

# 2007 Third Quarter Business Review

(unaudited)



Working  
Our Magic

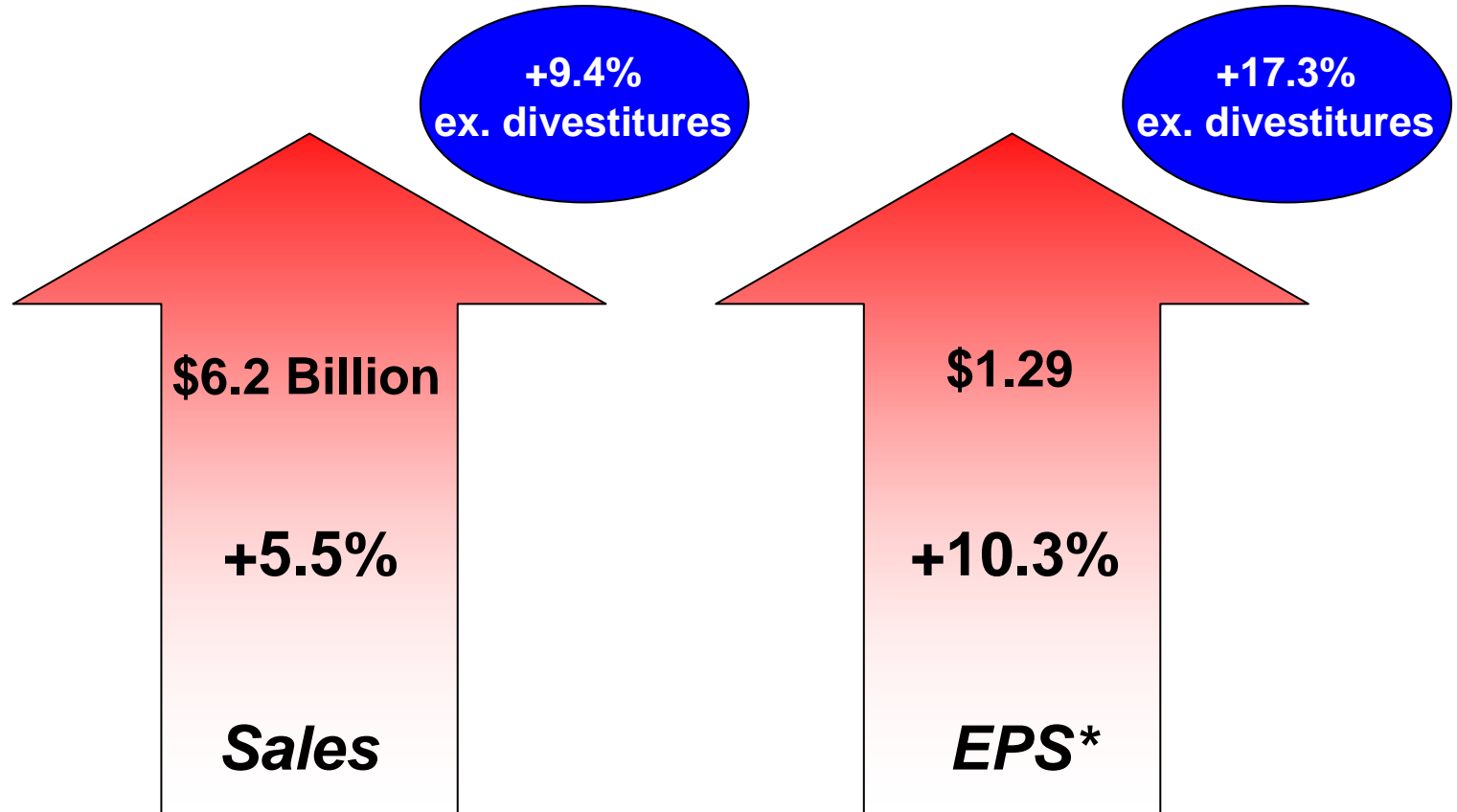


# Forward Looking Statements

This presentation 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 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 "Risk Factors" in Part I, Item 1A (Annual Report) and in 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.



