

2011 Third Quarter Business Review (unaudited)



October 25, 2011

Forward Looking Statements

This presentation contains forward-looking information about 3M's financial results and estimates and business prospects that involve substantial risks and uncertainties. You can identify these statements by the use of words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "will," "target," "forecast" and other words and terms of similar meaning in connection with any discussion of future operating or financial performance or business plans or prospects. Among the factors that could cause actual results to differ materially are the following: (1) worldwide economic and capital markets conditions and other factors beyond the Company's control, including natural and other disasters affecting the operations of the Company or its customers; (2) the Company's credit ratings and its cost of capital; (3) competitive conditions and customer preferences; (4) foreign currency exchange rates and fluctuations in those rates; (5) the timing and acceptance of new product offerings; (6) the availability and cost of purchased components, compounds, raw materials and energy (including oil and natural gas and their derivatives) due to shortages, increased demand or supply interruptions (including those caused by natural and other disasters and other events); (7) the impact of acquisitions, strategic alliances, divestitures, and other unusual events resulting from portfolio management actions and other evolving business strategies, and possible organizational restructuring; (8) generating fewer productivity improvements than estimated; and (9) legal proceedings, including significant developments that could occur in the legal and regulatory proceedings described in the company's Annual Report on Form 10-K for the year ended December 31, 2010 and its subsequent quarterly reports on Form 10Q (the "Reports"). Changes in such assumptions or factors could produce significantly different results. A further description of these factors is located in the Reports under "Cautionary Note Concerning Factors That May Affect Future Results" and "Risk Factors" in Part I, Items 1 and 1A (Annual Report) and in Part I, Item 2 and Part II, Item 1A (Quarterly Report). The information contained in this presentation is as of the date indicated. The company assumes no obligation to update any forward-looking statements contained in this presentation as a result of new information or future events or developments.

Third Quarter Developments

- Sales expanded 10 percent, with double-digit growth in Industrial & Transportation, Safety, Security & Protection Services and Health Care
- Consumer & Office and Electro & Communications also grew in Q3
- The global economy is growing, but more slowly
- Western Europe volumes down
- Electronics industry has slowed
- Changes in trends impact 3M early and are amplified by inventory transients – we experienced this in Q3 and we will benefit when markets improve

Plans Are in Place Reflecting a Tougher Near-Term Economic Environment

Most Businesses Grew Sales and Profits in the Quarter

	Sales				Operating Income			
(\$M)	Q310	Q311	USD % Chg	Local Currency % Chg	Q310	Q311	% Chg	Q311 Margin %
Industrial & Transportation	\$2,171	\$2,580	+19%	+15%	\$434	\$525	+21%	20.4%
Health Care	\$1,092	\$1,246	+14%	+11%	\$325	\$367	+13%	29.5%
Consumer & Office	\$1,026	\$1,096	+7%	+5%	\$235	\$244	+4%	22.3%
Safety, Security & Protection Svcs	\$811	\$954	+18%	+14%	\$164	\$202	+23%	21.1%
Display & Graphics	\$1,065	\$935	-12%	-14%	\$282	\$179	-37%	19.1%
Electro & Communications	\$803	\$838	+4%	+1%	\$183	\$181	-1%	21.6%
Total Company	\$6,874	\$7,531	+10%	+7%	\$1,576	\$1,581	----	21.0%

