

Financial Highlights

Second Quarter 2002

Dollars in millions, except per share data

	Three Months Ended June 30	
	2002	2001
Net Revenues ⁽¹⁾	\$ 274.3	\$ 283.4
Operating Income	\$ 32.6	\$ 12.9
EPS as reported	\$ 0.61	\$ 0.28
EPS as adjusted ^{(2) (3)}	\$ 0.45	\$ 0.28

	Six Months Ended June 30	
	2002	2001
Net Revenues ⁽¹⁾	\$ 558.0	\$ 583.3
Operating Income	\$ 56.9	\$ 19.0
EPS as reported	\$ 1.09	\$ 0.42
EPS as adjusted ^{(2) (3)}	\$ 0.93	\$ 0.53

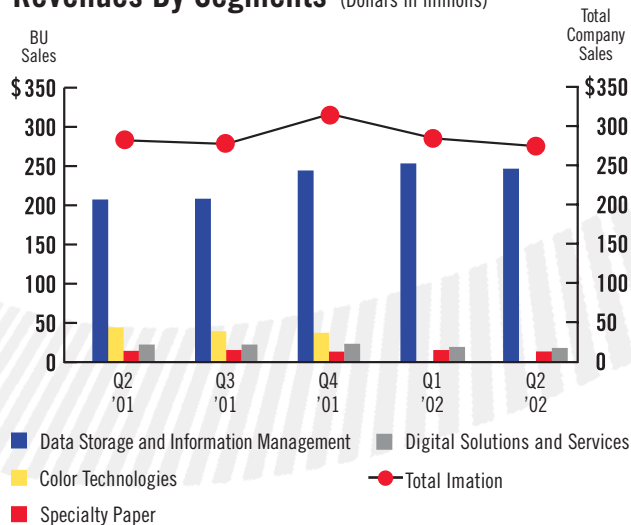
¹ The 2001 three and six month periods include net revenue of \$43.3 million and \$86.9 million and operating income of \$4.3 million and \$8.2 million, respectively, for the color proofing and color software business which was sold to Kodak Polychrome Graphics (KPG) on December 31, 2001.

² The 2002 three and six month periods include net litigation benefits and restructuring reserve adjustments totaling \$8.5 million pre-tax.

³ The 2001 six month period includes a pre-tax adjustment of \$5.7 million for accelerated amortization from first quarter related to abandoned computer software.

★ To review Imation's full second quarter financial results, visit www.imation.com.

Revenues By Segments (Dollars in millions)



Imation Statistics

Sales of \$1.2 billion on continuing operations in 2001

Imation operates in 60 countries

47% of sales generated outside the U.S.

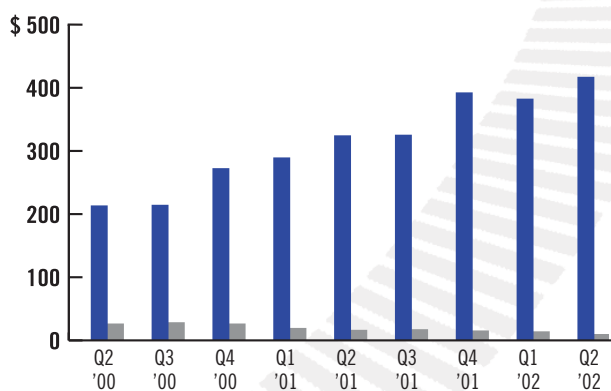
400 technology scientists

268 U.S. Technology patents

3,200 employees globally

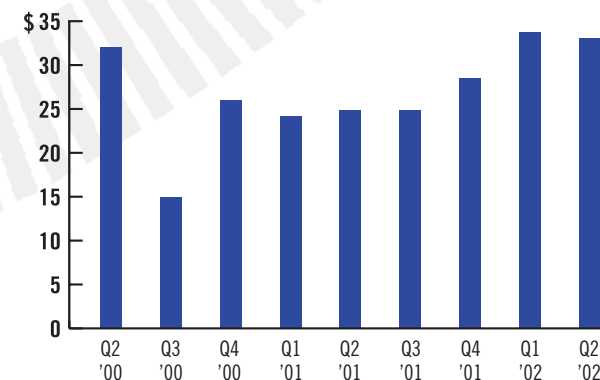
NYSE Ticker: IMN

Financial Condition (Dollars in millions)



EBITDA (Dollars in millions)

(Earnings Before Interest, Taxes, Depreciation and Amortization from continuing operations excluding special charges)





imaginative solutions.

Imation Corp.
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Oakdale, MN 55128-3414

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Quarter



2002
at a Glance



Imation at a Glance

Imation Corp. is a global technology company that develops, manufactures and markets the broadest portfolio in the industry of magnetic and optical removable data storage media products for both business and consumers. Imation's product portfolio includes diskettes, optical discs and tape cartridges that provide a wide spectrum of storage capacities ranging from the equivalent of one book to thousands of libraries and work across data storage drives and devices from multiple manufacturers. These products span major application areas from enterprise data centers to the network server environment, mobile and professional desktops to the personal consumer electronics user. The same product can be used in multiple storage environments, depending on capacity and performance requirements.

