

2015 First Quarter Business Review

(unaudited)

April 23, 2015

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," "aim," "project," "intend," "plan," "believe," "will," "should," "could," "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 3M's control, including natural and other disasters affecting the operations of 3M or its customers and suppliers; (2) 3M'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 market 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; (9) unanticipated problems or delays with the phased implementation of a global enterprise resource planning (ERP) system, or security breaches and other disruptions to 3M's information technology infrastructure; and (10) legal proceedings, including significant developments that could occur in the legal and regulatory proceedings described in 3M's Annual Report on Form 10-K for the year ended December 31, 2014. Changes in such assumptions or factors could produce significantly different results. A further description of these factors is located in the Annual Report under "Cautionary Note Concerning Factors That May Affect Future Results" and "Risk Factors" in Part I, Items 1 and 1A. The information contained in this presentation is as of the date indicated. 3M assumes no obligation to update any forward-looking statements contained in this presentation as a result of new information or future events or developments.

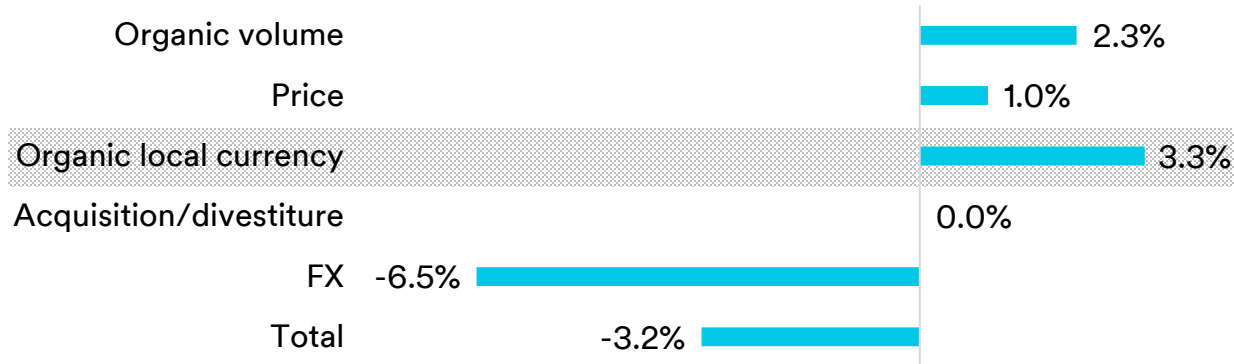
Q1 2015 Highlights

- GAAP EPS of \$1.85, up 3.4% year-on-year
- Sales of \$7.6 billion, down 3.2% in dollar terms
 - Organic local currency +3.3%
 - Positive growth in all business groups and geographic areas
 - Foreign currency (FX) reduced sales by 6.5%
- Operating margins of 22.8%, up 0.9 percentage points year-on-year
 - All business groups > 21%
- Announced acquisition of Polypore's Separations Media business for \$1.0 billion
- Closed acquisition of Ivera Medical
- Returned \$1.5 billion to shareholders via dividends and gross share repurchases
- Increased first-quarter per-share dividend by 20 percent

Refer to 3M's April 23, 2015 press release for full details.

Q1 2015 Sales Recap

Worldwide Sales Change Due To:



(\$M)	US	APAC	EMEA	LAC
Organic volume	+2.5%	+5.4%	-1.2%	-0.2%
Price	<u>+0.6%</u>	<u>+0.2%</u>	<u>+1.5%</u>	<u>+3.8%</u>
Organic local currency	+3.1%	+5.6%	+0.3%	+3.6%
Acq/div	+0.1%	-0.1%	0.0%	-0.1%
FX	-----	<u>-4.3%</u>	<u>-16.2%</u>	<u>-12.3%</u>
Total growth	+3.2%	+1.2%	-15.9%	-8.8%

