

2010 First Quarter Business Review

(unaudited)



April 27, 2010



Forward Looking Statement

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; (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, 2009 (the "Report"). Changes in such assumptions or factors could produce significantly different results. A further description of these factors is located in the Report under "Risk Factors" in Part I, Item 1A. 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.



A Great Start in 2010

- Q1 2010 sales up 25% to \$6.3 billion
 - Organic volumes up 19.2% vs. WW IPI of 7.3% (Global Insight); 2.6X multiple
 - Double-digit sales growth in all businesses and geographies, driven by new products, increased penetration and adjacent market expansion
 - Particular strength in consumer electronics, automotive OEM and respiratory protection
 - 47% growth in emerging markets, led by developing Asia
- Continuing to invest significantly in the business
 - SG&A up 11%, including a 30% increase in advertising/promotion; R&D up 6%
- Q1 2010 operating income of \$1.4 billion, up 80% YOY
 - Continued outstanding operational discipline with margins of nearly 23%; incremental margins of 51%
 - All businesses drove 20%+ operating income margins
- GAAP EPS of \$1.29, or \$1.40 excluding special items*, up 74% & 73% respectively
- First-quarter free cash flow more than doubled to \$925 million



Earnings Per Share

	Q1 2009	Q1 2010	% change
GAAP EPS	\$0.74	\$1.29	74%
Special items* included in above:			
Restructuring expenses	\$0.07	---	
Tax expense due to Medicare Part D	---	\$0.11	
Non-GAAP EPS	\$0.81	\$1.40	73%

Note: Q1 2010 EPS, excluding Medicare Part D, increased 89% vs. Q1 2009 GAAP EPS



P&L Highlights: Year-on-Year

(\$M)	Q1 09	Q1 10	Change
Sales	\$5,089	\$6,348	+25%

- All business segments and geographies posted double-digit sales growth; strong growth in electronics, automotive OEM, core industrial and respiratory protection businesses

Gross profit	\$2,317	\$3,110	+34%
% to sales	45.5%	49.0%	+3.5 pts

- 19% organic volume growth drove improved factory utilization
- Continuing to drive improvements via Lean Six Sigma

SG&A	\$1,191	\$1,323	+11%
% sales	23.4%	20.8%	-2.6 pts
R&D & related	\$323	\$342	+6%
% to sales	6.3%	5.4%	-0.9 pts
Operating inc. (GAAP)	\$803	\$1,445	+80%
% to sales	15.8%	22.8%	+7.0 pts

- Double-digit increase in sales & marketing activities including a 30% increase in advertising & merchandising
- Continued to benefit from 2009 restructuring actions; maintained good cost discipline
- Increased investments in R&D to support local new product growth investments
- Outstanding incremental leverage of 51%

Net income (GAAP)	\$518	\$930	+80%
Net income (excl. special items)	\$563	\$1,014	+80%

- GAAP tax rate of 31.9% including Medicare Part D vs. 30.1% last year
- Tax rate of 26% vs. 30.3%, excluding special items



P&L Highlights: Sequential

(\$M)	Q4 09	Q1 10	Change
Sales	\$6,122	\$6,348	+4%

- Broad-based sequential strength in core industrial and electronics businesses

Gross profit	\$2,933	\$3,110	+6%
% to sales	47.9%	49.0%	+1.1 pts

- Higher throughput drove improved factory utilization

SG&A	\$1,265	\$1,323	+5%
% sales	20.7%	20.8%	+0.1 pts
R&D & related	\$326	\$342	+5%
% to sales	5.3%	5.4%	+0.1 pts
Operating inc. (GAAP)	\$1,342	\$1,445	+8%
% to sales	21.9%	22.8%	+0.9 pts

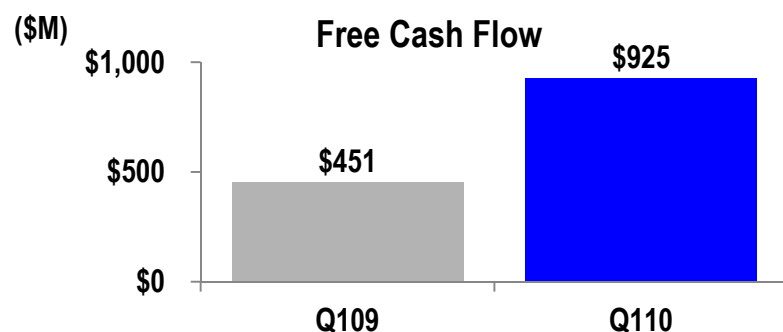
- Stock option expense up sequentially, increasing SG&A costs by 4% and R&D costs by 3%
- Maintaining spending discipline with indirect costs down slightly from Q4 levels
- 46% sequential incremental leverage

