

10-Q 1 q30310qmain.txt FORM 10-Q 1 ----- UNITED STATES  
 SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549 FORM 10-Q QUARTERLY REPORT PURSUANT TO SECTION  
 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For Quarter ended September 30, 2003 Commission file number: 1-3285 3M  
 COMPANY State of Incorporation: Delaware I.R.S. Employer Identification No. 41-0417775 Executive offices: 3M Center, St. Paul, Minnesota  
 55144 Telephone number: (651) 733-1110 Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or  
 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such  
 reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ----- Indicate by check mark whether the registrant  
 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes X No ----- On September 30, 2003, there were 784,883,033 shares  
 of the registrant's common stock outstanding (reflects two-for-one stock split effective with third quarter 2003 reporting). This document contains 43  
 pages. The exhibit index is set forth on page 36. ----- 2 3M Company and  
 Subsidiaries PART I. FINANCIAL INFORMATION ITEM 1. FINANCIAL STATEMENTS 3M Company and Subsidiaries CONSOLIDATED  
 STATEMENT OF INCOME (Unaudited)

-----  
 -----  
 -----  
 -----  
 -----

-- Three  
 months ended  
 Nine months  
 ended  
 (Amounts in  
 millions,  
 September 30  
 September 30  
 except per  
 share  
 amounts)  
 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

Income before income taxes and minority interest	1,014,841	2,719,229
Provision for income taxes	339,274	897,711
Minority interest		

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

The

accompanying  
Notes to  
Consolidated  
Financial  
Statements  
are an integral  
part of this  
statement.  
Share and per  
share data  
have been  
adjusted to  
reflect the  
two-for-one  
stock split  
effective with  
third quarter  
2003  
reporting.

3 3M Company and Subsidiaries CONSOLIDATED BALANCE SHEET (Unaudited)

-----  
-----  
-----  
----- Sep. 30  
Dec. 31 (Dollars in  
millions, except per  
share amounts) 2003  
2002 -----  
-----  
-----

-----  
ASSETS Current  
assets Cash and  
cash equivalents \$  
1,279 \$ 618  
Accounts receivable  
— net 2,791 2,527  
Inventories Finished  
goods 961 1,011  
Work-in-process  
611 591 Raw  
materials and  
supplies 310 329 ----  
-----  
-----  
-----

----- Total  
inventories 1,882  
1,931 Other current  
assets 1,390 983 ----  
-----  
-----

----- Total  
current assets 7,342  
6,059 Investments  
214 238 Property,  
plant and equipment  
15,507 15,058 Less  
accumulated  
depreciation

(10,040) (9,437) ---

----- Property,  
plant and equipment  
— net 5,467 5,621  
Goodwill 2,330  
1,898 Intangible  
assets — net 264 269  
Other assets 1,180  
1,244 -----

-----  
Total assets \$16,797  
\$15,329 -----

-----  
— LIABILITIES  
Current liabilities  
Short-term debt \$  
1,255 \$ 1,237  
Accounts payable  
969 945 Payroll 457  
411 Income taxes  
payable 825 518  
Other current  
liabilities 1,462  
1,346 -----

-----  
Total current  
liabilities 4,968  
4,457 Long-term  
debt 1,738 2,140  
Other liabilities  
2,583 2,739 -----

-----  
Total liabilities  
9,289 9,336 -----

-----  
Commitments  
and contingencies  
STOCKHOLDERS'  
EQUITY Common  
stock, \$.01 par  
value, 944,033,056  
shares issued 9 5  
Capital in excess of  
par value 287 291  
Retained earnings  
13,649 12,748  
Treasury stock, at  
cost; 159,150,023

shares at Sep. 30,  
2003; 163,641,694  
shares at Dec. 31,  
2002 (4,535)  
(4,767) Unearned  
compensation (227)  
(258) Accumulated  
other comprehensive  
income (loss)  
(1,675) (2,026) -----

----- Total  
stockholders' equity  
7,508 5,993 -----

----- Total liabilities  
and stockholders'  
equity \$16,797  
\$15,329 -----

-- The accompanying  
Notes to  
Consolidated  
Financial Statements  
are an integral part  
of this statement.  
Share data has been  
adjusted to reflect  
the two-for-one  
stock split effective  
with third quarter  
2003 reporting.

