

## **3M Third-Quarter Earnings Rise 20.3 percent to \$0.83 Per Share; Sales Increase 11.4 Percent to a Record \$4.62 Billion**

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

Net income for the quarter was \$663 million, or \$0.83 per share, versus \$545 million, or \$0.69 per share, in the third quarter of 2002. Net income and per-share earnings increased 21.6 percent and 20.3 percent, respectively (a).

"Our employees are connecting with customers like never before," said W. James McNerney, Jr., 3M chairman and CEO, "and those connections are reflected in our third-quarter results. Sales reached an all-time high for the third consecutive quarter, boosted by sales volume increases in 6 of our 7 businesses, and we achieved 20 percent-plus increases in both net income and earnings per share."

Third-quarter worldwide sales totaled \$4.616 billion, up 11.4 percent compared to the third quarter of 2002. Sales volumes increased 7.8 percent, including a positive 2.0 percent impact from acquisitions. Volumes increased 33.6 percent in Display and Graphics (includes 12 percent from acquisitions), 9.3 percent in Safety, Security and Protection Services, 6.8 percent in Health Care, 5.0 percent in Consumer and Office, 3.9 percent in Transportation and 0.2 percent in Industrial. Volumes declined 2.6 percent in Electro and Communications. Currency translation effects increased worldwide sales by 3.9 percent while selling prices were down 0.3 percent.

Sales outside the United States totaled \$2.629 billion, an increase of 18.0 percent versus last year's comparable quarter. Volumes increased 11.5 percent, while selling prices declined 0.7 percent. Currency translation effects increased international sales by 7.2 percent. Volumes increased 22.3 percent in Asia Pacific, 21.2 percent in Latin America and 0.9 percent in Europe. In the United States, sales totaled \$1.987 billion, up 3.7 percent from the same quarter of 2002. Volumes increased 3.6 percent, while selling prices improved by 0.1 percent.

"The collective power of our five corporate initiatives -- Six Sigma, 3M Acceleration, e-Productivity, Global Sourcing and Indirect Cost Reduction -- continues to drive better 3M results," McNerney said. "We're focused on accelerating growth in all of our businesses, and maintaining strict cost discipline throughout the company. We are confident in our ability to sustain sales, earnings and cash momentum despite the ongoing uncertainties in the global marketplace."

3M also provided its earnings outlook for the remainder of 2003. The company expects fourth-quarter earnings to be between \$0.73 and \$0.75 per share. As a result, 3M raised its expectations for full-year 2003 earnings to a range of \$2.98 to \$3.00 per share on a reported basis. Excluding special items (b), 3M expects 2003 earnings to be between \$3.05 and \$3.07 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) On August 11, 2003, 3M's Board of Directors declared a two-for-one split of the company's common stock. Effective with third quarter 2003 reporting, all share and per share data (such as per share amounts, weighted average shares and shares outstanding) has been restated to reflect this split.

(b) During the first quarter of 2003, 3M recorded pretax charges of \$93 million (\$58 million after-tax) related to an adverse court ruling in a lawsuit filed against 3M in 1997 by LePage's Inc. During the second quarter of 2002, under its previously announced restructuring plan, 3M incurred pretax charges of \$148 million (\$73 million after-tax) primarily related to employee separation costs and accelerated depreciation charges. The company incurred similar charges in the first quarter of 2002 that totaled \$54 million pre-tax (\$35 million after-tax).

#### 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. Changes in such assumptions or factors, including without limitation the outcome of and information derived from pending Congressional action concerning asbestos-related litigation, could produce significantly different results.

#### About 3M -- A Global, Diversified Technology Company

Every day, 3M people find new ways to make amazing things happen. Wherever they are, whatever they do, the company's customers know they can rely on 3M to help make their lives better. 3M's brands include icons such as Scotch, Post-it, Scotchgard, Thinsulate, Scotch-Brite, Filtrete, Dyneon and O-Cel-O. Serving customers in more than 200 countries around the world, the company's 70,000 people use their expertise, technologies and global strength to lead in major markets including consumer and office; display and graphics; electronics and telecommunications; safety, security and protection services; health care; industrial and transportation. For more information, including the latest product and technology news, visit [www.3M.com](http://www.3M.com).

Scotch, Post-it, Scotchgard, Thinsulate, Scotch-Brite, Filtrete, Dyneon and O-Cel-O are trademarks of 3M.

#### 3M Company and Subsidiaries

#### SALES CHANGE ANALYSIS (Unaudited)

	Third-Quarter 2003					
	Worldwide		U.S.		Intl.	
Volume - core	5.8	%	2.1	%	9.1	%
Volume - acquisitions	2.0		1.5		2.4	
Volume - total	7.8		3.6		11.5	
Price	(0.3	)	0.1		(0.7	)
Translation	3.9		--		7.2	
Total	11.4	%	3.7	%	18.0	%

Nine-Months 2003

	Worldwide		U.S.		Intl.	
Volume - core	4.3	%	0.7	%	7.3	%
Volume - acquisitions	1.9		1.7		2.2	
Volume - total	6.2		2.4		9.5	
Price	(0.1	)	(0.2)		(0.1	)
Translation	4.7		--		8.7	
Total	10.8	%	2.2	%	18.1	%

3M Company and Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

(Amounts in millions, except per-share amounts)

(Unaudited)

