

Today's SPECIALS

MORNING BLEND
GOURMET ROAST
MOCHA LATE
IRISH CAPPUCCINO
TRIPLE ESPRESSO
HAZELNUT FRAPPE

BAGEL w/ Lox
+ CREAM CHEESE
CINNAMON CROISSANT
APRICOT DANISH
CRANBERRY SCONES

everywhere
you look, we're there



2004
Annual
Report
and 10K

financial highlights

OMNOVA Solutions Inc.

Years Ended November 30,

(Dollars in millions, except per share data)

Net Sales

Performance Chemicals
Decorative Products
Building Products

	2004	2003	2002
Performance Chemicals	\$ 372.9	\$ 327.0	\$ 299.4
Decorative Products	257.8	257.6	288.7
Building Products	115.0	98.0	93.1
	\$ 745.7	\$ 682.6	\$ 681.2

Segment Operating Profit (Loss)

Performance Chemicals
Decorative Products
Building Products
Restructuring and severance
Goodwill and indefinite lived trademark impairments
Idle fixed assets, obsolete inventory and intangible asset write-off

Performance Chemicals	\$ 13.5	\$ 14.5	\$ 19.9
Decorative Products	(2.4)	(9.3)	7.2
Building Products	1.0	3.1	(4.9)
Restructuring and severance	(.5)	(8.8)	2.3
Goodwill and indefinite lived trademark impairments	(3.9)	(49.6)	—
Idle fixed assets, obsolete inventory and intangible asset write-off	—	(5.7)	—
	\$ 7.7	\$ (55.8)	\$ 24.5

Interest expense
Corporate expenses
Restructuring and severance
Deferred financing costs write-off
Income tax benefit (expense)

Interest expense	(20.7)	(15.3)	(8.1)
Corporate expenses	(11.8)	(10.0)	(9.2)
Restructuring and severance	.1	(.2)	.3
Deferred financing costs write-off	—	(3.1)	—
Income tax benefit (expense)	.3	.6	(.5)

(Loss) Income before cumulative effect of accounting change
Cumulative effect of accounting change

(Loss) Income before cumulative effect of accounting change	\$ (24.4)	\$ (83.8)	\$ 7.0
Cumulative effect of accounting change	—	—	(142.5)

Net Loss

	\$ (24.4)	\$ (83.8)	\$ (135.5)
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Basic Loss Per Share

(Loss) Earnings before cumulative effect of accounting change
Cumulative effect of accounting change
Net Loss Per Basic Share

(Loss) Earnings before cumulative effect of accounting change	\$ (.61)	\$ (2.10)	\$.18
Cumulative effect of accounting change	—	—	(3.60)
Net Loss Per Basic Share	\$ (.61)	\$ (2.10)	\$ (3.42)

Diluted Loss Per Share

(Loss) Earnings before cumulative effect of accounting change
Cumulative effect of accounting change
Net Loss Per Diluted Share

(Loss) Earnings before cumulative effect of accounting change	\$ (.61)	\$ (2.10)	\$.18
Cumulative effect of accounting change	—	—	(3.58)
Net Loss Per Diluted Share	\$ (.61)	\$ (2.10)	\$ (3.40)

Other Data

Capital expenditures
Depreciation and amortization
Number of employees at year-end
Number of outstanding shares for diluted EPS (millions)

Capital expenditures	\$ 11.8	\$ 8.8	\$ 11.1
Depreciation and amortization	\$ 22.8	\$ 33.7	\$ 28.8
Number of employees at year-end	2,000	2,100	2,400
Number of outstanding shares for diluted EPS (millions)	40.2	39.9	39.8

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	\$ (24.4)	\$ (83.8)	\$ (135.5)
Items added back net of tax			
Cumulative effect of accounting change	—	—	142.5
Restructuring and severance	.4	9.0	(2.4)
Goodwill and indefinite lived trademark impairments	3.9	49.6	—
Idle fixed assets, obsolete inventory and intangible asset write-off	—	5.7	—
Deferred financing costs write-off	—	3.1	—
Adjusted net (loss) income	\$ (20.1)	\$ (16.4)	\$ 4.6
Adjusted (loss) earnings per share	\$ (.50)	\$ (.41)	\$.12

Certain information included in this 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 "may," "should," "projects," "forecasts," "seeks," "believes," "expects," "anticipates," "estimates," "intends," "plans," "targets," "likely," "will," "would," "could," 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.



