

leading through innovation

2005 Annual Report and Form 10-K



harnessing the data explosion

Demand for data storage capacity is accelerating at a rate unimaginable just a few years ago, creating one of the most dynamic and expansive markets in the information technology (IT) industry.

Driven by the digitization of information, the world's data storage needs are expected to more than triple by the end of the decade, according to industry estimates. In 2005 alone, the industry shipped more than 20,000 petabytes of removable data storage capacity, up nearly 20 percent from the previous year. (This is roughly the equivalent of 20 million libraries each holding one million books.)

One company – Imation – stands apart as the only company focused solely on removable data storage across the spectrum of technology platforms or “pillars,” and is uniquely poised to take advantage of this explosive growth in demand. The underlying technologies developed in Imation's R&D laboratory that make this storage capacity possible are on the scale of nanometers, or billionths of a meter. With the broadest portfolio of products spanning the “four pillars” of magnetic, recordable optical, flash and removable hard disk storage, Imation's products are integral to the world's technology infrastructure. Today, we bring both businesses and consumers the data storage products to meet their needs in approximately 100 countries.

With more than 50 years of experience, Imation today is a \$1.2 billion industry leader with broad market coverage, a global footprint, singular focus on data storage, a deep technology and intellectual property portfolio, and a solid financial position.

Data Storage Revenue* (dollars in millions)



* See Item 7 “Management's Discussion and Analysis of Financial Condition and Results of Operations” in the Company's Form 10-K for a description of the basis of presentation of the financial information presented in this table and charts.



Bruce Henderson, Chairman and Chief Executive Officer

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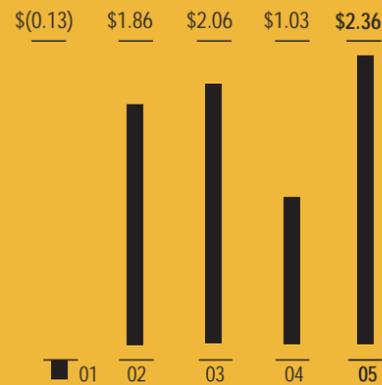
BILLION DOLLAR DATA STORAGE LEADER

chairman's letter

Dear Fellow Imation Shareholders:

I am very pleased to present this 2005 Annual Report to Shareholders, the 10th Annual Report in Imation's history. This has been a year of significant progress across several dimensions, as we complete our first decade as a public company. We ended the year with solid financial performance and significant improvement over 2004. Revenue grew 7.2 percent to \$1.258 billion, operating income was \$103.3 million, up from \$44.6 million reported in 2004, and diluted earnings per share from continuing operations were \$2.36 compared with \$1.03 reported in 2004. Imation shareholders experienced a 47.7 percent total return (share price appreciation plus dividends) in 2005, placing IMN in the top ten percent of all traded stocks on the New York Stock Exchange as well as the S&P MidCap Index.

Diluted Earnings Per Share from Continuing Operations*



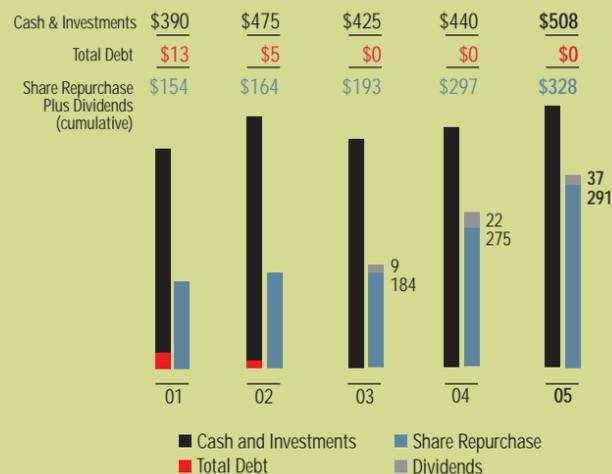
Cumulative Data Storage Research & Development and Capital Expenditures*

(dollars in millions) (from 2001 to 2005)



Cash, Debt and Cumulative Share Repurchase and Dividends*

(dollars in millions)



Our strategic direction is clear. We will continue to develop and enhance our core business in data storage media, and evaluate and act on joint ventures, alliances and acquisitions as we focus on profitable growth in the larger data storage industry.

Shortly after the end of the year, we made a significant strategic step when we entered into an agreement to acquire Memorex, which includes one of the strongest and best recognized brands for media and accessories in the consumer electronics market in the U.S. This planned acquisition, expected to close by mid Q2 of 2006, is the largest in Imation's history. We believe it strengthens our position in some of the fastest growing areas of data storage and significantly increases our presence in the marketplace.

