



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

FOR IMMEDIATE RELEASE

COMPANY CONTACTS:

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

***CPAC, Inc. Announces Third Quarter and Nine-Month Results;
Declares Quarterly Cash Dividend of \$0.07***

LEICESTER, NY... February 9, 2004 -- 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 the fiscal period ended December 31, 2003, consistent with guidance issued on December 19, 2003.

At its regular meeting on February 9th, 2004, CPAC's Board of Directors declared a quarterly cash dividend in the amount of \$0.07 per share, payable on March 26th, 2004 to shareholders of record at the close of business on February 27th, 2004.

Consolidated Results

Net sales for the third quarter ended December 31, 2003 were \$20.5 million compared to \$23.7 million for the same quarter last year, a decline of 13.4% (a 14.8% decline excluding foreign currency impact.) Net loss for the quarter was \$(822,000) or \$(0.17) per diluted share versus net income of \$448,099 or \$0.09 per diluted share for the quarter ended December 31, 2002 (*as restated – see supplemental note.*)

For the nine months ended December 31, 2003, net sales were \$67.2 million versus \$72.1 million for the same period last year, a 6.8% decline (an 8.7% decline excluding foreign currency impact.) Nine-month net loss was \$(636,000) or \$(0.13) per diluted share as compared to a net loss of \$(4.7 million) or \$(0.91) per diluted share for the same period last year. Nine month results for the period ended December 31, 2002 were impacted by a first quarter \$6.3 million cumulative effect accounting adjustment from the adoption of SFAS No. 142, "Goodwill and Other Intangible Assets". Exclusive of the cumulative effect accounting adjustment, the Company earned \$1.6 million or \$0.32 per diluted share in the nine month period last year (*as restated – see supplemental note.*)

Thomas N. Hendrickson, CPAC's President and CEO, stated, "Third quarter and nine month sales results in both segments were in line with the guidance issued in December. The net loss for the quarter and nine-month periods reflects both the decline in sales as well as our significant ongoing strategic investments in both segments. However, we remain confident that our strategic initiatives will create positive results for our shareholders."

more... more... more...

Commenting on the domestic Imaging plant consolidation, Hendrickson stated, "Non-recurring expenses associated with the closure of the St. Louis plant were \$354,000 on an after tax basis, or \$0.07 per diluted share for the quarter, and \$801,000 on an after tax basis, or \$0.16 per diluted share for the nine months."

Fuller Brands Segment

According to G. Robert Gey, President of Fuller Brands, "Segment sales for the quarter were down by 16.8% over last year's third quarter and 8.4% for the nine-month period as against prior year. Of the three businesses comprising the segment, The Fuller Brush Company accounted for nearly half of the Q3 decline primarily due to a major customer adjusting its inventories, loss of a manufacturing contract, and order timing. For the nine months, QVC sales remain strong and are ahead of prior year by 9%."

Mr. Gey continued, "Cleaning Technologies Group's decline in distributor sales is primarily the result of budget constraints in schools which comprise a significant portion of business in this channel. Efforts are underway to diversify the customer and product mix as well as reducing sales seasonality. This is being addressed by acquiring new distribution that is capable of supporting a full product line. Increasing sales to national accounts, retail chains, and through GSA schedule business for government procurement, are also gaining momentum. Stanley Home Products has defined a strategic direction for new product development, and with its strengthened organization has increased the number of new independent sales recruits and average order size. These gains are not yet sufficient to reverse year-over-year sales declines, but they are positive and encouraging."

Fuller Brands Highlights

- Fuller Brush has completed the repackaging project for its 'Cleaning Center' retail initiative, which has had good reception from certain key mass merchants. The breadth of Fuller's product line enables retailers to customize their offering, providing a quality Fuller product for virtually any cleaning application.

- CTG will introduce an impressive labor-saving floor finish that utilizes a unique polymer technology at the Building Service Contractor's Association tradeshow in March. In addition, a line of Green Seal[®]-certified environmentally safe cleaning products, as well as other commercial cleaning items, are slated for production within a few months.

- Fuller Brush Factory Outlet Store sales are up 10% year-to-date versus prior year due to recent store relocations to higher traffic sites, improved signage, and broader product breadth and promotion. In addition, Fuller Brush-branded internet sales via Quixtar[®], a top consumer-based e-retailer affiliated with Alticor, are up 33% compared to the nine-month period last year. Online sales through Fuller distributors are also increasing.