We design, develop, produce and market emulsion polymers, specialty chemicals, and decorative and functional surfaces 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.

ON THE COVER | Products from OMNOVA help to give this café its unique ambiance. (left to right, top to bottom) MOR-GLO® products, which utilize POLYFOX® environmentally-preferred fluoropolymers, are key ingredients in floor polishes. SURF(x)® laminates provide a continuous, three-dimensional edge to tables. VIEWNIQUE™ full-wall digital murals accentuate the brand. BOLTAFLEX® fabrics enhance seating appearance and functionality. MEMERASE® BLACKWALL™ flexible wet-erase surfaces make communication fun. GENCRYL® PLATINUM Pt™ latex promotes higher print quality on coated paper products.

everywhere
you look, we're there

To
Our
Shareholders



Kevin McMullen Chairman and CEO

OMNOVA Solutions achieved strong 9% sales growth in 2004. This growth was fueled by strengthening markets, increasing interest in OMNOVA's unique portfolio of recently introduced products, market share gains and improved pricing. I am encouraged by this top-line trend and proud of the work we have done on many fronts: growing market share through differentiation, entering new markets with a compelling value proposition, raising prices in a very difficult raw material cost environment and reducing costs.

Unfortunately, this sales growth did not translate into profitability for the Company, due primarily to nearly \$40 million in oil-based raw material inflation during the year. The prolonged and rapid ascent of raw material costs – up more than \$120 million since the beginning of 2000, with nearly \$80 million of this increase in 2003 and 2004 alone – has made it very difficult to restore acceptable margins despite product price increases and our intense focus on cost reductions.

Our aggressive pricing actions yielded \$30 million in 2004 with an additional \$60 million in anticipated annualized benefits from pricing actions implemented late in the year. Our cost reduction efforts resulted in \$16 million in full-year savings from restructuring and other actions taken late in 2003 and early in 2004. In addition, our LEAN SixSigma initiative, which is centered on eliminating waste and optimizing our processes, completed its first full year with \$12.5 million in productivity and cash flow

improvements on top of a \$10 million impact in the prior inaugural year. Also, continued strong cash flow provided a \$6 million reduction in average debt, year over year.

We have made significant progress, but we recognize that there is much more we must do to reap the full benefits of our success in growing the top line. Improving profitability is our number-one priority, which we will address with even greater urgency in 2005.

Performance Chemicals

Performance Chemicals, OMNOVA's largest business segment, achieved a solid 14% increase in sales. Leading the way were our paper and carpet product lines, driven by improved markets and increased market share. While margins still are not where we expect them to be, we did see modest year-over-year improvement despite the dramatic raw material inflation. This improvement is attributable to our RohmNova paper coating sales and service joint venture, which provides the broadest product offering of any paper coatings supplier in the world, and to the excellent work by the OMNOVA carpet chemicals team. They drove volume gains, achieved necessary price increases, reduced costs and developed new products that the customers have embraced enthusiastically. These products include our GENCRYL® PLATINUM Pt™ Series high-performance paper coatings as well as ammonia-free and moisture-resistant latexes for the carpet market.

Other chemical product lines also made significant progress in 2004. Our next-generation latex for disposable diapers was readily welcomed by customers in North America and Europe. And new products for construction and nonwoven applications, such as exterior gypsum board, ceiling tiles and commercial roofing, opened doors to markets we had not previously served in any major way.

Decorative Products

Sales in our Decorative Products segment were flat in 2004 as the markets we serve continued to struggle. Hospitality, an important market for our commercial wallcoverings and coated fabrics, saw slight improvement during the year. But another key market, commercial office, continued to be a concern as occupancies remained near 11-year lows, hovering around 83%.

Although these markets were a challenge, we improved the profitability of our Decorative Products business by approximately 75% in 2004, still operating at a loss, but showing progress. Decorative Products President Bob Coleman joined us in late 2003 and has done a good job of leading the team with a clear vision and a pragmatic approach to making the changes necessary for a return to profitability.