At the start of each year, we set out clear priorities to focus our efforts. I am proud to say that we have executed across all our key priorities for 2005. The focus, dedication, business maturity and teamwork across the globe resulted in an outstanding year. Difficult but necessary actions taken at the end of the previous year to implement a competitive cost structure set up our financial success in 2005. The Imation team around the world implemented a more efficient regional structure and launched several new product offerings. We also accelerated our transformation to a lean enterprise and divested our last non-data storage business. We continued to benefit from greater utilization of our new Tera Ångstrom™ tape-coating facility. We had significantly improved optical product gross margins in 2005 on growing revenue as we benefited from changes made in the business the previous year.

New product flow continues to be a critical element to our success. We announced we are working with StorageTek (now part of Sun Microsystems), who chose Imation as one of only two developers for their next-generation T10000 tape media. We announced several new offerings, including our award-winning Micro Hard Drive and our Ulysses™ removable hard disk storage products, broadening Imation's market presence across new product categories. We continue to differentiate our products as we introduce innovative new features, such as our ForceField™ scratch- and smudge-resistant protective coating and AquaGuard™ water-resistant inkjet-printable surface for recordable optical media.

* See Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Form 10-K for a description of the basis of presentation of the financial information presented in this table and charts.

As we enter this year, we believe we are better positioned, more focused and have a clearer strategic direction than at any time in Imation's history. Our priorities for 2006 are as follows:

1. Meet or Exceed 2006 Financial Commitments

Assuming we close on the Memorex acquisition on schedule, we are targeting revenue growth of 23 percent to 27 percent to a range of \$1.54 billion to \$1.59 billion, operating income of \$93 million to \$98 million and diluted earnings per share of \$1.70 to \$1.80 after restructuring and acquisition integration costs are absorbed. (See Management's Discussion and Analysis, 2006 Outlook and Risk Factors in the accompanying Form 10-K Report.)

2. Become a Lean Enterprise Based on Speed, Quality, Competitive Cost and Customer Satisfaction

Transforming Imation into a lean enterprise remains a key priority. We have several programs within manufacturing and operations with specific goals around reducing manufacturing lead times, reaching Six Sigma quality, achieving optimum inventory levels and improving on-time delivery. We also are focused on streamlining and improving key business processes including shortening the financial close process, accelerating new product applications through rapid prototyping and market testing, 100 percent completion of designated priority projects and implementation of pull scheduling on all manufactured products.

3. Drive Internal Growth and Entrepreneurship

Profitable growth in our current portfolio will be driven by our entrepreneurial team developing and launching new products as well as innovations on existing products and gaining market share in targeted areas. Priorities in 2006 include introducing Ulysses™ technology into the marketplace with Original Equipment Manufacturers (OEMs), developing the next generation LTO (Linear Tape Open) format, successfully introducing our AquaGuard™ surface for optical products, developing and introducing new applications and capacities for flash and launching Blu-ray and HD DVD advanced optical products.

4. Expand the Company Through External Growth

As we continue the strategic process of driving profitable growth through acquisitions, alliances and joint ventures, we also are focused on successful and rapid integration of the Memorex acquisition into Imation.

In next year's Annual Report to Shareholders, I look forward to reporting on our progress on each of our 2006 priorities.

The following pages describe the breadth of our capabilities in technology and product development across four key platforms, or pillars, of removable data storage. I invite you to read about our exciting progress as we continue to build your company for success in the future.

Sincerely,

Bruce A. Henderson
Chairman and Chief Executive Officer
Imation Corp.



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PERCENT MARKET SHARE LEADER

magnetic storage

MEETING THE PROFESSIONAL DATA STORAGE NEEDS

Imation is the global market leader in data storage tape cartridges and diskettes. Our estimated 35 percent market share is nearly double that of our nearest competitor. As the demand for storage capacity has exploded across such diverse industry applications as banking, financial services, telecommunications, aerospace and geophysical exploration, the demand for higher capacity magnetic tape storage solutions has risen in step. Imation's data storage legacy reaches back to 1952, when the first commercial magnetic tape was introduced. Imation has continued to innovate to deliver ever-greater data density that enables companies to store more of their critical data in the same physical space. We work in close collaboration with the key tape drive and library OEMs as they develop the next-generation drives. OEMs look to Imation as a critical development partner, leveraging our five decades of experience, industry expertise and our U.S.-based manufacturing and development capabilities.

