

2012 Second Quarter Business Review

(unaudited)



Advancing

Enhancing

Improving

July 26, 2012

Forward-Looking Statements

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 and other factors beyond the Company's control, including natural and other disasters affecting the operations of the Company or its customers and suppliers; (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 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) security breaches and other disruptions to the Company's information technology infrastructure; and (10) 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, 2011 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. 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.

Q2 2012 Results Marked by Strong Operational Execution

- GAAP EPS of \$1.66, up 3.8% YOY
- Operating income of \$1.7 billion, up 4.4% YOY
- Operating margins of 22.9%, up 1.3 percentage points YOY
 - All 6 business segments > 20%
- Sales of \$7.5 billion, down 1.9% in dollar terms
 - FX -4.3%, acquisitions +0.5%
 - Organic local currency +1.9%
 - Latin America/Canada +11%, U.S. +4%, APAC -1%, EMEA (Europe/Middle East/Africa) -2%
- Results demonstrate 3M's operating strength and flexibility
- Returned >\$1.0 billion of cash to shareholders via dividends/share repurchases

Q2 2012 P&L Highlights

(\$M)	Q2 11	Q2 12	Change
Sales	\$7,680	\$7,534	-1.9%
Gross profit	\$3,640	\$3,664	+0.7%
% to sales	47.4%	48.6%	+1.2 pts
SG&A	\$1,581	\$1,528	-3.3%
% sales	20.6%	20.3%	-0.3 pts
R&D & related	\$404	\$408	+1.1%
% to sales	5.2%	5.4%	+0.2 pts
Operating income	\$1,655	\$1,728	+4.4%
% to sales	21.6%	22.9%	+1.3 pts
Net income	\$1,160	\$1,167	+0.6%
Earnings per share	\$1.60	\$1.66	+3.8%

Operating margin of 22.9%, up 1.3 percentage points:

<i>Price/RMs</i>	+1.6 pts
<i>FX</i>	+0.3
<i>Pension/OPEB</i>	(0.3)
<i>Other</i>	<u>(0.3)</u>
<i>Net change</i>	+1.3 pts

- Lower shares added \$0.05/share
- Higher tax rate cost (\$0.07)/share
- Insurance recoveries added \$0.02/share
- Restructuring/consolidation cost (\$0.03)/share

Q2 2012 Sales Recap

	Percent
Organic local currency	+1.9%
Acquisitions	+0.5
FX	<u>-4.3</u>
Total growth	-1.9%

- Selling prices up, volumes flat YOY
- Continued strength in the Americas – Latin America/Canada +11.4%, U.S. +3.6%
- APAC (0.6%) – strength in health care, industrial and consumer; electronics down YOY, up sequentially
- EMEA (1.9%) as Western Europe economic challenges continue

- Largely Consumer & Office in EMEA

- Latin America/Canada -10.9%, EMEA -10.6%, APAC -1.5%

Q2 2012 Segment Performance

Sales Change Components									
(\$M)	Sales Q2 2012	YOY Chg	* Organic Local Currency	Acq	FX	Operating Income Q2 2012	YOY Chg	Operating Margin Q2 2012	YOY Chg
Industrial & Transportation	\$2,627	-0.6%	+4.2%	+0.2%	-5.0%	\$614	+13.0%	23.4%	+2.8 pts
Health Care	\$1,283	+1.1%	+5.4%	+0.4%	-4.7%	\$414	+13.4%	32.3%	+3.6 pts
Consumer & Office	\$1,062	+2.3%	+3.1%	+2.7%	-3.5%	\$222	+10.2%	21.0%	+1.5 pts
Safety, Security & Protection	\$991	-1.9%	+3.1%	----	-5.0%	\$258	+6.3%	26.0%	+2.0 pts
Display & Graphics	\$882	-9.3%	-6.6%	----	-2.7%	\$179	-19.1%	20.3%	-2.5 pts
Electro & Communications	\$824	-4.7%	-1.8%	----	-2.9%	\$195	-2.3%	23.7%	+0.6 pts
Total Company	\$7,534	-1.9%	+1.9%	+0.5%	-4.3%	\$1,728	+4.4%	22.9%	+1.3 pts

