

2015 Second Quarter Business Review

(unaudited)

July 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, 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 "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. 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.

Q2 2015 Highlights

- GAAP EPS of \$2.02, up 5.8% year-on-year
- Sales of \$7.7 billion, down 5.5% in dollar terms
 - Organic local currency +1.8%
 - Positive growth in all major geographic areas
 - FX reduced sales by 7.3%
- Operating margins of 23.9%, up 1.1 percentage points year-on-year
 - All business groups > 21%
- Returned \$2.3 billion to shareholders via dividends and gross share repurchases
- Announced acquisition of Capital Safety, a leading global provider of fall protection equipment, for a total enterprise value of \$2.5 billion

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

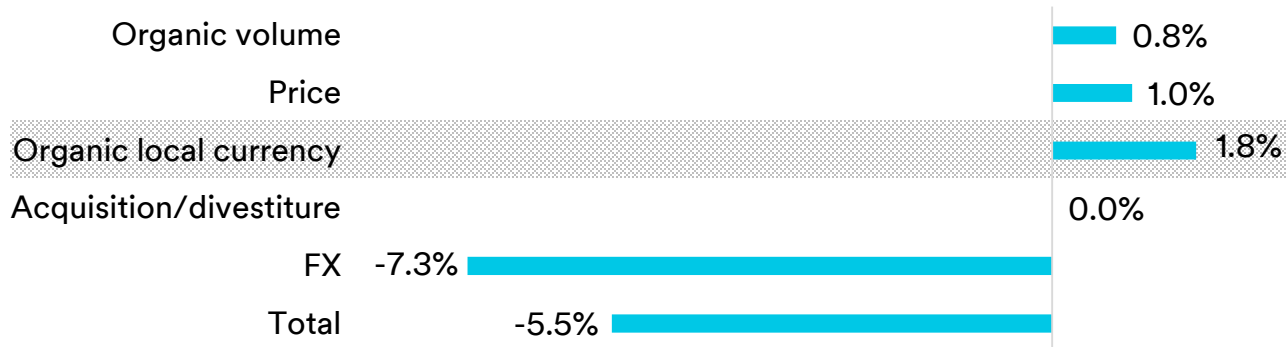
Portfolio Management Actions 2015 to Date

- Combined dental and orthodontic businesses to form Oral Care Solutions business
- Acquisitions
 - Capital Safety – a global leader in fall protection equipment
 - Polypore’s Separations Media business - a leading provider of “ultra” filtration membranes
 - Ivera Medical Corp. – manufacturer of health care products that disinfect and protect devices used for access into a patient’s bloodstream (closed March 2015)
- Divestiture
 - Static Control business (closed January 2015)

Note: The announced acquisitions of Capital Safety and Polypore’s Separations Media business are still pending completion.

Q2 2015 Sales Recap

Worldwide Sales Change Due To:



(\$M)	US	APAC	EMEA	LAC
Organic volume	+3.9%	+0.5%	-1.3%	-3.4%
Price	<u>+0.2%</u>	<u>0.0%</u>	<u>+1.7%</u>	<u>+4.2%</u>
Organic local currency	+4.1%	+0.5%	+0.4%	+0.8%
Acq/div	0.0%	-0.1%	0.0%	-0.1%
FX	-----	<u>-5.4%</u>	<u>-16.8%</u>	<u>-15.5%</u>
Total growth	+4.1%	-5.0%	-16.4%	-14.8%

