



# 2007 First Quarter Business Review

(Unaudited)

## Forward-Looking Statements

This news release contains forward-looking information (within the meaning of the Private Securities Litigation Reform Act of 1995) about the company's financial results and estimates, business prospects, and products under development 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," and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. Among the factors that could cause actual results to differ materially are the following: (1) worldwide economic conditions; (2) competitive conditions and customer preferences; (3) foreign currency exchange rates and fluctuations in those rates; (4) the timing and acceptance of new product offerings; (5) 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); (6) 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; (7) generating less productivity improvements than estimated; and (8) 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 Dec. 31, 2006 (the "Report"). Changes in such assumptions or factors could produce significantly different results. A further description of these factors is located in the Report under Part I, Item 1A, "Risk Factors." 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.

# EPS Reconciliation

## Q1 2007 vs. Q1 2006

	Q1 2006	Q1 2007
Reported EPS	\$1.17	\$1.85
Gain on sale of European pharma business	---	(\$0.68)
Pharma restructuring & other actions	---	\$0.01
Adjustment to environmental accruals	---	\$0.10
EPS excluding special items	\$1.17	\$1.28
Pharma (net income)/loss	(\$0.05)	---
EPS excluding pharma and special items	\$1.12	\$1.28
% change excl. pharma and special items		14.3%

Stock Options Expense Included in Above Reported EPS	\$0.02	\$0.03
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# P&L Highlights

## Comparison vs. Last Year

(\$ in Millions) Except per share amounts	Q1 2006	Q1 2007*	Change	Pharma Divest. Impact
Net Sales	\$5,595	\$5,937	6.1%	-3.8 pts
Gross Margin	51.4%	49.3%	-2.1 pts	-1.0 pts
SG&A	\$1,183	\$1,152	-2.6%	-5.2 pts
R&D and related exp.	\$322	\$324	0.7%	-11.0 pts
Op. Income	\$1,369	\$1,448	5.8%	-4.8 pts
Op. Income %	24.5%	24.4%	-0.1 pts	-0.3 pts
Tax Rate	32.7%	33.2%	+0.5 pts	---
Net Income	\$899	\$946	5.2%	-4.9 pts
EPS	\$1.17	\$1.28	9.4%	-\$0.05

\*Excludes special items. Refer to 3M's April 26, 2007 press release for a complete list and explanation of these items.



# Sales Recap

## Q1 2007 vs. Q1 2006

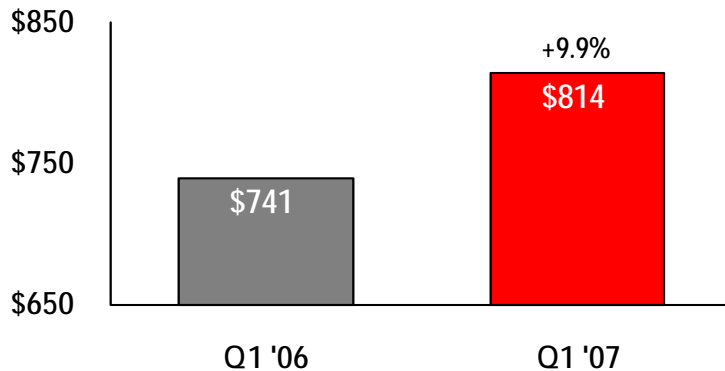
	WW	U.S.	Int'l
Volume - organic	5.6%	2.3%	7.6%
Volume - acquired	2.6%	3.1%	2.4%
Price	(0.8%)	0.8%	(1.8%)
Total Local Currency*	7.4%	6.2%	8.2%
Divestiture	(3.8%)	(4.2%)	(3.5%)
Translation	2.5%	--	4.0%
Total Sales Growth	6.1%	2.0%	8.7%