Among those changes are new leadership in new product development, as well as in commercial wallcovering for North America and Europe. These and other actions will help us gain greater leverage from many exciting new developments, including SURF(x)[®] laminates for three-dimensional applications, MEMERASE[®] II flexible whiteboards, BLACKWALL[™] wet-erase products, BREASE[™] breathable wallcovering, VIEWNIQUE[™] full-wall digital murals, and best-in-class status for our custom wallcovering design and service. In addition, our U.K.-based commercial wallcovering business introduced ESPRIT[™], an innovative and comprehensive program to reinvigorate the wallcovering selection process in Europe.

We also had some noteworthy commercial successes to celebrate in the coated fabrics area. Last spring, OMNOVA Solutions was named primary upholstery supplier of choice by the American Boatbuilders Association, a buying consortium made up of 12 of the world's premier boat makers. In addition, OMNOVA entered the automotive upholstery aftermarket in a big

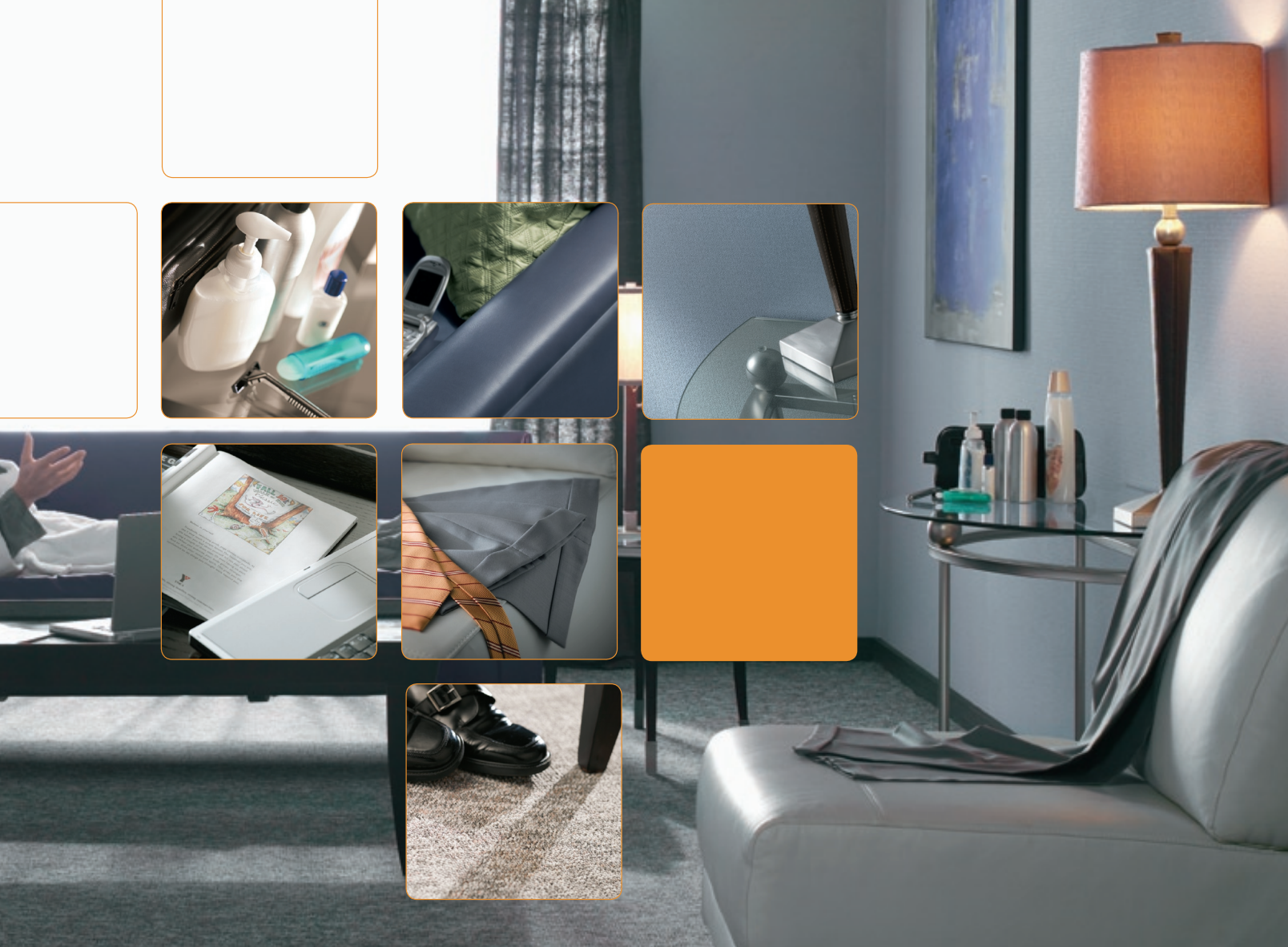


way, scoring a key win with a prominent west-coast customer and securing broad distribution for our new BOLTASOFT[™] line of aftermarket fabrics, featuring one of the most comprehensive selections of colors and styles in the industry. These accounts contributed to increased sales in 2004, but they should make an even greater impact in the coming months as volumes ramp up.

Building Products

Sales in our commercial single-ply roofing business segment grew by a strong 17%. The growth stemmed from a robust re-roofing market and a focused go-to-market strategy aimed at broadening OMNOVA's presence with Tier II and Tier III contractors.

Profitability in this segment suffered from raw material inflation, higher-than-expected warranty expenses and limited price increases. However, this trend is showing signs of reversing as indicated by the pricing



This hotel customer is having a comfortable stay, thanks to products by OMNOVA: (left to right, top to bottom) LYTRON® opacifiers used in personal care products, BOLTAFLEX® coated fabrics for furniture, BOLTA® wallcovering, GENCRYL® PLATINUM Pt™ paper coatings for magazines, PERMAFRESH® wrinkle-free technology, and GENCAL® high-performance latex for commercial carpet backing.

actions achieved late in 2004 and announced for 2005. Also, we expect to continue the significant productivity gains our operations achieved in the past year.

OMNOVA is working to create more differentiation with products such as GENFLEX™ PEEL & STICK™ thermoplastic (TPO) roofing systems that can be installed in about half the time of conventional fully-adhered systems. The Energy Star®-rated PEEL & STICK system reduces fumes, fire hazards, and materials at the job site as compared to many asphalt-based systems, and is proving its value across a broad spectrum of commercial installations around the country, including hospitals, high rises, condominiums, stores, restaurants and government facilities.

