u>\$ 2,322,454</u>	<u>\$ 978,542</u>	\$ 3,300,996
Corporate income (loss)			(170,884)
Interest expense, net			<u>(399,412)</u>
Income before income taxes and cumulative effect of change in accounting principle*			<u>\$ 2,730,700</u>

Nine months ended 2001

	FULLER BRANDS	IMAGING	COMBINED
Net sales	\$ 43,146,430	\$ 30,533,772	\$ 73,680,202
Cost of sales	<u>21,809,983</u>	<u>18,772,129</u>	<u>40,582,112</u>
Gross profit	21,336,447	11,761,643	33,098,090
Selling, administrative and Engineering expenses	18,305,865	9,895,155	28,201,020
Research and development expense	<u>374,278</u>	<u>95,847</u>	<u>470,125</u>
Operating income	<u>\$ 2,656,304</u>	<u>\$ 1,770,641</u>	\$ 4,426,945
Corporate income (loss)			(109,676)
Interest expense, net			<u>(399,520)</u>
Income before income taxes and cumulative effect of change in accounting principle*			<u>\$ 3,917,749</u>

**Adjustment reflects adoption of SFAS No. 142 "Goodwill and Other Intangible Assets"*

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