Imation's technology innovation starts at our headquarters in the Discovery Technology Center, the only research facility in North America spanning the four pillars of magnetic, recordable optical, flash and removable hard disk storage. Here, more than 200 scientists work to create the technology capabilities needed to address data storage preservation and retrieval. We have invested nearly \$800 million in R&D and capital spending since 1996.

We continue to break new ground in tape coating, servo writing, cartridge design and fabrication, optical technology, flash design and material sciences with more than 350 U.S. data storage patents in force. Responding to the need for higher capacity and performance in tape, Imation developed its proprietary Tera Ångstrom™ technology, a metal particulate (MP) advanced tape-coating process resulting in unprecedented surface smoothness and uniformity, enabling terabyte-and-beyond capacity in one cartridge. In 2005, Imation also unveiled its patented Precision-Tracking "N Pattern" Servo Writing technology, an ultra-precise reference pattern which is servo-written on magnetic tape, enabling nanometer-level data tracking accuracy and delivering a new level of capacity performance for enterprise tape systems.

Both recent technology breakthroughs provide a path to a broad array of new magnetic tape products – today and into the future. Ramping up of our state-of-the-art Tera Ångstrom tape facility in Weatherford, Okla., enabled Imation to lead as the first media manufacturer to ship next-generation LTO-3 tape cartridges globally, doubling the capacity of the LTO generation 2 tape cartridge and offering protection unlike any other LTO cartridge. Imation's patented cartridge design, including a three-piece spool and reinforced corner snaps, distributes stress more evenly over the tape, better protecting the data. Imation was selected by StorageTek (now part of Sun Microsystems) to co-develop and manufacture its next-generation T10000 media, using Imation's revolutionary "N Pattern" Servo technology, which has been licensed as the servo technology for use in all T10000 tape cartridges.

TAPE CAPACITIES OF A TERABYTE

and beyond will be enabled by Imation's proprietary metal particulate Tera Ångstrom™ technology combined with "N Pattern" Servo Writing technology, an industry benchmark. The coated tape "pancake" (photo) is laser-enscribed with a reference pattern (superimposed above) to achieve nanometer-level tracking accuracy.



recordable optical storage

INNOVATION TO MEET EMERGING MARKET NEEDS

The approximately \$3 billion optical disc storage market is focused primarily on meeting consumer demand for convenient recordable CDs and DVDs for music, video and photos as well as data. We've introduced new features to fit consumers' lifestyles.

Building on a legacy of more than 25 years of innovation in optical storage, including the introduction of the first video disc in 1982, Imation continues to pioneer superior optical media technologies. In 2005, Imation introduced ForceField™ scratch-resistant coating for CDs and DVDs. Featuring a unique polymer layer of "memory protection," this proprietary coating resists scratches and smudges, providing reassurance that users' memories and data are protected. Imation is also changing the face of printable optical media with the introduction of AquaGuard™ discs, the world's first water-resistant and smear-resistant surface for inkjet-printable CDs and DVDs. Utilizing a proprietary nano-particle technology to grip and hold ink, the AquaGuard surface provides superior print quality, instantaneous drying, and protection against smudging and smearing from exposure to water or humidity.

Now blue laser technology is driving the future of optical storage. With the introduction of high-definition television (HDTV) broadcasts and increasing use of high-definition recording creating valuable content, Blu-ray and HD DVD optical media provide the high capacities required by these new high-definition formats. These formats allow users to record crystal-clear, superior images as well as benefit from the vast data storage capabilities of up to 50 gigabytes.

In 2005, we invested more than \$10 million in advanced optical research, development and modular manufacturing capabilities. Using a patented high-density mastering process, nano-replication and precision molding, high-performance thin-film composition and vacuum bonding at our Discovery Technology Center, we are scaling up the first U.S. manufacturing line for both blue laser recordable formats in 2006. This investment positions Imation among the industry leaders in these new, high-capacity optical formats and provides flexibility in responding to market requirements.

We have worked diligently to earn the trust and business from our top-tier channel partners. They value our extensive experience, deep market knowledge and creative approaches in category management, merchandising and cross-merchandising.



IMATION'S \$10 MILLION INVESTMENT

in advanced optical R&D and modular manufacturing at the Discovery Technology Center (upper right) significantly enhances Imation's speed to market for product innovations such as Blu-ray and HD DVD recordable optical media.

Marketing manager Jessica Walton (right) helped identify customer requirements for water-resistant inkjet-printable optical media and collaborated with R&D project leader Mark Berens (left) to rapidly develop and commercialize Imation's revolutionary AquaGuard™ surface.



