

2010 Second Quarter Business Review (unaudited)



July 22, 2010



Forward Looking Statement

This news release 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 and its subsequent Quarterly Reports on Form 10-Q (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 "Risk Factors" in Part I, Item 1A (Annual Report) and in Part II, Item 1A (Quarterly Report). The information contained in this news release is as of the date indicated. The company assumes no obligation to update any forward-looking statements contained in this news release as a result of new information or future events or developments.



Strong Growth Momentum Continued in Q2

- Sales rose 18 percent to \$6.7 billion
 - Matches all-time quarterly record high set in Q208
 - Worldwide organic volumes rose 18 percent, or twice the rate of global industrial production
 - New products, higher market penetration, strong economic growth...all helped to boost sales
 - Strongest growth in Electro & Communications, Display & Graphics and Industrial & Transportation; all businesses up double-digits in both APAC and Latin America
 - Sales to emerging markets rose 38 percent and now comprise 33 percent of total
 - Continued strength in several large and important markets, such as consumer electronics, automotive and general industrial
- Continuing to invest in our future
 - SG&A up 9 percent, including a 27 percent increase in advertising/promotional investments
 - R&D rose 13 percent
- Operating income of \$1.6 billion, up 34 percent
 - Leveraging volume growth and maintaining relentless operating discipline during the upturn
 - Operating margins expanded to 23.7 percent, with all businesses 22 percent or higher
- EPS of \$1.54 per share, up 38 percent



Outstanding Performance Across the Portfolio

	Sales			Operating Income			Operating Margin		
(\$M)	Q2 2009	Q2 2010	% Chg	Q2 2009	Q2 2010	% Chg	Q2 2009	Q2 2010	Chg
Industrial & Transportation	\$1,751	\$2,160	+23%	\$287	\$476	+66%	16.4%	22.0%	+5.6 pts
Health Care	\$1,065	\$1,113	+5%	\$329	\$344	+5%	30.9%	30.9%	-----
Display & Graphics	\$808	\$1,047	+30%	\$183	\$308	+69%	22.7%	29.5%	+6.8 pts
Consumer & Office	\$866	\$954	+10%	\$197	\$211	+7%	22.8%	22.1%	-0.7 pts
Safety, Security & Protection	\$769	\$842	+10%	\$181	\$197	+9%	23.6%	23.4%	-0.2 pts
Electro & Communications	\$551	\$726	+32%	\$67	\$165	+148%	12.1%	22.8%	+10.7 pts



FY 2010 Planning Framework

	4/27/10 Prior	7/22/10 Current
EPS – adjusted	\$5.40 to \$5.60	\$5.65 to \$5.80
EPS - GAAP	\$5.29 to \$5.49	\$5.54 to \$5.69
Organic sales volume growth	10 – 12%	13 – 15%
Operating income margin	22%+	22.5%+
Tax rate – adjusted	≤ 28%	≤ 28%
Tax rate – GAAP	≤ 29.5%	≤ 29.5%
Weighted average shares outstanding	723 – 727M	723 – 727M



P&L Highlights: Year-on-Year

(\$M)	Q2 09	Q2 10	Change	
Sales	\$5,719	\$6,731	+18%	- Big boost from electronics, automotive OEM and core industrial - APAC sales up 42%; Latin America up 23%
Gross profit	\$2,742	\$3,296	+20%	18% volume growth drove continued factory utilization improvement
% to sales	47.9%	49.0%	+1.1 pts	Raw materials inflation of 3%
SG&A	\$1,242	\$1,350	+9%	Sales cost up 15% with advertising and merchandising investments up nearly 30%
% sales	21.7%	20.1%	-1.6 pts	
R&D & related	\$309	\$350	+13%	Continued to maintain strong discretionary cost discipline
% to sales	5.4%	5.2%	-0.2 pts	Increased R&D investments by 13% to support new product growth programs
Operating inc. (GAAP)	\$1,191	\$1,596	+34%	Strong incremental leverage of 40%
% to sales	20.8%	23.7%	+2.9 pts	
Net income (GAAP)	\$783	\$1,121	+43%	Tax rate of 26.6% vs. 30.8% in Q209
Net income (excl. special items)	\$843	\$1,121	+33%	
EPS (GAAP)	\$1.12	\$1.54	+38%	All-time record Q2 EPS
EPS (excl. special items)	\$1.20	\$1.54	+28%	Q209 special items of \$60M after-tax, or 8 cents per share