# Strong Third Quarter

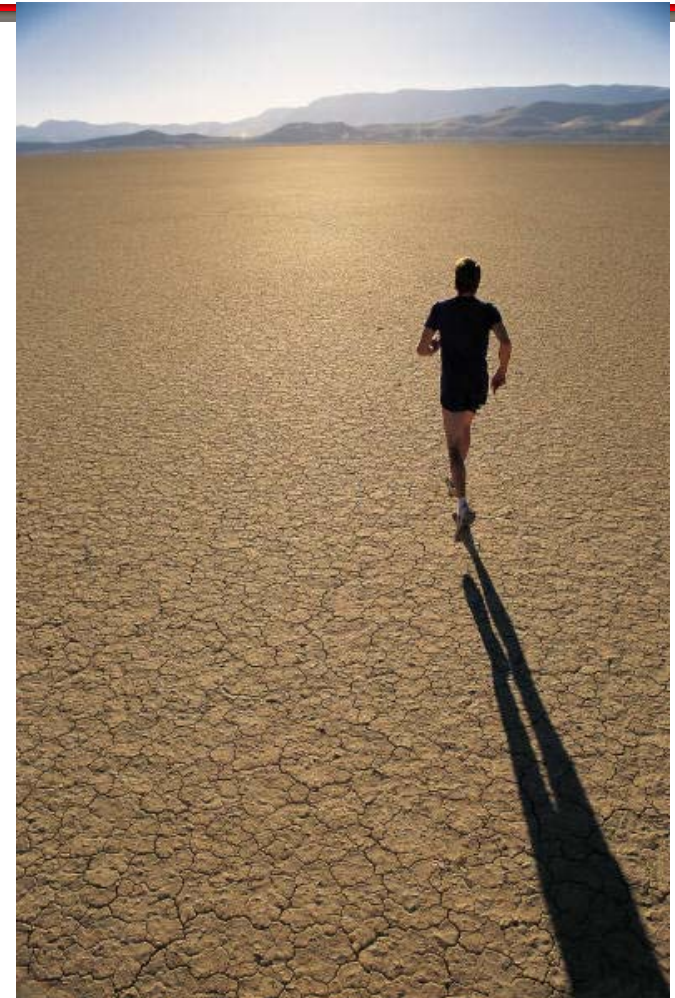


\*Excludes special items. Refer to 3M's October 19, 2007 press release for a complete list and explanation of these items.



# We Continue to Make Progress

- **Reinvigorating R&D**
  - 10%+ increase over 2006\*
  - Building on EBOs
  - New product vitality index up from 20% to 24%
  
- **Accelerating International Growth**
  - Building local/regional brands
  - Pursuing profitable adjacencies
  
- **Investing In A Better Supply Chain**
  - 35% increase in Capex over 2006
  - Improving local source of supply:
    - China – Personal Care
    - China – Optical
    - U.S. – Industrial Adhesives
    - U.S. - Optical
    - Others largely on-track
  
- **Seeding Further Growth in the Core**
  - Fifteen acquisitions



\*Excludes special items and pharma. Refer to 3M's October 19, 2007 press release for a complete list and explanation of these items.



# EPS Reconciliation

## Q3 2007 vs. Q3 2006

	Q3 2006	Q3 2007
Reported EPS	\$1.18	\$1.32
One-time tax benefits	(\$0.02)	---
Pharma costs	\$0.01	
Restructuring actions and other exit activities	---	\$0.02
Gain on sale of real estate	---	(\$0.05)
EPS excluding special items	\$1.17	\$1.29
Pharma (net income)/loss, excluding special items	(\$0.07)	---
EPS excluding pharma and special items	\$1.10	\$1.29
% change excluding pharma and special items		17.3%
Stock Options Expense Included in Above Reported EPS	\$0.04	\$0.04



# P&L Highlights

## Comparison vs. Last Year

(\$ in Millions) Except per share amounts	Q3 2006*	Q3 2007*	Change	Divest. Impact
Net Sales	\$5,858	\$6,177	5.5%	-3.9%
Gross Margin	48.9%	47.8%	-1.1 pts	-1.1 pts
SG&A	\$1,173	\$1,217	3.8%	-5.4 pts
R&D and related exp.	\$340	\$338	-0.4%	-10.6 pts
Op. Income	\$1,355	\$1,399	3.3%	-6.0 pts
Op. Income %	23.1%	22.6%	-0.5 pts	-0.4 pts
Tax Rate	32.7%	30.8%	-1.9 pts	---
Net Income	\$884	\$940	6.4%	-6.5 pts
EPS	\$1.17	\$1.29	10.3%	-\$0.07

\*Excludes special items. Refer to 3M's October 19, 2007 press release for a complete list and explanation of these items.



# Sales Recap

## Q3 2007 vs. Q3 2006

	WW	U.S.	Int'l
Volume – organic	4.2%	0.1%	7.1%
Volume - acquired	2.1%	2.4%	1.7%
Price	---	1.1%	(0.8%)
Total Local Currency*	6.3%	3.6%	8.0%
Divestiture	(3.9%)	(4.2%)	(3.6%)
Translation	3.1%	---	5.1%
Total Sales Growth	5.5%	(0.6%)	9.5%