85 MILLION UNITS

flash storage

ACCELERATING GLOBAL MARKET

First introduced in 2000, the global USB flash drive market is projected to surge from over \$2 billion in 2005 to over \$3 billion in 2010. The number of units produced in this period is expected to nearly double, going from approximately 85 million in 2005 to 168 million by 2010. Competition is plentiful in this rapidly growing market. To succeed in this landscape, our product line is strategically differentiated through strong functionality, durability, portability and security, combined with the aesthetic appeal of innovative product design.

The Imation flash drive product line offers affordable, compact solutions for everyday personal use and essential resources for the mobile professional.

Mobile professionals, home users and students are driving USB flash demand with key applications, including computer file transfer, MP3 audio file sharing and photo/video file sharing. Current Imation flash drives range in capacities from 128 megabytes to 4 gigabytes, with additional features and capacities to be introduced throughout 2006.

Imation also has a strong track record of creating award-winning products for both the retail and business consumer. Imation's USB flash portfolio features its award-winning Swivel Flash line with the "never lose" swivel cap and polished styling. We've also introduced a durable and stylish "wristband" flash design.

Innovation is a hallmark of Imation. Our successful entry into the flash market demonstrates our ability to incubate new product ideas in one region and quickly bring them to the worldwide market. Recognizing that the digital lifestyle of the global consumer is driven by mobility and portability, our Asia-Pacific team forecasted that the flash-based storage market would be embraced rapidly. Korea emerged as an ideal country to test and develop Imation's flash products due to its sophisticated "early adopter" mentality and the market knowledge and ingenuity of Imation Korea's local team.

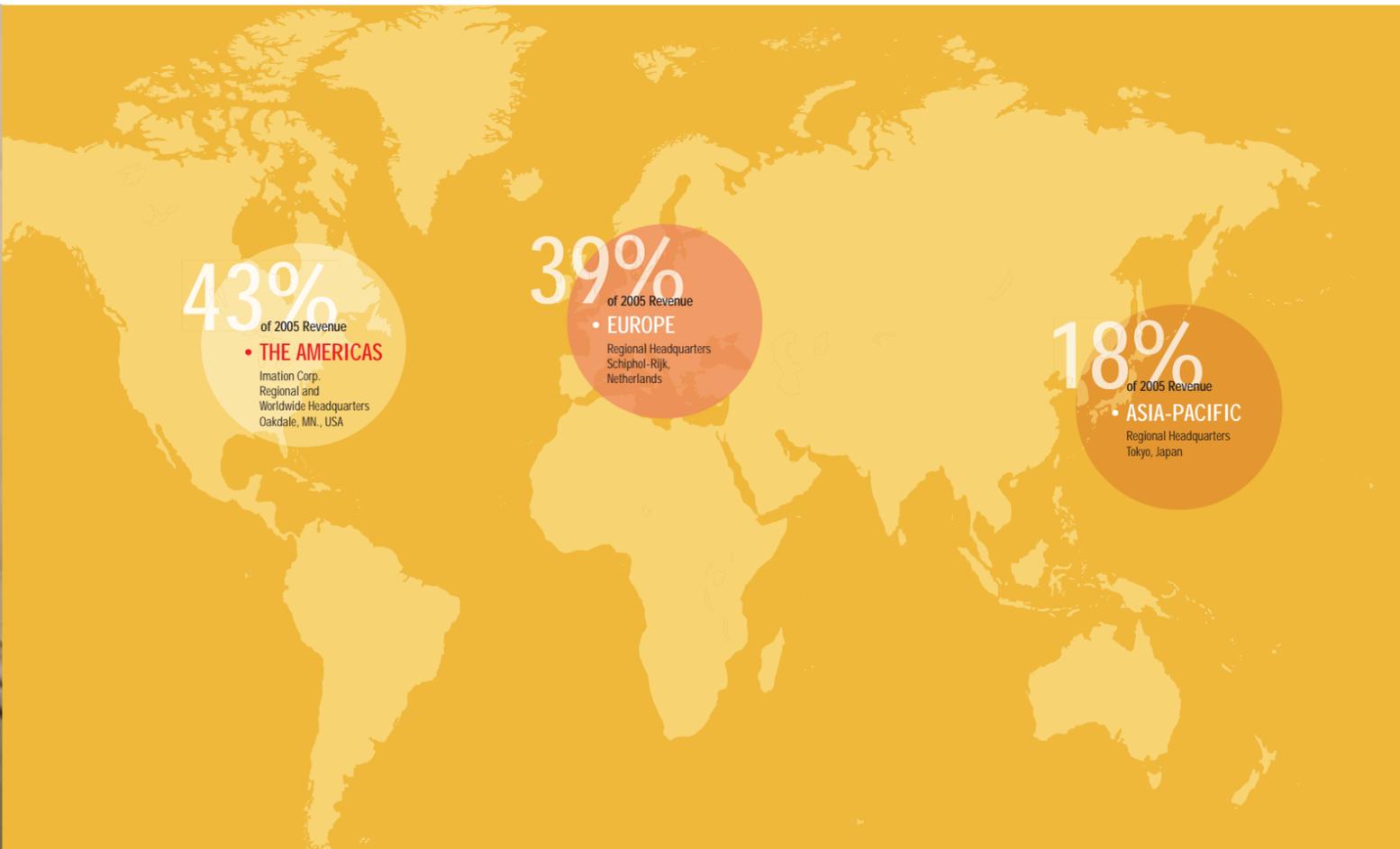
This creative, collaborative corporate culture acts as the driving force behind our continuing success in existing and emerging technologies and product areas.