Globalization

As customers move offshore and demand their suppliers do the same, and with imports making inroads in several of our key markets, we are making good progress to position ourselves as a global supplier.

For example, our chemicals business saw its fifth straight year of sales improvement in Europe, with an increase of 17% in 2004. We've accomplished this with the help of strategic manufacturing partners in the region. This has kept our costs down while providing the capability to offer this market the same value-added products that are available in the United States, along with custom products formulated specifically for our international customers, such as opacifiers for personal



Highlights for 2004 include new products such as (left to right) GENFLO® latex for next-generation disposable diapers, GENFLEX™ PEEL & STICK™ commercial roofing, NAUTOLEX® marine fabrics for the American Boatbuilders Association consortium, and GENCEAL™ polymers used in exterior gypsum wallboard.

care applications. While the emphasis of our chemicals business has been on Europe to this point, we had significant gains in Asia in 2004 and plan to establish a permanent presence there in 2005.

On the decorative products side, we have a long-established position in Europe with our Muraspac U.K. wallcovering business and a rapidly growing presence in Asia through our Thailand and China manufacturing joint ventures. Our Asian joint venture plants currently derive 14% of their sales from North American accounts and we expect that percentage to increase as we further leverage our strong North American distribution base. In addition, these joint ventures are having growing success with sales to Asian customers to meet the rapidly growing demand in these markets for value-added products.

Our commercial roofing business also became more global in 2004 as we won our first installation in Korea late in the year.

The Year Ahead

We can point to many successes in 2004, but I know the Board of Directors, our leadership team and the 2,000 associates of OMNOVA Solutions around the world share my disappointment in the year's results from a profitability perspective.

We know what we have to do. We are all intently focused on making the tough decisions in 2005 that will drive improvement in the short term and create the foundation for future growth.

We will build on our top-line growth successes by continuing to create clear value and differentiation with our technology and new product development efforts, along with our service. At the same time, we are giving new tools to our sales and marketing organizations that will sharpen our ability to work more closely with, and deliver real value to, customers.