* Organic local currency = organic volume growth + selling price change



Q2 2012 Cash Flow

(\$M)	Q2 2011	Q2 2012	Change	
Operating cash flow	\$1,451	\$1,389	(\$62)	<ul style="list-style-type: none"> Pluses: net income, working capital Minuses: pension/OPEB contributions
Capital expenditures	<u>(\$295)</u>	<u>(\$358)</u>	<u>(\$63)</u>	<ul style="list-style-type: none"> Targeting \$1.3 to \$1.5B in 2012
Free cash flow	\$1,156	\$1,031	(\$125)	
Free cash flow conversion	100%	88%		<ul style="list-style-type: none"> Excluding pension/OPEB contributions: Q2 2012 = 117%, Q2 2011 = 105%
Dividends	(\$391)	(\$410)	(\$19)	<ul style="list-style-type: none"> 54th consecutive annual per-share increase
Share repurchase	(\$678)	(\$639)	\$39	<ul style="list-style-type: none"> Targeting \$2.0B to 2.5B in 2012

Affirming 2012 EPS Outlook

	Q1 Earnings Call 4/24/12	Today 7/26/12	
GAAP EPS	\$6.35 to \$6.50	\$6.35 to \$6.50	Includes additional FX headwinds
<i>Organic local-currency sales growth</i>	+2% to +6%	+2% to +5%	<i>Strong pricing, economy remains uncertain</i>
<i>FX impact on sales</i>	-1% to -2%	-3%	<i>Assumes Euro 1.21</i>
<i>Operating margin</i>	21.0% to 22.5%	21.5% to 22.5%	<i>Strong H1 start</i>
<i>Tax rate</i>	Approx. 29.5%	Approx. 29.5%	<i>No change</i>



Q & A



Appendix

Industrial and Transportation

(\$M)	Q2 2011	Q2 2012	Total % Growth	YTD 2011	YTD 2012	% Chg
Sales	\$2,641	\$2,627	-0.6%	\$5,091	\$5,287	+3.8%
Operating Income	\$544	\$614	+13.0%	\$1,060	\$1,214	+14.5%
Operating Margin	20.6%	23.4%	+2.8 pts	20.8%	23.0%	+2.2 pts

Financial Highlights

- Sales of \$2.6 billion, down 0.6%; organic local-currency sales increased 4.2%, acquisitions added 0.2% and foreign currency translation reduced sales by 5.0%
- On an organic local-currency basis:
 - Sales growth was strongest in automotive OEM, aerospace, abrasives and energy/advanced materials
 - Sales expanded in Latin America/Canada, Asia Pacific and the U.S.; EMEA declined slightly
- Operating income rose 13.0% to \$614 million; operating income margin of 23.4%

Business Wins

- Completed manufacturing expansion for 3M™ Ultra Barrier Solar Film; expansion will support the growing demand for high efficiency flexible photovoltaic (PV) modules
- Aerospace introduced improved 3M™ Polyurethane Protection Tapes that cover seams in floor panel joints; also introduced wide-area tapes to protect against moisture on aircraft
- Automotive OEM driving higher penetration on major European hybrid electric vehicle platforms



Health Care

(\$M)	Q2 2011	Q2 2012	Total % Growth	YTD 2011	YTD 2012	% Chg
Sales	\$1,269	\$1,283	+1.1%	\$2,524	\$2,563	+1.5%
Operating Income	\$364	\$414	+13.4%	\$733	\$816	+11.2%
Operating Margin	28.7%	32.3%	+3.6 pts	29.1%	31.8%	+2.7 pts

