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Reinventing an Enduring Franchise

September 9, 2008






Electrical Markets Division

*The Re-invention of One of 3M's
Enduring Franchises*

*How We Moved from Manage for Cash
to Growth*

Core Market Overview

Electric Utility	Customers	Products	Drivers
	<ul style="list-style-type: none"> • Investor owned utilities • Govt. owned utilities • Electric co-ops 	<ul style="list-style-type: none"> • Underground cable accessories • Sealing & insulating tubes & tapes • Specialty OH conductor 	<ul style="list-style-type: none"> • Electrical infrastructure expansion • Upgrade for reliability & quality
Electrical Construction & Maintenance	Customers	Products	Drivers
	<ul style="list-style-type: none"> • Electrical contractors • Industrial & commercial facility electricians 	<ul style="list-style-type: none"> • Vinyl & mastic tapes • Connectors • Electrical supplies • Cable accessories 	<ul style="list-style-type: none"> • Economic and industrial expansion • Commercial and residential construction
Electrical OEM	Customers	Products	Drivers
	<ul style="list-style-type: none"> • Electrical OEMs • Electronic OEMs 	<ul style="list-style-type: none"> • Insulating tapes and papers • EMC materials • Heat shrink 	<ul style="list-style-type: none"> • Electrical equipment manufacturing • Consumer electronics growth

Key Market Dynamics

- Electrical Utility
 - *Steady worldwide growth: ~6-8%*
 - *Need for increased electrical transmission and distribution capability to meet global demand*
- Electrical Construction and Maintenance
 - *Steady worldwide growth: ~4%*
 - *Expansion of industrial infrastructure in developing economies and re-investment in developed countries*
- Electrical OEM
 - *Moderate growth, but opportunity to drive share via recent acquisition*
 - *Market migrating to China... A core geographic area of strength for EMD*

EMD's Core Markets Are Stable and Continue to Grow

Products

Vinyl & Mastic Tapes



Medium Voltage Cable Accessories



High Voltage Cable Accessories



EMC Solutions



Electrical Supplies



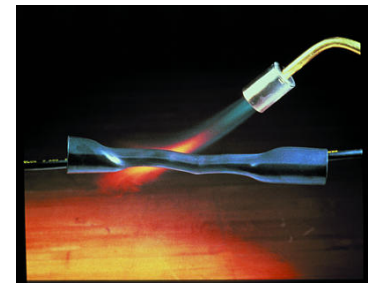
High Voltage Transmission Cable (ACCR)



