

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

	2015	2014	2013
Net sales	\$ 30,274	\$ 31,821	\$ 30,871
Operating expenses			
Cost of sales	15,383	16,447	16,106
Selling, general and administrative expenses	6,182	6,469	6,384
Research, development and related expenses	1,763	1,770	1,715
Total operating expenses	23,328	24,686	24,205
Operating income	6,946	7,135	6,666
Interest expense and income			
Interest expense	149	142	145
Interest income	(26)	(33)	(41)
Total interest expense — net	123	109	104
Income before income taxes	6,823	7,026	6,562
Provision for income taxes	1,982	2,028	1,841
Net income including noncontrolling interest	\$ 4,841	\$ 4,998	\$ 4,721
Less: Net income attributable to noncontrolling interest	8	42	62
Net income attributable to 3M	\$ 4,833	\$ 4,956	\$ 4,659
Weighted average 3M common shares outstanding — basic	625.6	649.2	681.9
Earnings per share attributable to 3M common shareholders — basic	\$ 7.72	\$ 7.63	\$ 6.83
Weighted average 3M common shares outstanding — diluted	637.2	662.0	693.6
Earnings per share attributable to 3M common shareholders — diluted	\$ 7.58	\$ 7.49	\$ 6.72
Cash dividends paid per 3M common share	\$ 4.10	\$ 3.42	\$ 2.54

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

Consolidated Balance Sheet
3M Company and Subsidiaries
At December 31

(Dollars in millions, except per share amount)	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 1,798	\$ 1,897
Marketable securities — current	118	1,439
Accounts receivable — net of allowances of \$91 and \$94	4,154	4,238
Inventories		
Finished goods	1,655	1,723
Work in process	1,008	1,081
Raw materials and supplies	855	902
Total inventories	3,518	3,706
Other current assets	1,398	1,023
Total current assets	10,986	12,303
Marketable securities — non-current	9	15
Investments	117	102
Property, plant and equipment	23,098	22,841
Less: Accumulated depreciation	(14,583)	(14,352)
Property, plant and equipment — net	8,515	8,489
Goodwill	9,249	7,050
Intangible assets — net	2,601	1,435
Prepaid pension benefits	188	46
Other assets	1,053	1,769
Total assets	\$ 32,718	\$ 31,209
Liabilities		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$ 2,044	\$ 106
Accounts payable	1,694	1,807
Accrued payroll	644	732
Accrued income taxes	332	435
Other current liabilities	2,404	2,884
Total current liabilities	7,118	5,964
Long-term debt	8,753	6,705
Pension and postretirement benefits	3,520	3,843
Other liabilities	1,580	1,555
Total liabilities	\$ 20,971	\$ 18,067
Commitments and contingencies (Note 14)		
Equity		
3M Company shareholders' equity:		
Common stock, par value \$.01 per share	\$ 9	\$ 9
Shares outstanding - 2015: 609,330,124		
Shares outstanding - 2014: 635,134,594		
Additional paid-in capital	4,791	4,379
Retained earnings	36,575	34,317
Treasury stock	(23,308)	(19,307)
Accumulated other comprehensive income (loss)	(6,359)	(6,289)
Total 3M Company shareholders' equity	11,708	13,109
Noncontrolling interest	39	33
Total equity	\$ 11,747	\$ 13,142
Total liabilities and equity	\$ 32,718	\$ 31,209

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

(Millions)	2015	2014	2013
Cash Flows from Operating Activities			
Net income including noncontrolling interest	\$ 4,841	\$ 4,998	\$ 4,721
Adjustments to reconcile net income including noncontrolling interest to net cash provided by operating activities			
Depreciation and amortization	1,435	1,408	1,371
Company pension and postretirement contributions	(267)	(215)	(482)
Company pension and postretirement expense	556	391	553
Stock-based compensation expense	276	280	240
Deferred income taxes	395	(146)	(167)
Excess tax benefits from stock-based compensation	(154)	(167)	(92)
Changes in assets and liabilities			
Accounts receivable	(58)	(268)	(337)
Inventories	3	(113)	(86)
Accounts payable	9	75	16
Accrued income taxes (current and long-term)	(744)	206	206
Other — net	128	177	(126)
Net cash provided by operating activities	6,420	6,626	5,817
Cash Flows from Investing Activities			
Purchases of property, plant and equipment (PP&E)	(1,461)	(1,493)	(1,665)
Proceeds from sale of PP&E and other assets	33	135	128
Acquisitions, net of cash acquired	(2,914)	(94)	—
Purchases of marketable securities and investments	(652)	(1,280)	(4,040)
Proceeds from maturities and sale of marketable securities and investments	1,952	2,034	4,667
Proceeds from sale of businesses	123	—	8
Other investing	102	102	46
Net cash used in investing activities	(2,817)	(596)	(856)
Cash Flows from Financing Activities			
Change in short-term debt — net	860	27	(2)
Repayment of debt (maturities greater than 90 days)	(800)	(1,625)	(859)
Proceeds from debt (maturities greater than 90 days)	3,422	2,608	824
Purchases of treasury stock	(5,238)	(5,652)	(5,212)
Proceeds from issuance of treasury stock pursuant to stock option and benefit plans	635	968	1,609
Dividends paid to shareholders	(2,561)	(2,216)	(1,730)
Excess tax benefits from stock-based compensation	154	167	92
Purchase of noncontrolling interest	—	(861)	—
Other — net	(120)	(19)	32
Net cash used in financing activities	(3,648)	(6,603)	(5,246)
Effect of exchange rate changes on cash and cash equivalents	(54)	(111)	(17)
Net increase (decrease) in cash and cash equivalents	(99)	(684)	(302)
Cash and cash equivalents at beginning of year	1,897	2,581	2,883
Cash and cash equivalents at end of period	\$ 1,798	\$ 1,897	\$ 2,581

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