Net income (GAAP)	\$935	\$930	-1%
Net income (excl. special items)	\$935	\$1,014	+8%

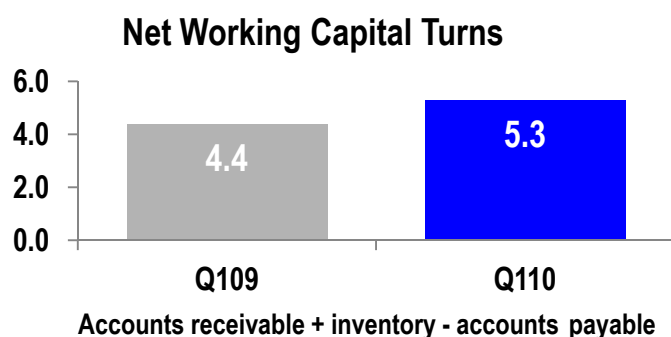
- GAAP tax rate of 31.9% in Q110 vs. 26.8% in Q409, impacted by Medicare Part D



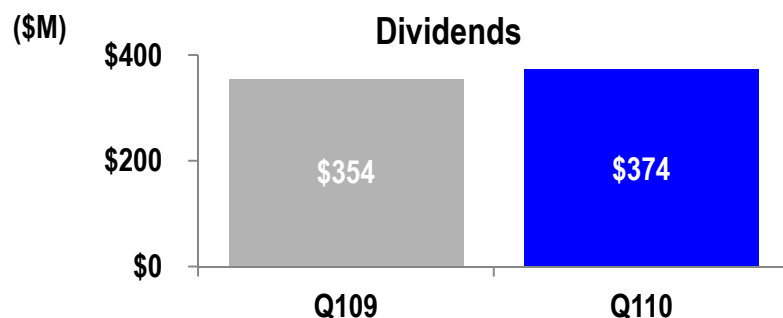
Balance Sheet and Cash Flow



- All-time record first-quarter free cash flow, 105% increase vs. Q109
- 99% free cash flow conversion



- Improved net working capital turns by 0.9 YOY while declining 0.2 sequentially
- Accounts receivable turns increased to 7.1 vs. 6.6 LY; receivables balance up \$470M YOY
- Inventory turns increased to 4.4 vs. 4.0 LY; inventory balance up \$138M YOY



- Increased 2010 per-share dividend by 3% in February
- 52nd consecutive year of dividend increases



Industrial and Transportation

(\$M)	Q1 2009	Q1 2010	Total % Growth	LC % Growth
Sales	\$1,603	\$2,073	+29%	+24%
GAAP Operating Income	\$175	\$454	+160%	
GAAP Operating Margin	10.9%	21.9%	+11.0 pts	



Quarter Highlights

- Sales in local currency up 23.7%; currency translation increased sales by 5.6%
- Double-digit local-currency sales growth across much of the portfolio; auto OEM up 67%, renewable energy up 64% and industrial adhesives and tapes up 26%; profits expanded in all businesses
- All geographic regions drove double-digit sales and profit growth
- Operating margin doubled to 22% due to excellent productivity efforts along with benefits from prior year restructuring efforts; profits rose 160%

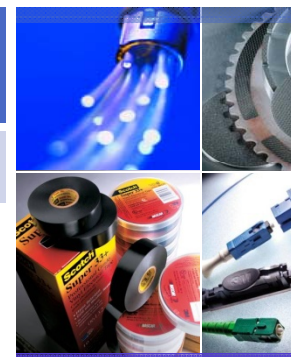
Business Wins

- Announced acquisition of MTI PolyFab Inc., a manufacturer of thermal and acoustic insulation for the aerospace industry
- Renewable energy business signed a cooperative R&D agreement with the U.S. DOE to advance clean power projects, including thin-film photovoltaics, concentrating solar power and biofuels
- Sales growth accelerating in emerging markets, boosted by local investments in manufacturing and R&D
- Automotive business received Honda's 2009 Development Award



