

3M Reports Higher First-Quarter Sales and Earnings; Revenues Increase 11.0 Percent to a Record \$4.32 Billion

3M (NYSE:MMM) today announced its sales and earnings results for first quarter 2003.

The company reported net income of \$502 million, or \$1.27 per share, versus \$452 million, or \$1.14 per share, in the first quarter of 2002. Excluding special items(a), 3M earned \$1.42 per share, up 15.4 percent from \$1.23 per share in last year's first quarter. Net income, excluding special items(a), was \$560 million versus \$487 million in the comparable quarter.

"The entire 3M team is energized by this quarter's results," said W. James McNerney, Jr., 3M chairman and CEO. "3Mers everywhere are driving our global corporate initiatives across the company and achieving both improved productivity and accelerated top-line growth."

Worldwide sales in the first quarter totaled \$4.318 billion, 11.0 percent higher than in the year-earlier quarter. Sales volumes increased 5.4 percent, including a positive 2.0 percent impact from acquisitions. Volumes increased 24.4 percent in Display and Graphics (includes 12 percent from acquisitions), 5.0 percent in Safety, Security and Protection Services, 4.7 percent in Health Care, 3.9 percent in Industrial, 3.3 percent in Consumer and Office and 1.7 percent in Transportation. Volumes declined 5.1 percent in Electro and Communications. Currency effects increased worldwide sales by 5.6 percent, while selling prices were flat.

Sales in the United States totaled \$1.800 billion, up 1.0 percent from the same quarter of 2002. Volumes increased 1.4 percent, including a positive 1.8 percent impact from acquisitions, while selling prices declined 0.4 percent.

Sales outside the United States totaled \$2.518 billion. Volumes increased 8.7 percent versus the comparable quarter, which includes a positive 2.2 percent impact from acquisitions. Changes in the value of the U.S. dollar increased international sales by 10.4 percent and selling prices increased 0.4 percent. Volumes increased 19 percent in Asia Pacific driven by an 8 percent increase in Japan and a 30 percent increase in the rest of the region. Volumes also increased in Latin America by 17.5 percent, whereas volumes declined 1.1 percent in Europe.

"As everyone knows, geo-political and economic conditions remain highly uncertain," McNerney said. "Despite these conditions, we remain committed to achieving our top-line and profitability goals while driving higher cash flow and preserving a strong and healthy balance sheet."

3M also reaffirmed its earnings outlook for 2003. For the year, the company expects reported earnings will be within a range of \$5.65 to \$5.85 per share. Excluding special items, 3M expects 2003 earnings to be between \$5.80 and \$6.00 per share. Second-quarter earnings are expected to be in the range of \$1.47 to \$1.53 per share.

Patrick D. Campbell, senior vice president and chief financial officer, will conduct an investor teleconference at 9 a.m. Eastern Time (8 a.m. Central) today. Investors can access a webcast of this conference, along with related charts and materials, at <http://investor.3M.com>.

(a) As previously announced by 3M on March 26, 2003, a court issued an adverse ruling associated with a lawsuit filed against 3M in 1997 by LePage's Inc. During the first quarter of 2003, 3M recorded pretax charges of

\$93 million (\$58 million after-tax) related to this proceeding. During the first quarter of 2002, under its previously announced restructuring plan, 3M incurred pretax charges of \$54 million (\$35 million after-tax) primarily related to employee separation costs and accelerated depreciation charges.

Forward-Looking Statements

This news release contains forward-looking statements that reflect current views and estimates of 3M's management of future economic circumstances, industry conditions, company performance and financial results. The statements are based on many assumptions and factors including: (1) worldwide economic conditions; (2) foreign currency exchange rates and fluctuations in those rates; (3) the timing and acceptance of new product offerings; (4) purchased components and materials, including shortages and increases in the costs of such components and materials; (5) 3M's ability to successfully manage acquisitions, divestitures and strategic alliances; and (6) legal proceedings. Any changes in such assumptions or factors could produce significantly different results.