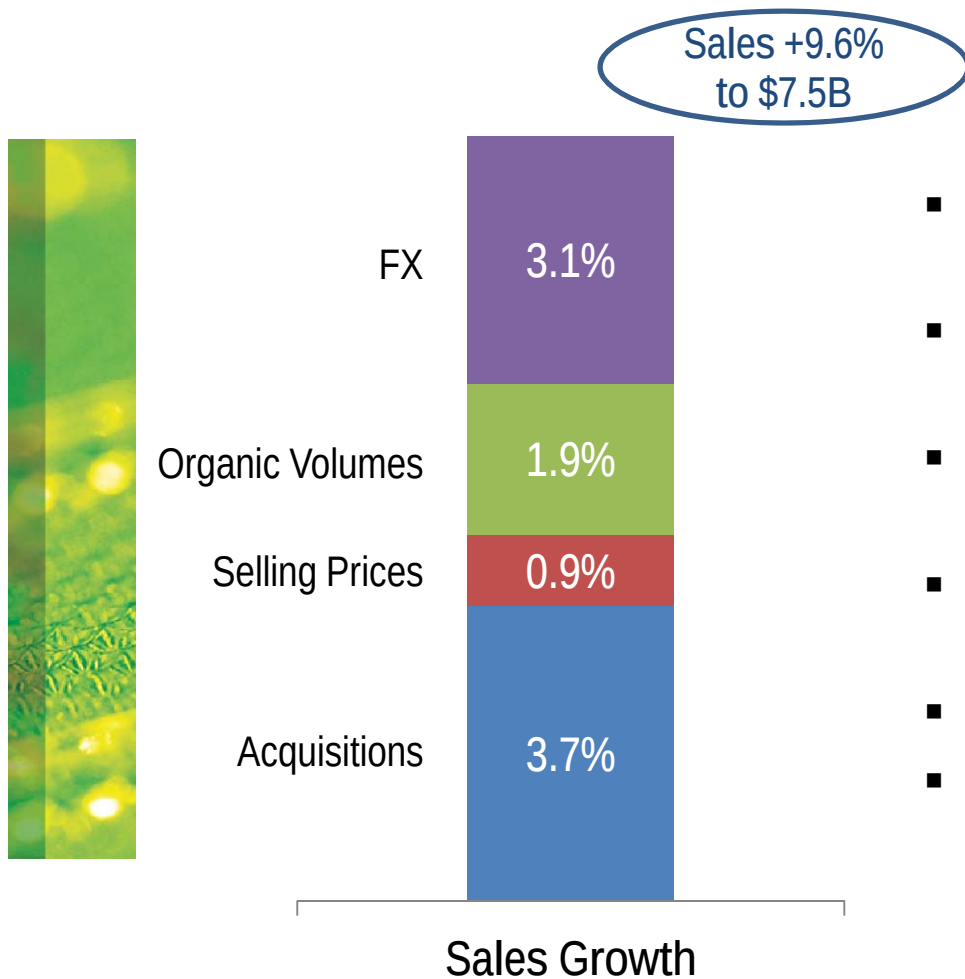
Managing Our Business in the Current Environment

- More important than ever to innovate and differentiate ourselves
 - R&D up 14% to \$1.2B YTD; NPVI improving
 - Building out our capability in emerging economies
 - Cap-ex up in 2011 to \$1.3-1.5B, skewed toward international
- Returning cash to shareholders
 - Cash dividends \$1.2B YTD, stock yielding nearly 3%
 - Gross share repurchase \$2.2B YTD, including \$849M in Q3
- Protecting the bottom line in the short term
 - We expect the global economy will grow, but more slowly; therefore we are planning more cautiously
 - Aggressively reducing costs further in businesses/geographies most affected – staffing levels, indirect costs
 - Evaluating the need for more aggressive actions
 - Still finalizing next year's plan, but currently targeting a minimum 1 point margin improvement in 2012

3M's Business Model is Highly Adaptable – Part of Our DNA



Q3 2011 Sales Recap



- Latin America/Canada +14%, Europe +11%, U.S. +9%, Asia Pacific +7%
- FX boosted sales in all regions outside the U.S., but late-quarter USD strength dampened results
- Slow downs in electronics and Western Europe; inventories being adjusted
- Emerging markets increased 11%, or 19% excluding optical films
- Continued positive pricing momentum
- Acquisitions added 3.7%

Year-on-Year P&L Highlights

(\$M)	Q3 10	Q3 11	Change
Sales	\$6,874	\$7,531	+10%

Gross profit	\$3,291	\$3,504	+6%
% to sales	47.9%	46.6%	-1.3 pts

- Neutral price/RMs, ex-optical; FX was positive
- OH absorption penalty due to lower factory utilization

SG&A	\$1,361	\$1,534	+13%
% sales	19.8%	20.4%	+0.6 pts
R&D & related	\$354	\$389	+10%
% to sales	5.2%	5.2%	----
Operating income	\$1,576	\$1,581	----
% to sales	22.9%	21.0%	-1.9 pts

- +10 points due to FX and acquisitions
- +6 points due to FX and acquisitions
- Estimating ~32% NPVI in 2011