Removable data storage media provide the benefits of easily expanded capacity, data transportability, high reliability, convenient access, long term storage and data security. Applications range from back up and archiving for data management to data replication for disaster recovery, to near line storage in a networked environment, to personal file storage for desktop and consumer users. In addition, Imation provides storage consulting services to IT managers to help them meet their challenges of exploding demand for digital data storage capacity.

Milestones

- In the Data Storage Segment, revenues grew 14.8% and operating income grew 92.5%.
- Earnings per share of \$0.45 (adjusted) in Q2 up from \$0.28 a year ago.
- Market share gains achieved in all data storage sectors: Data Center, Network and Personal Storage.

Headquarters

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Imation common stock is listed and traded on the New York Stock Exchange and the Chicago Stock Exchange under the symbol "IMN."

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Mission

Imation will be the recognized global leader in the removable data storage media industry across all sectors of the market; the trusted source for digital storage of information important to consumers and businesses alike; and the independent expert in data storage back-up, archiving, security, and protection.

Strategy

Key elements to realize Imation's mission are:

- Grow the core removable data storage media business by offering a comprehensive portfolio of products across all sectors of the market;
- Invest in growing core business and adjacent opportunities;
- Maintain and develop continuous improvement processes and manufacturing capabilities to deliver highest product quality and optimum cost structure;
- Build on the Company's strong customer and OEM relationships to develop and deliver the products customers need, when and where they need them;
- Leverage supply chain expertise and supplier and channel relationships to build sustainable market positions;
- Increase penetration in existing markets and enter new markets outside the United States;
- Maintain and expand technology leadership in critical areas of removable data storage, including coating, servo-writing, and cartridge design and fabrication.

Solid Foundation

Imation is building its focused strategy on a solid foundation:

Leading market position is built on a comprehensive portfolio of offerings and Imation's broad geographic and distribution channel coverage.

Operational excellence: all our manufacturing facilities meet the highest ISO 9002 quality standards and one plant was recognized by the editors of Industry Week as being among the fourteen best manufacturing plants in the U.S. and Europe.

Technology leadership spans several critical areas. Over the past five years, Imation has invested more than \$400 million in research and development and capital spending on its core data storage business.

Financial discipline has resulted in \$400 million in cash and very little debt on the balance sheet, giving the Company the financial strength and flexibility to invest in the future for profitable growth.

Customer experience, established over our 50-year legacy of leadership, has created a trusted global brand. Imation means data storage.



Heritage

Imation's roots in the data storage industry go back half a century. In 1952, the first commercial magnetic tape for computers was introduced by Minnesota Mining and Manufacturing Company (3M). Imation was created in 1996 as a result of the spin-off of several separate businesses that comprised the data storage and imaging systems groups of 3M. Since the spin-off, Imation has divested non-strategic business segments and readjusted the basic operational infrastructure to compete profitably as a focused data storage company.

Every day at Imation, we leverage our fifty years of experience to deliver value to our customers and to remain their trusted partner for removable data storage media. In turn, our ability to meet our customers' needs today and in the future, to store, access and manage one of their most valuable assets—their information—provides tremendous opportunities to create value for our shareholders. The name Imation combines the essence of the Company's core business—information management—with its core values of imagination and innovation. Pronounce it with a short "i," just as the words that generated the name are said.

Operations

As of June 30, 2002, Imation employed approximately 3,200 people worldwide. Headquartered in Oakdale, Minnesota, the Company has a market presence in more than 60 countries with approximately 47 percent of Imation's revenues generated outside of the United States. Major manufacturing, research, distribution, and sales facilities are located in the U.S. and internationally.

Management

Imation's management team comprises individuals who have played key roles in building world-class businesses:

William Monahan

Chairman of the Board,
President and
Chief Executive Officer

Brad Allen

Vice President,
Corporate Communications and
Investor Relations

Stephen Carter

Vice President and General
Manager, Data Storage and
Information Management,
Personal Storage Solutions

Jackie Chase

Vice President,
Human Resources

Robert Edwards

Senior Vice President,
Chief Financial Officer and
Chief Administrative Officer

Frank Russomanno

Vice President and General
Manager, Data Storage and
Information Management, Data
Storage Media and Services

John Sullivan

Senior Vice President,
General Counsel and Corporate
Secretary

David Wenck

Vice President, International
Operations and President, Digital
Solutions and Services

Colleen Willhite

Vice President, Data Storage and
Information Management,
Manufacturing and Supply Chain

Paul Zeller

Vice President,
Corporate Controller

Data Storage

PERSONAL STORAGE SOLUTIONS

Customers

Mobile and desktop computer users; consumer electronics users; digital music, photo, and video enthusiasts

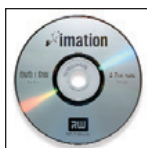
Customer Needs/Industry Needs

Portable storage solutions created for the increased demand of consumers who create and store digital audio, video, and data applications

Growing need to more efficiently capture, transmit, and store information digitally

Need for faster speed, higher-capacity backup and portable storage solutions

Imation Product/Service Solutions



Recordable DVD Media

Imation's complete portfolio of recordable DVD media, in capacities up to 9.4GB, provide cost effective solutions for personal and professional applications.