CPAC Imaging Segment

Steven E. Baune, President of CPAC Imaging, Worldwide commented, "As with other traditional imaging suppliers, we continue to face three major impediments to growth: the impact of digital technologies, industry consolidation, and highly competitive pricing issues. This is most evident in our domestic markets. Net segment sales for Q3 are down by 9.0% (a 12.3% decline excluding foreign currency impact.) For the nine months, segment sales are down 4.4% (a 9.3% decline excluding foreign currency impact.) Our strategic focus remains on international growth by investing in markets where opportunities for traditional silver based photographic processing exist."

CPAC Imaging Highlights

- The transfer of chemical manufacturing from St. Louis, MO to Norcross, GA is essentially complete and the remaining costs are minimal. The domestic Imaging workforce has been reduced by nearly 25% as a result of the consolidation.

- CPAC Africa signed a multi-year contract with a major distributor to supply chemistry under the CPAC Imaging label. The distributor will cease all manufacturing. This move marks CPAC Africa's expansion into health care chemicals and makes it the dominant Imaging chemical manufacturer on the continent.

- CPAC Imaging continues to move forward to establish its presence in China during 2004.

Other Financial Information

Thomas J. Weldgen, CPAC's Chief Financial Officer, said, "We began the fiscal year on April 1, 2003 with approximately \$9.9 million in cash. Since that time we invested an additional \$1.3 million in TURA, expended \$2.3 million on new property and equipment, and reduced debt in the amount of \$0.7 million. In addition, shareholder dividends of \$1.0 million were distributed. At December 31, 2003, the Company had \$8.6 million in cash and working capital in excess of \$29.0 million."

About CPAC, Inc.

Established in 1969, CPAC, Inc. (cpac.com) manages holdings in two industries. The Fuller Brands segment manufactures commercial, industrial, and household cleaning products, as well as custom brushes and personal care lines. The CPAC Imaging segment develops and markets innovative Imaging chemicals, equipment, and supplies at seven business units worldwide. 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 that 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 DATA
DECEMBER 31, 2003 and DECEMBER 31, 2002
(UNAUDITED)

	<u>Three months ended</u>			<u>Nine months ended</u>		
	<u>2003</u>	<u>2002</u>	<u>% change</u>	<u>2003</u>	<u>2002</u>	<u>% change</u>
Net sales:						
Fuller Brands	\$ 11,165,235	\$ 13,422,120	(16.8)	\$ 39,162,422	\$ 42,739,333	(8.4)
Imaging	<u>9,343,537</u>	<u>10,263,736</u>	(9.0)	<u>28,058,833</u>	<u>29,354,647</u>	(4.4)
Total sales:	<u>\$ 20,508,772</u>	<u>\$ 23,685,856</u>	(13.4)	<u>\$ 67,221,255</u>	<u>\$ 72,093,980</u>	(6.8)
Income (loss) before cumulative effect of change in accounting principle	\$ (822,188)	\$ 448,099 **	N/M	\$ (635,629)	\$ 1,610,585 **	N/M
Cumulative effect of change in accounting principle*	<u>\$ 0</u>	<u>\$ 0</u>		<u>\$ 0</u>	<u>\$ (6,281,251)</u>	N/M
Net income (loss)	<u>\$ (822,188)</u>	<u>\$ 448,099 **</u>	N/M	<u>\$ (635,629)</u>	<u>\$ (4,670,666) **</u>	N/M
Income (loss) per common share (diluted):						
Before cumulative effect of change in accounting principle	\$ (0.17)	\$ 0.09 **	N/M	\$ (0.13)	\$ 0.32 **	N/M
Cumulative effect of change in accounting principle*	<u>\$ 0.00</u>	<u>\$ 0.00</u>		<u>\$ 0.00</u>	<u>\$ (1.23)</u>	N/M
Diluted net income (loss) per share	<u>\$ (0.17)</u>	<u>\$ 0.09 **</u>	N/M	<u>\$ (0.13)</u>	<u>\$ (0.91) **</u>	N/M
Diluted shares outstanding	4,980,747	5,059,045	(1.6)	4,970,657	5,111,726	(2.8)

SUPPLEMENTAL NOTES:

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

**Restated as required by GAAP to present the impact of a change to the equity method of accounting for the increased investment in TURA AG.