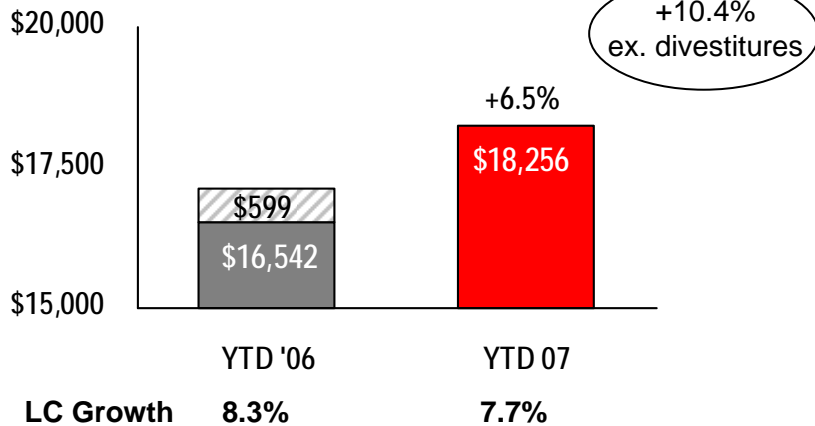
\*Total Local Currency = Volume + Price + Acquisitions



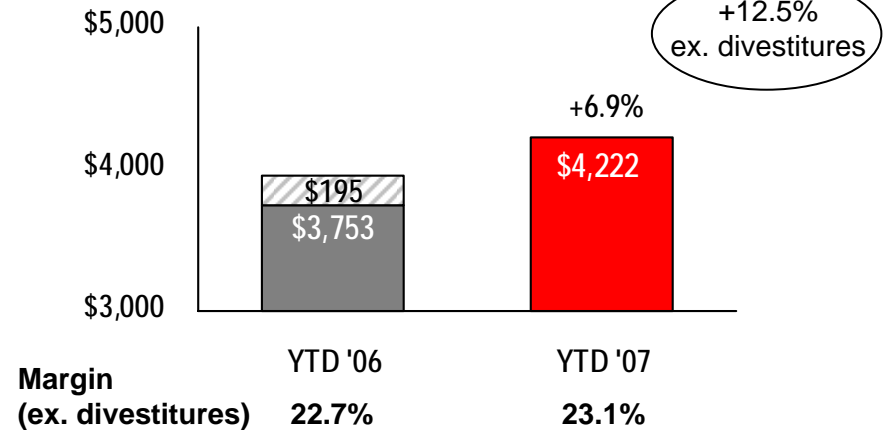
# Year-To-Date Highlights\*

□ Divestitures

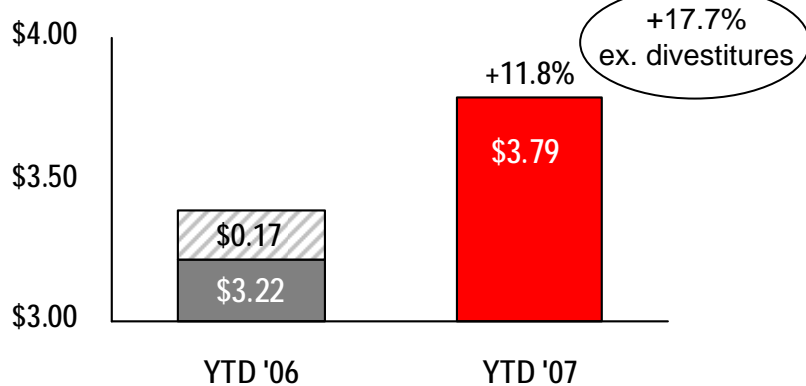
## Sales (\$ in millions)



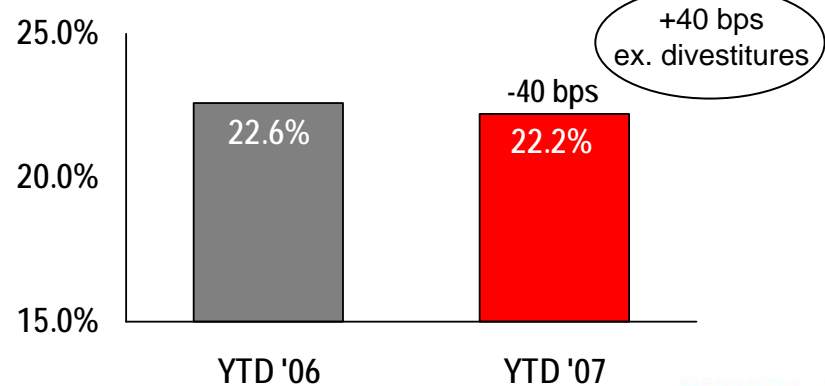
## Operating Income (\$ in millions)