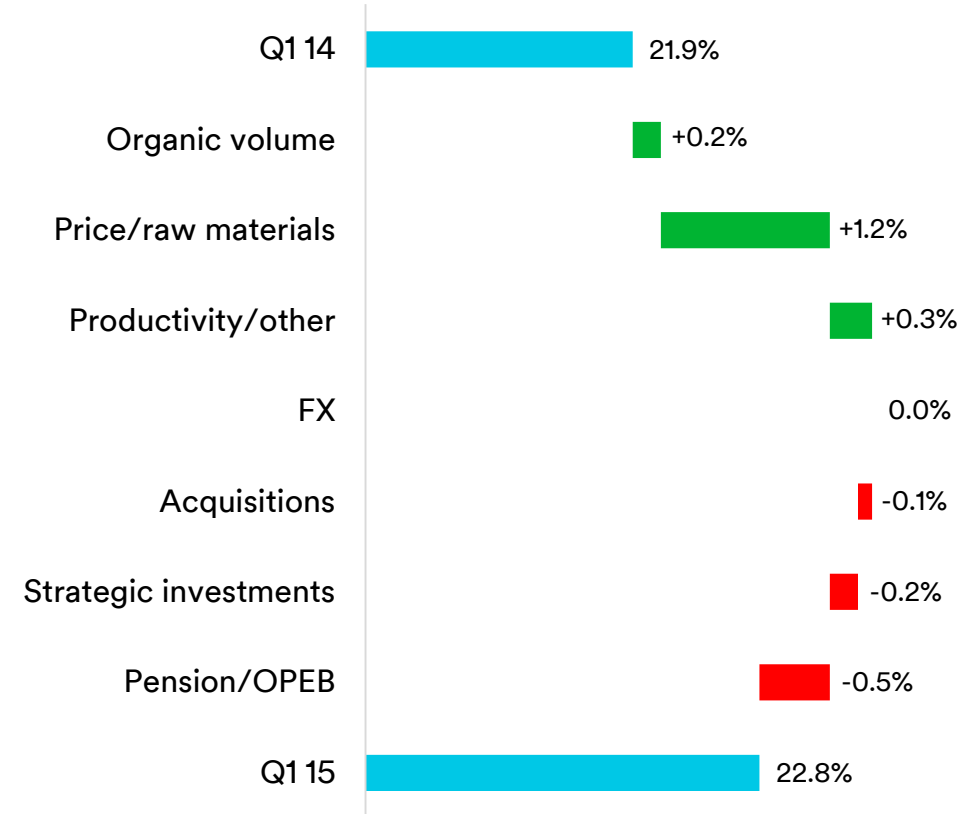
- Organic local currency:
 - U.S. +3.1%
 - Asia Pacific +5.6%
 - China/Hong Kong +7%
 - Japan +1%
 - EMEA +0.3%
 - West Europe flat
 - Latin America/Canada +3.6%
 - Mexico +15%, Brazil -2%
- FX reduced sales by 6.5%
 - Euro -18%, Yen -14%, Real -19%

Q1 2015 P&L

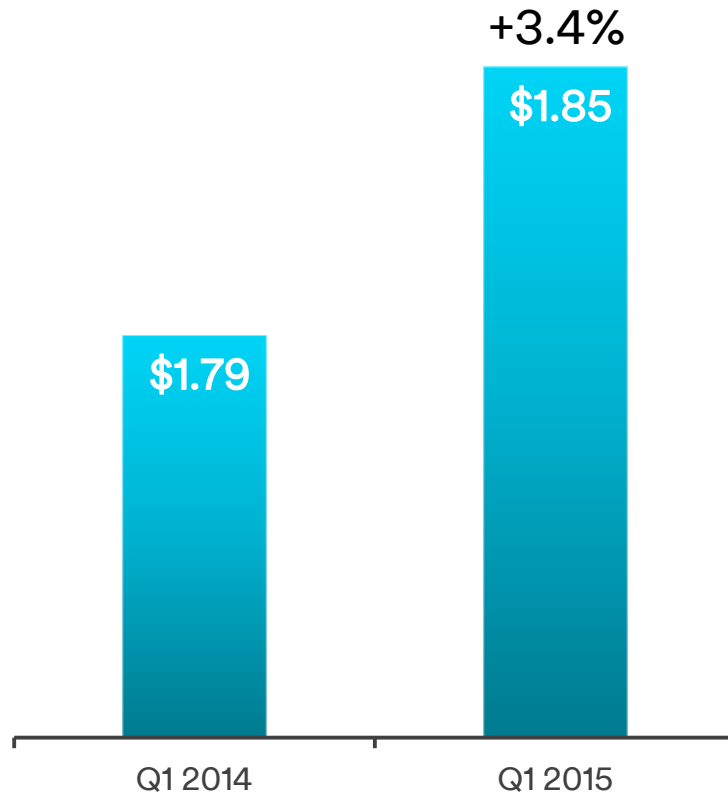
(\$M)	Q1 2014	Q1 2015	Change
Sales	\$7,831	\$7,578	-3.2%
Gross profit	\$3,800	\$3,757	-1.1%
% to sales	48.5%	49.5%	+1.0 pts
SG&A	\$1,632	\$1,564	-4.2%
% to sales	20.8%	20.6%	-0.2 pts
R&D & related	\$452	\$463	+2.4%
% to sales	5.8%	6.1%	+0.3 pts
Operating income	\$1,716	\$1,730	+0.8%
% to sales	21.9%	22.8%	+0.9 pts
Net income	\$1,207	\$1,199	-0.7%
Earnings per share	\$1.79	\$1.85	+3.4%