4 3M Company and Subsidiaries CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

-----  
-----  
-----  
-----  
--- Nine  
months ended  
September 30  
(Dollars in  
millions) 2003  
2002 -----

-----  
CASH  
FLOWS  
FROM  
OPERATING  
ACTIVITIES  
Net income

\$1,784	\$
1,463	
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	717 728
Pension company contributions	(675) (854)
Deferred income tax provision	146 273
Changes in assets and liabilities	
Accounts receivable	(142) (18)
Inventories	150 195
Other current assets	(306) (35)
Other assets - net of amortization	106 (52)
Income taxes payable	348 50
Accounts payable and other current liabilities	112 33
Other liabilities	224 150
Other - net	43 60
-----	
-----	
-----	
Net cash provided by operating activities	2,507 1,993
-----	
-----	
-----	
CASH FLOWS	

Purchases of  
property,  
plant and  
equipment  
(416) (530)

~~Acquisitions  
of businesses  
(428) (88)~~

~~1 Purchases  
of investments  
(10)(4)~~

30 11 \_\_\_\_\_

---

---

---

---

~~Net~~

~~cash used in~~

investing

activities

~~(736)(566)---~~

---

---

---

---

CASH

~~ELOWS~~

FROM

~~Change in  
short-term  
debt-net  
(204) (25)~~

(maturities  
greater than  
90 days)

(615)-(482)  
 Proceeds  
 from debt  
 (maturities  
 greater than  
 90 days) 447



Purchases of	
treasury stock	
(394) (813)	
Reissuances	
of treasury	
stock 425	
426 Dividends	
paid to	
stockholders	
(775) (725)	
Distributions	
to minority	
interests --	
(78) Other --	
net (19) -----	
-----	
-----	
-----	
-----	
Net cash used	
in financing	
activities	
(1,135)	
(1,172) -----	
-----	
-----	
-----	
-----	
Effect of	
exchange rate	
changes on	
cash 25 (50) --	
-----	
-----	
-----	
-----	
-- Net	
increase in	
cash and cash	
equivalents	
661 205 -----	
-----	
-----	
-----	
-----	
Cash and cash	
equivalents at	
beginning of	
year 618 616	
-----	
-----	
-----	
-----	
--- Cash and	
cash	

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

	Three months ended Nine months ended	
	(Dollars in millions, September 30	
	September 30 except per share amounts)	
	2003 2002	
	2003 2002 -	
	----- ----- ----- -----	
	- Net income, as	



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Effective January 1, 2003, the company adopted SFAS No. 143, "Accounting for Asset Retirement Obligations". This statement establishes accounting standards for recognition and measurement of a liability for an asset retirement obligation and the associated asset retirement cost. The adoption of this standard did not materially impact 3M's consolidated financial position or results of operations. In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities." This interpretation addresses the requirements for business enterprises to consolidate related entities in which they are determined to be the primary economic beneficiary as a result of their variable economic interests. The interpretation provides guidance in evaluating multiple economic interests in an entity and in determining the primary beneficiary. The interpretation outlines disclosure requirements for Variable Interest Entities (VIEs) in existence prior to January 31, 2003, and outlines consolidation requirements for VIEs created after January 31, 2003. In a FASB staff position (FSP) concerning the effective date of FIN 46, the FASB decided to defer the latest date by which all public entities must apply FIN 46 to certain VIEs to the first reporting period ending after December 15, 2003. The company has reviewed its major commercial relationships and its overall economic interests with other companies consisting of related parties, contracted manufacturing vendors, companies in which it has an equity position, and other suppliers to determine the extent of its variable economic interest in these parties. As a result of this review, 3M determined that no material entities are VIEs of 3M and that 3M is not a primary economic beneficiary of any VIE. 7 In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 149 is effective for certain contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The adoption of this standard did not impact 3M's consolidated financial position or results of operations. In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 requires that an issuer classify certain financial instruments within its scope as a liability (or an asset in some circumstances). Effective July 1, 2003, the company adopted SFAS No. 150. The adoption of this standard did not impact 3M's consolidated financial position or results of operations. In May 2003, Emerging Issues Task Force No. 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables" was finalized. This addresses certain aspects of accounting by a vendor for arrangements under which it will perform multiple revenue-generating activities. The guidance in the consensus is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. The adoption of this standard did not impact 3M's consolidated financial position or results of operations.

**NOTE 2. BUSINESS COMBINATIONS** In January 2003, 3M purchased an additional 25 percent interest of Sumitomo 3M Limited from NEC Corporation for \$377 million in cash. Prior to this purchase, 3M controlled and owned 50 percent of Sumitomo 3M Limited and fully consolidated both Sumitomo 3M Limited's balance sheet and results of operations, with a provision for minority interest that did not have participating rights. As a result of this acquisition, 3M now owns 75 percent of Sumitomo 3M Limited. Sumitomo Electric Industries, Ltd., a Japanese corporation, owns the remaining 25 percent of Sumitomo 3M Limited. Because all business segments benefit from this combination, goodwill acquired in this acquisition was allocated to 3M's seven business segments. During the first quarter of 2003, 3M (Display and Graphics Business) finalized the purchase of Corning Precision Lens, Inc. (Precision Optics, Inc.), which was acquired in December 2002. The impacts of finalizing the purchase price allocation, including a working capital adjustment and payment of direct acquisition expenses, are shown in the business combination activity table that follows. During the nine-month period ended September 30, 2003, 3M entered into five additional business combinations for \$38 million, net of cash acquired.