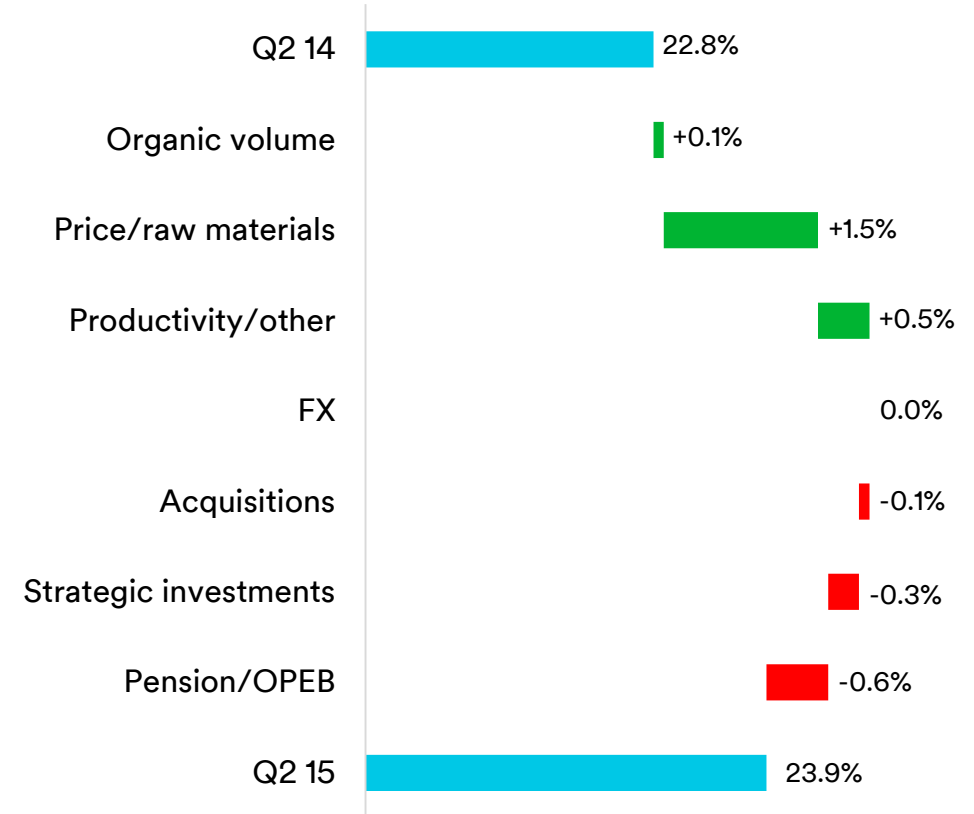
- Organic local currency:
 - U.S. +4.1%
 - Asia Pacific +0.5%
 - China/Hong Kong -2%
 - Japan +2%
 - EMEA +0.4%
 - West Europe -1%
 - Latin America/Canada +0.8%
 - Ex-Venezuela +5.1%
 - Mexico +17%, Brazil +1%
- FX reduced sales by 7.3%
 - Euro -20%, Yen -17%, Real -28%

Q2 2015 P&L

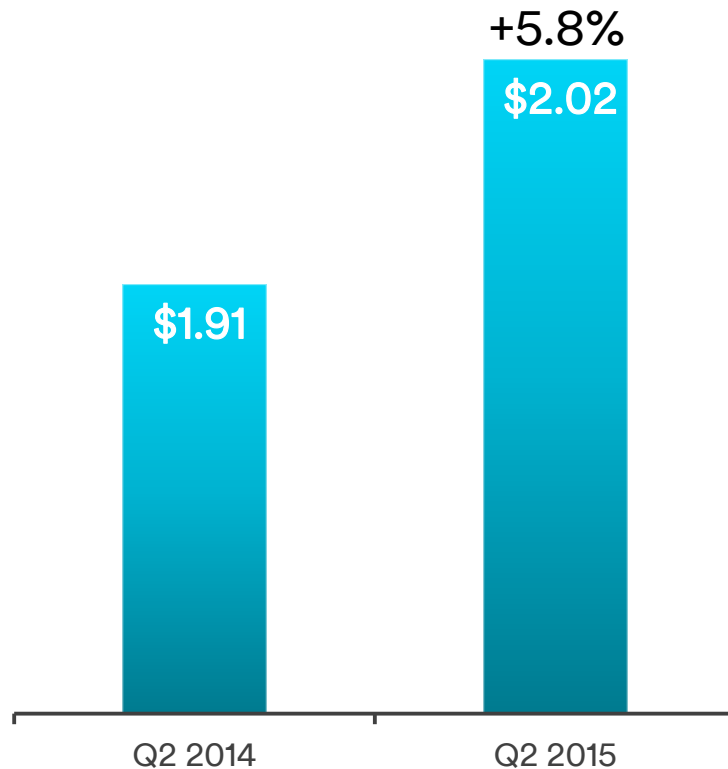
(\$M)	Q2 2014	Q2 2015	Change
Sales	\$8,134	\$7,686	-5.5%
Gross profit	\$3,950	\$3,828	-3.1%
% to sales	48.5%	49.8%	+1.3 pts
SG&A	\$1,646	\$1,550	-5.8%
% to sales	20.2%	20.2%	---
R&D & related	\$448	\$438	-2.2%
% to sales	5.5%	5.7%	+0.2 pts
Operating income	\$1,856	\$1,840	-0.9%
% to sales	22.8%	23.9%	+1.1 pts
Net income	\$1,267	\$1,300	+2.6%
Earnings per share	\$1.91	\$2.02	+5.8%