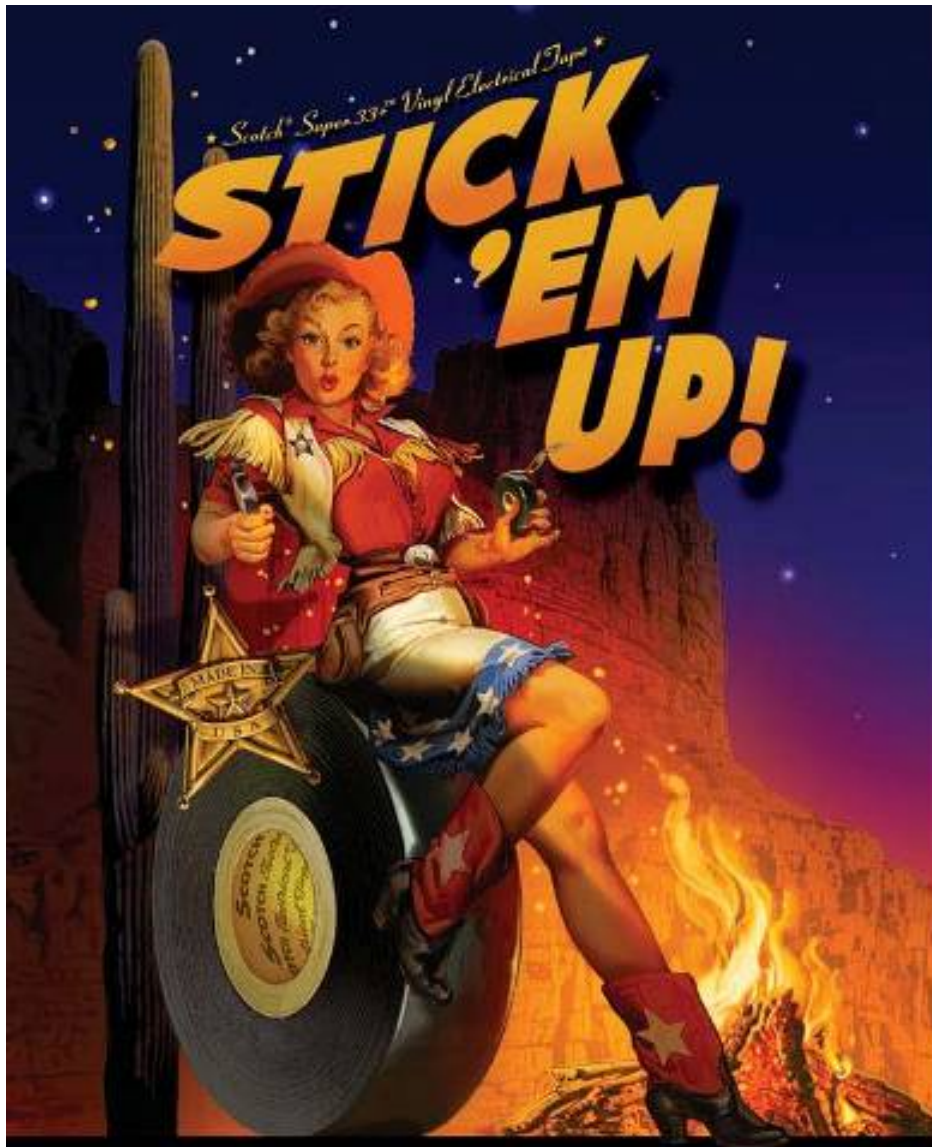
Insulating Tape and Paper



Heat Shrink & Resin



Scotch Super 33+ Vinyl Electrical Tape Turns 60!



Sixty years ago was a time when "Made in America" really meant something. A time when pride in American quality, craftsmanship and ingenuity was celebrated. It was also the time when Scotch® Super 33+™ Vinyl Electrical Tape began building strong bonds. Over the years, as other vinyl tapes came and went, we stuck around. So that today, Scotch® Super 33+™ Vinyl Electrical Tape is the only one still manufactured in the USA. And still proud of it.