1) 3M (Industrial Business) purchased 100 percent of the outstanding shares of Solvay Fluoropolymers, Inc. (SFI), previously a wholly owned subsidiary of Solvay America, Inc. SFI is a manufacturer of fluoroplastic products. 8 2) 3M (Display and Graphics Business) purchased Corning Shanghai Logistics Company Limited, previously a wholly owned subsidiary of Corning Incorporated. This business is involved in the distribution of lens systems for projection televisions. 3) 3M (Safety, Security and Protection Services Business) purchased 100 percent of the outstanding shares of GuardiaNet Systems, Inc., a software company. 4) 3M (Electro and Communications Business) purchased the outstanding minority interest of Pouyet Communications, Inc. (PCI), an Indian company. PCI is a telecommunications supplier. 5) 3M (Health Care Business) purchased 100 percent of the outstanding shares of Vantage Health Limited, a British company. Vantage Health Limited develops health information systems software. The business combination activity for the nine-month period ended September 30, 2003, is summarized in the following table. Pro forma information related to these acquisitions is not included because the impact of these acquisitions, either individually or in the aggregate, on the company's consolidated results of operations is not considered to be significant.

Precision  
Sumitomo Optics,  
Inc. Aggregation  
Asset (Liability)  
3M (2003 of  
Remaining Total  
(Millions) Limited  
activity)  
Acquisitions  
Activity -----

~~Net assets  
acquired \$377  
\$13 \$38 \$428~~

NOTE 3. GOODWILL AND ACQUIRED INTANGIBLE ASSETS As discussed in Note 11 to the Consolidated Financial Statements, 3M realigned its business segments and began reporting under this new structure effective January 1, 2003. The business segment realignment resulted in certain changes in reporting units for 3M. Effective January 1, 2003, 3M has 18 reporting units under the criteria set forth by Statement of Financial Accounting Standards (SFAS) No. 142. SFAS No. 142 requires that goodwill be tested for impairment when reporting units are changed. During the first quarter of 2003, the company completed its assessment of any potential goodwill impairments under this new structure and determined that no impairments existed. 9 The goodwill balance by business segment as of December 31, 2002, and September 30, 2003, follows. Goodwill acquired in

the first nine months of 2003 totaled \$308 million, with \$8 million expected to be fully deductible for tax purposes. The increase in the goodwill balance during the nine month period ended September 30, 2003, primarily relates to 2003 business combination activity and changes in currency exchange rates.

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-----  
-----  
-----

-----  
GOODWILL  
Dec. 31 2003  
2003 Sep. 30  
2002 acquisition  
translation 2003  
(Millions)  
balance activity  
and other  
balance -----  
-----  
-----  
-----

-----  
- Health Care \$  
393 \$ 56 \$ 33 \$  
482 Industrial  
220 64 18 302  
Consumer and  
Office 17 33 4  
54 Display and  
Graphics 824  
65 5 894  
Electro and  
Communications  
380 38 54 472  
Safety, Security  
and Protection  
Services 59 32  
8 99  
Transportation 5  
20 2 27 -----  
-----  
-----  
-----

-----  
- Total  
Company  
\$1,898 \$308  
\$124 \$2,330 ---  
-----  
-----  
-----  
-----

-----  
ACQUIRED INTANGIBLE ASSETS The carrying amount and accumulated amortization of acquired intangible assets follow.  
-----  
-----  
-----  
-----

----- Sep.  
30 Dec. 31  
(Millions)

2003 2002 -

-----  
-----  
-----  
-----

----- Patents

\$316 \$297

Other  
amortizable  
intangible  
assets 99 93

Non-  
amortizable  
intangible  
assets

(tradenames)  
65 61 -----

-----  
-----  
-----

Total gross  
carrying  
amount 480  
451

Accumulated  
amortization  
-patents  
(148) (123)

Accumulated  
amortization  
-other (68)  
(59) -----

-----  
-----  
-----

Less total  
accumulated  
amortization  
(216) (182)

Total  
intangible  
assets - net  
\$264 \$269 -

-----  
-----  
-----

-----  
Amortization expense for acquired intangible assets for the three months and nine months ended September 30, 2003 and 2002 follows.

-----  
 -----  
 -----  
 -----  
 -----  
 -----

- (Millions)  
 Three  
 months  
 ended Nine  
 months  
 ended Sep.  
 30 Sep. 30  
 Sep. 30  
 Sep. 30  
 2003 2002  
 2003 2002

-----  
 -----  
 -----  
 -----  
 -----  
 -----

-  
 Amortization  
 expense \$  
 10 \$ 10 \$  
 31 \$ 28

-----  
 -----  
 -----  
 -----  
 -----  
 -----

10 The table that follows shows estimated amortization expense for acquired intangible assets recorded as of September 30, 2003. Actual amounts of amortization expense may differ from estimated amounts due to additional intangible asset acquisitions, changes in currency exchange rates, impairment of intangible assets, accelerated amortization of intangible assets, and other events.



