

ADAPT. ADVANCE.

2003

ANNUAL REPORT
AND 10K

DEAR SHAREHOLDER

In 2003, your Company faced and took action on a number of challenges in one of the most difficult operating environments our businesses have ever confronted. Major challenges included dramatic raw material inflation, 30-year lows in key markets, the economic impact from the war on terrorism and the lingering effects of September 11. Our actions to address these difficult realities have improved our position in the short term and will provide us with even greater operating leverage as our markets improve.

Make no mistake, OMNOVA Solutions' financial results in 2003 were disappointing. Our businesses have the capability to generate significantly better returns. Despite the challenging environment, real progress was made in areas that will contribute to enhancing shareholder value, including reduced costs, increased productivity, improved cash flow, lower average debt, increased share in key markets, strengthened leadership and the introduction of many exciting, innovative products. Also in 2003, we established a new capital structure which provides long-term financial flexibility for OMNOVA. These actions have already created momentum for stronger results in 2004.

Performance Chemicals

Despite the challenging market conditions, our Performance Chemicals segment grew sales by over 9%. Unfortunately, this growth did not translate into higher profitability because of severe inflation in our oil-based raw materials. Not since the 1980s have these costs remained so high for so long. Styrene and butadiene costs hit 13- and 15-year highs, respectively, during the second quarter of the year and remained stubbornly elevated throughout 2003. Performance Chemicals responded to raw material inflation of \$31 million during the year by aggressively implementing approximately \$20 million in product pricing improvements. In 2003, the segment also drove a nearly 5% increase in productivity through our LEAN SixSigma initiatives and other operational improvements. We continue to seek price and productivity improvements to further bridge the margin gap caused by raw material inflation.

Within our paper and carpet chemicals business, we continued to expand our position in the carpet chemicals product line as customers enthusiastically embraced new products such as ammonia-free and moisture-resistant latexes for carpet backing. Our carpet team's unwavering commitment to the customer and tight alignment of technical, sales, marketing and manufacturing activities drove this growth and serves as a model for excellence across the Company.



FINANCIAL HIGHLIGHTS

OMNOVA SOLUTIONS INC.

(Dollars in millions, except per-share data)

YEARS ENDED NOVEMBER 30,

	2003	2002	2001
NET SALES			
Performance Chemicals	\$ 327.0	\$ 299.4	\$ 320.9
Decorative Products	257.6	288.7	302.8
Building Products	98.0	93.1	113.3
	\$ 682.6	\$ 681.2	\$ 737.0
SEGMENT OPERATING (LOSS) PROFIT			
Performance Chemicals	\$ 14.5	\$ 19.9	\$ 18.8
Decorative Products	(9.3)	7.2	17.8
Building Products	3.1	(4.9)	(4.5)
Restructuring and severance	(8.8)	2.3	(13.7)
Goodwill and indefinite lived trademark impairments	(49.6)	—	—
Idle fixed assets, obsolete inventory and intangible asset write-offs	(5.7)	—	—
	\$ (55.8)	\$ 24.5	\$ 18.4
Interest expense	(15.3)	(8.1)	(14.0)
Corporate expenses	(10.0)	(9.2)	(11.3)
Restructuring and severance	(.2)	.3	(3.9)
Deferred financing costs write-off	(3.1)	—	(.1)
Income tax benefit (expense)	.6	(.5)	4.2
(Loss) Income before cumulative effect of accounting change	\$ (83.8)	\$ 7.0	\$ (6.7)
Cumulative effect of accounting change	—	(142.5)	—
	\$ (83.8)	\$ (135.5)	\$ (6.7)
NET LOSS			
BASIC LOSS PER SHARE			
(Loss) Earnings before cumulative effect of accounting change	\$ (2.10)	\$.18	\$ (.17)
Cumulative effect of accounting change	—	(3.60)	—
Net Loss Per Basic Share	\$ (2.10)	\$ (3.42)	\$ (.17)
DILUTED LOSS PER SHARE			
(Loss) Earnings before cumulative effect of accounting change	\$ (2.10)	\$.18	\$ (.17)
Cumulative effect of accounting change	—	(3.58)	—
Net Loss Per Diluted Share	\$ (2.10)	\$ (3.40)	\$ (.17)
OTHER DATA			
Capital expenditures	\$ 8.8	\$ 11.1	\$ 19.5
Depreciation and amortization	\$ 33.7	\$ 28.8	\$ 34.3
Number of employees at year-end	2,100	2,400	2,500
Number of outstanding shares for diluted EPS (millions)	39.9	39.8	39.6

PRO-FORMA DATA

Management believes that adjusted net (loss) income provides a more accurate basis for comparing results year-over-year. The following table reconciles the Company's net loss to adjusted net (loss) income:

Net Loss	\$ (83.8)	\$ (135.5)	\$ (6.7)
Items added back net of tax:			
Cumulative effect of accounting change	—	142.5	—
Restructuring and severance	9.0	(2.4)	10.8
Goodwill and indefinite lived trademark impairments	49.6	—	—
Idle fixed assets, obsolete inventory and intangible asset write-offs	5.7	—	—
Deferred financing costs write-off	3.1	—	.1
Adjusted net (loss) income	\$ (16.4)	\$ 4.6	\$ 4.2
Adjusted (loss) earnings per share	\$ (.41)	\$.12	\$.10

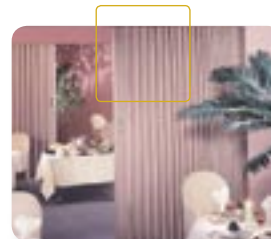
Certain information included in the Annual Report is forward-looking and, accordingly, involves estimates, assumptions, judgments and uncertainties. Forward-looking statements may generally be identified by the use of forward-looking terms such as "could," "may," "should," "will," "expects," "believes," "anticipates," "plans," "intends," "estimates," "projects," "targets," "forecasts," "seeks," "likely," "would" or similar terms. For information regarding some of the factors that could cause actual results or outcomes to differ materially from those described in the forward-looking statements, see the Forward-Looking Statements section of Management's Discussion and Analysis of Financial Condition and Results of Operations.



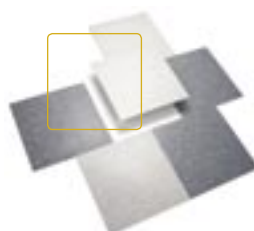
ABOUT OMNOVA We design, develop, produce and market decorative and functional surfaces, emulsion polymers and specialty chemicals for a variety of commercial, industrial and residential end uses. Our solutions provide distinctive performance and aesthetic attributes to products that touch people's lives every day.

WHY INVEST IN OMNOVA?**LEADING POSITIONS IN DIVERSE MARKETS**

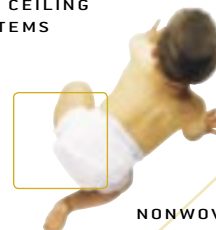
That's a big reason investors are attracted to OMNOVA Solutions. Add a lean cost structure, disciplined processes, broadening global presence, long track record of success, strengthened management and talented associates all dedicated to increasing shareholder value, and you have another big piece of the story. Perhaps what most defines us is our insatiable drive to delight customers with innovative technologies, products and services that outperform the competition. Here are the major market categories we serve, and a sampling of the myriad product applications ...

**SPECIALTY/
CONSTRUCTION**

**INTERIOR WALL
AND CEILING
SYSTEMS**



**FLOOR CARE CHEMICALS
AND FLOORING**



**NONWOVEN
CHEMICALS**

We also grew our position as a technology leader in the paper chemicals product line with the introduction of our advanced, high-performance technology platforms in both latex and chemical additives. RohmNova, our paper chemical sales, marketing and service joint venture with Rohm and Haas, had another successful year. Global paper producers appreciate RohmNova's product offering, which is the broadest in the paper coatings industry, and its strong technical service and support backed by a solid commitment to technology and innovation. RohmNova continues to provide exciting opportunities for enhancing the value we bring to our global paper customers.

Our specialty chemicals business had a number of wins in the United States, and also in Europe where sales increased for the fifth consecutive year. We introduced breakthrough technologies for nonwoven applications such as disposable diapers, air and fluid filtration, household scrub pads and roofing mats. OMNOVA's proprietary fluoropolymer, POLYFOX™, continues to generate interest in a wide variety of flow and leveling applications, including coatings, paints, floor care, surface cleaning products and electronic chemicals. POLYFOX fluoropolymers provide improved functional performance and are environmentally-preferred substitutes for other fluorochemicals.

New products from leading technology, backed by strong customer and technical service, will continue to play a critical role in growing the Performance Chemicals segment. More than ever, our associates are focused on technologies and applications where

we have, or can develop, a competitive advantage for our customers and OMNOVA. As a result of their good work, the segment achieved improving performance during the latter part of 2003, a trend we expect to build on in 2004.

Decorative Products

The Decorative Products markets have been particularly hard hit during the economic downturn, with U.S. hotel occupancy rates near 30-year lows, commercial office occupancies at 10-year lows, continued slowness in office furniture sales, and a drop in manufactured housing shipments for the fifth consecutive year.

During this downturn, we have focused on right-sizing our costs, enhancing our customer service capability and investing in new products. Most economic forecasters are predicting improved conditions in these markets in 2004. Strengthening market conditions should only increase the impact of the exciting products we've introduced in the last 18 months, including SURF(x)® three-dimensional laminates for furniture and display fixtures, ENDURION™ exceptionally cleanable coated fabrics for furnishings used in the health care, hospitality and commercial segments, VIEWNIQUE™ full-wall murals, MEMERASE® II flexible dry-erase surfaces, MURAGLASS™ decorative films for interior glass partitions, and GREENGUARD INDOOR AIR QUALITY CERTIFIED® commercial wallcoverings, to name a few.