\*Total Local Currency = Volume + Price + Acquisitions

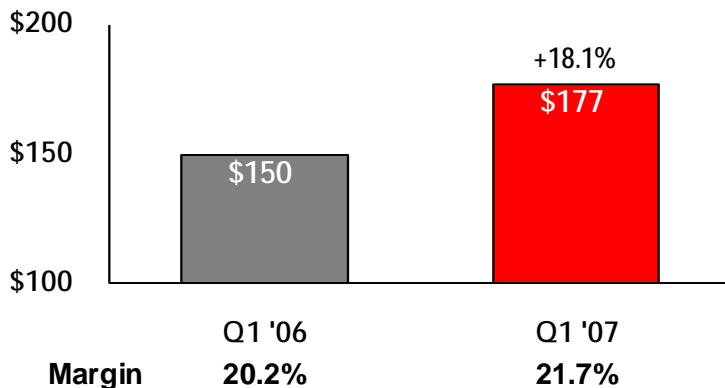


# Segment Highlights – Consumer & Office

Revenue (\$ in millions)



Operating Income (\$ in millions)



## Q1 Highlights

- Local currency growth of 8.2% including 1.2% from Nylonge acquisition
- DIY retail channel rebounds from Q4 with double digit sales and profit increase
- Solid growth in consumer mass retail
- Broad-based geographic performance led by US and Europe
- Outstanding leverage, profits up 18.1%

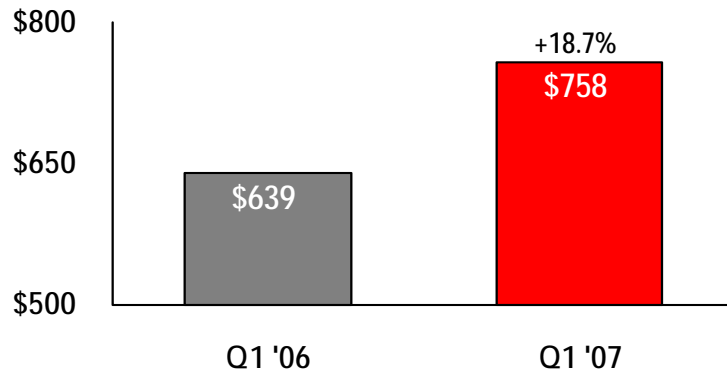
## Drivers

- Invigorating existing categories with higher-value innovative products
- Introducing products that change consumer behavior and solve everyday problems
- International penetration
- Slow U.S. residential housing construction persists

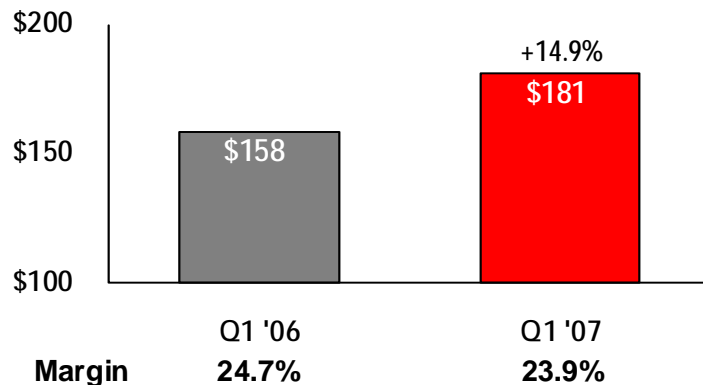


# Segment Highlights – Safety, Security & Protection Svcs

Revenue (\$ in millions)



Operating Income (\$ in millions)



## Q1 Highlights

- Local currency growth of 15%
- Acquisitions added 10%, primarily Security Printing Systems Limited
- Broad-based organic growth led by respiratory protection, cleaning and window film solutions for commercial buildings and corrosion protection products
- Sequential rebound in roofing granules but sales still down 20 percent year-on-year
- Good operational performance drove 14.9% increase in profits