-----  
-----  
-----  
-----  
-----

-----  
Fourth  
Quarter  
Year Year  
Year Year  
After  
(Millions)  
2003 2004  
2005 2006  
2007 2007  
-----  
-----  
-----  
-----  
-----

-----  
Estimated  
amortization  
expense  
\$10 \$37  
\$30 \$25  
\$22 \$75  
-----  
-----  
-----  
-----  
-----

---  
11 NOTE 4. RESTRUCTURING Restructuring program actions related to the 2001/2002 corporate restructuring program were substantially completed by June 30, 2002. Selected information related to the restructuring follows.

-----  
-----  
-----

-----  
RESTRUCTURING  
Employee Severance  
and Accelerated  
(Millions) Benefits  
Depreciation Other  
Total -----  
-----  
-----

-----  
Charges Year 2001  
charges \$472 \$ 80 \$  
17 \$569 First  
quarter 2002  
charges 24 26 4 54  
Second quarter  
2002 charges 87 21  
40 148  
-----  
-----  
-----

-----  
Total charges \$583  
\$127 \$ 61 \$771  
-----

-----  
-----  
-----  
-----  
-----  
-----

-----  
Current liability at  
December 31, 2000  
\$ -- \$ -- \$ -- \$ --  
-----  
-----

----- 2001 Charges  
472 80 17 569  
2001 Cash  
payments (155) --  
(4) (159) 2001  
Non-cash and long-  
term portion of  
liability (132) (80) --  
(212) -----  
-----  
-----

-----  
Current liability at  
December 31, 2001  
\$185 \$ -- \$ 13  
\$198 -----  
-----  
-----

----- 2002  
Charges 111 47 44  
202 2002 Cash  
payments (267) --  
(39) (306) 2002  
Reclassification from  
long-term portion of  
liability 47 ----- 47  
2002 Non-cash and  
long-term portion of  
liability (46) (47) --  
(93) -----  
-----  
-----

-----  
Current liability at  
December 31, 2002  
\$ 30 \$ -- \$ 18 \$ 48  
-----  
-----  
-----

----- First quarter  
2003 cash payments  
(22) -- (8) (30)  
Second quarter  
2003 cash payments  
(2) -- (4) (6) Third  
quarter 2003 cash  
payments (3) -- (1)  
(4) -----

-----  
 -----  
 ----- Current  
 liability at September  
 30, 2003 \$ 3 \$ --- \$  
 5 \$ 8 -----  
 -----

NOTE 5. DEBT In September 2003, the company filed a shelf registration statement with the Securities and Exchange Commission relating to the potential offering of debt securities of up to \$1.5 billion. This shelf registration became effective in October 2003. 3M plans to use the net proceeds from future issuances of debt securities under this registration for general corporate purposes, including: the repayment of debt; investments in or extensions 12 of credit to 3M subsidiaries; or the financing of possible acquisitions or business expansion. NOTE 6. ACCOUNTING FOR DERIVATIVE INSTRUMENTS The company uses interest rate swaps, currency swaps, and forward and option contracts to manage risks generally associated with foreign exchange rate, interest rate and commodity market volatility. As part of this strategy, in September 2003, the company entered into a three-year combined interest rate and currency swap with a notional amount of \$300 million. This transaction is a partial hedge of 3M's net investment in 3M Japanese subsidiaries. This swap converts a variable rate U.S. dollar exposure to a variable rate yen denominated exposure. The table that follows provides the amounts recorded in cumulative translation related to net investment hedging, and also provides cash flow hedging instrument disclosures. Reclassification adjustments are made to avoid double counting in comprehensive income items that are also included as part of net income. The amount of the reclassification adjustment recognized in other comprehensive income is equal to, but opposite in sign from, the amount of the realized gain or loss in net income.

-----  
 -----  
 -----  
 -----  
 DERIVATIVES  
 Three months  
 ended Nine  
 months ended  
 Net of Tax  
 September 30  
 September 30  
 (Millions) 2003  
 2002 2003 2002

-----  
 -----  
 -----  
 -----  
 UNREALIZED  
 GAIN/(LOSS)  
 RECORDED IN  
 CUMULATIVE  
 TRANSLATION  
 Net investment  
 hedging \$ (9) \$ 3  
 \$ (8) \$ (14) -----  
 -----  
 -----

----- CASH  
 FLOW  
 HEDGING  
 INSTRUMENTS  
 BALANCE  
 AND  
 ACTIVITY  
 Beginning balance  
 \$(43) \$(37) \$  
 (39) \$ 9 -----  
 -----

-----  
 ----Net  
 unrealized holding  
 gain/(loss)\* (10)  
 11 (63) (48)  
 Reclassification  
 adjustment\* 15 3  
 64 16-----

-----  
 -----  
 --Total activity 5  
 14 1 (32)-----

-----  
 -----  
 -----Ending  
 balance \$(38)\*\*  
 \$(23) \$(38)  
 \$(23)-----

-----  
 -----  
 --\*TAX  
 EXPENSE OR  
 BENEFIT Net  
 unrealized holding  
 gain/(loss) \$ 9 \$  
 (6) \$ 32 \$ 28  
 Reclassification  
 adjustment (11)  
 (1) (33) (9)-----

-----  
 -----  
 -----\*\*  
 Based on  
 exchange rates at  
 September 30,  
 2003, the  
 company expects  
 to reclassify to  
 earnings over the  
 next 12 months a  
 majority of the  
 cash flow hedging  
 instruments after-  
 tax loss of \$38  
 million (with the  
 impact largely  
 offset by foreign  
 currency cash  
 flows from  
 underlying hedged  
 items).