Financial Highlights

- Sales of \$1.3 billion, up 1.1%; organic local-currency sales increased 5.4%, acquisitions added 0.4% and foreign currency translation reduced sales by 4.7%
- On an organic local-currency basis:
 - Sales rose in all businesses led by food safety, health info systems and skin/wound care
 - Double-digit sales growth in Latin America/Canada and Asia Pacific; EMEA and the U.S. also posted positive growth
- Operating income increased 13.4% to \$414 million; operating income margin of 32.3%

Business Wins

- Earned 2 Edison Awards for a) 3M™ Kind Removal Silicone Medical Tape, and b) 3M™ Petrifilm™ Aerobic Count Plates
- 3M™ Littmann™ team won a 2-year US DoD contract to be the exclusive stethoscope provider for all military hospitals in the United States, Europe and Pacific Region
- Introduced ICD-10 Financial Impact Analysis software/services to help hospitals and provider networks transition to new coding standard
- 3M™ Bair Hugger™ therapy celebrated 25 years in hospitals, safely warming more than 130 million patients



Consumer and Office

(\$M)	Q2 2011	Q2 2012	Total % Growth	YTD 2011	YTD 2012	% Chg
Sales	\$1,038	\$1,062	+2.3%	\$2,038	\$2,105	+3.3%
Operating Income	\$202	\$222	+10.2%	\$417	\$456	+9.5%
Operating Margin	19.5%	21.0%	+1.5 pts	20.4%	21.7%	+1.3 pts

Financial Highlights

- Sales of \$1.1 billion, up 2.3%; organic local-currency sales increased 3.1%, acquisitions added 2.7% and foreign currency translation reduced sales by 3.5%
- On an organic local-currency basis:
 - Sales growth led by DIY and home care businesses
 - Sales expanded in Latin America/Canada, Asia Pacific and the U.S., partially offset by declines in EMEA
- Operating income rose 10.2% to \$222 million; operating income margin of 21.0%

Business Wins

- Introduced new Filtrete™ Odor Reduction Filter – the most effective carbon filter at removing odors and improving air quality throughout the home
- Launched the Pruven™ Pet Care product line into the mass retail channel
- Introduced new line of Command™ Clear products, utilizing a new and innovative clear strip technology
- Launched several new products for back-to-school season: Scotch® Color and Pattern Duct Tapes, Scotch® Decorative Packaging and Shipping Tapes, Post-it® Note color collections and dispensers



Safety, Security and Protection Services

(\$M)	Q2 2011	Q2 2012	Total % Growth	YTD 2011	YTD 2012	% Chg
Sales	\$1,011	\$991	-1.9%	\$1,940	\$1,972	+1.6%
Operating Income	\$242	\$258	+6.3%	\$441	\$489	+10.8%
Operating Margin	24.0%	26.0%	+2.0 pts	22.8%	24.8%	+2.0 pts

Financial Highlights

- Sales of \$991 million, down 1.9%; organic local-currency sales increased 3.1% and foreign currency translation reduced sales by 5.0%
- On an organic local-currency basis:
 - Sales growth was strongest in infrastructure protection, personal safety and building and commercial services; sales declined year-on-year in security systems
 - Sales increased in Latin America/Canada, Asia Pacific and the U.S., partially offset by declines in EMEA
- Operating income rose 6.3 percent to \$258 million; operating margin of 26.0 percent

Business Wins

- 3M Cogent won new biometric contracts in Western Europe, Latin America and the U.S.
- Introduced a new reusable respirator in Korea
- Building and commercial services business won 2 new contracts with major universities
- Earned significant wins for pipeline-protection solutions for El Sauz project in Mexico



Display and Graphics

(\$M)	Q2 2011	Q2 2012	Total % Growth	YTD 2011	YTD 2012	% Chg
Sales	\$973	\$882	-9.3%	\$1,916	\$1,714	-10.5%
Operating Income	\$222	\$179	-19.1%	\$452	\$342	-24.2%
Operating Margin	22.8%	20.3%	-2.5 pts	23.6%	20.0%	-3.6 pts