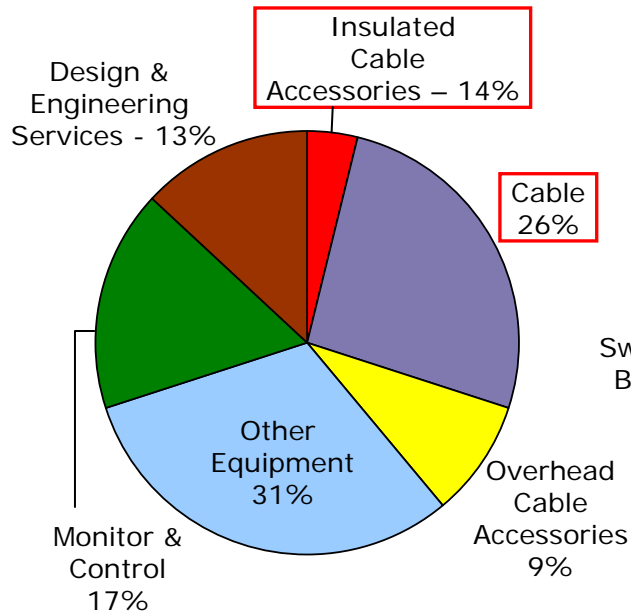
Scotch®

3M

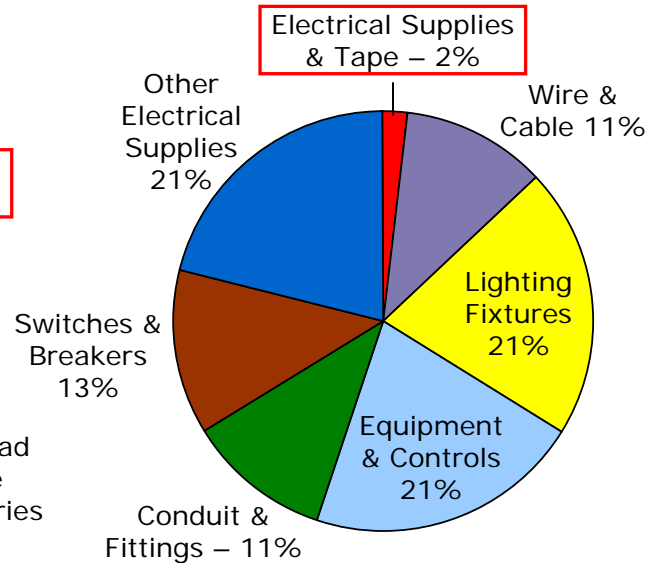
Industry Size and Market Segments

Electric Materials & Supplies Market (\$335 Billion)