13 NOTE 7. COMMITMENTS AND CONTINGENCIES Discussion of legal matters is cross-referenced to this Quarterly Report on Form 10-Q, Part II, Item 1, Legal Proceedings, and should be considered an integral part of the interim consolidated financial statements. NOTE 8. STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME INFORMATION During the third quarter of 2003, \$4 million was transferred within stockholders' equity from "Capital in excess of par value" to "Common stock" in connection with the two-for-one split of the company's common stock (discussed in Note 9 to the Consolidated Financial Statements). The components of the ending balances of accumulated other comprehensive income (loss) follow.

-----  
-----  
-----

-----  
ACCUMULATED  
OTHER  
COMPREHENSIVE  
INCOME (LOSS)  
Sep. 30 Dec. 31  
(Millions) 2003 2002  
-----  
-----  
-----

----- Cumulative  
translation -- net \$  
(509) \$ (858)  
Minimum pension  
liability adjustments  
(1,130) (1,130) Debt  
and equity securities,  
unrealized gain -- net  
2-1 Cash flow  
hedging instruments,  
unrealized loss -- net  
(38) (39) -----  
-----  
-----

-----  
Accumulated other  
comprehensive  
income (loss)  
\$(1,675) \$(2,026) -----  
-----  
-----

-----  
Income tax effects for cumulative translation are not significant because no tax provision has been made for the translation of foreign currency financial statements into U.S. dollars. Reclassification adjustments (other than for cash flow hedging instruments discussed in Note 6 to the Consolidated Financial Statements) were not material. The components of total comprehensive income follow.

-----  
-----  
-----

----- TOTAL  
COMPREHENSIVE  
INCOME Three  
months ended  
September 30  
(Millions) 2003 2002  
-----  
-----

----- Net income \$  
663 \$ 545 Other  
comprehensive  
income (loss)  
Cumulative  
translation-- net of \$7  
million tax benefit in  
2003 and \$1 million  
tax provision in 2002  
63 (70) Debt and  
equity securities;  
unrealized gain (loss)  
--net of immaterial tax  
impact in 2003 and  
\$2 million tax benefit  
in 2002 1 (3) Cash  
flow hedging  
instruments;  
unrealized gain (loss)  
--net of \$2 million tax  
provision in 2003 and  
\$7 million tax  
provision in 2002 5  
14 -----  
-----  
-----

----- Total  
comprehensive  
income \$ 732 \$ 486  
-----  
-----  
-----

-----  
 -----  
 -----  
 ---- TOTAL  
 COMPREHENSIVE  
 INCOME Nine  
 months ended  
 September 30  
 (Millions) 2003 2002  
 -----  
 -----

----- Net income  
 \$1,784 \$1,463 Other  
 comprehensive  
 income (loss)  
 Cumulative  
 translation -- net of \$8  
 million tax benefit in  
 2003 and \$11 million  
 tax benefit in 2002  
 349 113 Debt and  
 equity securities;  
 unrealized gain (loss)  
 -- net of immaterial tax  
 impact in 2003 and  
 \$9 million tax benefit  
 in 2002 1 (15) Cash  
 flow hedging  
 instruments;  
 unrealized gain (loss)  
 -- net of \$1 million tax  
 provision in 2003 and  
 \$19 million tax  
 benefit in 2002 1  
 (32) -----  
 -----  
 -----

----- Total  
 comprehensive  
 income \$2,135  
 \$1,529 -----  
 -----  
 -----

NOTE 9. STOCK SPLIT On August 11, 2003, 3M's Board of Directors declared a two-for-one split of the company's common stock. The stock split was in the form of a stock dividend of one additional share for each share owned by stockholders of record and each share held in treasury as of the close of business on September 22, 2003, and was distributed on September 29, 2003. Information (such as per share amounts, weighted average shares and shares outstanding) has been adjusted in the accompanying financial statements and related notes to reflect this split. This information is presented on a post split basis effective with third quarter 2003 reporting. Information on an adjusted basis, showing the impact of this split for the first two quarters of 2003, and by quarter and total year for 2002 and 2001 follows. Quarterly Data (Unaudited)

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-----  
-----  
-----  
-----