1.4 MB Diskettes

Imation is the #1 manufacturer of 3.5" branded diskettes worldwide. Highly reliable, 100% error-free diskettes available unformatted or formatted for IBM or Macintosh.



CD-R 700MB/80 48x Media

Store up to 700MB or 80 minutes of data swiftly and permanently with write speeds up to 48x. Cannot be erased or overwritten.

1.4MB - 9.4GB*

Personal Storage Applications

CD-R, CD-RW media
DVD-R, DVD-RW, DVD+R, DVD+RW, DVD-RAM media
Diskettes/Devices/Accessories

*Product capacities are estimates and may vary based on compression rate.

NETWORK

Customers

Network data managers

Customer Needs/Industry Needs

High growth in storage networks driven by "value server" penetration and the explosion in the creation of digital content driving the need for server-level backup, archiving, and nearline storage solutions

Imation Product/Service Solutions



Imation Black Watch™ Ultrium Tape Cartridges

Designed for mid-range network backup, Imation's patented robust cartridge construction and servo writing excellence protects data well beyond the LTO standard.



Imation Black Watch Digital Linear Tape IV Cartridge

Designed for DLT 4000, 7000, 8000 and DLT 1 drives with up to 80GB compressed capacity.



Travan™ 40GB Data Cartridge

Ideal for high-performance, entry-level network or desktop backup. The tape design features high-precision, patented components based on QIC technology and allows for scalability.



SLR 100 Data Cartridge

SLR cartridges deliver increased capacity for workstations and entry-level and mid-range network environments at an affordable price.

Up to 100GB*

Up to 200GB*

Entry-Level Network Server Applications

Travan/Travan NS Data Cartridges
4mm/8mm Data Cartridges
SLR Data Cartridges
ATT-3 Data Cartridges
5 1/4" Data Cartridges

Mid-Range Network Server Applications

Black Watch Ultrium Tape Cartridges
Black Watch Digital Linear Tape IV Cartridges
Black Watch DLTape Cartridges

DATA CENTER

Customers

Data center and information systems managers

Customer Needs/Industry Needs

Fast growth in the use and retention of corporate data, and the creation of digital content accelerating the need for increased capacity and highly reliable data storage media

Imation Product/Service Solutions

Based on 50 years of tape technology expertise, Imation provides reliable removable media for corporate data centers.



Imation Black Watch 9840 Tape Cartridge

Access-Centric, dual-hub technology for use in StorageTek T9840 and T9840B drives. Providing an access time of 12 seconds.



Imation Black Watch 9940 Tape Cartridge

Capacity-Centric technology provides a compressed capacity of up to 240GB when used in the StorageTek T9940 drive.



Imation Black Watch 3590E Tape Cartridge

Compatible with IBM 3590 B, E and H model drives. Provides up to 180GB of compressed capacity when used in the new IBM 3590 H model drive.

00GB*

Up to 240GB*

Large Network Applications

High Capacity Ultrium Tape Cartridges
High Capacity Digital Linear Tape IV Cartridge
High Capacity DLT Tape Cartridges

Data Center Applications

Black Watch 9840, 9940 Tape Cartridges
Black Watch 3480, 3490, 3490E, 3570, 3590, 3590E Tape Cartridges
Royal Guard™ 3480, 3490, 9490EE Tape Cartridges

STORAGE PROFESSIONAL SERVICES

Customers

CIO's, VP's of IT, IT Directors, information systems managers, operations managers, value-added resellers, value-added distributors, original equipment manufacturers, system integrators, and storage managers

Customer Needs/Industry Needs

Professional storage consulting services based upon customers' business drivers and initiatives

Full life cycle of information management services including assessment, design, proof-of-concept testing, and implementation services

Independent consulting expertise without a bias towards specific hardware or software

Professional Services Solutions

Storage Consulting Services, Storage Testing and Validation Services in Imation's world-class Storage Networking Lab, and Data Center Professional Services

OTHER BUSINESSES

Digital Services and Solutions

Onsite operational and depot repair services

Hardware, software, supplies, and service for the quick capture, storage, reproduction, distribution, and printing of large format engineering documentation

Specialty Paper

Imation continues to offer high-quality carbonless paper, pre-perforated bond, and other specialized products for offset and electronic printing applications