INNOVATIVE, DURABLE AND STYLISH products distinguish Imation's flash portfolio from competitors. Product development engineer Peter Ridl (left) and designer Tren Blankenship (right) are examples of team members focused on developing premium flash products that are durable and attractive.



Imation's experienced senior management team

around the globe



From left to right: Frank P. Russomanno*, Executive Vice President and Chief Operating Officer; Randy J. Christoffersen, Vice President, Sourcing; Paul R. Zeller*, Vice President and Chief Financial Officer; Bruce A. Henderson*, Chairman and Chief Executive Officer; Subodh K. Kulkarni, Vice President, Research and Development; Jacqueline A. Chase*, Vice President, Human Resources; John L. Sullivan*, Senior Vice President, General Counsel and Secretary; Bradley D. Allen*, Vice President, Corporate Communications and Investor Relations; Colleen R. Willhite, Vice President, Manufacturing and Lean Enterprise; James C. Ellis, General Manager, Global Product Strategy

*Executive Officers



Ronald D. Zinke
Vice President, Americas Region

"The Americas represent Imation's largest region. Being the only tape and optical manufacturer headquartered in the U.S. enables us to be highly responsive to key OEMs, Fortune 1000 companies, and consumer accounts. With our long-standing relationships and expertise in channels of distribution spanning this large region, we bring innovative new products to our customers quickly."



Brian J. Plummer
Vice President, Europe Region

"The European region encompasses more than forty countries and fifteen currencies. It is a blend of mature economies offering a stable, strong business and rapidly developing countries with tremendous market opportunities. While we are very strong in tape products, all four storage pillars, especially optical and flash, have significant growth potential to further solidify our leadership position."



Nobuyoshi Kawasaki
Vice President, Asia-Pacific Region

"Having the largest population in the world creates tremendous opportunities as the Asia-Pacific region emerges as a formidable, global economic force. We see growth opportunities in industries like banking/finance, broadcasting/telecommunications and power and oil exploration. We expect Imation's business to continue to grow by leading with new and exciting innovations."

selected consolidated financial data*

In millions, except employee and per share data.