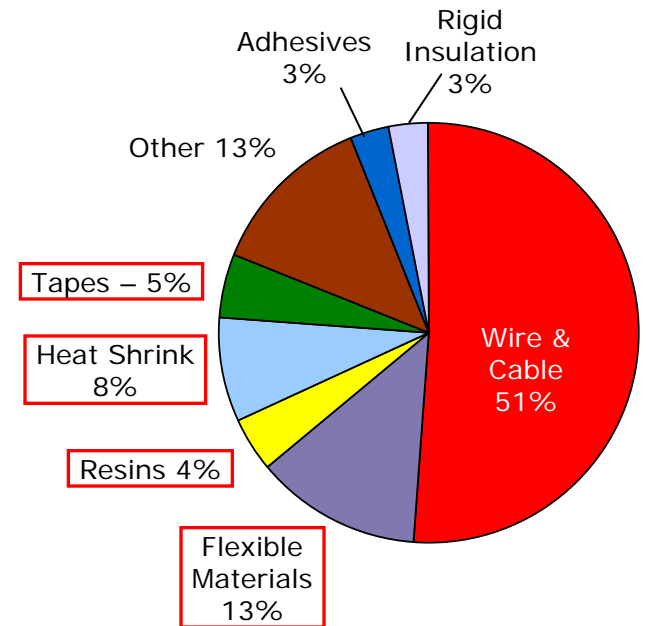
Utility ~ \$90B



Electrical Construction & Maintenance ~ \$220B



Electrical OEM & Select Portions of Electronic OEMS ~ \$25B

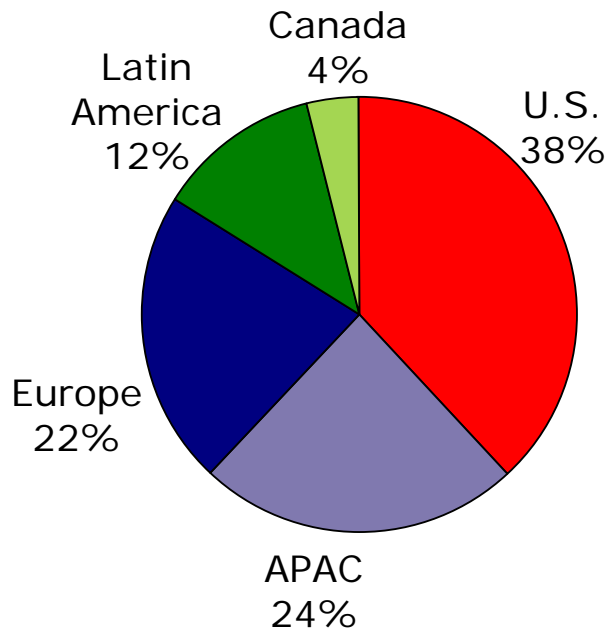


Indicates areas in which EMD participates

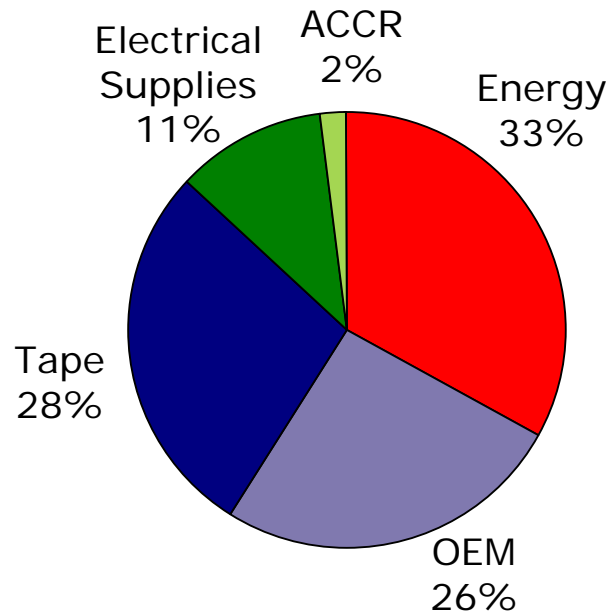
*Huge Market Space with Adjacent Opportunities...
Addressable Market ~\$14.1B*

2007 Results

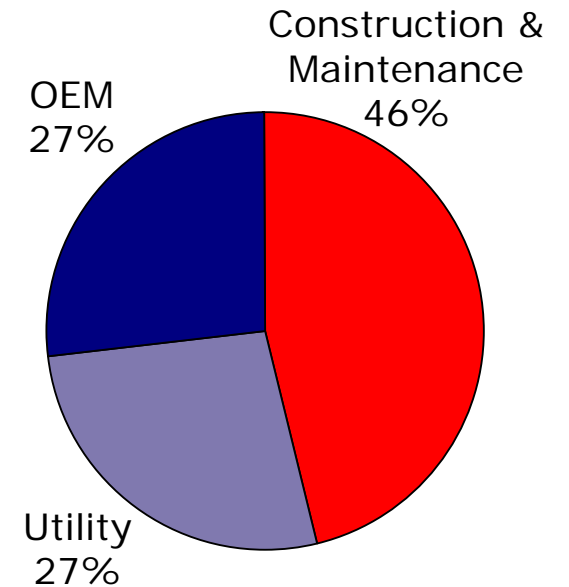
Sales by Area



Sales by Product



Sales by Segment



EMD Breadth Provides a Steady Platform Reducing ECB Volatility



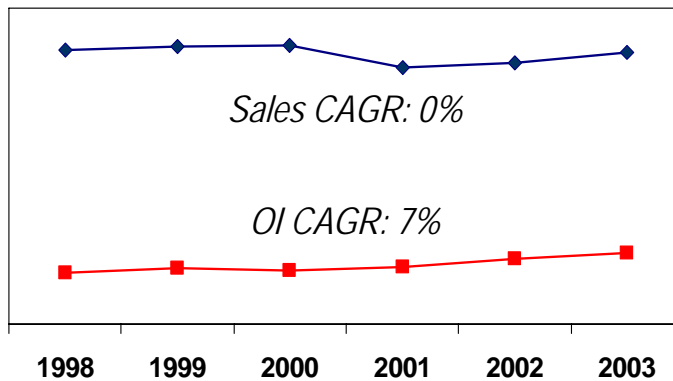
Recent History of EMD's Performance

Historic Landscape...Where We Were

EMD From 1998 to 2003 was highly profitable, but ...

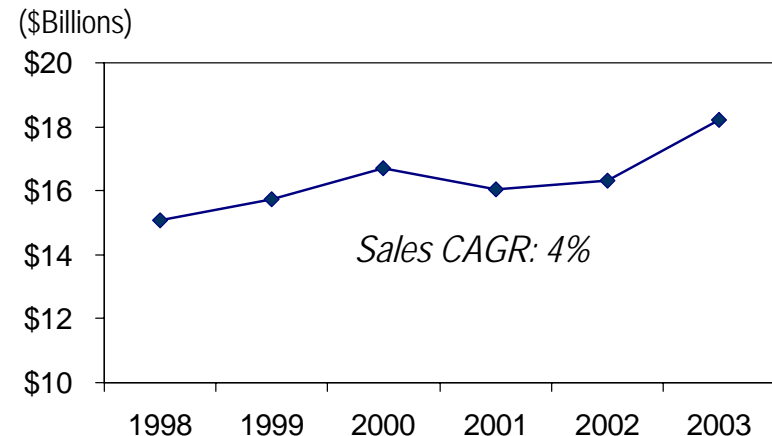
- Flat top-line performance in a growing market
- Operating margins expanding ... But driven by decreased investment
- ROIC 3x company average...Little to no investment in capital or M&A