	Three-months ended		Nine-months ended	
	September 30		September 30	
	2003	2002	2003	2002
Net sales	\$ 4,616	\$ 4,143	\$ 13,514	\$ 12,194
Operating expenses				
Cost of sales	2,322	2,115	6,856	6,382
Selling, general and administrative expenses	994	913	2,978	2,765
Research, development and related expenses	270	264	816	797
Other expense	--	--	93	--
Total	3,586	3,292	10,743	9,944
Operating income	1,030	851	2,771	2,250
Interest expense and income				
Interest expense	22	19	69	58
Interest income	(6	) (9	) (17	) (27
Total	16	10	52	31
Income before income taxes and minority interest	1,014	841	2,719	2,219
Provision for income taxes	339	274	897	711
Minority interest	12	22	38	45
Net income	\$ 663	\$ 545	\$ 1,784	\$ 1,463
Weighted average common shares outstanding - basic	784.6	779.6	782.2	779.8

Earnings per share - basic	\$ 0.85	\$ 0.70	\$ 2.28	\$ 1.88
Weighted average common shares outstanding - diluted	797.5	790.0	793.4	790.9
Earnings per share - diluted	\$ 0.83	\$ 0.69	\$ 2.25	\$ 1.85
Cash dividends paid per common share	\$ 0.33	\$ 0.31	\$ 0.99	\$ 0.93

Share and per-share data has been restated to reflect the two-for-one stock split effective with third quarter 2003 reporting.

### 3M Company and Subsidiaries

#### Supplemental Unaudited Consolidated Statement of Income Information

(Dollars in millions, except per-share amounts)

	Nine- months ended September 30, 2003			Nine- months ended September 30, 2002		
	Excluding special items	Special items	Reported total	Excluding special items	Special items	Reported total
Net sales	\$13,514	\$--	\$13,514	\$12,194	\$--	\$12,194
Operating expenses						
Cost of sales	6,856	--	6,856	6,261	121	6,382
Selling, general and administrative expenses	2,978	--	2,978	2,688	77	2,765
Research, development and related expenses	816	--	816	793	4	797
Other expense	--	93	93	--	--	--
Total	10,650	93	10,743	9,742	202	9,944
Operating income (loss)	2,864	(93 )	2,771	2,452	(202 )	2,250
Interest expense and (income), net	52	--	52	31	--	31
Income (loss) before income taxes and minority interest	2,812	(93 )	2,719	2,421	(202 )	2,219
Provision (benefit) for income taxes	932	(35 )	897	787	(76 )	711
Effective tax rate	33.2 %	--	33.0 %	32.5 %	--	32.0 %
Minority interest	38	--	38	63	(18 )	45

Net income						
(loss)	\$ 1,842	\$(58 )	\$ 1,784	\$ 1,571	\$(108 )	\$ 1,463
Weighted						
average						
diluted shares	793.4	793.4	793.4	790.9	790.9	790.9
Net income per						
diluted share	\$ 2.32	\$(0.07 )	\$ 2.25	\$ 1.99	\$(0.14 )	\$ 1.85

Share and per-share data has been restated to reflect the two-for-one stock split effective with third quarter 2003 reporting.

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

	Sep. 30, 2003	Sep. 30, 2002	Dec. 31, 2002
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,279	\$ 821	\$ 618
Accounts receivable - net	2,791	2,585	2,527
Inventories	1,882	1,945	1,931
Other current assets	1,390	1,205	983
Total current assets	7,342	6,556	6,059
Investments	214	247	238
Property, plant and equipment - net	5,467	5,451	5,621
Other assets	3,774	3,465	3,411
Total assets	\$ 16,797	\$ 15,719	\$ 15,329
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities			
Short-term debt	\$ 1,255	\$ 1,261	\$ 1,237
Accounts payable	969	867	945
Payroll	457	443	411
Income taxes	825	580	518
Other current liabilities	1,462	1,360	1,346
Total current liabilities	4,968	4,511	4,457
Long-term debt	1,738	1,678	2,140
Other liabilities	2,583	2,887	2,739
Total liabilities	9,289	9,076	9,336
Total stockholders' equity - net	7,508	6,643	5,993
Shares outstanding			
September 30, 2003: 784,883,033			
shares			
September 30, 2002: 780,393,288			
shares			
December 31, 2002: 780,391,362 shares			
Total liabilities and stockholders'			
equity	\$ 16,797	\$ 15,719	\$ 15,329

Shares data has been restated to reflect the two-for-one stock split effective with third quarter 2003 reporting.

3M Company and Subsidiaries  
BUSINESS SEGMENTS (Unaudited)

BUSINESS SEGMENT INFORMATION (Millions)	Three-months ended September 30 2003		Nine-months ended September 30 2003	
	2002		2002	
<b>NET SALES</b>				
Health Care	\$ 1,012	\$ 901	\$ 2,975	\$ 2,642
Industrial	830	797	2,489	2,354
Consumer and Office	673	628	1,922	1,799
Display and Graphics	772	572	2,152	1,659
Electro and Communications	454	460	1,346	1,383
Safety, Security and Protection				
Services	482	423	1,458	1,281
Transportation	386	351	1,150	1,039
Corporate and Unallocated	7	11	22	37
<b>Total Company</b>	<b>\$ 4,616</b>	<b>\$ 4,143</b>	<b>\$ 13,514</b>	<b>\$ 12,194</b>
<b>OPERATING INCOME</b>				
Health Care	\$ 272	\$ 224	\$ 773	\$ 657
Industrial	115	130	349	372
Consumer and Office	128	121	346	334
Display and Graphics	251	142	642	405
Electro and Communications	66	67	184	198
Safety, Security and Protection				
Services	111	89	347	267
Transportation	106	88	301	253
Corporate and Unallocated	(19)	(10)	(171)	(236)
<b>Total Company</b>	<b>\$ 1,030</b>	<b>\$ 851</b>	<b>\$ 2,771</b>	<b>\$ 2,250</b>

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<https://news.3m.com/2003-10-20-3M-Third-Quarter-Earnings-Rise-20-3-percent-to-0-83-Per-Share-Sales-Increase-11-4-Percent-to-a-Record-4-62-Billion>