Likewise, we will address cost in our business. Though we've made progress over the past two years, we know it is still not enough. We will accelerate the elimination of waste and improve productivity with the aid of LEAN SixSigma tools and principles which are becoming a part of the culture of OMNOVA Solutions. We are working relentlessly to leverage our breadth and scale, and to standardize common processes across the Company.

Globally, we will target regions and markets that complement our strengths in product types and manufacturing capabilities. We have leading positions in many of the markets we serve in North America, and there is no reason why we cannot extend that leadership internationally.

We also will continue our commitment to operate responsibly with regard to the environment, health, safety and security. We are proud of our performance in these areas, as reflected by the 2004 Responsible Care® Achievement Awards we received from the Synthetic Organic Chemical Manufacturers Association.

I have confidence in our ability to turn our profitability around because of the dedication and talent of our employees. They are working tirelessly day in and day out to build a company that will deliver prosperity and pride to all its stakeholders. Their efforts helped us accomplish meaningful sales growth in 2004. Our challenge, and our primary objective for 2005 and beyond, is to translate this growth into bottom-line profitability and value for our shareholders.

Thank you for your continued support.

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, Performance Chemicals

Robert H. Coleman

President, Decorative Products

Harold P. Franze

President, Building Products

BOARD OF DIRECTORS

Edward P. Campbell ¹

Chairman and Chief Executive Officer, Nordson Corporation

David A. Daberko ^{2,3}

Chairman and Chief Executive Officer, National City Corporation

David J. D'Antoni ²

Retired Senior Vice President and Group Operating Officer, Ashland Inc.

Diane E. McGarry ¹

Retired Chief Marketing Officer, Xerox Corporation

Kevin M. McMullen ³

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

Steven W. Percy ¹

Former Chairman and Chief Executive Officer, BP America Inc.

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

John L. Bray Distinguished Professor of Engineering, Purdue University

William R. Seebach ²

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

Transfer Agent and Registrar

The Bank of New York
1-800-524-4458
1-610-382-7833 (outside U.S.)
1-888-269-5221 (hearing impaired – TDD phone)
Shareowners@bankofny.com (Email)
www.stockbny.com (stock transfer website)

Send shareholder inquiries to:

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

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

Common Stock Listing:

New York Stock Exchange
Ticker Symbol: OMN

Annual Meeting of Shareholders

March 23, 2005 at 9:00 a.m.
Hilton Akron – Fairlawn
3180 West Market Street
Fairlawn, Ohio

Independent Registered

Public Accounting Firm

Ernst & Young LLP
Akron, Ohio

Form 10-K

Additional copies available after March 1, 2005 on the internet at www.omnova.com or by writing to: OMNOVA Solutions Inc.
175 Ghent Road
Fairlawn, OH 44333-3300
Attention: Secretary

Shareholder Services

1-800-735-5160

Investor Relations Contact

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

OMNOVA Solutions Foundation

175 Ghent Road
Fairlawn, OH 44333-3300
330-869-4289

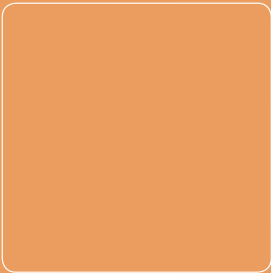
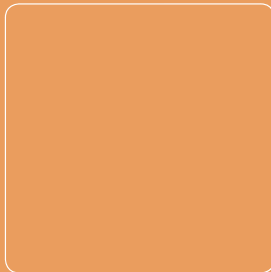
Communications

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

Internet Website

www.omnova.com

OMNOVA Solutions is an equal opportunity employer.



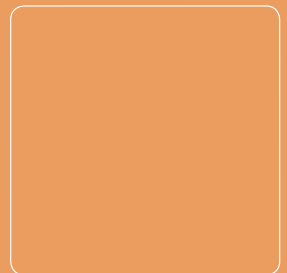
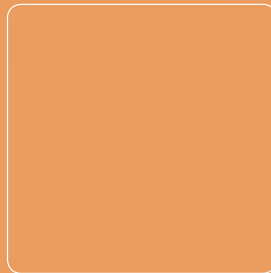
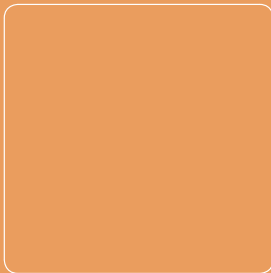
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