EMD SALES AND OP INCOME



(\$M)	1998	1999	2000	2001	2002	2003
EMD Sales	\$ 520	\$ 527	\$ 529	\$ 488	\$ 495	\$ 515
% Growth		1.3%	0.4%	-7.8%	1.4%	4.0%

TOTAL 3M SALES



(\$B)	1998	1999	2000	2001	2002	2003
Total 3M	\$ 15.1	\$ 15.7	\$ 16.7	\$ 16.1	\$ 16.3	\$ 18.2
% Growth		4.2%	6.2%	-3.9%	1.7%	11.6%

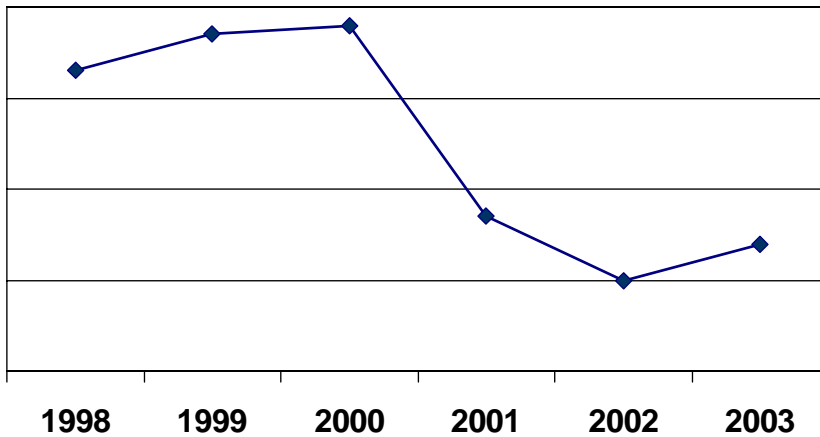
EMD was a "Manage For Cash" Business



EMD Investment...Further Evidence

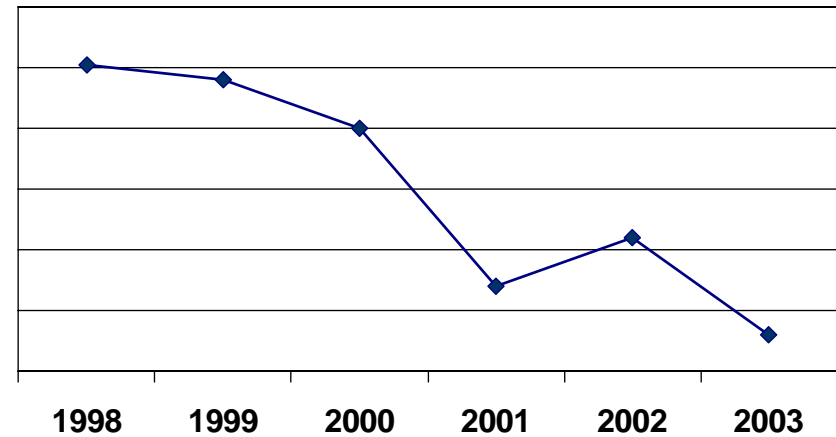
EMD investment followed the classic "Manage for Cash" model

LAB / SG&A INVESTMENT



20% Decline

MARCOM INVESTMENT



40% Decline

Left on it's Own ... EMD was Going Nowhere

Where We Were...Summary

- Not growing despite good people / talent
- Team was not energized ...managing for cash isn't fun
- Many small development programs versus a few high impact programs, hence low new product sales

But...

- An outstanding stable of products with strong market positions and high margins (e.g., Vinyl Tape & Cold Shrink Technology)
- Stable markets experiencing consistent growth with opportunity in every country
- Strong relationships with industry channel partners

In 2003, We Decided to Resurrect this Enduring Franchise



Key Growth Strategies and Current Performance

Develop Winning Strategies

WINNING STRATEGY

KEY PROGRAMS / ACTIONS

Grow the Core

- Increased **marcom** investment
- Increased channel programs
- **Improved service**
- Re-investment in sales and marketing resources

New Growth via NPI for our Core and Adjacent Markets

- Seat Sensor
- EMC
- **High Voltage**
- Low Voltage
- **ACCR**
- New Tapes (Mining/Solar)