## Earnings Per Share (US dollars)



## Return on Invested Capital

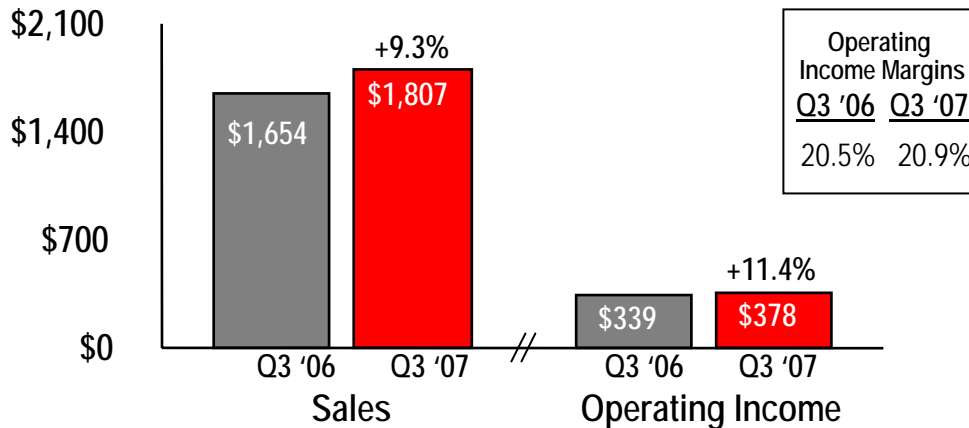


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# Segment Highlights\* – Industrial & Transportation

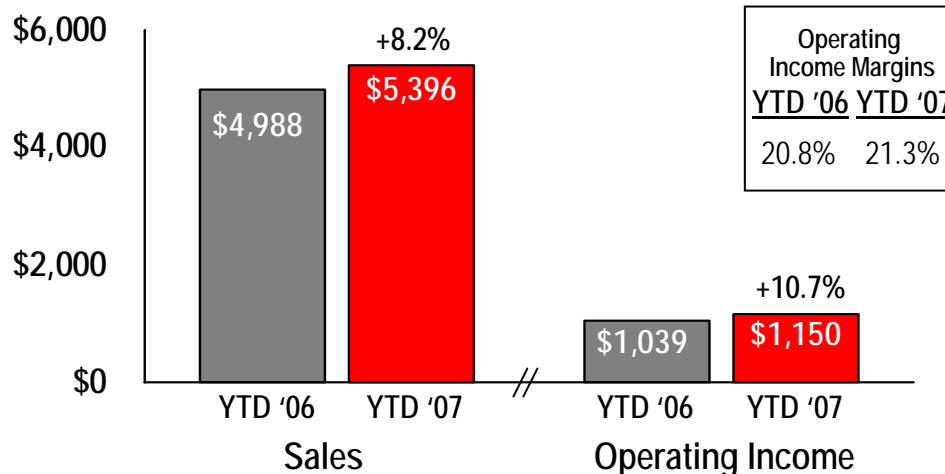
## Third Quarter



## Q3 Drivers

- Local currency growth of 5.4% including 1.2% from acquisitions
- Continued growth leadership by industrial adhesives and tapes, automotive, automotive aftermarket and advanced materials and abrasives businesses
- Broad based geographic performance with growth led by Europe and Latin America regions
- Good operational discipline with double digit operating income increase of 11.4% and 10.7% YTD

## Year-to-Date



## Other Highlights

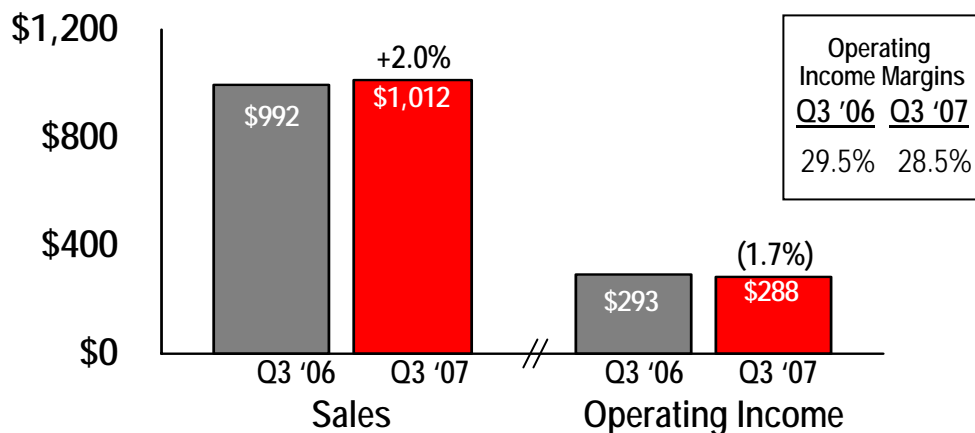
- Organic new products and complimentary gap fill acquisitions
- Announced Venture Tape acquisition, a global provider of pressure sensitive adhesive tapes
- Continued emerging market penetration, particularly BRICP countries
- Broad-based market segment success in oil & gas, aerospace, energy and general industrial
- Continued weakness in US auto OEM & residential housing market

\*Excludes special items. Refer to 3M's October 19, 2007 press release for a complete list and explanation of these items.