Financial Highlights

- Sales of \$882 million, down 9.3%; organic local-currency sales declined 6.6% and foreign currency translation reduced sales by 2.7%
- On an organic local-currency basis:
 - Lower film volumes for LCD TVs drove double-digit sales declines in optical systems
 - Double-digit sales increases in both architectural markets and commercial graphics; sales declined slightly in traffic safety systems
 - Sales declined in Asia Pacific and EMEA, partially offset by increases in the U.S. and Latin America/Canada
- Operating income declined 19.1% to \$179 million; operating margin of 20.3%

Business Wins

- Announced acquisition of Federal Signal Technologies Group, a provider of electronic toll collection and parking management hardware and software services
- Commercial graphics business gaining share via new product penetration in the fleet graphics space
- Architectural markets business debuted the 3M AIR and FLEX lighting solutions at annual NeoCon show



Electro and Communications

(\$M)	Q2 2011	Q2 2012	Total % Growth	YTD 2011	YTD 2012	% Chg
Sales	\$864	\$824	-4.7%	\$1,700	\$1,632	-4.0%
Operating Income	\$200	\$195	-2.3%	\$378	\$363	-3.9%
Operating Margin	23.1%	23.7%	+0.6 pts	22.2%	22.3%	+0.1 pts

Financial Highlights

- Sales of \$824 million, down 4.7%; organic local-currency sales declined 1.8% and foreign currency translation reduced sales by 2.9%
- On an organic local-currency basis:
 - Positive sales growth in electrical markets; telecom and consumer electronics-related businesses declined year-on-year
 - Sales rose in Latin America/Canada and the U.S., and were down year-on-year in EMEA and Asia Pacific
- Operating income of \$195 million, down 2.3%; operating margin of 23.7%

Business Wins

- Gaining share in semiconductor market with transport, fluids and wafer polishing solutions with major global customers
- Delivering double-digit growth in touch sensor business for use in consumer electronics, gaming and retail applications
- Completed new installations of 3M aluminum composite reinforced (ACCR) overhead power cable in Russia and Siberia
- Successfully landed contracts to provide Novec 1230 Fire Protection solution for several infrastructure projects in North America, Latin America, Asia and the Middle East



Business Segment Information

(\$M)	Net Sales		Operating Income	
Business Segment Information	Q2 2011	Q2 2012	Q2 2011	Q2 2012
Industrial and Transportation	\$2,641	\$2,627	\$544	\$614
Health Care	\$1,269	\$1,283	\$364	\$414
Consumer and Office	\$1,038	\$1,062	\$202	\$222
Safety, Security & Protection Services	\$1,011	\$991	\$242	\$258
Display and Graphics	\$973	\$882	\$222	\$179
Electro and Communications	\$864	\$824	\$200	\$195
Corporate and Unallocated	\$3	\$2	(\$93)	(\$124)
Elimination of Dual Credit	<u>(\$119)</u>	<u>(\$137)</u>	<u>(\$26)</u>	<u>(\$30)</u>
Total	\$7,680	\$7,534	\$1,655	\$1,728

Business Segment Information

(\$M)	Net Sales		Operating Income	
Business Segment Information	YTD 2011	YTD 2012	YTD 2011	YTD 2012
Industrial and Transportation	\$5,091	\$5,287	\$1,060	\$1,214
Health Care	\$2,524	\$2,563	\$733	\$816
Consumer and Office	\$2,038	\$2,105	\$417	\$456
Safety, Security & Protection Services	\$1,940	\$1,972	\$441	\$489
Display and Graphics	\$1,916	\$1,714	\$452	\$342
Electro and Communications	\$1,700	\$1,632	\$378	\$363
Corporate and Unallocated	\$8	\$3	(\$198)	(\$262)
Elimination of Dual Credit	<u>(\$226)</u>	<u>(\$256)</u>	<u>(\$50)</u>	<u>(\$56)</u>
Total	\$14,991	\$15,020	\$3,233	\$3,362



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