CPAC, Inc.
SUPPLEMENTAL SEGMENT DATA
DECEMBER 31, 2003 and DECEMBER 31, 2002
(UNAUDITED)

Three months ended December, 2003

	FULLER BRANDS	IMAGING	COMBINED
Net sales	\$ 11,165,235	\$ 9,343,537	\$ 20,508,772
Cost of sales	<u>5,724,877</u>	<u>6,119,595</u>	<u>11,844,472</u>
Gross profits	5,440,358	3,223,942	8,664,300
Selling, administrative and engineering expenses	5,630,965	3,283,937	8,914,902
Restructuring expenses		533,968	533,968
Research and development expense	<u>132,786</u>	<u>45,558</u>	<u>178,344</u>
Operating loss	<u>\$ (323,393)</u>	<u>\$ (639,521)</u>	(962,914)
Corporate income			28,420
Interest expense, net			<u>(128,157)</u>
Loss before income tax, minority interests, and equity in loss of affiliate			(1,062,651)
Provision (benefit) for income taxes			<u>(330,000)</u>
Loss before minority interests and equity in loss of affiliate			(732,651)
Minority interests			(34,893)
Equity in loss of affiliate			<u>(54,644)</u>
Net loss			<u>\$ (822,188)</u>

Three months ended December, 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 profits	6,822,979	3,873,658	10,696,637
Selling, administrative and engineering expenses	6,304,298	3,260,715	9,565,013
Research and development expense	<u>112,494</u>	<u>36,384</u>	<u>148,878</u>
Operating income	<u>\$ 406,187</u>	<u>\$ 576,559</u>	982,746
Corporate expense			(43,637)
Interest expense, net			<u>(138,628)</u>
Income before income tax, minority interests, and equity in loss of affiliate			800,481
Provision for income taxes			<u>262,000</u>
Income before minority interests and equity in loss of affiliate			538,481
Minority interests			(38,210)
Equity in loss of affiliate			<u>(52,172)</u>
Net income **			<u>\$ 448,099</u>

SUPPLEMENTAL NOTES:

** Restated as required by GAAP to present the impact of a change to the equity method of accounting for the increased investment in TURA AG.

CPAC, Inc.
SUPPLEMENTAL SEGMENT DATA
DECEMBER 31, 2003 and DECEMBER 31, 2002
(UNAUDITED)

Nine months ended December, 2003

	FULLER BRANDS	IMAGING	COMBINED
Net sales	\$ 39,162,422	\$ 28,058,833	\$ 67,221,255
Cost of sales	<u>19,917,026</u>	<u>17,835,563</u>	<u>37,752,589</u>
Gross profits	19,245,396	10,223,270	29,468,666
Selling, administrative and engineering expenses	17,866,635	10,053,814	27,920,449
Restructuring expenses		1,130,997	1,130,997
Research and development expense	<u>414,511</u>	<u>104,834</u>	<u>519,345</u>
Operating income (loss)	<u>\$ 964,250</u>	<u>\$ (1,066,375)</u>	(102,125)
Corporate expense			(58,049)
Interest expense, net			<u>(387,605)</u>
Loss before income tax, minority interests, and equity in loss of affiliate			(547,779)
Provision (benefit) for income taxes			<u>(279,000)</u>
Loss before minority interests, equity in loss of affiliate, and cumulative effect of change in accounting principle			(268,779)
Minority interests			(132,919)
Equity in loss of affiliate			<u>(233,931)</u>
Loss before cumulative effect of change in accounting principle			(635,629)
Cumulative effect of change in accounting principle			<u>-0-</u>
Net loss			<u>\$ (635,629)</u>

Nine months ended December, 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 profits	21,698,849	10,894,780	32,593,629
Selling, administrative and engineering expenses	18,992,319	9,731,189	28,723,508
Research and development expense	<u>384,076</u>	<u>116,762</u>	<u>500,838</u>
Operating income	<u>\$ 2,322,454</u>	<u>\$ 1,046,829</u>	3,369,283
Corporate expense			(170,884)
Interest expense, net			<u>(399,412)</u>
Income before income tax, minority interests, equity in loss of affiliate, and cumulative effect of change in accounting principle			2,798,987
Provision for income taxes			<u>997,000</u>
Income before income tax, minority interests, and equity in loss of affiliate			1,801,987
Minority interests			(68,287)
Equity in loss of affiliate			<u>(123,115)</u>
Income before cumulative effect of change in accounting principle			1,610,585
Cumulative effect of change in accounting principle*			<u>(6,281,251)</u>
Net loss **			<u>\$ (4,670,666)</u>

SUPPLEMENTAL NOTES:

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

** *Restated as required by GAAP to present the impact of a change to the equity method of accounting for the increased investment in TURA AG.*

#