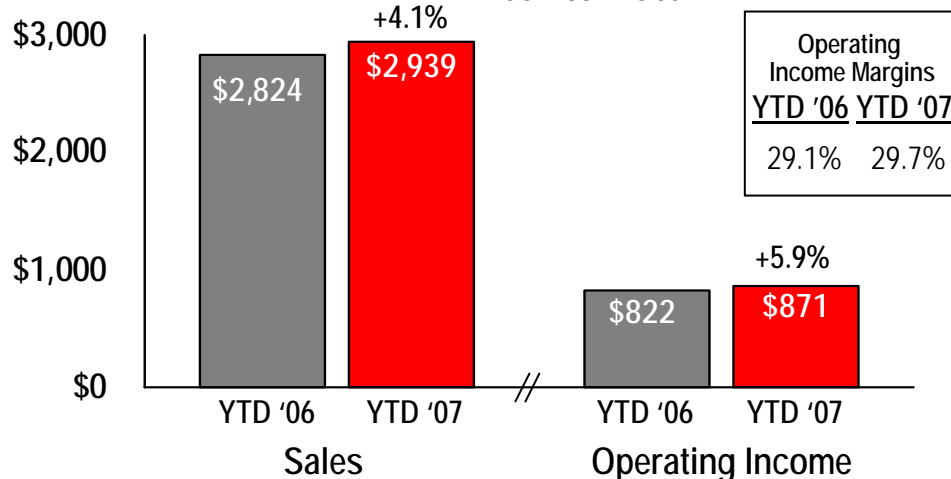


# Segment Highlights\* – Display & Graphics

## Third Quarter



## Year-to-Date



## Q3 Drivers

- Local currency growth of 1.0%.
- Opticom and Canoga loop divestiture and product rationalizations reduce sales by over 2%.
- Commercial graphics and traffic safety continue to provide solid, consistent growth.
- LCD films faced attachment rate pressure in TV/monitor segments as competition intensifies
- LCDTV sales mix shift from 720p to 1080p slowed. This negatively affected sales with higher content in Full HD 1080P sets.
- We will continue to compete aggressively in LCD balancing price and volumes as market leader across the entire brightness enhancement film product pyramid. Price and margin will be under pressure for the remainder of 2007 and into 2008.

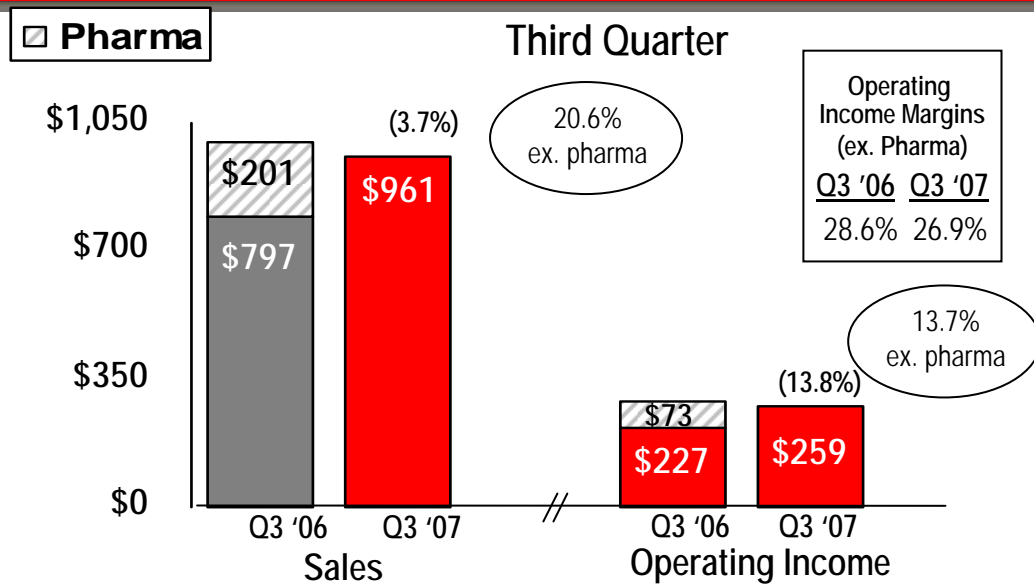
## Other Highlights

- The new product pipeline will continue to position 3M as a leader in the Display industry.
- Customer engagement with our new technology programs is very good.
- 3M's optical films continue to be positioned as an ideal solution for increased brightness, combined with energy conservation efforts
- Manufacturing scale and capability continues to advance to world class levels of performance.