---  
POST  
SPLIT  
BASIS  
First  
Second  
Quarter  
Quarter  
-----

-----  
-----  
-----  
-----

---  
Basic  
earnings  
per  
share-  
net  
income  
2003 \$  
0.64 \$  
0.79  
Diluted  
earnings  
per  
share-  
net  
income  
2003 \$  
0.63 \$  
0.78 --  
-----  
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15 Quarterly Data (Unaudited)

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POST  
SPLIT  
BASIS  
First  
Second  
Third  
Fourth



Quarter  
Quarter  
Quarter  
Quarter  
Year --

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Basic  
earnings  
per  
share--  
net  
income  
2002 \$  
0.58 \$  
0.60 \$  
0.70 \$  
0.65 \$  
2.53  
2001 \$  
0.57 \$  
0.26 \$  
0.50 \$  
0.49 \$  
1.81

Diluted  
earnings  
per  
share--  
net  
income  
2002 \$  
0.57 \$  
0.59 \$  
0.69 \$  
0.65 \$  
2.50  
2001 \$  
0.56 \$  
0.25 \$  
0.49 \$  
0.48 \$  
1.79 --

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NOTE 10. EARNINGS PER SHARE The computations for basic and diluted earnings per share for each period presented follow.  
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EARNINGS  
PER SHARE

Three months  
ended Nine  
months  
ended

(Amounts in  
millions,  
September  
30

September  
30 except  
per share  
amounts)

2003 2002  
2003 2002 -

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-----  
-----  
-----

-----  
Numerator:

Net income \$  
663 \$ 545  
\$1,784  
\$1,463 -----

-----  
-----  
-----  
-----

-----  
Denominator:

Denominator  
for weighted  
average  
common  
shares

outstanding -  
basic 784.6  
779.6 782.2  
779.8

Dilution  
associated  
with the  
company's  
stock-based  
compensation  
plans 12.9  
10.4 11.2

11.1 -----  
-----  
-----  
-----

-----  
 --  
 Denominator  
 for weighted  
 average  
 common  
 shares  
 outstanding  
 diluted 797.5  
 790.0 793.4  
 790.9 -----  
 -----  
 -----  
 -----  
 -----

--- Earnings  
 per share  
 basic \$ 0.85  
 \$ 0.70 \$  
 2.28 \$ 1.88  
 Earnings per  
 share  
 diluted \$  
 0.83 \$ 0.69  
 \$ 2.25 \$  
 1.85 -----  
 -----  
 -----  
 -----  
 -----

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 --  
 Certain stock options outstanding were excluded from the computation of diluted earnings per share because they would not have had a dilutive effect as the options' exercise price was greater than the average market price of the company's common stock (zero options for the three month period ended September 30, 2003; 8.5 million average options for the nine month period ended September 30, 2003; 12.5 million average options for the three month period ended September 30, 2002; 10.5 million average options for the nine month period ended September 30, 2002). The conditions for conversion related to the company's \$639 million in aggregate face amount of convertible notes were not met for the third quarter of 2003; accordingly, there was no impact on 3M's third quarter or year to date diluted earnings per share. If the conditions for conversion are met, 3M may choose to pay in cash and/or common stock. 16 NOTE 11. BUSINESS SEGMENTS 3M announced in September 2002 a strategic realignment of its organization, designed to achieve faster growth and a closer focus on its markets and customers. This realignment resulted in seven reportable business segments compared to the previous structure of six reportable business segments. Internal management reporting for the new reportable business segments commenced on January 1, 2003. Results under the new structure for the three and nine month periods ended September 30, 2003 and 2002, follow.

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 -----  
 -----  
 -----  
 BUSINESS  
 SEGMENT  
 Three months  
 ended Nine  
 months ended  
 INFORMATION  
 September 30  
 September 30  
 (Millions) 2003  
 2002 2003 2002  
 -----  
 -----  
 -----

-----  
NET SALES  
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-----  
-----  
-----  
-----

----- Total  
Company \$ 4,616  
\$ 4,143 \$13,514  
\$12,194-----  
-----  
-----  
-----

-----  
OPERATING  
INCOME 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)  
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-----  
-----  
Total Company  
\$1,030 \$ 851  
\$2,771 \$ 2,250  
-----  
-----  
-----