Geographic Penetration

- Build stronger capabilities OUS
- **Focus on China, EE and India**

Operational Excellence

- Service
- Focus on **improved productivity** across all functions



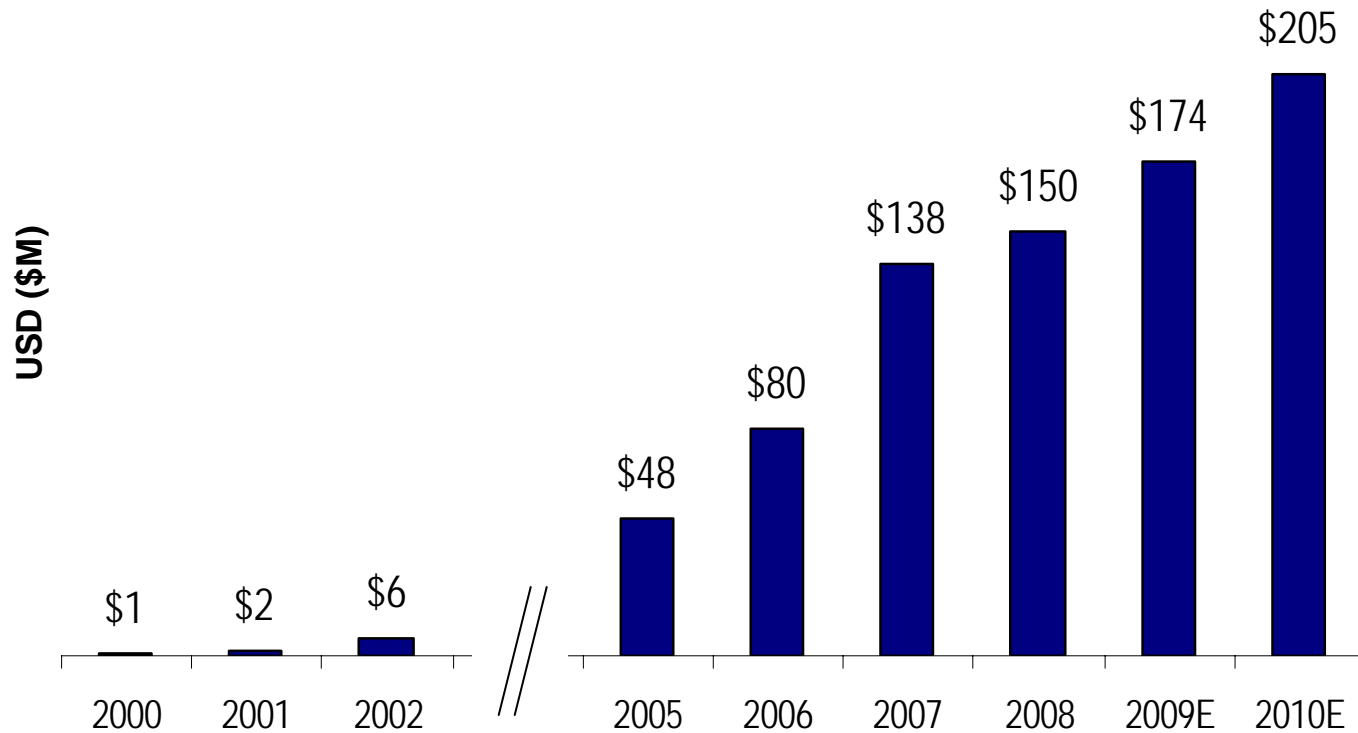
Create a
Clear Path
Forward for
All Division
Personnel