For the Years Ended December 31,	2005	2004	2003	2002	2001	2000	1999	1998
Statement of Operations Data								
Net revenue	\$ 1,258.1	\$ 1,173.7	\$ 1,110.6	\$ 1,013.6	\$ 1,068.3	\$ 1,171.3	\$ 1,337.2	\$ 1,236.4
Gross profit	302.1	287.8	320.6	313.0	323.5	339.0	408.3	387.6
Selling, general and administrative	146.3	161.5	163.9	173.6	226.5	312.7	280.0	347.0
Research and development	51.3	56.5	56.4	50.5	61.8	64.1	72.5	77.2
Litigation	—	—	(1.0)	(6.4)	—	—	—	—
Restructuring and other	1.2	25.2	(0.7)	(4.0)	48.0	21.8	—	(16.6)
Gain on sale of businesses	—	—	(11.1)	—	(1.9)	—	—	—
Loan impairment	—	—	4.6	—	—	—	—	—
Operating income	103.3	44.6	108.5	99.3	(10.9)	(59.6)	55.8	(19.9)
Income (loss) from continuing operations before cumulative effect of accounting change and discontinued operations	81.8	36.5	74.9	66.1	(4.6)	(8.7)	37.6	(18.2)
Net income (loss)	87.9	29.9	82.0	75.1	(1.7)	(4.4)	43.9	57.1
Earnings (loss) per common share from continuing operations:								
Basic	2.41	1.04	2.11	1.89	(0.13)	(0.25)	1.01	(0.46)
Diluted	2.36	1.03	2.06	1.86	(0.13)	(0.25)	1.00	(0.46)
Net earnings (loss) per common share:								
Basic	2.59	0.85	2.31	2.15	(0.05)	(0.13)	1.18	1.45
Diluted	2.54	0.84	2.26	2.11	(0.05)	(0.13)	1.17	1.45
Number of Shares Outstanding	34.3	33.8	35.5	35.4	35.0	34.6	36.4	39.9
Balance Sheet Data								
Working capital	\$ 643.1	\$ 510.8	\$ 541.2	\$ 532.2	\$ 409.7	\$ 395.1	\$ 414.2	\$ 506.7
Cash and other cash investments ⁽¹⁾	507.6	439.6	424.8	474.7	389.8	269.7	194.6	64.2
Inventories	134.9	131.3	159.4	139.0	130.3	141.2	191.3	263.7
Property, plant and equipment, net	195.0	214.4	226.5	181.5	171.2	200.7	212.8	233.8
Total assets	1,146.2	1,110.6	1,172.8	1,119.9	1,053.7	987.6	1,127.6	1,313.3
Long-term debt	—	—	—	—	—	—	1.1	32.7
Total liabilities	290.9	323.8	352.5	381.4	398.0	325.4	402.3	552.2
Total shareholders' equity	855.3	786.8	820.3	738.5	655.7	662.5	725.3	761.1
Other Information								
Current ratio	3.6	2.9	2.8	2.7	2.2	2.4	2.2	2.2
Days sales outstanding ⁽²⁾	46	45	46	43	48	48	59	77
Days of inventory supply ⁽²⁾	56	53	71	70	67	63	76	97
Return on average assets ⁽³⁾	7.2%	3.2%	6.5%	6.1%	(0.5)%	(0.8)%	3.1%	(1.2)%
Return on average equity ⁽³⁾	10.0%	4.5%	9.6%	9.5%	(0.7)%	(1.3)%	5.1%	(2.5)%
Dividends per common share	\$ 0.46	\$ 0.38	\$ 0.24	\$ —	\$ —	\$ —	\$ —	\$ —
Capital expenditures ⁽⁴⁾	21.6	35.8	75.1	42.6	47.0	50.5	64.1	132.4
Number of employees	2,100	2,550	2,800	2,800	3,400	4,300	4,850	6,400
Book value per share	24.94	23.28	23.11	20.86	18.73	19.15	19.93	19.08
Debt to equity ratio	—%	—%	—%	—%	—%	—%	0.2%	4.3%
Tax rate	23.3%	16.9%	32.5%	34.7%	60.0%	77.6%	39.0%	41.1%
Operating income as percentage of net revenue	8.2%	3.8%	9.8%	9.8%	(1.0)%	(5.1)%	4.2%	(1.6)%

* See Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Form 10-K for a description of the basis of presentation of the financial information presented in this table and charts. Net income includes results of discontinued operations. Years prior to 2001 include the results of the Specialty Papers Business, which was sold on June 30, 2005.

⁽¹⁾ Certain of the Company's funds are in active cash management and are thus classified in other current assets or other assets depending on remaining maturity. These amounts included in the above cash and other cash investments represent \$24.6 million as of December 31, 2005, \$42.5 million as of December 31, 2004, and \$13.4 million as of December 31, 2003.

⁽²⁾ 1998 excludes the impact of the Medical Imaging Business, which was sold on November 30, 1998. 1999 excludes the impact of the Photo Color Business, which was sold on August 2, 1999. 2001 excludes the impact of the Color Proofing and Color Software Business, which was sold on December 31, 2001. 2002 excludes the impact of the North American Digital Solutions and Services Business, which was sold on August 30, 2002. 2005 excludes the impact of the Specialty Paper Business, which was sold on June 30, 2005.

⁽³⁾ Return percentages are calculated using income (loss) from continuing operations before cumulative effect of accounting change.

⁽⁴⁾ Capital expenditures in 1998 include \$67.5 million for the purchase of the Company's research and development facility previously under a synthetic lease.

pillars of innovation

Imation has reshaped itself to focus on the data storage industry. We will continue to build a leadership position based on innovation across all four pillars of data storage.

MAGNETIC

Diskettes
Imation is the number one manufacturer of 3.5" branded diskettes worldwide.



VXA Tape Cartridges
VXA X Tapes are available in three capacities up to 320 GB (compressed). For use in Exabyte VXA-2 and VXA-320 drives.



Ultrium™ Tape Cartridges
Designed for mid-range network backup, Imation's LTO Ultrium 3 cartridges store up to 800 GB compressed and feature a proprietary cartridge design for extra protection and durability.