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

Operating margin of 23.9%,
up 1.1 percentage points



Q2 2015 GAAP EPS



Q2 2014 – GAAP EPS	\$1.91	
Organic growth, margin expansion	+\$0.12	▪ Includes -\$0.05 headwind from pension/OPEB expense
FX	-\$0.12	▪ Pre-tax earnings decline of ~\$110M
Tax rate	+\$0.04	▪ Q2 2015 28.1% vs. 29.5% Q2 2014
Shares outstanding	<u>+\$0.07</u>	▪ Average diluted shares down 3%
Q2 2015 – GAAP EPS	\$2.02	

Q2 2015 Cash Flow

(\$M)	Q2 2014	Q2 2015	Change	Q2 YTD 2014	Q2 YTD 2015	Change	
Operating cash flow	\$1,640	\$1,338	(\$302)	\$2,732	\$2,418	(\$314)	Higher YOY cash taxes
Capital expenditures	<u>(\$341)</u>	<u>(\$370)</u>	<u>(\$29)</u>	<u>(\$634)</u>	<u>(\$661)</u>	<u>(\$27)</u>	Expecting FY 2015 of \$1.4B to \$1.6B
Free cash flow	\$1,299	\$968	(\$331)	\$2,098	\$1,757	(\$341)	
Free cash flow conversion	103%	74%	-29 pts	85%	70%	-15 pts	Expecting FY 2015 of 90% to 100%
Dividends	\$556	\$646	\$90	\$1,122	\$1,298	\$176	
Gross share repurchase	<u>\$1,426</u>	<u>\$1,695</u>	<u>\$269</u>	<u>\$3,134</u>	<u>\$2,581</u>	<u>(\$553)</u>	Expecting FY 2015 of \$4B to \$5B
Total cash to shareholders	\$1,982	\$2,341	\$359	\$4,256	\$3,879	(\$377)	

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

Industrial

(\$M)	Q2 2014	Q2 2015	% Growth
Sales	\$2,815	\$2,634	-6.4%
Organic local currency			+1.4%
Acquisition/divestiture			-----
FX			-7.8%
Operating income	\$617	\$609	-1.2%
Operating margin	21.9%	23.1%	+1.2 pts

- Organic local currency growth:
 - By business: growth led by 3M purification, aerospace and commercial transportation, and automotive OEM
 - By area: sales grew in the U.S and Latin America/Canada; Asia Pacific flat; EMEA sales declined slightly
- 3M purification posted double-digit organic growth led by U.S. life sciences and water applications
- Automotive OEM business continues to outgrow global car/light truck production



Safety & Graphics

(\$M)	Q2 2014	Q2 2015	% Growth
Sales	\$1,494	\$1,432	-4.1%
Organic local currency			+4.9%
Acquisition/divestiture			-----
FX			-9.0%
Operating income	\$353	\$364	+3.1%
Operating margin	23.6%	25.4%	+1.8 pts

- Organic local currency growth:
 - By business: sales grew in all businesses led by roofing granules, commercial solutions and personal safety
 - By area: sales increased in Asia Pacific, the U.S. and EMEA; Latin America/Canada sales declined
- Announced acquisition of Capital Safety, a leading global provider of fall protection equipment; deepens 3M's relevance in high-growth personal protective equipment industry
- Personal safety business selected by U.K. Ministry of Defense to provide hearing solutions for new Tactical Hearing Protection System



Health Care

(\$M)	Q2 2014	Q2 2015	% Growth
Sales	\$1,416	\$1,364	-3.7%
Organic local currency			+3.4%
Acquisition/divestiture			+0.7%
FX			-7.8%
Operating income	\$434	\$440	+1.3%
Operating margin	30.7%	32.3%	+1.6 pts