Corporate and Unallocated operating income principally includes corporate investment gains and losses, certain derivative gains and losses, insurance-related gains and losses, certain litigation expenses, corporate restructuring charges, and other miscellaneous items. Because this category includes a variety of miscellaneous items, it is subject to fluctuations on a quarterly and annual basis. Significant items included in Corporate and Unallocated for the periods presented follow. Corporate and Unallocated for 2003 includes a pre-tax charge of \$93 million recorded during the first quarter related to an adverse ruling associated with a lawsuit filed against 3M in 1997 by LePage's Inc. 17 Corporate and Unallocated in the first quarter of 2003 also includes certain acquisition-related costs and respirator mask/asbestos litigation expenses. The third quarter of 2003 also includes respirator mask/asbestos litigation expenses and implant litigation expenses. Corporate and Unallocated for 2002 includes charges related to employee separation costs, accelerated depreciation and other business exit costs, under the Company's 2001/2002 corporate restructuring plan. During the first nine months of 2002, 3M incurred pre-tax charges of \$202 million (\$148 million in the second quarter and \$54 million in the first quarter), related to this restructuring plan. NOTE 12. REVIEW REPORT OF INDEPENDENT ACCOUNTANTS PricewaterhouseCoopers LLP, the company's independent accountants, have performed reviews of the unaudited interim consolidated financial statements included herein, and their review report thereon accompanies this filing. Pursuant to Rule 436(c) of the Securities Act of 1933 ("Act") their report on these reviews should not be considered a "report" within the meaning of Sections 7 and 11 of the Act and the independent accountant liability under Section 11 does not extend to it. 18 REVIEW REPORT OF INDEPENDENT AUDITORS To the Stockholders and Board of Directors of 3M Company: We have reviewed the accompanying consolidated balance sheet of 3M Company and its Subsidiaries as of September 30, 2003, and the related consolidated statements of income for each of the three-month and nine-month periods ended September 30, 2003 and 2002, and of cash flows for the nine-month periods ended September 30, 2003 and 2002. These interim financial statements are the responsibility of the Company's management. We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion. Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. We previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2002, and the related consolidated statements of income, of changes in stockholders' equity and comprehensive income, and of cash flows for the year then ended (not presented herein); and in our report dated February 10, 2003, except as to Note 12, for which the date is May 22, 2003, relating to the consolidated financial statements in the Current Report on Form 8-K, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2002, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived. /s/ PricewaterhouseCoopers LLP -----  
PricewaterhouseCoopers LLP Minneapolis, Minnesota October 20, 2003 19 3M Company and Subsidiaries ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FORWARD-LOOKING STATEMENTS This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of words like "plan," "expect," "aim," "believe," "project," "anticipate," "intend," "estimate," "will," "should," "could" and other expressions that indicate future events and trends. All statements that address expectations or projections about the future, including statements about the company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events that are subject to risks and uncertainties. Actual future results and trends may differ materially from historical results or those projected in any such forward-looking statements depending on a variety of factors, including, but not limited to, the following: \* The effects of, and changes in, worldwide economic conditions. The company operates in more than 60 countries and derives more than half of its revenues from outside the United States. The company's business may be affected by factors in the United States and other countries that are beyond its control, such as downturns in economic activity in a specific country or region; social, political or labor conditions in a specific country or region; or potential adverse foreign tax consequences. \* Foreign currency exchange rates and fluctuations in those rates may affect the company's ability to realize projected growth rates in its sales and net earnings and its results of operations. Because the company derives more than half of its revenues from outside the United States, its ability to realize projected growth rates in sales and net earnings and results of operations could be adversely affected if the United States dollar strengthens significantly against foreign currencies. \* The company's growth objectives are largely dependent on the timing and market acceptance of its new product offerings, including its ability to renew its pipeline of new products and to bring those products to market. This ability may be adversely affected by difficulties or delays in product development, such as the inability to: identify viable new products; obtain adequate intellectual property protection; gain market acceptance of new products, or successfully complete clinical trials and obtain regulatory approvals. For example, new 3M pharmaceutical products, like any pharmaceutical under development, face substantial risks and uncertainties in the process of development and regulatory review. There are no guarantees that products will receive regulatory approvals or prove to be commercially successful. \* The company's future results are subject to fluctuations in the costs of purchased components and materials due to market demand, currency 20 exchange risks, shortages and other factors. The

company depends on various components and materials for the manufacturing of its products. Although the company has not experienced any difficulty in obtaining components and materials, it is possible that any of its supplier relationships could be terminated in the future. Any sustained interruption in the company's receipt of adequate supplies could have a material adverse effect on the company. In addition, while the company has a process to minimize volatility in component and material pricing, no assurance can be given that the company will be able to successfully manage price fluctuations due to market demand, currency risks, or shortages, or that future price fluctuations will not have a material adverse effect on the company. \* The possibility that acquisitions, divestitures and strategic alliances may not meet sales and/or profit expectations. As part of the company's strategy for growth, the company has made and may continue to make acquisitions and divestitures and enter into strategic alliances. However, there can be no absolute assurance that these will be completed or beneficial to the company. \* The company's future results may be affected by various legal and regulatory proceedings, including those involving product liability, antitrust, environmental or other subjects. The outcome of these legal proceedings may differ from the company's expectations because the outcomes of litigation, including regulatory matters, are often difficult to predict reliably. Various factors or developments can lead the company to change current estimates of liabilities and related insurance receivables where applicable, such as a final adverse judgment, significant settlement or changes in applicable law. A future adverse ruling or unfavorable development could result in future charges that could have a material adverse effect on the company's consolidated financial position, results of operations or cash flows in any particular period. A specific factor that may influence the company's estimate of its future asbestos-related liabilities is the currently pending Congressional consideration of legislation to reform asbestos-related litigation and pertinent information derived from that process. For a more detailed discussion of the company's legal proceedings and the factors affecting estimates about them, see the discussion of "Legal Proceedings" in Part II, Item 1 of this Quarterly Report on Form 10-Q.

