2012 Fourth Quarter Business Review

(unaudited) January 24, 2013





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.





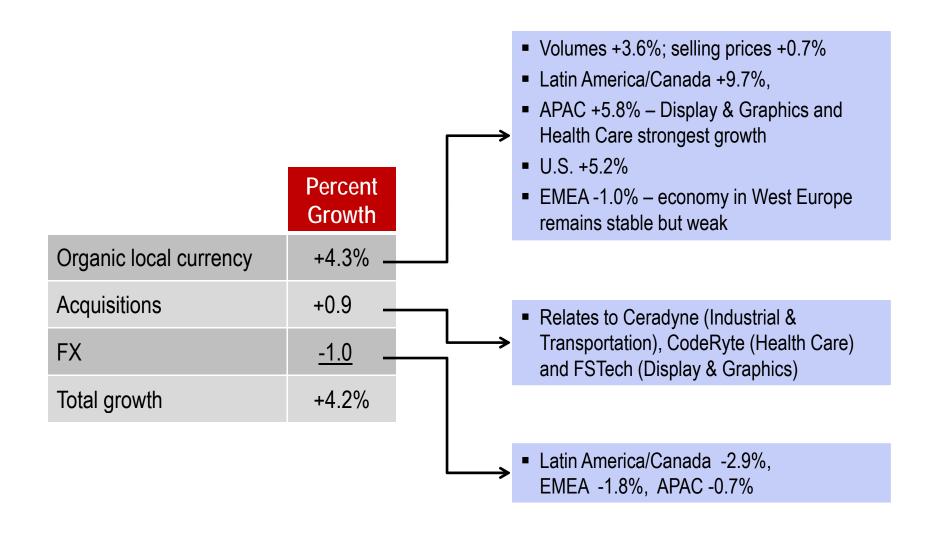
2012 Full-Year Results

- GAAP EPS of \$6.32, up 6.0% YOY
- Operating income of \$6.5 billion, up 4.9% YOY
- Operating margins of 21.7%, up 0.8 percentage points YOY
 - 5 of 6 business segments > 21%
- Sales of \$29.9 billion, up 1.0% in dollar terms
 - Organic local currency +2.6%
 - Latin America/Canada +11%, U.S. +4%, APAC flat, EMEA (Europe/Middle East/Africa) -1%
 - FX -2.4%, acquisitions +0.8%
- Returned \$3.8 billion of cash to shareholders via dividends and share repurchases
- ROIC of 20%

Refer to 3M's January 24, 2013 press release section entitled "Supplemental Cash Flow and Other Supplemental Financial Information"



Q4 2012 Sales Growth Recap





Q4 2012 P&L Highlights

(\$M)	Q4 11	Q4 12	Change
Sales	\$7,089	\$7,387	+4.2%
Gross profit	\$3,265	\$3,396	+4.0%
% to sales	46.0%	46.0%	
SG&A	\$1,522	\$1,535	+0.8%
% sales	21.5%	20.8%	-0.7 pts
R&D & related	\$379	\$418	+10.2%
% to sales	5.3%	5.7%	+0.4%
Operating income	\$1,364	\$1,443	+5.8%
% to sales	19.2%	19.5%	+0.3 pts -
Net income	\$954	\$991	+3.8%
Earnings per share	\$1.35	\$1.41	+4.4% -
Refer to 3M's January 24, 2013 press rele	ease for full deta	ils	

Q4 2012 Segment Performance

Sales Change Components

(\$M)	Sales Q4 2012	YOY Chg	* Organic Local Currency	Acq/ Div	FX	Operating Income Q4 2012	YOY Chg	Operating Margin Q4 2012	YOY Chg
Industrial & Transportation	\$2,493	+3.8%	+3.9%	+1.2%	-1.3%	\$469	-0.4%	18.8%	-0.8 pts
Health Care	\$1,332	+5.6%	+5.9%	+0.5%	-0.8%	\$430	+10.8%	32.3%	+1.5 pts
Consumer & Office	\$1,097	+7.7%	+8.7%		-1.0%	\$230	+28.8%	21.0%	+3.4 pts
Display & Graphics	\$910	+10.6%	+8.3%	+3.2%	-0.9%	\$152	-3.6%	16.7%	-2.5 pts
Safety, Security & Protection	\$904	-2.5%	-1.7%	-0.1%	-0.7%	\$162	-5.2%	18.0%	-0.5 pts
Electro & Communications	\$776	+1.0%	+1.8%		-0.8%	\$142	-6.5%	18.4%	-1.4 pts
Total Company	\$7,387	+4.2%	+4.3%	+0.9%	-1.0%	\$1,443	+5.8%	19.5%	+0.3 pts

^{*} Organic local currency = organic volume growth + selling price change Refer to 3M's January 24, 2013 press release section entitled "Business Segments" for further detail.