Electro and Communications

(\$M)	Q1 2009	Q1 2010	Total % Growth	LC % Growth
Sales	\$480	\$665	+39%	+34%
GAAP Operating Income	\$21	\$137	+543%	
GAAP Operating Margin	4.4%	20.6%	+16.2 pts	



Quarter Highlights

- Sales in local currency up 34.3%; currency translation increased sales by 5.3%
- Explosive sales growth in businesses supplying the semi conductor and consumer electronics industries
- Electrical markets drove strong double-digit sales growth, while the telecom infrastructure markets remained sluggish
- Profits rose over 500%, driven by significant throughput increases and continued emphasis on productivity and spending control; operating margins returned to 20%+ levels

Business Wins

- New thermal and EMI management products, optically clear adhesives and components for touch devices are enabling our large consumer electronics OEM customers to win versus competition
- Broadened our product offerings in wafer processing materials and semiconductor carrier tapes, which helped boost growth in consumer electronics applications
- Increasing market share across consumer electronics by aggressively specifying in new solutions and responding to customer surge demand
- Electrical markets business gaining share in OEM insulating tapes within North America



Display and Graphics

(\$M)	Q1 2009	Q1 2010	Total % Growth	LC % Growth
Sales	\$611	\$869	+42%	+38%
GAAP Operating Income	\$60	\$212	+254%	
GAAP Operating Margin	9.8%	24.3%	+14.5 pts	



Quarter Highlights

- Sales in local currency up 38.4%; currency translation increased sales by 4.0%
- Optical systems sales doubled YOY, driven by new products along with surging electronics demand; commercial graphics and traffic safety systems businesses posted strong double-digit sales increases
- Sales up in all geographic regions, led by Asia Pacific and Latin America
- Operating income was \$212M, with operating margins of 24.3%; higher throughput and lean six sigma drove significant leverage

Business Wins

- 3M™ 150 PocketProjector was named an Edison Award Finalist in the technology category
- Broadening our product offerings in commercial graphics business with new promotional films
- 3M optical film solutions are helping to enable the transition toward LED-based backlight solutions in LCD TVs
- Aggressively pursuing market adjacencies in traffic safety systems, including reflective pavement markings, roadway maintenance services and vehicle registration systems



Consumer and Office

(\$M)	Q1 2009	Q1 2010	Total % Growth	LC % Growth
Sales	\$795	\$912	+15%	+11%
GAAP Operating Income	\$165	\$219	+33%	
GAAP Operating Margin	20.7%	24.0%	+3.3 pts	



Quarter Highlights

- Sales in local currency up 10.7% including 2.6% from acquisitions, primarily ACE™; currency translation increased sales by 4.0%
- Broad-based sales growth across the portfolio led by the home care, DIY, stationery products and consumer health care businesses
- Latin America and U.S. delivered strong double-digit local-currency sales growth
- Operating income of \$219M, up 33% YOY

Business Wins

- 3M Post-it® Note celebrates its 30th anniversary of innovation and design in 2010
- Announced the acquisition of a majority stake in A-One, the largest branded office label business in Asia and second-largest worldwide; augments strategic launch of Post-it® and 3M™ brand adhesive labels in U.S.
- Gaining share in cleaning and scouring products, enabled by the acquisition of Nylonge
- Drove significant demand of Command™ adhesive products, along with new and improved ScotchBlue™ painters tapes



Safety, Security and Protection Services

(\$M)	Q1 2009	Q1 2010	Total % Growth	LC % Growth
Sales	\$672	\$809	+20%	+15%
GAAP Operating Income	\$124	\$181	+46%	
GAAP Operating Margin	18.5%	22.4%	+3.9 pts	



Quarter Highlights

- Sales in local currency up 14.7%; currency translation increased sales by 5.7%
- Double-digit local-currency sales gains in personal protective equipment, primarily respirators, along with the roofing granules businesses
- Broad-based sales growth across all geographic regions, with particular strength in Europe and the U.S.
- Operating income up 46% to \$181M; operating margins rose nearly 4 percentage points to 22.4%

Business Wins

- Manufacturing-related respirator sales accelerating as H1N1-related demand subsides
- Converted John Hopkins Medical Center in Baltimore to new Scotchgard™ Ultra Durable Floor Finish System used in patient rooms, restrooms and high traffic areas
- Public Service Electric & Gas in New Jersey installed 3M™ Dynatel™ locating and marking solutions to improve safety and productivity
- Aearo Technologies, acquired in 2008, showing strong sales momentum



