

Benefits Changes Ensure Sustainable Retirement Program at 3M

Changes to 3M's U.S. retirement program will ensure sustainable and flexible benefits over the long-term, the company told employees and retirees today.

While pension plans for current retirees and employees will not change, new plans for 401(k) savings and retiree medical coverage, which generally become effective next year, address several key factors driving the need for change, such as the emergence of tax-efficient savings vehicles and the development of Medicare in the marketplace. In addition, the new plans account for 3M's aging workforce and the increasing ratio of retirees as a percent of active employees.

A new 401(k) savings plan, in which 3M will contribute three percent of pay to a retirement account and provide a dollar-for-dollar match on employee contributions of up to six percent of pay, will replace the pension plan for new hires. The new savings plan also is portable, which means employees can take the full vested value of their accounts with them if they leave 3M for any reason, or they may keep their accounts at 3M. Current employees will receive a 25 cent increase in the company's matching contributions under its current 401(k) savings plan, which replaces variable quarterly and annual contributions made by the company.

A revised retiree medical plan ensures that 3M's benefits continue to be competitive in the changing health care marketplace, where an increasing number of medical coverage choices are available for Medicare-eligible retirees. The plan provides flexibility to choose coverage best suited to retirees' needs. For pre-Medicare-eligible retirees, the plan offers a new cost-sharing approach to help pay medical premiums, as well as the choice to participate in a consumer-directed plan with a tax-effective health savings account.

"We believe the new plans will ensure value and sustain our program that is consistently ranked among the best," said Jan Angell, vice president, 3M Compensation and Benefits. "Our new retirement benefits program also will help us attract and retain talent and address the needs of today's changing workforce, which desires more portability and greater involvement in decisions affecting their financial futures."

About 3M

A recognized leader in research and development, 3M produces thousands of innovative products for dozens of diverse markets. 3M's core strength is applying its more than 40 distinct technology platforms – often in combination – to a wide array of customer needs. With \$24 billion in sales, 3M employs 75,000 people worldwide and has operations in more than 60 countries. For more information, visit www.3M.com.

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