Super DLTape™ I and II Cartridges
Imation's Super DLTape cartridges provide up to 600 GB of compressed capacity with a transfer rate of up to 72 MB/second.



Black Watch™ 9840/9940 Tape Cartridges
Dual-hub access-centric 9840 technology for use in StorageTek drives provides 12-second access time. Capacity-centric 9940 technology provides native capacity up to 200 GB when used in StorageTek T9940B drives.



Black Watch™ 3590/3590E Tape Cartridges
3590E cartridges provide up to 180 GB compressed capacity when used in the IBM 3590H model drive.

Additional Products:
Black Watch™ 3480/3490E Tape Cartridges
4mm/8mm Data Cartridges
Travan™ Data Cartridges
SLR Data Cartridges
DLTape™ IV Cartridges

recordable OPTICAL



CD Media
CD-R media stores up to 700 MB or 80 minutes of data with write speeds up to 52x. Cannot be erased or overwritten. CD-RW media is rewritable at speeds up to 24x on CD-RW drives.



DVD Media
High-capacity (4.7 GB) storage solutions for the consumer or business professional with data-intensive, high-performance applications. Available in recordable (write once) or rewritable formats.



Blu-ray and HD DVD Media
These new formats, to be introduced in 2006, both provide the high capacity and exacting clarity required for high-definition content, from 15 GB to 50 GB (10 times the capacity of a DVD!).



ForceField™ Scratch-Resistant Coating
Imation's ForceField coating provides a unique, thin polymer layer of protection on the recording side of CDs and DVDs, guarding against most everyday wear and tear that can interrupt maximum enjoyment of music, photos and videos.



AquaGuard™ Surface
Imation's inkjet-printable CDs and DVDs with AquaGuard™ surface are the first discs with a water-resistant and smear-resistant surface for inkjet-printable media.

FLASH

USB 2.0 Swivel Flash Drive

Available in capacities up to 4 GB, this one-ounce drive transfers, shares and stores almost any digital information, including photos, video and audio clips, and business documents. Features a unique, "never-lose" swivel cap.



USB Swivel Pro Flash Drive

One of the smallest, most unique and durable flash drives available. Features sophisticated, asymmetrical styling, enhanced LED light and a protective, "never-lose" swivel cap.



Wristband Flash Drive

A convenient wristband form factor with a 256 MB integrated USB flash drive, providing users with maximum portability for easy, on-the-go storage.



ComplianceVault™ E-mail Archiving Appliance

A completely integrated all-in-one e-mail archiving appliance that spans multiple "pillars" and includes an Intel server platform with embedded software, up to 1 TB hard disk drive, and VXA or LTO tape automation.

removable HARD DISK



Micro Hard Drive

The portable 4 GB Imation Micro Hard Drive contains the world's smallest hard drive. It includes a unique, flexible USB connector that locks back into the drive; security and synchronization software; 1000 Gs shock resistance; and compatibility with all major operating systems.



Ulysses™ Technology

The first disk-enhanced removable media cartridge, developed to radically accelerate tape automation by integrating a hard disk drive (HDD) into a standard tape cartridge form factor for deployment in any tape library environment.

spirit of innovation in the community

IMATION'S SPIRIT OF INNOVATION AND IMAGINATION TOUCHES OUR COMMUNITIES

Imation's spirit of innovation and imagination not only brings exciting, next-generation data storage solutions to the global marketplace, this spirit also reaches out to assist our neighbors in the communities in which we live and work. We respond to community needs with both long-term, ongoing programs and with immediate, emergency responses to tragic events.

When the disastrous tsunami struck Southeast Asia in December 2004, our employees worldwide responded quickly by providing grants to five on-site disaster relief organizations. In addition, Imation rewarded the generosity of our global team by matching their donations dollar-for-dollar.

In the months following Hurricane Katrina, data recovery was critical for individuals and businesses alike. Through a partnership with the Optical Storage Technology Association (OSTA), Imation's optical marketing team donated products that were used to help Katrina victims recover data from their damaged computer systems and media.

U.S. military troops are also using Imation CDs to share their memories and keep in touch with loved ones back home. Through a partnership with Adopt-a-Platoon, Imation has donated more than 450,000 ForceField™ CDs to U.S. military troops deployed in Afghanistan and Iraq. With their scratch-resistant coating, ForceField CDs are well suited to withstand the sand, wind and harsh environmental conditions the troops encounter each day.

Back home, at our world headquarters, Imation is collaborating with Minnesota Public Radio (MPR) to create a historical archive of the station's audio files. Imation launched this partnership with the donation of LTO tapes that will be used to store broadcasts dating back to 1967. In addition, Imation team members are providing consultative services to MPR as the station builds its archives.