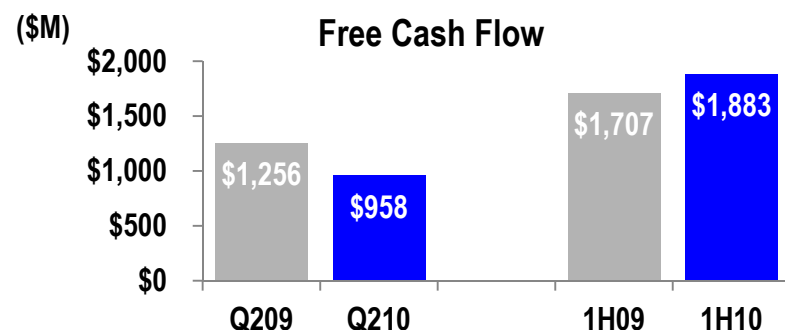


P&L Highlights: Sequential

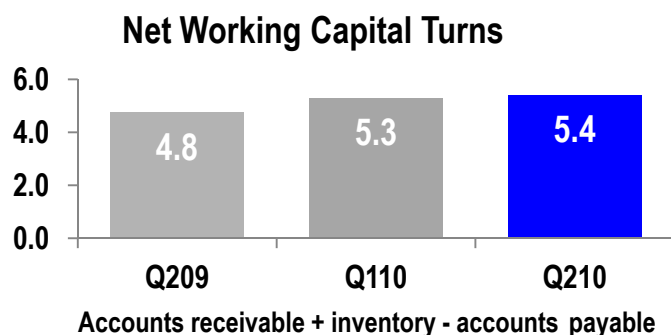
(\$M)	Q1 10	Q2 10	Change	
Sales	\$6,348	\$6,731	+6%	■ Strong sequential growth in electronics, traffic safety, automotive aftermarket, DIY and office retail
Gross profit	\$3,110	\$3,296	+6%	■ Gross profit up in line with revenues
% to sales	49.0%	49.0%	-----	
SG&A	\$1,323	\$1,350	+2%	■ Ramped up advertising/merchandising investments by 10 percent ■ R&D and SG&A each up over 5% excluding stock option expense
% sales	20.8%	20.1%	-0.7 pts	
R&D & related	\$342	\$350	+2%	
% to sales	5.4%	5.2%	-0.2 pts	
Operating inc. (GAAP)	\$1,445	\$1,596	+10%	
% to sales	22.8%	23.7%	+0.9 pts	
Net income (GAAP)	\$930	\$1,121	+20%	■ Tax rate of 26.6%, consistent with Q110, excluding special items
Net income (excl. special items)	\$1,014	\$1,121	+11%	
EPS (GAAP)	\$1.29	\$1.54	+19%	■ Q110 Medicare Part D tax impact of \$84 million, or 11 cents per share
EPS (excl. special items)	\$1.40	\$1.54	+10%	



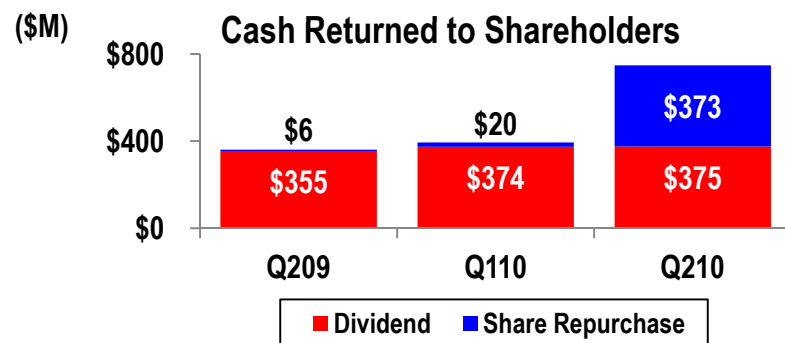
Balance Sheet and Cash Flow



- Record H1 free cash flow of \$1.9 billion, up 10.3% YOY
- Year-to-date free cash flow conversion of 92%



- Improved net working capital turns by 0.6 turns YOY and 0.1 turns sequentially
- Accounts receivable turns increased to 7.2 turns vs. 6.6 LY; receivables balance up 8% YOY and 5% sequentially
- Inventory turns increased to 4.4 turns vs. 4.3 LY; inventory balance up 15% YOY and 7% sequentially



- Returned \$748 million to shareholders in Q210, up 2X both YOY and sequentially
- 52nd consecutive annual dividend increase in 2010
- Stepped up share repurchase activity in Q210



Q & A



Appendix

(includes non-GAAP tables)



Industrial and Transportation

(\$M)	Q2 2009	Q2 2010	% Change
Sales	\$1,751	\$2,160	+23%
GAAP Op. Income	\$287	\$476	+66%
GAAP Op. Margin	16.4%	22.0%	+5.6 pts

YTD 2009	YTD 2010	% Change
\$3,354	\$4,233	+26%
\$462	\$930	+101%
13.8%	22.0%	+8.2 pts



