

3M Company and Subsidiaries
Consolidated Statement of Income
Years ended December 31

(Millions, except per share amounts)	2017	2016	2015
Net sales	\$ 31,657	\$ 30,109	\$ 30,274
Operating expenses			
Cost of sales	16,001	15,040	15,383
Selling, general and administrative expenses	6,572	6,222	6,229
Research, development and related expenses	1,850	1,735	1,763
Gain on sale of businesses	(586)	(111)	(47)
Total operating expenses	23,837	22,886	23,328
Operating income	7,820	7,223	6,946
Other expense (income), net	272	170	123
Income before income taxes	7,548	7,053	6,823
Provision for income taxes	2,679	1,995	1,982
Net income including noncontrolling interest	\$ 4,869	\$ 5,058	\$ 4,841
Less: Net income attributable to noncontrolling interest	11	8	8
Net income attributable to 3M	\$ 4,858	\$ 5,050	\$ 4,833
Weighted average 3M common shares outstanding — basic	597.5	604.7	625.6
Earnings per share attributable to 3M common shareholders — basic	\$ 8.13	\$ 8.35	\$ 7.72
Weighted average 3M common shares outstanding — diluted	612.7	618.7	637.2
Earnings per share attributable to 3M common shareholders — diluted	\$ 7.93	\$ 8.16	\$ 7.58
Cash dividends paid per 3M common share	\$ 4.70	\$ 4.44	\$ 4.10

The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

3M Company and Subsidiaries
Consolidated Balance Sheet
At December 31

	December 31, 2017	December 31, 2016
(Dollars in millions, except per share amount)		
Assets		
Current assets		
Cash and cash equivalents	\$ 3,053	\$ 2,398
Marketable securities — current	1,076	280
Accounts receivable — net of allowances of \$103 and \$88	4,911	4,392
Inventories		
Finished goods	1,915	1,629
Work in process	1,218	1,039
Raw materials and supplies	901	717
Total inventories	4,034	3,385
Prepays	937	821
Other current assets	266	450
Total current assets	14,277	11,726
Property, plant and equipment	24,914	23,499
Less: Accumulated depreciation	(16,048)	(14,983)
Property, plant and equipment — net	8,866	8,516
Goodwill	10,513	9,166
Intangible assets — net	2,936	2,320
Other assets	1,395	1,178
Total assets	\$ 37,987	\$ 32,906
Liabilities		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$ 1,853	\$ 972
Accounts payable	1,945	1,798
Accrued payroll	870	678
Accrued income taxes	310	299
Other current liabilities	2,709	2,472
Total current liabilities	7,687	6,219
Long-term debt	12,096	10,678
Pension and postretirement benefits	3,620	4,018
Other liabilities	2,962	1,648
Total liabilities	\$ 26,365	\$ 22,563
Commitments and contingencies (Note 15)		
Equity		
3M Company shareholders' equity:		
Common stock par value, \$.01 par value	\$ 9	\$ 9
Shares outstanding - 2017: 594,884,237		
Shares outstanding - 2016: 596,726,278		
Additional paid-in capital	5,352	5,061
Retained earnings	39,115	37,907
Treasury stock	(25,887)	(25,434)
Accumulated other comprehensive income (loss)	(7,026)	(7,245)
Total 3M Company shareholders' equity	11,563	10,298
Noncontrolling interest	59	45
Total equity	\$ 11,622	\$ 10,343
Total liabilities and equity	\$ 37,987	\$ 32,906

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3M Company and Subsidiaries
Consolidated Statement of Cash Flows
Years ended December 31

(Millions)	2017	2016	2015
Cash Flows from Operating Activities			
Net income including noncontrolling interest	\$ 4,869	\$ 5,058	\$ 4,841
Adjustments to reconcile net income including noncontrolling interest to net cash provided by operating activities			
Depreciation and amortization	1,544	1,474	1,435
Company pension and postretirement contributions	(967)	(383)	(267)
Company pension and postretirement expense	333	251	556
Stock-based compensation expense	324	298	276
Gain on sale of businesses	(586)	(111)	(47)
Deferred income taxes	107	7	395
Excess tax benefits from stock-based compensation	—	—	(154)
Changes in assets and liabilities			
Accounts receivable	(245)	(313)	(58)
Inventories	(387)	57	3
Accounts payable	24	148	9
Accrued income taxes (current and long-term)	967	101	(744)
Other — net	257	75	175
Net cash provided by operating activities	6,240	6,662	6,420
Cash Flows from Investing Activities			
Purchases of property, plant and equipment (PP&E)	(1,373)	(1,420)	(1,461)
Proceeds from sale of PP&E and other assets	49	58	33
Acquisitions, net of cash acquired	(2,023)	(16)	(2,914)
Purchases of marketable securities and investments	(2,152)	(1,410)	(652)
Proceeds from maturities and sale of marketable securities and investments	1,354	1,247	1,952
Proceeds from sale of businesses, net of cash sold	1,065	142	123
Other — net	(6)	(4)	102
Net cash used in investing activities	(3,086)	(1,403)	(2,817)
Cash Flows from Financing Activities			
Change in short-term debt — net	578	(797)	860
Repayment of debt (maturities greater than 90 days)	(962)	(992)	(800)
Proceeds from debt (maturities greater than 90 days)	1,987	2,832	3,422
Purchases of treasury stock	(2,068)	(3,753)	(5,238)
Proceeds from issuance of treasury stock pursuant to stock option and benefit plans	734	804	635
Dividends paid to shareholders	(2,803)	(2,678)	(2,561)
Excess tax benefits from stock-based compensation	—	—	154
Other — net	(121)	(42)	(120)
Net cash used in financing activities	(2,655)	(4,626)	(3,648)
Effect of exchange rate changes on cash and cash equivalents	156	(33)	(54)
Net increase (decrease) in cash and cash equivalents	655	600	(99)
Cash and cash equivalents at beginning of year	2,398	1,798	1,897
Cash and cash equivalents at end of period	\$ 3,053	\$ 2,398	\$ 1,798

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