During the year, we exited the heat transfer printing product line to focus resources on our more attractive strategic businesses

**FURNITURE
AND
FURNISHINGS**



**DECORATIVE
LAMINATES**



**COATED
FABRICS**

**COATED PAPER/
PAPERBOARD
CHEMICALS**



**PAPER
COATINGS**

**OFFICE,
HOTEL,
HEALTHCARE**



WALLCOVERINGS

with better long-term prospects. In addition, we enhanced our Thailand and China manufacturing joint venture capabilities in order to better serve the needs of global customers. There are growing opportunities, especially in the residential furniture industry, to leverage our joint ventures to successfully compete for business that is increasingly being produced off-shore.

Robert Coleman, with over 20 years of management experience at Avery Dennison, joined OMNOVA as President of our Decorative Products segment at the end of the third quarter. Bob brings a fresh marketing and operations perspective to the business and has already begun to make critical decisions to position Decorative Products for recovery.

Building Products

Building Products achieved significantly improved performance throughout 2003 as the result of better market conditions for commercial roofing, exciting new products and major gains in manufacturing productivity.

Severe weather last winter and an improving economy created a stronger reroofing market in the second half of the year for our GENFLEX ROOFING SYSTEMS®. In addition, we increased our emphasis on small to mid-sized contractors to broaden our customer base. This has opened new opportunities to demonstrate the labor and energy-saving qualities of our thermoplastic (TPO and PVC) roofing membrane systems. New PEEL & STICK™ TPO roofing systems introduced in 2003 offer significantly easier and lower-cost installation

and are potential substitutes for numerous traditional asphalt roofing products.

At the same time, we made significant breakthroughs in improving productivity at our newest plant in Muscle Shoals, Alabama. These operational improvements, along with exciting new products, certainly enhance our outlook for the future.

Harry Franze joined OMNOVA in the third quarter as President of our Building Products segment. He brings a wealth of general management and operating experience and is leading a more focused and integrated effort by our team to profitably grow the business.

Flexibility for Growth

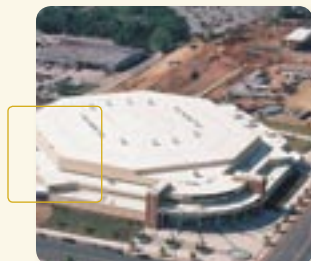
Our productivity improvements in 2003 are clear examples of the power of the LEAN SixSigma operating approach we introduced during the year. Our LEAN SixSigma efforts are making fundamental and sustainable process changes to eliminate waste (defined as those things not valued by the customer) and dramatically reduce variation (typically the source of most quality problems). We spent the first part of the year training our full-time LEAN SixSigma blackbelts and identifying the improvement opportunities in each of our businesses. As the year progressed, the blackbelts worked closely with associates on the floor, in our back office operations and in the field to drive those changes that would add greater value to the customer and result in cash flow, productivity and operating profit improvements for OMNOVA Solutions. I could not be more excited about the power of LEAN SixSigma to have a lasting and meaningful

CARPET CHEMICALS



CARPET BACKING
BINDERS

COMMERCIAL ROOFING



SINGLE-PLY
MEMBRANE SYSTEMS

TRANSPORTATION



MARINE FABRICS

impact on our Company. In 2003 alone – our start-up year – LEAN SixSigma efforts delivered benefits, primarily in cash flow, of nearly \$10 million.

In last year's report, I mentioned that we had created a new global strategic sourcing organization focused on gaining access to lower cost sources around the world and combining material needs across the Company to capitalize on purchasing synergies. The team made a solid first step in 2003 and, moving forward, we believe there are significant additional opportunities to improve our quality and lower our costs through our global sourcing efforts.

In Spring 2003, OMNOVA completed a \$165 million, seven-year bond offering, and a \$100 million bank credit facility. These actions improve the Company's long-term financial flexibility.

During the year, we took the difficult but necessary actions to right-size our cost base. We expect this major restructuring to yield \$16 million in additional savings in 2004.

Late in the year, we were pleased to announce the election of David J. D'Antoni to the Board of Directors. Dave is a Senior Vice President and Group Operating Officer of Ashland Inc. His expertise in the chemical and building products industries adds to our already strong group of independent directors.

A Stronger Company

OMNOVA's future is bright because of our people. In 2003, our people tackled a very tough set of operating challenges with enthusiasm and commitment. United by a common cause of achieving improved

performance despite very difficult operating conditions, our associates are relentlessly focused on delighting customers. Many of them have made personal sacrifices to strengthen OMNOVA for the long term. I would like to thank those associates for their hard work, commitment and dedication.