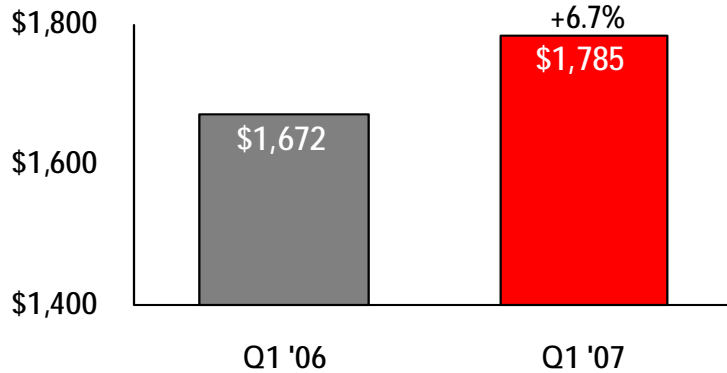
## Drivers

- Korea respiratory protection facility starts-up mid-year
- Continued global demand for personal protective equipment
- Driving growth in passports, document readers and access control in security market
- Sequential improvement in roofing granules

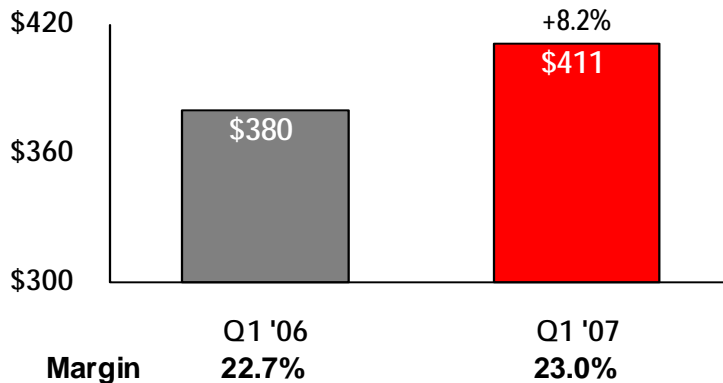


# Segment Highlights – Industrial & Transportation

Revenue (\$ in millions)



Operating Income (\$ in millions)



## Q1 Highlights

- Local currency growth of 4.0% including 0.9% from acquisitions
- Strength in industrial adhesives and tapes, automotive repair shops and abrasives businesses
- Encouraging international performance with growth led by Europe and Asia Pacific
- Complimentary product gap fill acquisitions
- Record profit margin of 23.0%

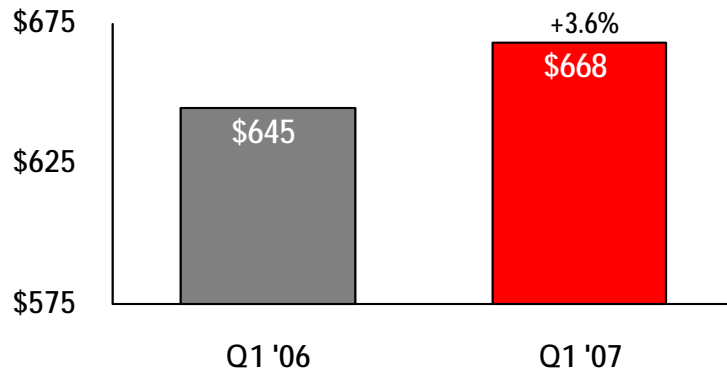
## Drivers

- Organic new products and complimentary gap fill acquisitions
- Continued emerging market penetration, particularly BRICP countries
- Driving 3M technologies into oil and gas market to meet needs of major energy customers
- Weak US auto OEM & residential housing market

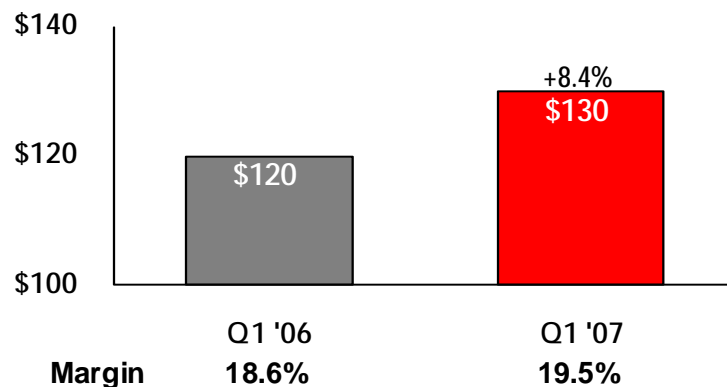


# Segment Highlights – Electro & Communications

Revenue (\$ in millions)