- Organic local currency growth:
 - By business: sales growth was positive in food safety, health information systems, oral care, critical and chronic care, and infection prevention; drug delivery systems declined year-on-year
 - By area: sales grew in Asia Pacific, Latin America/ Canada and the U.S.; EMEA sales were flat
- Oral care business earned the Edison Award for 3M™ True Definition Scanner
- 3M Health Care won Practice Greenhealth “Champion for Change” award for sustainability



Electronics & Energy

(\$M)	Q2 2014	Q2 2015	% Growth
Sales	\$1,422	\$1,310	-7.9%
Organic local currency			-3.0%
Acquisition/divestiture			-0.7%
FX			-4.2%
Operating income	\$293	\$277	-5.2%
Operating margin	20.6%	21.2%	+0.6 pts

- Organic local currency growth:
 - By business: electronic-related sales declined 2% (growth in electronics materials solutions was more than offset by a decline in display materials and systems); energy-related sales declined 3% (electrical markets, telecom and renewable energy declined)
 - By area: sales grew in the U.S. and declined in EMEA, Asia Pacific and Latin America/Canada
- 3M awarded smart grid automation contract with large European utility company
- Electronics materials solutions business drove strong penetration of fluids and abrasives in semi-conductor market



Consumer

(\$M)	Q2 2014	Q2 2015	% Growth
Sales	\$1,139	\$1,111	-2.5%
Organic local currency			+3.4%
Acquisition/divestiture			-----
FX			-5.9%
Operating income	\$241	\$259	+7.4%
Operating margin	21.1%	23.3%	+2.2 pts

- Organic local currency growth:
 - By business: sales grew in all businesses led by DIY, stationery and office supplies, and home care
 - By area: sales grew in the U.S. and Asia Pacific; Latin America/Canada was flat; EMEA sales declined
- Strong U.S. growth across the portfolio with particular strength in the DIY paint segment
- “Back-to-school” season off to a good start
 - Strong growth in Scotch® home and office tapes and Command™ products



Updating 2015 Planning Estimates

	Q1 Earnings Call 4/23/15	Today 7/23/15	
Sales growth:			
Organic local currency	+3% to +6%	+2.5% to +4%	▪ FY 2015 industrial production index (IPI) of approximately +2%
FX	-6% to -7%	-6% to -7%	
GAAP EPS	\$7.80 to \$8.10	\$7.80 to \$8.00	
Tax Rate	28.5% to 29.5%	28.5% to 29.5%	
Free cash flow conversion	90% to 100%	90% to 100%	

Note: figures exclude pending acquisitions of Polypore's Separations Media business and Capital Safety.

Q & A

Appendix

The background of the slide is an abstract composition of various shades of green, ranging from light lime to deep forest green. These colors are arranged in a complex, low-poly geometric pattern of triangles and quadrilaterals, creating a dynamic and modern visual effect.

Business Segment Information

	Net Sales		Operating Income	
Business Groups	Q2 2014	Q2 2015	Q2 2014	Q2 2015
Industrial	\$2,815	\$2,634	\$617	\$609
Safety & Graphics	\$1,494	\$1,432	\$353	\$364
Health Care	\$1,416	\$1,364	\$434	\$440
Electronics & Energy	\$1,422	\$1,310	\$293	\$277
Consumer	\$1,139	\$1,111	\$241	\$259
Corporate and Unallocated	(\$1)	(\$4)	(\$49)	(\$74)
Elimination of Dual Credit	<u>(\$151)</u>	<u>(\$161)</u>	<u>(\$33)</u>	<u>(\$35)</u>
Total	\$8,134	\$7,686	\$1,856	\$1,840

	Net Sales		Operating Income	
	YTD 2014	YTD 2015	YTD 2014	YTD 2015
	\$5,591	\$5,292	\$1,235	\$1,207
	\$2,917	\$2,804	\$671	\$699
	\$2,790	\$2,693	\$861	\$848
	\$2,733	\$2,632	\$520	\$560
	\$2,218	\$2,159	\$469	\$499
	\$2	(\$2)	(\$121)	(\$174)
	<u>(\$286)</u>	<u>(\$314)</u>	<u>(\$63)</u>	<u>(\$69)</u>
	\$15,965	\$15,264	\$3,572	\$3,570