

We've Put in Place a Successful Growth Strategy

We have a firm and creative base

- *Rebuilt R&D*
- *Implemented a localization strategy*
- *Activated M&A process*
- *Created more competitive businesses in more markets than ever before*
- *Changed the growth rate of company*
- *Increased internal entrepreneurship*
- *Stepped-up our leadership capabilities*
- *Built broad operational excellence*

And a clear road ahead

- *Maintain our optimism on growth*
- *Ensure R&D is the center of the plan*
- *Continue to fund the growth with operational excellence*
- *Gain share through broad competitive differentiation*
- *Build on our enduring franchises*
- *Continue International expansion*
- *Address the US & Western Europe growth challenges*

The plan will continue to evolve and strengthen

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Once Turbulence Settles Down, Who Will be the Winners?

- We are likely seeing an economic reset, then entering a long period of rebuilding
 - *Revenue will likely be used to repair broken national balance sheets rather than stimulate growth or expand social welfare*
 - *The likely outcome will be net lower growth for some time*
- The winners will be those companies who:
 - *Are highly cash generative*
 - *Have the ability to re-invent and differentiate themselves constantly*
 - *Are willing to adapt to a new, more global competitive model*
 - *Have powerful and trusted brands*
 - *Maintain a strong presence in more rapidly growing emerging markets*
 - *Are capable of competing with and beating tough Asian competition*
 - *Deliver steady dividends through a thoughtful capital allocation model*



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2012 in Summary

- We assume no “Black Swan” financial meltdown
- China slowdown stabilizes, growth remains positive and then rebounds
- An electronics recovery happens in H2; with a turning point in Q1/Q2
- Western Europe in a mild recession; currency a drag
- Slow but positive growth in the US
- A recovering Japan, but perhaps more slowly due to Thailand
- No new major downward resets in end-market demand but a few minor negative inventory transients
- Latin America growth above 3%
- Actual WW IPI is likely worse than currently forecasted
- This results in 3M sales growth somewhere between 2% and 6%

2012 will be a good year for 3M despite many challenges

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