I assure you that OMNOVA Solutions' associates, with the active involvement and guidance of our Board of Directors, are dedicated to creating value for our shareholders. We emerged from 2003 a stronger Company – we concluded a major cost restructuring, took aggressive product pricing actions, made leadership changes to drive better execution, enhanced the capabilities of our joint ventures, and refinanced to improve our capital structure. We enjoy leadership positions in most of the market categories we serve, and we have introduced and will continue to invest in new products and services that offer distinct advantages to our customers.

As 2003 came to a close, we were encouraged by improvement in the overall U.S. economy and in several of our served markets. We are optimistic that these positive economic trends will continue and are confident in our ability to *adapt* and thrive in this dynamic business landscape. We believe OMNOVA Solutions is poised to make a strong *advance* in our performance in 2004.

Kevin M. McMullen
Chairman and CEO

CORPORATE INFORMATION

EXECUTIVE OFFICERS

Kevin M. McMullen

Chairman, Chief Executive Officer and President

Michael E. Hicks

Senior Vice President and Chief Financial Officer; Treasurer

James C. LeMay

Senior Vice President, Business Development; General Counsel

Gregory T. Troy

Senior Vice President, Human Resources

Douglas E. Wenger

Senior Vice President and Chief Information Officer

James J. Hohman

Vice President; President, Paper & Carpet Chemicals

BOARD OF DIRECTORS

Edward P. Campbell¹

President and Chief Executive Officer, Nordson Corporation

David A. Daberko^{2,3}

Chairman and Chief Executive Officer, National City Corporation

David J. D'Antoni²

Senior Vice President and Group Operating Officer, Ashland Inc.

Diane E. McGarry¹

Chief Marketing Officer, Xerox Corporation

Kevin M. McMullen³

Chairman, Chief Executive Officer and President, OMNOVA Solutions Inc.

Steven W. Percy¹

Former Chairman and Chief Executive Officer, BP America Inc.

Dr. R. Byron Pipes^{2,3}

Goodyear Professor of Polymer Engineering, University of Akron

William R. Seelbach²

President and Chief Executive Officer, Ohio Aerospace Institute

COMMITTEES

1 Audit Committee
Chairman:
Steven W. Percy

2 Compensation and Corporate Governance Committee
Chairman:
David A. Daberko

3 Executive Committee
Chairman:
Kevin M. McMullen

SHAREHOLDER INFORMATION

Annual Meeting of Shareholders

March 25, 2004 at 9:00 a.m., Akron West Hilton Inn, 3180 West Market Street, Fairlawn, Ohio

Common Stock

Listing:

New York Stock Exchange
Ticker Symbol: OMN

Transfer Agent and Registrar

The Bank of New York
Shareholder Relations
Department 11-E
P.O. Box 11258
Church Street Station
New York, NY 10286

Send certificates for transfer and address changes to:

The Bank of New York
Receive and Deliver
Department 11-W
P.O. Box 11002
Church Street Station
New York, NY 10286

Independent Auditors

Ernst & Young LLP,
Akron, Ohio

BuyDIRECT

(A direct purchase, sale and dividend reinvestment plan) BuyDIRECT is available to shareholders and interested first-time investors and offers a convenient method of increasing investment in the Company. All brokerage commissions and bank service fees incurred on behalf of the participants in connection with stock purchases and dividend reinvestments are paid by the Company. Subject to terms and conditions of the plan, dividends, together with optional cash investments of up to \$120,000 per year, are used to buy more shares of the Company's Common Stock.

BuyDIRECT Contact:

The Bank of New York
Dividend Reinvestment
Department
P.O. Box 1958
Newark, NJ 07101-9774
1-800-524-4458

Form 10-K

Additional copies available after March 1, 2004 on the internet at www.omnova.com or by writing to: OMNOVA Solutions Inc.
175 Ghent Road
Fairlawn, Ohio 44333-3300
Attention: Secretary

Shareholder Services

1-800-735-5160

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Michael E. Hicks
Senior Vice President and Chief Financial Officer
330-869-4411

OMNOVA Solutions Foundation

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Fairlawn, Ohio 44333-3300
330-869-4289

Communications

General inquiries, contact: Corporate Communications, 330-869-4293.
Financial literature requests, contact World Investor Link, 1-888-400-7789.

Internet Website

www.omnova.com

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Back Cover Photos: (left to right, top to bottom) BOLTAFLEX® coated fabrics, LANARK® commercial wallcoverings, POLYFOX™ floor care chemicals, GENFLO® paper chemicals, GENFLEX ROOFING SYSTEMS®, GENFLO® carpet chemicals, SURF(x)® furniture laminates

Imagine



what we
can do
together.