Refer to 3M's April 23, 2015 press release for full details.

Operating margin of 22.8%,
up 0.9 percentage points



Q1 2015 GAAP EPS



Q1 2014 – GAAP EPS	\$1.79	
Organic growth, margin expansion	+\$0.14	▪ Includes -\$0.04 headwind from pension/OPEB expense
FX	-\$0.10	▪ Pre-tax earnings decline of ~\$90M
Tax rate	-\$0.05	▪ Q1 2015 29.5% vs. 27.4% Q1 2014 ▪ Increase due to country profit mix, FX, prior year tax benefit
Shares outstanding	<u>+0.07</u>	▪ Average diluted shares down 4%
Q1 2015 – GAAP EPS	\$1.85	

Q1 2015 Cash Flow

(\$M)	Q1 2014	Q1 2015	Change
Operating cash flow	\$1,092	\$1,080	(\$12)
Capital expenditures	<u>(\$293)</u>	<u>(\$291)</u>	<u>\$2</u>
Free cash flow	\$799	\$789	(\$10)
Free cash flow conversion	66%	66%	-----

Dividends	\$566	\$652	\$86
Gross share repurchase	<u>\$1,708</u>	<u>\$886</u>	<u>(\$822)</u>
Total cash to shareholders	\$2,274	\$1,538	(\$736)

▪ Expecting FY 2015 of \$1.4B to \$1.6B
▪ Expecting FY 2015 of 90% to 100%

▪ Increased Q1 15 per-share dividend 20%
▪ Expecting FY 2015 of \$3B to \$5B

Refer to 3M's April 23, 2015 press release for full details.

Industrial

(\$M)	Q1 2014	Q1 2015	% Growth
Sales	\$2,776	\$2,658	-4.3%
Organic local currency			+2.7%
Acquisition/divestiture			-----
FX			-7.0%
Operating income	\$618	\$598	-3.3%
Operating margin	22.3%	22.5%	+0.2 pts

- Organic local currency growth:
 - By business: growth led by aerospace and commercial transportation, automotive OEM and 3M Purification
 - By area: sales grew in Latin America/Canada, the U.S. and Asia Pacific; EMEA sales flat
- Automotive OEM business delivered strong organic growth driven by increased market penetration
- Announced the acquisition of Polypore's Separations Media business for \$1.0 billion; business adds "ultra" filtration capabilities to 3M's existing core filtration platform



Safety & Graphics

(\$M)	Q1 2014	Q1 2015	% Growth
Sales	\$1,423	\$1,372	-3.6%
Organic local currency			+4.1%
Acquisition/divestiture			-----
FX			-7.7%
Operating income	\$318	\$335	+5.3%
Operating margin	22.3%	24.4%	+2.1 pts

- Organic local currency growth:
 - By business: sales increased in personal safety, commercial solutions, and traffic safety and security; sales declined in roofing granules
 - By area: sales grew across all major geographies led by Asia Pacific, Latin America/Canada and the U.S.
- Personal safety business awarded contract with leading pharmaceutical company to supply personal protective equipment
- Commercial solutions business selected by leading global airline to supply films and other products to support its re-imaging campaign