About 3M

3M is a \$16 billion diversified technology company with leading positions in consumer and office; display and graphics; electronics and telecommunications; health care; industrial; safety, security and protection services; transportation and other businesses. Headquartered in St. Paul, Minnesota, the company has operations in more than 60 countries and serves customers in nearly 200 countries. 3M is one of the 30 stocks that make up the Dow Jones Industrial Average and also is a component of the Standard & Poor's 500 Index. For more information about 3M, go to www.3M.com/profile/pressbox/index.jhtml.

3M Company and Subsidiaries

SALES CHANGE ANALYSIS

(Unaudited)

First-Quarter 2003

Worldwide U.S. Intl.

Volume - core	3.4	%	(0.4)%	6.5	%
Volume - acquisitions and divestitures	2.0		1.8	2.2	
Price	--		(0.4)	.4	
Translation	5.6		--	10.4	
Total	11.0	%	1.0 %	19.5 %	

3M Company and Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

(Amounts in millions, except per-share amounts)

(Unaudited)

Three-months ended
March 31

2003 2002

Net sales	\$ 4,318	\$ 3,890
-----------	----------	----------

Operating expenses		
Cost of sales	2,211	2,036
Selling, general and administrative expenses	963	877
Research, development and related expenses	270	264
Other expense	93	--
Total	3,537	3,177
Operating income	781	713
Interest expense and income		
Interest expense	23	19
Interest income	(6)	(9)
Total	17	10
Income before income taxes and minority interest	764	703
Provision for income taxes	248	227
Minority interest	14	24
Net income	\$ 502	\$ 452
Weighted average common shares outstanding - basic	390.0	389.9
Earnings per share - basic	\$ 1.29	\$ 1.16
Weighted average common shares outstanding - diluted	395.3	395.2
Earnings per share - diluted	\$ 1.27	\$ 1.14

3M Company and Subsidiaries

Supplemental Unaudited Consolidated Statement of Income Information (Dollars in millions, except per-share amounts)

	Three-months ended March 31, 2003			Three-months ended March 31, 2002		
	Excluding special items	Special items	Reported total	Excluding special items	Special items	Reported total
Net sales	\$4,318	\$--	\$4,318	\$3,890	\$--	\$ 3,890
Operating expenses						
Cost of sales	2,211	--	2,211	2,006	30	2,036
Selling, general and administrative expenses	963	--	963	856	21	877
Research,						

development and related expenses	270	--	270	261	3	264
Other expense	--	93	93	--	--	--
Total	3,444	93	3,537	3,123	54	3,177
Operating income (loss)	874	(93)	781	767	(54)	713
Interest expense and (income), net	17	--	17	10	--	10
Income (loss) before income taxes and minority interest	857	(93)	764	757	(54)	703
Provision (benefit) for income taxes	283	(35)	248	246	(19)	227
Effective tax rate	33.1 %		32.5 %	32.5 %		32.2 %
Minority interest	14	--	14	24	--	24
Net income (loss)	\$ 560	\$ (58)	\$ 502	\$ 487	\$ (35)	\$ 452
Weighted average diluted shares	395.3	395.3	395.3	395.2	395.2	395.2
Net income per diluted share	\$ 1.42	\$ (.15)	\$ 1.27	\$ 1.23	\$ (.09)	\$ 1.14

3M Company and Subsidiaries
CONSOLIDATED BALANCE SHEET
(Dollars in millions, except per-share amounts)
(Unaudited)

	Mar. 31, 2003	Mar. 31, 2002	Dec. 31, 2002
ASSETS			
Current assets			
Cash and cash equivalents	\$ 561	\$ 590	\$ 618
Accounts receivable - net	2,643	2,610	2,527
Inventories	1,957	2,000	1,931
Other current assets	1,303	1,073	983
Total current assets	6,464	6,273	6,059
Investments	221	262	238
Property, plant and equipment - net	5,550	5,488	5,621
Other assets	3,610	2,408	3,411
Total assets	\$ 15,845	\$ 14,431	\$ 15,329