Net income	\$1,106	\$1,088	-2%
EPS	\$1.53	\$1.52	-1%

- Higher tax rate (\$0.04)
- Lower share count +\$0.02



Cash Flow

(\$M)	Q3 2010	Q3 2011	Change	
Operating cash flow	\$1,323	\$1,362	\$39	Benefits from lower pension/OPEB contributions (+\$55M), working capital changes (+\$17M), partially offset by higher cash taxes (-\$43M)
Capital expenditures	<u>(\$228)</u>	<u>(\$336)</u>	<u>(\$108)</u>	\$862M YTD, targeting \$1.3-1.5B for the year
Free cash flow	\$1,095	\$1,026	(\$69)	
Free cash flow conversion	99%	94%		In line with historical Q3 average
Share repurchase	(\$22)	(\$849)	(\$827)	FY estimate \$2.5-3B vs. \$2-2.5B previously

Expecting 90-95% Conversion for FY2011

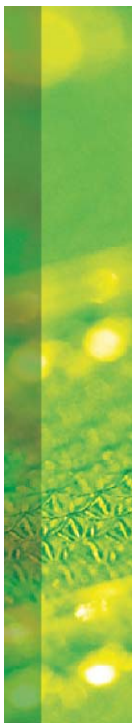


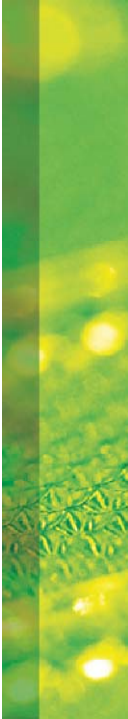
Revising Our 2011 Full Year Planning Estimates

	Adjustments to FY 2011 Guidance	
<u>Prior</u> EPS guidance	\$6.10 – \$6.25	▪ From July earnings call
Lower org. volume growth	(\$0.25) – (\$0.30)	▪ Now projecting 3-4% vs. 6-7.5% prior ▪ Primarily West Europe, electronics, LCD TV
Fewer shares outstanding	\$0.04 – \$0.06	▪ Increased FY share repurchase to \$2.5-3B
Lower tax rate	\$0.04	▪ Now projecting ~28.5% vs. ~29% prior
FX changes	<u>(\$0.06) – (\$0.10)</u>	▪ USD strengthened late Q3; est. assumes Euro 1.36 ▪ Now estimating 3-3.5% FX impact on 2011 sales vs. 3.5-4.5% prior
<u>New</u> EPS guidance	<u>\$5.85 – \$5.95</u>	▪ FY operating margin of ~21% ▪ Includes \$0.22 pension/OPEB headwind; EPS up 8-10% excluding this headwind *

* 2012 pension expense is estimated to be a \$0.10 per share headwind vs. 2011 levels, based on 9/30/11 discount rates and asset returns

Q & A





Appendix

Industrial and Transportation

(\$M)	Q3 2010	Q3 2011	% Chg
Sales	\$2,171	\$2,580	+19%
GAAP Operating Income	\$434	\$525	+21%
GAAP Operating Margin	20.0%	20.4%	+0.4 pts

YTD 2010	YTD 2011	% Chg
\$6,328	\$7,671	+21%
\$1,340	\$1,585	+18%
21.2%	20.7%	-0.5 pts



Quarter Highlights

- Sales in local currency up 15.1% including 6.8% from acquisitions; FX added 3.7% to sales
- All businesses grew sales in local currencies, with double-digit increases in abrasives, renewable energy, aerospace and industrial adhesives and tapes
- Sales rose by 28% in Asia Pacific, 22% in Europe, 15% in Latin America/Canada and 10% in the U.S.
- Operating income rose 21% to \$525 million; operating margin of 20.4%, up 40 basis points

Business Wins

- Introduced new Prestige Exterior Series window films which provide superior energy efficiency and glare reduction while blocking 99.9% of UV rays
- Purification business delivered strong growth in the U.S. and Western European bio-pharma market
- Industrial adhesives and tapes introduced new environmentally friendly box sealing tape and aerosol adhesives
- Continued market growth in the deep sea oil/gas industry drove strong demand for 3M's glass microspheres

Health Care

(\$M)	Q3 2010	Q3 2011	% Chg	YTD 2010	YTD 2011	% Chg
Sales	\$1,092	\$1,246	+14%	\$3,316	\$3,770	+14%
GAAP Operating Income	\$325	\$367	+13%	\$1,015	\$1,100	+8%
GAAP Operating Margin	29.8%	29.5%	-0.3 pts	30.6%	29.2%	-1.4 pts