Quarter Highlights

- Sales in local currency up 23.2%
- Broad-based double-digit local-currency growth across the portfolio; renewable energy up 71%, auto OEM up 45%, abrasives up 28% and industrial adhesives and tapes up 22%; all businesses delivered year on year profit growth
- Double-digit sales and profit growth across all major geographic regions, led by APAC
- Operating income up 66% to \$476M with operating margin of 22%

Business Wins

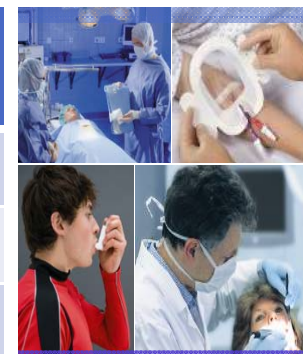
- New Scotch-Weld™ Tough Stuff Structural Adhesives is driving growth in the electronics, transportation, appliance and construction markets
- Continuing to achieve higher penetration in renewable energy markets
- Gaining share and expanding sales of 3M glass bubbles to the oil and gas industry
- New products and competitive conversions drove outstanding growth in abrasives business
- Strong growth from higher penetration in the Chinese domestic market



Health Care

(\$M)	Q2 2009	Q2 2010	% Change
Sales	\$1,065	\$1,113	+5%
GAAP Op. Income	\$329	\$344	+5%
GAAP Op. Margin	30.9%	30.9%	-----

YTD 2009	YTD 2010	% Change
\$2,062	\$2,230	+8%
\$636	\$691	+9%
30.8%	31.0%	+0.2 pts



Quarter Highlights

- Sales up 5.7% in local currency; currency translation decreased sales by 1.0%
- Double-digit local-currency growth in drug delivery systems; solid local-currency growth in oral care, skin and wound care and health information systems businesses
- Positive local-currency growth across all major regions led by Latin America/Canada at 13%
- Operating income of \$344M, up 5%, with margins of 30.9%

Business Wins

- Introduced a full line of new and innovative Tegaderm™ foam adhesive wound care dressings; solution offers higher fluid handling capacity and longer wear
- Successfully incorporated a new 3M aerosol formulation and proprietary dose counter technology into a key pharmaceutical partner's inhaler that recently received FDA approval
- Seeing a good rebound in worldwide orthodontics demand; innovative 3M lingual braces gaining significant traction
- Acquired J.R. Phoenix Ltd., a manufacturer of hand hygiene and skin care products



Display and Graphics

(\$M)	Q2 2009	Q2 2010	% Change
Sales	\$808	\$1,047	+30%
GAAP Op. Income	\$183	\$308	+69%
GAAP Op. Margin	22.7%	29.5%	+6.8 pts

YTD 2009	YTD 2010	% Change
\$1,419	\$1,916	+35%
\$243	\$520	+114%
17.1%	27.2%	+10.1 pts



Quarter Highlights

- Sales in local currency up 29.2%
- Optical systems local-currency sales up 64% driven by strong demand for LED back-lit TVs; commercial graphics and mobile interactive solutions posted double-digit sales increases
- Strong double-digit sales growth in both Asia Pacific and Latin America
- Strong volume growth along with continued operational excellence drove 29.5% operating margin; profits up 69% to \$308M

Business Wins

- Optical Systems business highlighted new film solutions at SID Display Week conference; products increase energy efficiency for next generation of electronic devices
- Commercial Graphics launched new web-based visual attention service which quickly analyzes graphic designs and accurately predicts impact on buying behavior
- Received the Gold Edison Award for our innovative new mobile projection technology
- Experienced strong demand for traffic safety solutions in China; continued to develop strong pipeline of new motor vehicle management services



Consumer and Office

(\$M)	Q2 2009	Q2 2010	% Change
Sales	\$866	\$954	+10%
GAAP Op. Income	\$197	\$211	+7%
GAAP Op. Margin	22.8%	22.1%	-0.7 pts

YTD 2009	YTD 2010	% Change
\$1,661	\$1,866	+12%
\$362	\$430	+19%
21.8%	23.0%	+1.2 pts



Quarter Highlights

- Sales in local currency up 9.7% including 4.5% from acquisitions, primarily ACE™ and A-One
- Increased investment in advertising and promotion drove strong sales growth across the portfolio; double-digit sales increases in consumer health care, DIY, office supplies and home care businesses
- Double-digit sales increases in both APAC and Latin America
- Operating income of \$211M, up 7% YOY

Business Wins

- Announced expansion of our partnership with Office Depot, the first retailer to launch the complete assortment of Post-it® Removable Labels and 3M™ Permanent Labels
- DIY business introduced family of ScotchBlue™ Edge-Lock™ painter's tapes that ensure super-sharp paint lines
- Strong growth in cleaning and scouring products along with Command™ adhesive products and Filtrete™ filters for HVAC systems