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Short-term debt	\$ 1,200	\$ 984	\$ 1,237
Accounts payable	963	781	945
Payroll	409	531	411
Income taxes	652	595	518
Other current liabilities	1,468	1,121	1,346

Total current liabilities	4,692	4,012	4,457
Long-term debt	2,119	1,891	2,140
Other liabilities	2,718	2,526	2,739

Total liabilities	9,529	8,429	9,336
-------------------	-------	-------	-------

Total stockholders' equity - net	6,316	6,002	5,993
----------------------------------	-------	-------	-------

Shares outstanding

March 31, 2003: 390,833,851 shares

March 31, 2002: 389,347,924 shares

December 31, 2002: 390,195,681 shares

Total liabilities and stockholders' equity	\$ 15,845	\$ 14,431	\$ 15,329
--	-----------	-----------	-----------

3M Company and Subsidiaries

BUSINESS SEGMENTS (Unaudited)

As more fully described in 3M's 2002 Annual Report on Form 10-K, in September 2002, 3M announced it would strategically realign its organization for faster growth and a closer focus on markets and customers. This realignment resulted in seven reportable business segments compared to the previous structure of six reportable business segments. These structural changes were driven by 3M's strategic planning process and represent an important step toward access to its larger and faster-growing markets. Internal management reporting for the new reportable business segments commenced January 1, 2003. 3M provided in its "Management's Discussion and Analysis of Financial Condition and Results of Operations" section in its 2002 Annual Report on Form 10-K supplemental financial information related to these new business segments on an annual basis. This information was provided on a supplemental basis as the company did not operate under this new structure for these periods, and has only operated under this new structure since January 1, 2003. 3M filed a Current Report on Form 8-K on April 4, 2003, that provided supplemental unaudited financial information on both an annual and quarterly basis for the years ended December 31, 2002, 2001 and 2000 reflecting the historical realigned segments. This supplemental financial information was provided for the respective years to show the results on an interim basis for the realigned segments. Results under the new structure for the quarter ended March 31, 2003 and 2002 follow.

3M Company and Subsidiaries

BUSINESS SEGMENTS (Unaudited)

BUSINESS

SEGMENT

INFORMATION

(Millions)

Three-months ended

March 31

2003

2002

NET SALES		
Health Care	\$ 946	\$ 845
Industrial	821	753
Consumer and Office	612	569
Display and Graphics	661	505
Electro and Communications	434	444
Safety, Security and Protection Services	458	413
Transportation	381	349
Corporate and Unallocated	5	12
Total Company	\$ 4,318	\$ 3,890

OPERATING INCOME		
Health Care	\$ 238	\$ 220
Industrial	132	111
Consumer and Office	110	105
Display and Graphics	182	117
Electro and Communications	47	52
Safety, Security and Protection Services	105	86
Transportation	100	85
Corporate and Unallocated	\$ (133)	\$ (63)
Total Company	\$ 781	\$ 713

As previously announced by 3M on March 26, 2003, a court issued an adverse ruling associated with a lawsuit filed against 3M in 1997 by LePage's Inc. During the first quarter of 2003, 3M recorded pre-tax charges of \$93 million (\$58 million after-tax) related to this proceeding (recorded in Corporate and Unallocated). During the first quarter of 2002, under its previously announced restructuring plan, 3M incurred pre-tax charges of \$54 million (\$35 million after-tax) primarily related to employee separation costs and accelerated depreciation charges (recorded in Corporate and Unallocated).

3M, St. PaulInvestor Contacts:Matt Ginter, 651/733-8206orDan Colvin, 651/736-2637orMedia Contact:John Cornwell, 651/733-7698

<https://news.3m.com/2003-04-21-3M-Reports-Higher-First-Quarter-Sales-and-Earnings-Revenues-Increase-11-0-Percent-to-a-Record-4-32-Billion>