Q4 2012 Cash Flow

(\$M)	Q4 2011	Q4 2012	Change	
Operating cash flow	\$1,738	\$1,738		
Capital expenditures	<u>(\$517)</u>	<u>(\$507)</u>	<u>\$10</u>	■ FY 2012 of \$1.5B
Free cash flow	\$1,221	\$1,231	\$10	
Free cash flow conversion	128%	124%		• FY 2012 of 86%
Dividends	(\$384)	(\$407)	(\$23)	 FY 2012 of \$1.6B 54 consecutive years of per-share increases Paid continuously for 96 years
Share repurchase	(\$494)	(\$714)	(\$220)	■ FY 2012 of \$2.2B

Refer to 3M's January 24, 2013 press release section entitled "Supplemental Cash Flow and Other Supplemental Financial Information"





2013 Planning Estimates

GAAP EPS

- \$6.70 to \$6.95, +6% to 10% year-on-year
 - Includes \$0.10 tailwind from lower pension/OPEB expense (assumes U.S. discount rate of 4.14% and U.S. ROA of 8.0%)
- Sales growth
 - Organic local-currency growth of +2% to +5%
 - Foreign currency translation expected to be neutral
 - Acquisitions closed through 2012 will add +1.5%
- Tax rate of 29.5% to 30.0%
- Free cash flow conversion of 90% to 100%.



Q & A

Appendix



Industrial and Transportation

(\$M)	Q4 2011	Q4 2012	Total % Growth
Sales	\$2,402	\$2,493	+3.8%
Operating Income	\$472	\$469	-0.4%
Operating Margin	19.6%	18.8%	-0.8 pts

FY 2011	FY 2012	% Chg
\$10,073	\$10,346	+2.7%
\$2,057	\$2,258	+9.8%
20.4%	21.8%	+1.4 pts

Financial Highlights

- Sales of \$2.5 billion, up 3.8%; organic local-currency sales increased 3.9%, acquisitions added 1.2% and foreign currency translation reduced sales by 1.3%
- On an organic local-currency basis:
 - Sales growth was strongest in liquid filtration, aerospace, adhesives and tapes, abrasives and automotive OEM; both the advanced materials and renewable energy declined year-on-year
 - Sales increased in Latin America/Canada, the U.S. and Asia Pacific and were flat in EMEA
- Operating income was \$469 million, down 0.4% year-on-year; operating income margin of 18.8 percent

- Closed the acquisition of Ceradyne, a global leader in advanced ceramics, serving the automotive, oil/gas and defense markets
- Recently launched a new trim-film platform to enhance automotive interior design flexibility; new solutions offer an alternative to paint, metal plating and other materials
- Won a large contract to provide filtration solutions to a major oil & gas refiner in the Middle East



Health Care

(\$M)	Q4 2011	Q4 2012	Total % Growth
Sales	\$1,261	\$1,332	+5.6%
Operating Income	\$389	\$430	+10.8%
Operating Margin	30.8%	32.3%	+1.5 pts

FY 2011	FY 2012	% Chg
\$5,031	\$5,158	+2.5%
\$1,489	\$1,646	+10.6%
29.6%	31.9%	+2.3 pts

Financial Highlights

- Sales of \$1.3 billion, up 5.6%; organic local-currency sales increased 5.9%, acquisitions added 0.5% and foreign currency translation reduced sales by 0.8%
- On an organic local-currency basis:
 - Sales increased in all businesses, with the strongest growth in food safety, health information systems, skin/wound care and oral care
 - Positive sales growth in all major geographies led by Latin America/Canada, Asia Pacific and the U.S.
- Operating income increased 10.8% to \$430 million; operating income margin of 32.3%

- 3M ESPE named "Most Innovative Company" in dental industry for 8th consecutive year
- KLAS ranked 3M™ Codefinder™ software the top product in the Medical Records Coding category for 5th consecutive year
- Gained market share in hospitals with Tegaderm™ IV site advanced dressings and 3M™Cavilon™ skin integrity cream



Consumer and Office

(\$M)	Q4 2011	Q4 2012	Total % Growth
Sales	\$1,019	\$1,097	+7.7%
Operating Income	\$179	\$230	+28.8%
Operating Margin	17.6%	21.0%	+3.4 pts

FY 2011	FY 2012	% Chg
\$4,153	\$4,316	+3.9%
\$840	\$930	+10.8%
20.2%	21.6%	+1.4 pts

Financial Highlights

- Sales of \$1.1 billion, up 7.7%; organic local-currency sales increased 8.7% and foreign currency translation reduced sales by 1.0%
- On an organic local-currency basis:
 - Growth was led by consumer health care, DIY and stationery and office supplies businesses
 - Sales rose in all major geographies with double-digit growth in the U.S. and Latin America/Canada
- Operating income increased 28.8% to \$230 million; operating income margin of 21.0%

- Achieved a strong holiday season sell-in, driven by Scotch[®] tape sales and by newly launched Command™ Clear hooks and organization solutions
- Launched a new line of do-it-yourself Filtrete™ water filtration products at major retail outlets and on-line
- Recent GPI acquisition continued to outperform sales and operating income expectations



Display and Graphics

	Q4 2011	Q4 2012	Total % Growth
Sales	\$823	\$910	+10.6%
Operating Income	\$157	\$152	-3.6%
Operating Margin	19.2%	16.7%	-2.5 pts