Investment in People, R&D, Brand and Service Led to An Energized Team



New Product Sales

Re-vitalized and Re-focused R&D Investment



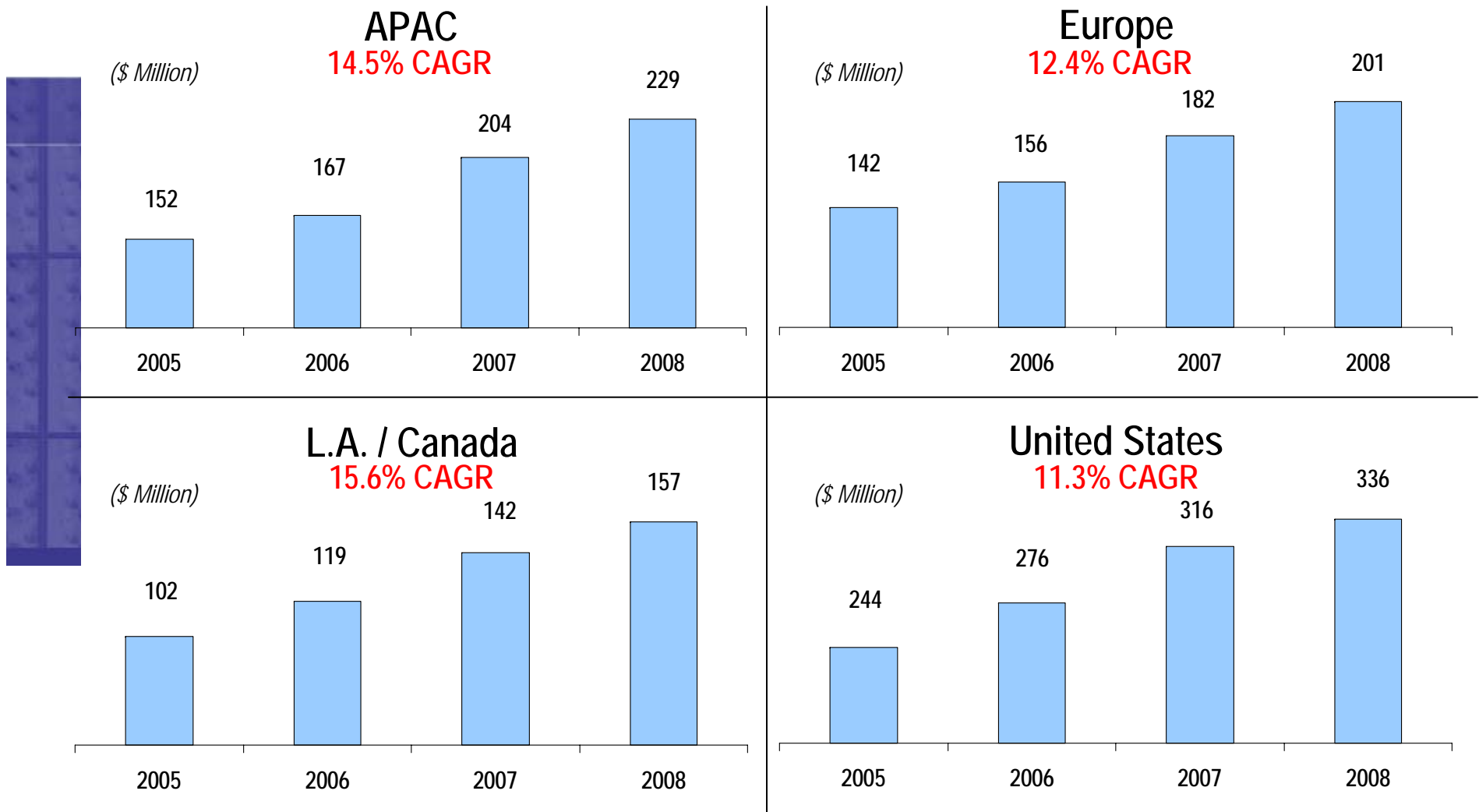
NPI Process Yields Fruit ... and Pipeline Stronger than Ever

Major Development Programs

Program	Core / Adjacent
EMC for RFID Applications	Adjacent
EMC Shielding and Absorbing	Adjacent
ACCR	Adjacent
Medium Voltage Re-vitalization	Core
High Voltage	Adjacent
Low Voltage Re-vitalization	Core
Mining Tapes and Splice Kits	Core

New Products For Core and Adjacent Markets will Continue to Drive Growth

Regional Results Have Been Impressive...