Quarter Highlights

- Sales up 10.9% in local currency, including 5.3% from acquisitions; FX increased sales by 3.1%
- Strongest growth in infection prevention, health information systems and skin/wound care businesses
- Business conditions remained challenging in drug delivery systems, with sales declining year-on-year
- Double-digit sales growth in all geographies, with Asia Pacific up 20%, Latin America/ Canada up 16%, Europe up 13% and the U.S. up 12%
- Operating income up 13% to \$367 million; operating margin of 29.5%

Business Wins

- Centers for Medicare and Medicaid Services selected 3M ICD-10 code translation technology to promote accurate and consistent translation from ICD-9 to ICD-10
- Gaining share in oral care with Incognito™ lingual braces
- Introduced 3M™ Microchannel Skin System for pretreatment of skin prior to dermatological procedures
- Launched new solution for monitoring shelf-life and environmental samples of food products in collaboration with a major food manufacturer

Consumer and Office

(\$M)	Q3 2010	Q3 2011	% Chg
Sales	\$1,026	\$1,096	+7%
GAAP Operating Income	\$235	\$244	+4%
GAAP Operating Margin	22.9%	22.3%	-0.6 pts

YTD 2010	YTD 2011	% Chg
\$2,892	\$3,134	+8%
\$665	\$661	-1%
23.0%	21.1%	-1.9 pts



Quarter Highlights

- Sales in local currency up 4.6%; FX increased sales by 2.2%
- Positive local-currency sales growth in the DIY, home care, consumer health care and stationery products businesses
- Sales grew 18% in Asia Pacific, 11% in Latin America/ Canada, 5% in Europe and 4% in the U.S.
- Operating income increased 4% to \$244 million, with margins of 22.3%

Business Wins

- Strong sales of Command™ hooks and mounting solutions, especially in Latin America, Asia Pacific and the U.S.
- Announced acquisition of GPI Group, a French home improvement products company; provides strong footprint in DIY channel in Western Europe
- Launched Scotch-Brite™ Botanical Disinfecting Wipes, a no-rinse solution made with plant-based extracts
- Introduced a new Filtrete™ brand, carbon-based, odor- and allergen-eliminating filter in the mass retail channel

Safety, Security and Protection Services

(\$M)	Q3 2010	Q3 2011	% Chg	YTD 2010	YTD 2011	% Chg
Sales	\$811	\$954	+18%	\$2,468	\$2,894	+17%
GAAP Operating Income	\$164	\$202	+23%	\$544	\$643	+18%
GAAP Operating Margin	20.2%	21.1%	+0.9 pts	22.0%	22.2%	+0.2 pts



Quarter Highlights

- Sales in local currency up 14.1% including 5.7% from acquisitions; currency translation increased sales by 3.5%
- Strong double-digit local-currency sales growth in personal safety, roofing granules, track and trace, security systems and corrosion protection businesses
- Sales expanded by 28% in the U.S., 25% in Asia Pacific, 21% in Latin America/Canada and 1% in Europe
- Operating income of \$202 million, up 23% year on year, with operating margin of 21.1%

Business Wins

- 3M Cogent debuted BioTrust™ Biometric software using facial- and fingerprint-based recognition to manage login access to PC's and websites
- Wasco Energy Group selected 3M™ Scotchkote™ coatings for new pipeline in Australia
- Won a U.S. Navy contract for powered air purifying respirators; all Navy first responders will be outfitted in 3M™ Breathe Easy™ systems.
- Won the Indiana Department of Corrections contract for GPS electronic monitoring
- Qatar International airport selected 3M™ Nomad™ matting for its Doha terminal

Display and Graphics

(\$M)	Q3 2010	Q3 2011	% Chg	YTD 2010	YTD 2011	% Chg
Sales	\$1,065	\$935	-12%	\$2,981	\$2,851	-4%
GAAP Operating Income	\$282	\$179	-37%	\$802	\$631	-21%
GAAP Operating Margin	26.4%	19.1%	-7.3 pts	26.9%	22.1%	-4.8 pts