In addition to sharing our technical expertise, Imation employees around the world are finding ways to connect with their communities through volunteerism. In Brazil, employees sponsored a clothing drive to benefit orphaned children; in Central America, employees support Cotlands, a South African-based organization that meets the needs of babies and preschool children requiring specialized and hospice care; and in Minnesota, employees partner with Meals on Wheels to deliver nutritious meals to homebound people in need.

Environmental stewardship is a part of the long-term commitment we have made to our communities by continuously improving our environmental, health and safety performance. Our commitment to environmental stewardship goes deep into our R&D and manufacturing processes, beyond the awards and recognition we have received. Our manufacturing facilities have been recognized locally and nationally for environmental innovation, controlling pollution at levels that go well beyond regulatory requirements.

This is just a glimpse of the many ways that the spirit of innovation and imagination is contributing to the well-being of our global community.

board of directors

Michael S. Fields
Chairman and Chief Executive Officer,
KANA Software, Inc.
(a customer relationship management
software and services company)
Chairman and Chief Executive Officer,
The Fields Group
(a management consulting firm)

Charles A. Haggerty
Chief Executive Officer, LeConte Associates, LLC
(a consulting and investment company)
Former Chairman and Chief Executive Officer,
Western Digital Corporation (retired)
(a producer of products and services for collection,
management and use of digital information)

Linda W. Hart
Vice Chairman and Chief Executive Officer,
Hart Group, Inc.
(a diversified group of companies primarily involved
in residential and commercial building materials)

Bruce A. Henderson
Chairman and Chief Executive Officer,
Imation Corp.

Ronald T. LeMay
Industrial Partner of Ripplewood Holdings, LLC
(a private equity fund)
Chairman,
Last Mile Connections, Inc.
(a network bandwidth exchange
and solutions provider)
Chairman,
October Capital
(a private investment company)

L. White Matthews, III
Former Executive Vice President,
Chief Financial Officer and Director,
Ecolab, Inc. (retired)
(a developer and marketer of cleaning
and sanitizing products and services)
Former Executive Vice President,
Chief Financial Officer and Director,
Union Pacific Corporation
(a diversified transportation and energy company)

Charles Reich
Former Executive Vice President,
3M Company, Health Care Business (retired)
(a global diversified technology company)

Glen A. Taylor
Chairman,
Taylor Corporation
(a holding company in specialty
printing and marketing)

Daryl J. White
Former President and Chief Financial Officer,
Legarity, Inc. (retired)
(a supplier of data and voice
communications integrated circuitry)
Former SVP of Finance and Chief Financial Officer,
Compaq Computer Corporation
(a computer equipment manufacturer)

shareholder information

Investor information is available at
investorrelations@imation.com or
through Imation's shareholder telephone
at 888-IMN-NYSE during the business hours
of 7:00 a.m. to 5:30 p.m. (CST)

Product Information
Visit www.imation.com

Annual Shareholders Meeting
Wednesday, May 3, 2006, 9:00 a.m. (local time)
The Computer History Museum
Hahn Auditorium
1401 N. Shoreline Blvd.
Mountain View, CA 94043

Stock Listings
New York Stock Exchange
Chicago Stock Exchange
Ticker symbol: IMN

IMN
LISTED
NYSE

Transfer Agent
The Bank of New York
Shareholder Relations Department
P.O. Box 11258
Church Street Station
New York, NY 10286
Phone 800-524-4458
Phone 1-212-815-3700 (Outside the U.S.)
Phone 888-269-5221 (Hearing Impaired TDD Phone)
E-mail shareowners@bankofny.com
Web site www.stockbny.com

Independent Registered Public Accounting Firm
PricewaterhouseCoopers LLP
225 South Sixth Street, Suite 1400
Minneapolis, MN 55402

**NYSE CEO Certification and
Sarbanes Oxley Section 302 Certification**
The 2005 New York Stock Exchange (NYSE) CEO
certification that the CEO is not aware of any violation
by Imation of NYSE Corporate Governance Listing
Standards was submitted to the NYSE without
qualification on May 11, 2005. Imation has filed
with the Securities and Exchange Commission, as an
Exhibit to its most recently filed 10-K, the Sarbanes
Oxley Act Section 302 certification regarding the
quality of our public disclosure.

www.imation.com
The name IMATION combines the essence of our
business – information – with its core values of
imagination and innovation. The correct pronunciation
of IMATION is:

im – à' – shun
As in imagine
As in information
Rhymes with innovation



leading through innovation

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