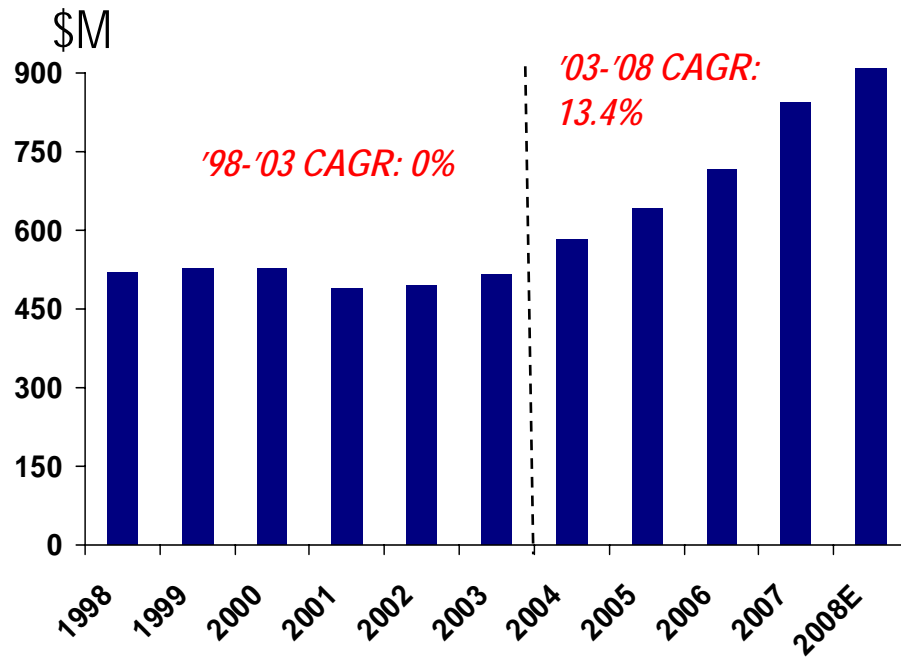


Consistent Strategy and Solid Execution Driving Growth Across All Regions

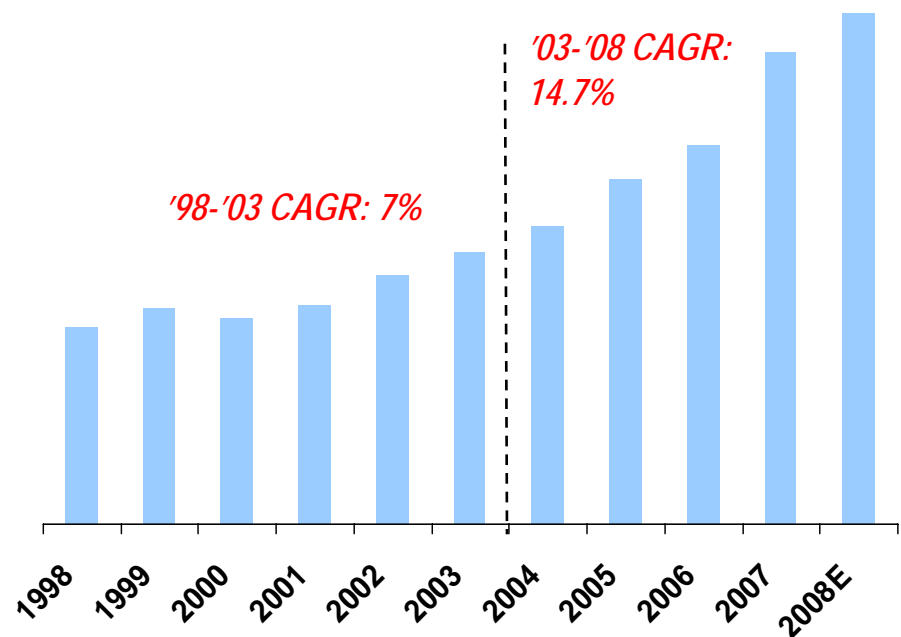
Financial Results to Date

The Strategy has Delivered...

EMD Revenue



EMD OI



Have Effectively Transitioned From Manage for Cash to Invest for Growth

Summary

- EMD is a growth division
 - *Q2 2008 was the 13th consecutive quarter of double digit sales and OI growth*
 - *Team remains committed and energized*
- Future outlook remains bright with investment in the electrical infrastructure here to stay...Global investment will continue in both mature and emerging markets
 - *Continued new product innovation to serve our growing markets*
 - *Selective M&A to expand our portfolio and reach new markets*
 - *Expand our presence in emerging markets (CEE, China and India)*

***Continued Double Digit Growth is Anticipated in
Core and Adjacent Markets***