Health Care

(\$M)	Q1 2009	Q1 2010	Total % Growth	LC % Growth
Sales	\$997	\$1,117	+12%	+8%
GAAP Operating Income	\$307	\$347	+13%	
GAAP Operating Margin	30.7%	31.1%	+0.4 pts	



Quarter Highlights

- Sales in local currency up 7.6%; currency translation increased sales by 4.6%
- Double-digit local-currency sales growth in infection prevention and skin and wound care; also drove positive local-currency growth in oral care, drug delivery and health information systems businesses
- Sales in local currency increased 19% in Latin America and 16% in Asia Pacific
- Operating income up 13.2% to \$347M, with operating margins of 31.1%

Business Wins

- Named Fortune's #2 Most Admired Company in the Medical and Precision Equipment Industry
- Recently named Most Innovative Dental Company for the 5th consecutive year by the Anaheim Group/Dental Industry Today
- 3M™ Clean-Trace™ ATP system chosen to monitor sanitation of food preparation at the 2010 World Expo in Shanghai
- Introduced the 3M Mobile Dictation Software for iPhone, Blackberry and Windows Mobile platforms



FY 2010 Planning Framework

	1/28/10 Prior	1/28/10 Adjusted for Medicare Part D	4/27/10 Current
EPS – adjusted	\$4.90 to \$5.10		\$5.40 to \$5.60
EPS - GAAP	\$4.90 to \$5.10	\$4.79 to \$4.99	\$5.29 to \$5.49
Organic sales volume growth	5 – 7%		10 – 12%
Operating income margin	21 - 22%		22%+
Tax rate – adjusted	28 - 29%		≤ 28%
Tax rate – GAAP	28 - 29%	29.5 – 30.5%	≤ 29.5%
Weighted average shares outstanding	721 - 725M		723 – 727M



Q & A



Appendix

(includes non-GAAP tables)



Business Segment Information

(\$M)	<i>Net Sales</i>		<i>Operating Income</i>	
Business Segment Information	Q1 2009	Q1 2010	Q1 2009	Q1 2010
Industrial and Transportation	\$1,603	\$2,073	\$175	\$454
Health Care	\$997	\$1,117	\$307	\$347
Consumer and Office	\$795	\$912	\$165	\$219
Display and Graphics	\$611	\$869	\$60	\$212
Safety, Security & Protection Services	\$672	\$809	\$124	\$181
Electro and Communications	\$480	\$665	\$21	\$137
Corporate and Unallocated	\$4	\$5	(\$33)	(\$83)
Elimination of Dual Credit	(\$73)	(\$102)	(\$16)	(\$22)
Total	\$5,089	\$6,348	\$803	\$1,445

NOTE: Effective in the first quarter of 2010, 3M made certain product moves between its business segments. Refer to 3M's April 27, 2010 press release section entitled "Business Segments" for further detail. The information on this slide is presented as required by U.S. generally accepted accounting principles and does not exclude special items.



Reconciliation of GAAP to non-GAAP Financial Measures

(\$M) Operating Income By Business Segment	Reported GAAP Q1 2009	Special Items	Adjusted Non-GAAP Q1 2009	Reported GAAP Q1 2010	Special Items	Adjusted Non-GAAP Q1 2010
Industrial and Transportation	\$175	\$23	\$198	\$454	----	\$454
Health Care	\$307	\$4	\$311	\$347	----	\$347
Consumer and Office	\$165	\$2	\$167	\$219	----	\$219
Display & Graphics	\$60	\$6	\$66	\$212	----	\$212
Safety, Security & Protection Services	\$124	\$4	\$128	\$181	----	\$181
Electro and Communications	\$21	\$3	\$24	\$137	----	\$137
Corporate and Unallocated	(\$33)	\$25	(\$8)	(\$83)	----	(\$83)
Elimination of Dual Credit	<u>(\$16)</u>	----	<u>(\$16)</u>	<u>(\$22)</u>	----	<u>(\$22)</u>
Total Operating Income	\$803	\$67	\$870	\$1,445	----	\$1,445

NOTE: Refer to 3M's April 27, 2010 press release section entitled "Supplemental Consolidated Statement of Income Information -- Reconciliation of GAAP to Non-GAAP Financial Measures", which provides discussion of non-GAAP measures and special items. Special items for the first quarter of 2009 are discussed in footnote (b) within this section.



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