Operating Income (\$ in millions)



## Q1 Highlights

- Local currency growth of 1.2% primarily from acquisitions
- Outstanding sales and profit growth in electrical markets
- Double-digit growth in communications markets
- Sales declined in electronic solutions
- Relentless focus on productivity drove profits up 8.4% to a record \$130 million
- Record profit margin of 19.5%

## Drivers

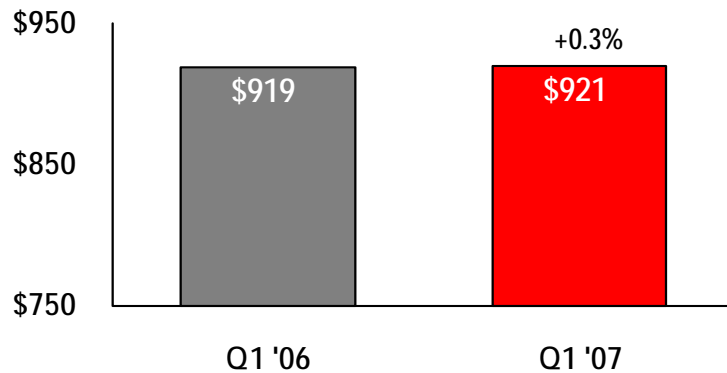
- Strong bench-to-bench relationships with big global customers
- Strong flow of new products into adjacent markets
- Continued penetration in consumer electronics and other electronic devices

Note: Excludes special items in Q1 2007. Refer to 3M's April 26, 2007 press release for a complete list and explanation of these items.

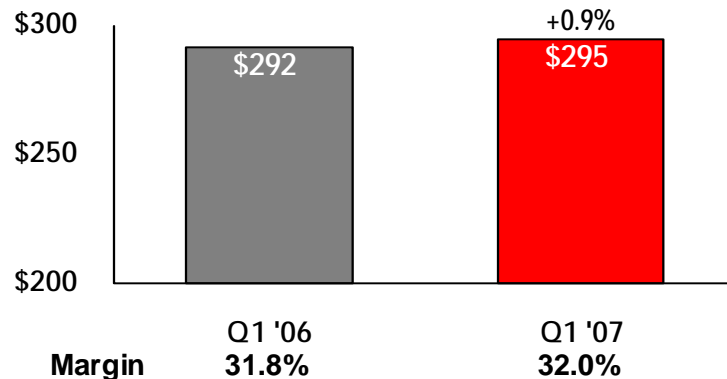


# Segment Highlights – Display & Graphics

Revenue (\$ in millions)



Operating Income (\$ in millions)