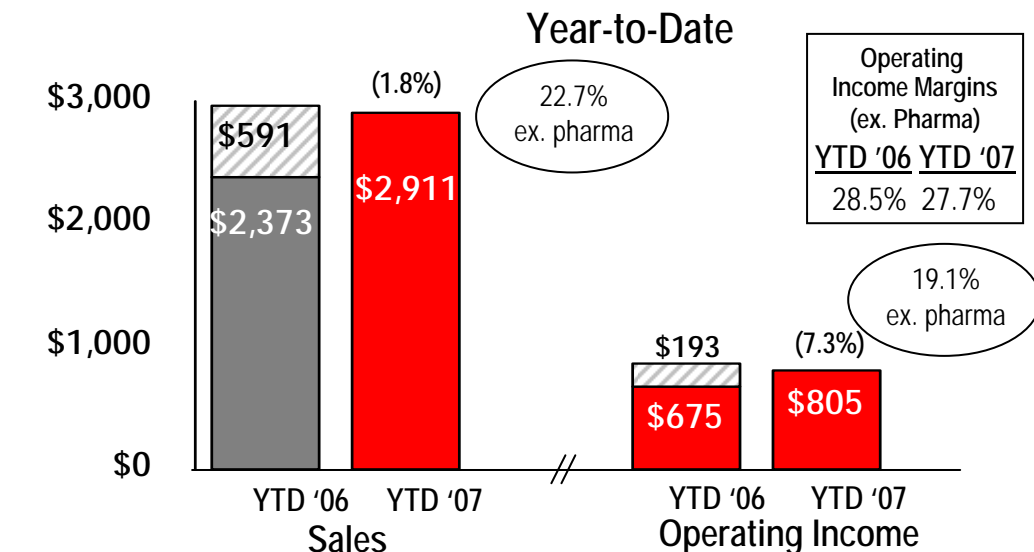
\*Excludes special items. Refer to 3M's October 19, 2007 press release for a complete list and explanation of these items.



# Segment Highlights\* – Health Care



- ### Q3 Drivers
- Local currency growth of 16.6% including 4.6% from acquisitions
  - Pharma supply agreement adds 4.5% of growth
  - Sales growth was broad-based across Drug Delivery, Dental, Medical and Health Info Systems
  - Geographic sales growth led by Europe and Latin America
  - Pharma divestiture reduced reported sales and operating income by 24.3% and 27.5%, respectively

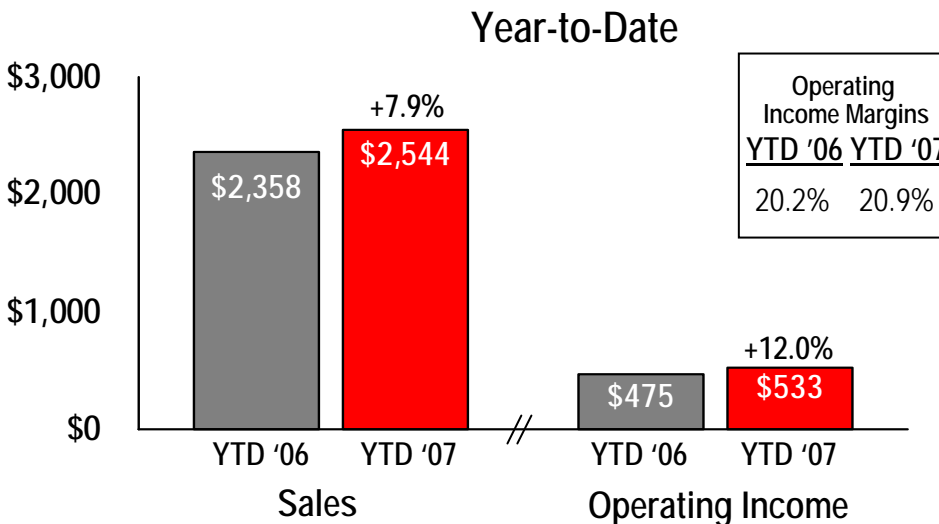
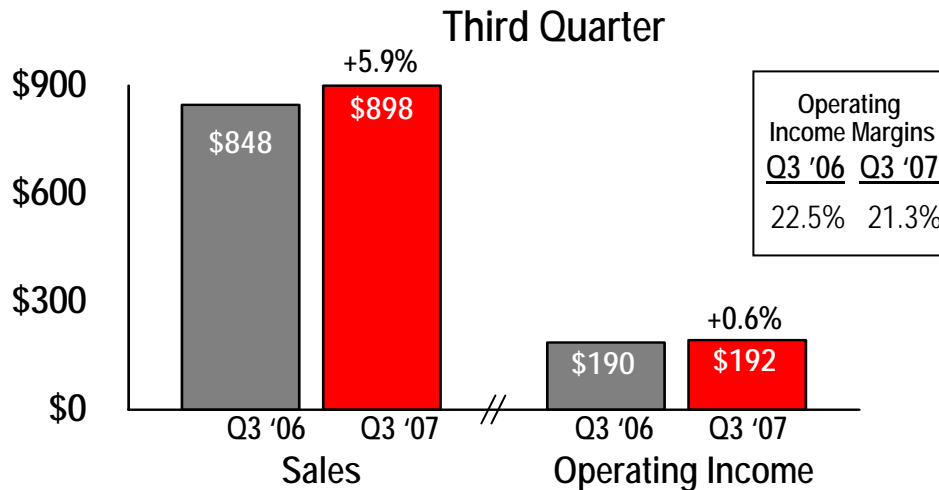


- ### Other Highlights
- Technology leadership in medical, dental, health information management and drug delivery industries
  - Strategic focus in medical on infection prevention, acute/chronic wound care management
  - Launched Filtek™ Silorane – lowest shrinking composite filling material available
  - Neoplast and Abzil acquisitions help build international scale and local products and manufacturing in medical and orthodontics businesses
  - Emerging market penetration

\*Excludes special items. Refer to 3M's October 19, 2007 press release for a complete list and explanation of these items.