FY 2011	FY 2012	% Chg
\$3,674	\$3,560	-3.1%
\$788	\$693	-12.1%
21.5%	19.5%	-2.0 pts

Financial Highlights

- Sales of \$910 million, up 10.6% versus the prior year; organic local-currency sales increased 8.3%, acquisitions added 3.2% and foreign currency translation reduced sales by 0.9%
- On an organic local-currency basis:
 - Sales increased at a double-digit rate in optical systems; sales also increased in architectural markets, traffic safety systems and commercial graphics
 - Sales increased in Asia Pacific, Latin America/Canada and the U.S. and declined year-onyear in EMEA
- Operating income decreased 3.6% to \$152 million; operating margin of 16.7%

- Aggressively drove FS Tech integration efforts; plans are on track
- Gained traction in architectural markets with a steady flow of new lighting solutions
- Launched new 3M™ Envision™ line of sustainable graphic materials, offering leading-edge technology and best-in-class performance
- Continued to expand the traffic safety systems services platform with recent state DMV contract wins









Safety, Security and Protection Services

	Q4 2011	Q4 2012	Total % Growth
Sales	\$927	\$904	-2.5%
Operating Income	\$171	\$162	-5.2%
Operating Margin	18.5%	18.0%	-0.5 pts

FY 2011	FY 2012	% Chg
\$3,821	\$3,802	-0.5%
\$814	\$847	+4.1%
21.3%	22.3%	+1.0 pts

Financial Highlights

- Sales of \$904 million, down 2.5%; organic local-currency sales declined 1.7%, divestitures reduced sales by 0.1% and foreign currency translation reduced sales by 0.7%
- On an organic local-currency basis:
 - Sales growth was strongest in infrastructure protection, personal safety and roofing granules;
 sales declined YOY in security systems
 - Sales increased in Latin America/Canada and Asia Pacific and declined in the U.S. and EMEA
- Operating income decreased 5.2% to \$162 million; operating margin of 18.0%

- Recently won the fire protection business for major construction project by the Saudi Arabian Oil Company
- Introduced new 3M™ Peltor™ X series hearing protection, featuring new technology and unique design
- 3M™ Safety-Walk™ slip-resistant tape was specified by a major truck manufacturer for a new line of heavy duty trucks in Asia Pacific



Electro and Communications

(\$M)	Q4 2011	Q4 2012	Total % Growth
Sales	\$768	\$776	+1.0%
Operating Income	\$153	\$142	-6.5%
Operating Margin	19.8%	18.4%	-1.4 pts

FY	FY	%
2011	2012	Chg
\$3,306	\$3,228	-2.4%
\$712	\$691	-2.8%
21.5%	21.4%	-0.1 pts

Financial Highlights

- Sales of \$776 million, up 1.0%; organic local-currency sales increased 1.8% and foreign currency translation reduced sales by 0.8%
- On an organic local-currency basis:
 - Sales growth led by electrical markets and telecom, partially offset by a decline in consumer electronics-related businesses
 - Sales rose in Latin America/Canada, the U.S. and Asia Pacific and declined YOY in EMEA
- Operating income of \$142 million, down 6.5%; operating margin of 18.4%

- Gained share with 3M™ Novec™ fire protection fluids for the protection of IT data centers and other high value assets
- Won new telecom contracts for the upgrading communication infrastructure in various countries
- Launched several new medium-voltage cable accessories products
- Expanded adhesives product offering for semiconductor wafer processing and 3D packaging



Business Segment Information

(\$M)	Net Sales		Operating Income	
Business Segment Information	Q4 2011	Q4 2012	Q4 2011	Q4 2012
Industrial and Transportation	\$2,402	\$2,493	\$472	\$469
Health Care	\$1,261	\$1,332	\$389	\$430
Consumer and Office	\$1,019	\$1,097	\$179	\$230
Safety, Security & Protection Services	\$927	\$904	\$171	\$162
Display and Graphics	\$823	\$910	\$157	\$152
Electro and Communications	\$768	\$776	\$153	\$142
Corporate and Unallocated	\$2	\$1	(\$132)	(\$114)
Elimination of Dual Credit	<u>(\$113)</u>	<u>(\$126)</u>	<u>(\$25)</u>	<u>(\$28)</u>
Total	\$7,089	\$7,387	\$1,364	\$1,443



Business Segment Information

(\$M)	Net S	Sales	Operatir	ng Income
Business Segment Information	2011	2012	2011	2012
Industrial and Transportation	\$10,073	\$10,346	\$2,057	\$2,258
Health Care	\$5,031	\$5,158	\$1,489	\$1,646
Consumer and Office	\$4,153	\$4,316	\$840	\$930
Safety, Security & Protection Services	\$3,821	\$3,802	\$814	\$847
Display and Graphics	\$3,674	\$3,560	\$788	\$693
Electro and Communications	\$3,306	\$3,228	\$712	\$691
Corporate and Unallocated	\$11	\$5	(\$421)	(\$469)
Elimination of Dual Credit	<u>(\$458)</u>	<u>(\$511)</u>	<u>(\$101)</u>	<u>(\$113)</u>
Total	\$29,611	\$29,904	\$6,178	\$6,483