## Q1 Highlights

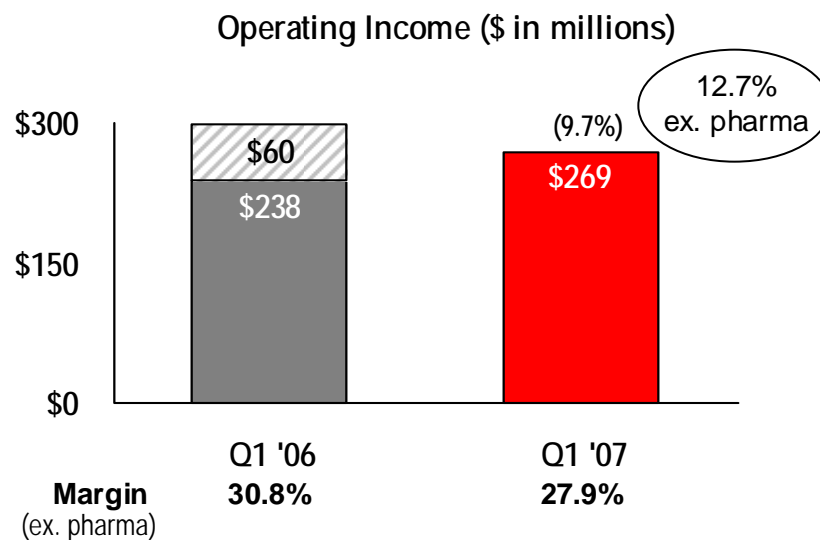
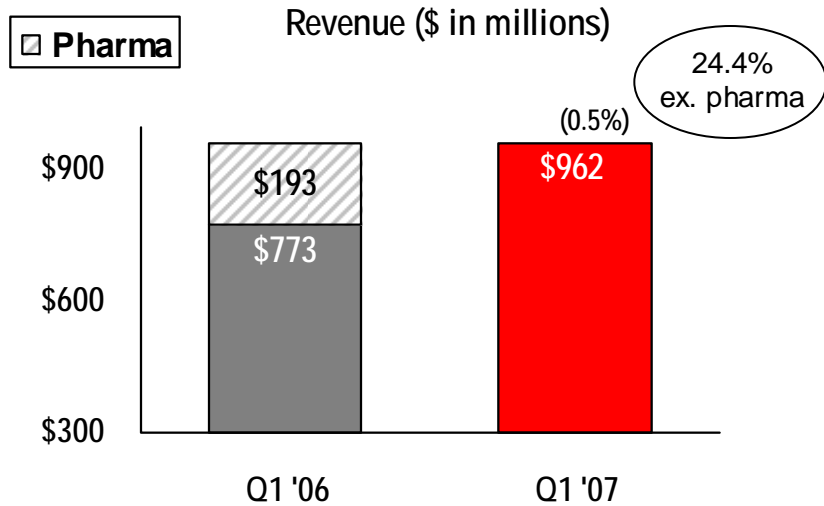
- Solid performance from commercial graphics & traffic safety systems
- Optical film business down year-on-year due to improved industry inventory control and tough year-on-year comparison
- LCD industry reduced supply to match seasonal demand
- Strong operational discipline drove 32% margin

## Drivers

- New products, markets and digital signage drive growth in commercial graphics
- New service business for vehicle registration & road maintenance
- LCD Poland facility starts up in Q2
- DBEF manufacturing capacity additions for LCD TV industry on track
- LCD industry accelerates back half of year as TV becomes bigger piece of mix



# Segment Highlights – Health Care



## Q1 Highlights

- Local currency growth of 20.4% including 5.6% from acquisitions
- Sales growth was broad-based across Drug Delivery, Dental, Medical and Health Info Systems
- Geographic growth led by US and Europe
- Operating income increased 12.7%, ex. pharma
- 3M ESPE “Most Innovative Company” in dental industry for second consecutive year
- Pharma divestiture reduced reported sales by 24.9%

## Drivers

- Demographics/aging population
- Continued technology leadership in medical, dental, and drug delivery industries
- Emerging market penetration

Note: Excludes special items in Q1 2007. Refer to 3M's April 26, 2007 press release for a complete list and explanation of these items.



# Balance Sheet & Cash Flow

(\$ in Millions)	Q4 2006	Q1 2006	Q1 2007
Net W/C Turns	5.4	5.4	5.0
Inventories	\$2,601	\$2,379	\$2,714
Receivables-Net	\$3,102	\$3,105	\$3,444
Cap-ex	\$405	\$190	\$304
Free Cash Flow	\$1,012(a)	\$428	\$670(a)
Dividends Paid	\$339	\$347	\$350
Share Repurchases	\$330	\$251	\$1,164

(a) Excludes certain special items that impacted cash flow. Refer to 3M's April 26, 2007 press release for an explanation of these items.

Note: Refer to 3M's April 26, 2007 press release for a complete discussion of net working capital turns and free cash flow (non-GAAP measures).