Safety, Security and Protection Services

(\$M)	Q2 2009	Q2 2010	% Change
Sales	\$769	\$842	+10%
GAAP Op. Income	\$181	\$197	+9%
GAAP Op. Margin	23.6%	23.4%	-0.2 pts

YTD 2009	YTD 2010	% Change
\$1,441	\$1,651	+15%
\$305	\$378	+24%
21.2%	22.9%	+1.7 pts



Quarter Highlights

- Sales in local currency up 10.3%; currency translation decreased sales by 0.8%
- Double-digit sales increases in security solutions, roofing granules and building and commercial services businesses; personal protective equipment business delivered high single-digit sales growth YOY
- Broad-based geographic performance with double-digit sales gains in Canada, APAC, Latin America and US
- Operating margin of 23.4% with profits up 9% YOY

Business Wins

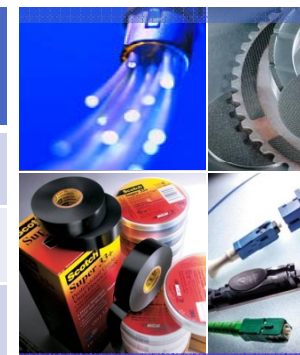
- Personal Protection business (including acquired Aearo Technologies) performing well despite expected decline in H1N1-related respiratory demand
- Security Systems business awarded seven-year contract with the state of Arkansas to provide end-to-end driver's license solutions
- Track and Trace Solutions business introduced new RFID/barcode tag system that allows businesses to efficiently monitor and manage assets
- Scotchgard™ Stone Floor Protector won 2010 Most Innovative Product Award at a major trade show



Electro and Communications

(\$M)	Q2 2009	Q2 2010	% Change
Sales	\$551	\$726	+32%
GAAP Op. Income	\$67	\$165	+148%
GAAP Op. Margin	12.1%	22.8%	+10.7 pts

YTD 2009	YTD 2010	% Change
\$1,031	\$1,391	+35%
\$88	\$302	+243%
8.5%	21.7%	+13.2 pts



Quarter Highlights

- Sales in local currency up 31.6%; currency translation increased sales by 1.1%
- Outstanding sales growth YOY and sequentially in businesses serving consumer electronics industry
- Double-digit sales increase in electrical markets; telecom infrastructure business sales declined YOY but rose nearly double-digit sequentially
- Profits increased 148% as all businesses delivered YOY improvements; operating margins of nearly 23%, up 10.7 percentage points

Business Wins

- Gaining share in the electrical OEM market
- Record quarterly sales of 3M's composite conductor overhead power line solution; recently completed installations in Europe, Asia, North & South America
- Accelerated penetration of key accounts in semiconductor market via recent new products and design wins
- 3M Touch Systems driving higher content in key consumer electronics devices



Business Segment Information

(\$M)	<i>Net Sales</i>		<i>Operating Income</i>	
Business Segment Information	Q2 2009	Q2 2010	Q2 2009	Q2 2010
Industrial and Transportation	\$1,751	\$2,160	\$287	\$476
Health Care	\$1,065	\$1,113	\$329	\$344
Display and Graphics	\$808	\$1,047	\$183	\$308
Consumer and Office	\$866	\$954	\$197	\$211
Safety, Security & Protection Services	\$769	\$842	\$181	\$197
Electro and Communications	\$551	\$726	\$67	\$165
Corporate and Unallocated	\$4	\$2	(\$32)	(\$80)
Elimination of Dual Credit	<u>(\$95)</u>	<u>(\$113)</u>	<u>(\$21)</u>	<u>(\$25)</u>
Total	\$5,719	\$6,731	\$1,191	\$1,596

NOTE: Effective in the first quarter of 2010, 3M made certain product moves between its business segments. Refer to 3M's July 22, 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 Q2 2009	Special Items	Adjusted Non-GAAP Q2 2009	Reported GAAP Q2 2010	Special Items	Adjusted Non-GAAP Q2 2010
Industrial and Transportation	\$287	\$45	\$332	\$476	----	\$476
Health Care	\$329	\$15	\$344	\$344	----	\$344
Display & Graphics	\$183	\$18	\$201	\$308	----	\$308
Consumer and Office	\$197	\$11	\$208	\$211	----	\$211
Safety, Security & Protection Services	\$181	(\$3)	\$178	\$197	----	\$197
Electro and Communications	\$67	\$7	\$74	\$165	----	\$165
Corporate and Unallocated	(\$32)	\$8	(\$24)	(\$80)	----	(\$80)
Elimination of Dual Credit	<u>(\$21)</u>	----	<u>(\$21)</u>	<u>(\$25)</u>	----	<u>(\$25)</u>
Total Operating Income	\$1,191	\$101	\$1,292	\$1,596	----	\$1,596

NOTE: Refer to 3M's July 22, 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 second quarter of 2009 are discussed in footnotes (b-c) within this section.



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