# Segment Highlights – Consumer & Office



## Q3 Drivers

- Local currency growth of 3.5% including 1.0% from Nylonge acquisition
- Solid growth in DIY channel
- Strong international sales performance led by Europe
- Weakness in protective materials and consumer health care and office supplies businesses temper growth in the quarter
- Increased advertising and merchandising investment

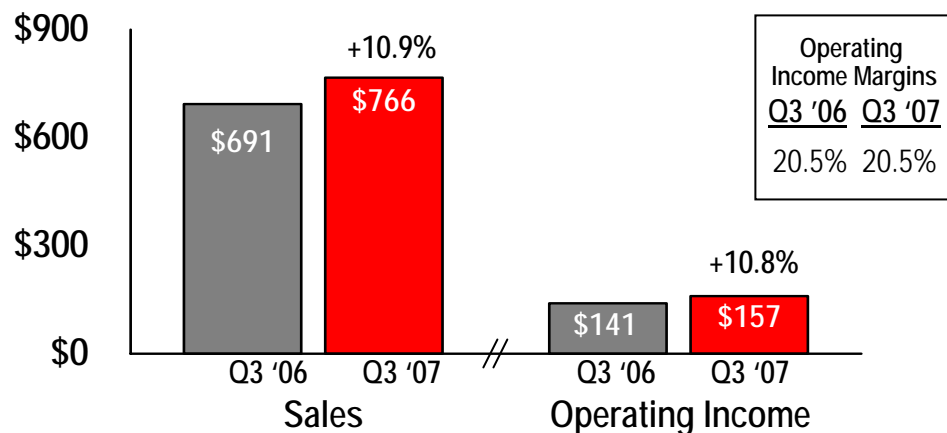
## Other Highlights

- Improving international penetration
- Good growth in furnace filters for residential HVAC systems and mounting and fastening products through DIY channel
- Scouring products lead growth in consumer mass retail channel
- Continuing investment in advertising merchandising through holiday season
- Slow U.S. residential housing construction persists

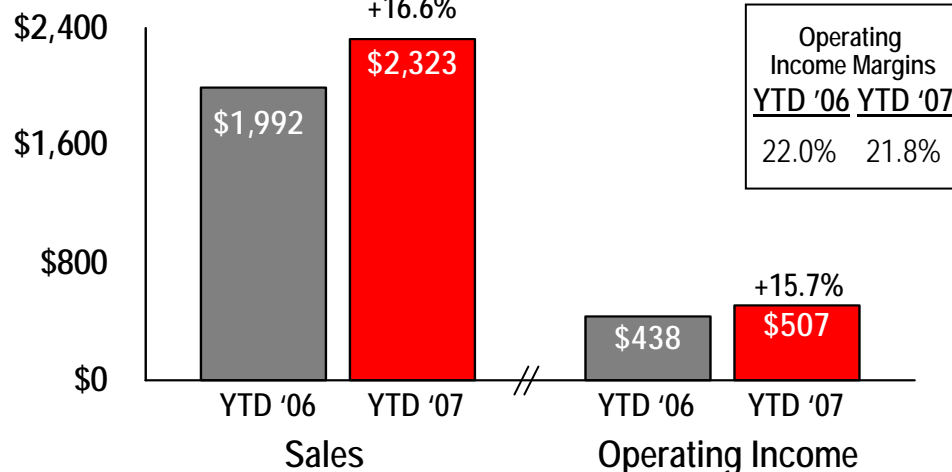


# Segment Highlights\* – Safety, Security & Protection

## Third Quarter



## Year-to-Date



## Q3 Drivers

- Local currency growth of 6.7%
- Acquisitions added 5.8%; primarily Security Printing Systems Ltd. and E. Wood
- Growth led by respiratory protection, corrosion protection and building and commercial services
- Industrial Minerals down 14% YOY
- Europe delivers strong sales growth and profits
- Solid growth in Latin America and Canada
- Consistent 20%+ operating margins