Health Care

(\$M)	Q1 2014	Q1 2015	% Growth
Sales	\$1,374	\$1,329	-3.3%
Organic local currency			+3.0%
Acquisition/divestiture			+0.7%
FX			-7.0%
Operating income	\$427	\$408	-4.3%
Operating margin	31.1%	30.7%	-0.4 pts

- Organic local currency growth:
 - By business: positive growth in food safety, critical and chronic care, health information systems, infection prevention and oral care; sales declined in drug delivery systems
 - By area: sales rose in Asia Pacific, Latin America/Canada and the U.S.; EMEA sales declined
- Closed acquisition of Ivera Medical Corporation; annual sales of \$30 million
- Margins were 31.1 percent excluding acquisitions (Treo Solutions and Ivera Medical)



Electronics & Energy

(\$M)	Q1 2014	Q1 2015	% Growth
Sales	\$1,311	\$1,322	+0.8%
Organic local currency			+5.8%
Acquisition/divestiture			-0.9%
FX			-4.1%
Operating income	\$227	\$283	+24.3%
Operating margin	17.3%	21.4%	+4.1 pts

- Organic local currency growth:
 - By business: electronic-related sales rose 12% (electronic materials solutions and display materials and systems both up); energy-related sales declined 3% (electrical markets flat, telecom and renewable energy down)
 - By area: sales grew across all areas led by Asia Pacific, EMEA and Latin America/Canada
- Completed divestiture of Static Control business on 1/2/15; annual sales were \$46 million
- Portfolio management actions expanding customer relevance and penetration while improving operating margins



Consumer

(\$M)	Q1 2014	Q1 2015	% Growth
Sales	\$1,079	\$1,048	-2.9%
Organic local currency			+2.1%
Acquisition/divestiture			-----
FX			-5.0%
Operating income	\$228	\$240	+5.2%
Operating margin	21.2%	22.9%	+1.7 pts

- Organic local currency growth:
 - By business: growth in all businesses led by DIY and home care
 - By area: sales increased in the U.S. and Asia Pacific; sales declined slightly in EMEA and Latin America/Canada
- Continued strong point-of-sale growth in the U.S. retail channel
- Filtrete™ brand filter sales growth accelerating and expanding market presence



Updating 2015 Planning Estimates

	Q4 Earnings Call 1/27/15	Today 4/23/15	
Sales growth:			
Organic local currency	+3% to +6%	+3% to +6%	
FX	-4% to -5%	-6% to -7%	▪ Broad-based USD strength ▪ Q2 estimated impact of -8%
GAAP EPS	\$8.00 to \$8.30	\$7.80 to \$8.10	▪ 2015 FX impact of -\$0.35 to -\$0.40 vs. -\$0.20 prior; assumes EUR 1.09, RMB 6.21, JPY 120, BRL 3.28 ▪ Q2 estimated FX impact of -\$0.13 ▪ Above estimates exclude FX impact on tax rate
Tax Rate	28% to 29%	28.5% to 29.5%	▪ Country profit mix, FX
Free cash flow conversion	90% to 100%	90% to 100%	

Note: figures exclude pending acquisition of Polypore's Separations Media business

3M Science.
Applied to Life.™

Q & A

Appendix

The background of the slide is a complex, abstract pattern of overlapping triangles and polygons in various shades of green, ranging from light lime green to dark forest green. The shapes are irregular and create a dynamic, low-poly aesthetic.

Business Segment Information

	Net Sales		Operating Income	
Business Groups	Q1 2014	Q1 2015	Q1 2014	Q1 2015
Industrial	\$2,776	\$2,658	\$618	\$598
Safety & Graphics	\$1,423	\$1,372	\$318	\$335
Health Care	\$1,374	\$1,329	\$427	\$408
Electronics & Energy	\$1,311	\$1,322	\$227	\$283
Consumer	\$1,079	\$1,048	\$228	\$240
Corporate and Unallocated	\$3	\$2	(\$72)	(\$100)
Elimination of Dual Credit	<u>(\$135)</u>	<u>(\$153)</u>	<u>(\$30)</u>	<u>(\$34)</u>
Total	\$7,831	\$7,578	\$1,716	\$1,730