Quarter Highlights

- Sales in local currency decreased 14.1%; currency translation increased sales by 1.9%
- Continued inventory challenges in the LCD TV market along with weak consumer demand resulted in 28% sales decline in optical business
- Double-digit local-currency sales growth in architectural markets with single-digit growth in commercial graphics
- Traffic Safety Systems sales declined slightly in local currency; highway construction government funding remains soft in the U.S. and Western Europe
- Operating income of \$179 million; operating margin of 19.1%

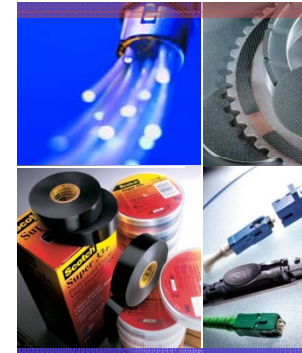
Business Wins

- Traffic safety awarded Connecticut contract for license plate sheeting
- Commercial graphics driving penetration in the emerging “personalization” graphics market, particularly in automotive applications
- Strong growth in mobile devices (tablets and smart phones); 3M technology enabling thinner designs and extended battery life
- Architectural markets expanded its 3M Di-Noc™ and 3M Fasara™ product offerings for finishing architectural and glass surfaces



Electro and Communications

(\$M)	Q3 2010	Q3 2011	% Chg	YTD 2010	YTD 2011	% Chg
Sales	\$803	\$838	+4%	\$2,254	\$2,538	+13%
GAAP Operating Income	\$183	\$181	-1%	\$506	\$559	+11%
GAAP Operating Margin	22.8%	21.6%	-1.2 pts	22.4%	22.0%	-0.4 pts



Quarter Highlights

- Sales in local currency up 1.0%; currency translation increased sales by 3.4%
- Single-digit local-currency growth in telecom, electronics materials and electrical products businesses
- Regionally sales growth was led by Europe, the U.S. and Asia Pacific
- Operating income of \$181 million with operating margin of 21.6%

Business Wins

- 3M and IBM to jointly develop new adhesives which enable the creation of microprocessors composed of up to 100 layers of separate chips that are many times faster than today's chips
- Announced expansion of manufacturing capacity for 3M ACCR high capacity overhead conductor to meet growing global demand
- Expanding manufacturing capacity of sustainable 3M™ Novec products used across a variety of industries

Business Segment Information

(\$M)	Net Sales		Operating Income	
Business Segment Information	Q3 2010	Q3 2011	Q3 2010	Q3 2011
Industrial and Transportation	\$2,171	\$2,580	\$434	\$525
Health Care	\$1,092	\$1,246	\$325	\$367
Consumer and Office	\$1,026	\$1,096	\$235	\$244
Safety, Security & Protection Services	\$811	\$954	\$164	\$202
Display and Graphics	\$1,065	\$935	\$282	\$179
Electro and Communications	\$803	\$838	\$183	\$181
Corporate and Unallocated	\$4	\$1	(\$26)	(\$91)
Elimination of Dual Credit	<u>(\$98)</u>	<u>(\$119)</u>	<u>(\$21)</u>	<u>(\$26)</u>
Total	\$6,874	\$7,531	\$1,576	\$1,581

NOTE: Effective in the first quarter of 2011, 3M made certain product moves between its business segments. Refer to 3M's October 25, 2011 press release section entitled "Business Segments" for further detail.

Business Segment Information

(\$M)	Net Sales		Operating Income	
Business Segment Information	YTD 2010	YTD 2011	YTD 2010	YTD 2011
Industrial and Transportation	\$6,328	\$7,671	\$1,340	\$1,585
Health Care	\$3,316	\$3,770	\$1,015	\$1,100
Consumer and Office	\$2,892	\$3,134	\$665	\$661
Safety, Security & Protection Services	\$2,468	\$2,894	\$544	\$643
Display and Graphics	\$2,981	\$2,851	\$802	\$631
Electro and Communications	\$2,254	\$2,538	\$506	\$559
Corporate and Unallocated	\$12	\$9	(\$190)	(\$289)
Elimination of Dual Credit	<u>(\$298)</u>	<u>(\$345)</u>	<u>(\$65)</u>	<u>(\$76)</u>
Total	\$19,953	\$22,522	\$4,617	\$4,814

NOTE: Effective in the first quarter of 2011, 3M made certain product moves between its business segments. Refer to 3M's October 25, 2011 press release section entitled "Business Segments" for further detail.