## Other Highlights

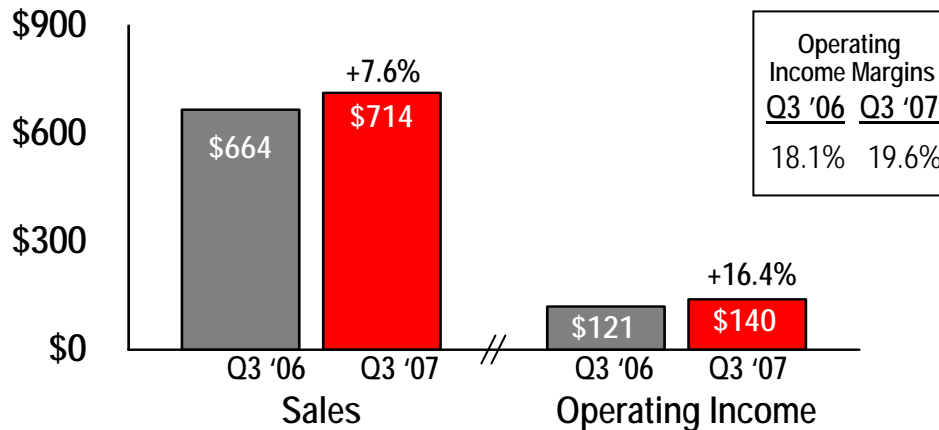
- Expanded passport reader portfolio with Rochford Thompson acquisition completion in July
- Growth within corrosion protection market remains strong
- Continued global demand for personal protective equipment—particularly disposable respiratory protection
- International commercial construction drives increased demand for fire protection and window films

\*Excludes special items. Refer to 3M's October 19, 2007 press release for a complete list and explanation of these items.

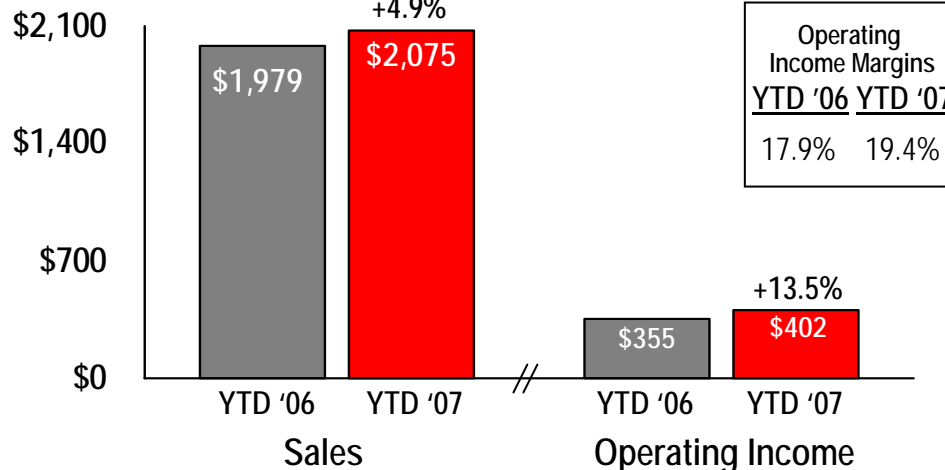


# Segment Highlights\* – Electro & Communications

## Third Quarter



## Year-to-Date



## Q3 Drivers

- Local currency growth of 4.3%; 1.1% from acquisitions
- Double-digit sales and profit growth in electrical markets for insulating, protecting and sensing
- Double-digit sales and profit growth in communications markets
- Starting to see some recovery in consumer electronic applications
- Productivity focus continues to drive double-digit profits growth
- Q3 and YTD margins greater than 19.0%

## Other Highlights

- Strong bench-to-bench relationships with big global customers
- Global coverage of OEMs
- Steady flow of new products into adjacent markets
- Continued penetration in consumer electronics and other electronic devices
- Network upgrades for Broadband delivery (NGN) continue to drive investment among network owners globally.

\*Excludes special items. Refer to 3M's October 19, 2007 press release for a complete list and explanation of these items.



# Balance Sheet & Cash Flow

(\$ in Millions)	Q3 2006	Q2 2007	Q3 2007
Free Cash Flow	\$787(a)	\$866(b)	\$693(a)(b)
Net W/C Turns	5.1	5.0	5.0
Inventories	\$2,632	\$2,779	\$2,794
Receivables-Net	\$3,332	\$3,620	\$3,703
Cap-ex	\$312	\$348	\$379
Dividends Paid	\$342	\$346	\$343
Share Repurchases	\$1,243	\$1,035	\$557

(a) Includes U.S. pension contribution of \$200 million in Q3 2006 and Q3 2007.

(b) Excludes certain special items that impacted cash flow. Refer to 3M's October 19, 2007 press release for an explanation of these items.

Note: Refer to 3M's October 19, 2007 press release for a complete discussion of net working capital turns and free cash flow (non-GAAP measures).



# 2007 Annual Guidance Update

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- Local currency growth
  - 7% to 8%
  - Includes approximately 2% from acquisitions
  - Pharma divestiture reduces growth by approximately 4%
- Earnings per share
  - Increased to \$5.54 - \$5.62 from \$5.40 - \$5.60
  - Includes net gains from special items of \$0.60 - \$0.65
- Operating margins: 22.5% to 23.0%\*
- Tax rate: 32.0% to 32.5%\*
- Capital expenditures: \$1.4 to \$1.5 billion

\*Excludes special items.



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# Questions and Answers

# 2007 Third Quarter Business Review



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