**RESULTS OF OPERATIONS Third Quarter ----- Stock Split:** On August 11, 2003, 3M's Board of Directors declared a two-for-one split of the company's common stock. The stock split was in the form of a stock dividend of one additional share for each share owned by stockholders of record and each share held in treasury as of the close of business on September 22, 2003, and was distributed on September 29, 2003. Information (such as per share amounts, weighted average shares and shares outstanding) has been adjusted to reflect this split.

**21 Overview:** 3M had strong sales and earnings growth in the third quarter of 2003. Sales were a record \$4.616 billion, driven by a combination of higher volume and favorable currency translation, with six of seven business segments achieving worldwide volume growth. 3M companies in all major geographic regions had volume growth, with Asia Pacific leading the way. Net income totaled \$663 million, or \$.83 per diluted share, in the third quarter of 2003, versus \$545 million, or \$.69 per diluted share, in the same period last year. 3M's five corporate initiatives, aimed at improving organic growth, productivity and cash flow, continue to contribute to improved results. The company is on track to achieve at least \$400 million in pre-tax savings from its cost initiatives in 2003. 3M is confident in its ability to sustain sales, earnings and cash momentum, despite the ongoing uncertainties in the global marketplace.

**Net Sales:**

~~-----Total~~  
~~11.40%~~  
~~3.70%~~  
~~18.00%-----~~

Worldwide net sales for the third quarter of 2003 totaled \$4.616 billion, up 11.4 percent from the same period last year. Volumes increased 7.8 percent, with 2.0 percentage points of this growth due to acquisitions. The termination of an agreement with Eli Lilly (discussed later in the "Performance by Business Segment" section) added five-tenths of one percentage point to the third quarter growth rate. The weaker U.S. dollar increased worldwide sales by 3.9 percent, while selling prices decreased sales by three-tenths of one percent. In the United States, net sales totaled \$1.987 billion, up 3.7 percent from the same period last year. Volumes increased 3.6 percent, with 1.5 percentage points of this growth coming from acquisitions. The Consumer and Office; Health Care; Safety, Security and Protection Services; Display and Graphics; and Transportation businesses all posted volume growth. Selling prices were up one-tenth of one percent. International net sales totaled \$2.629 billion, an increase of 18.0 percent from

the same period last year. Volumes increased 11.5 percent, which included 2.4 percentage points of growth from acquisitions. In the Asia Pacific area, volumes increased over 22 percent. Asia Pacific growth was strongest in Display and Graphics, but all businesses posted positive volume growth. Volume increased 14 percent in Japan and 29 percent in the rest of the Asia Pacific area. In Latin America, volumes increased 21.2 percent, benefiting from the acquisition in December 2002 of Corning 22 Precision Lens, Inc. Acquisitions increased growth in Latin America by 17.4 percent. In Europe, volumes increased nine-tenths of one percent. Although 3M experienced growth in many of its European businesses, general economic conditions still remain soft overall in Western Europe. Selling prices decreased international sales by seven-tenths of one percent. Currency effects increased international sales by 7.2 percent, driven by positive currency translation of 10.7 percent in Europe and 4.1 percent in the Asia Pacific area. Costs: Cost of sales was 50.3 percent of sales, down about seven-tenths of one percentage point from the same period last year. Gross margins were positively impacted by Six Sigma and other projects aimed at improving manufacturing throughput, yield and productivity. 3M's global sourcing initiative has helped mitigate the impact of raw material cost increases. Raw material costs were relatively flat compared to the same period last year. The termination of the Eli Lilly agreement increased gross margins by two-tenths of one percentage point. The company continues to see a positive benefit from mix as 3M's highest margin businesses continue to grow. Cost of sales includes manufacturing, engineering and freight costs. Selling, general and administrative (SG&A) expenses were 21.5 percent of sales, down five-tenths of one percentage point from the same period last year. 3M's continued efforts in Six Sigma, indirect cost management and lower headcount levels helped to reduce SG&A as a percent of sales. SG&A dollar expenses were \$81 million higher than in the same period last year, an increase of 8.9 percent, partially due to the negative impact of currency translation. During the third quarter of 2003, research, development and related expenses totaled \$270 million, up about 2 percent from the same period last year. Operating income: Operating income was 22.3 percent of sales, compared with 20.6 percent in the same period last year. This margin improvement was driven by higher sales and increased productivity. Also, the termination of an agreement with Eli Lilly added about three-tenths of one percentage point to operating margins in the third quarter. Third quarter 2003 results included costs associated with additional employment reduction actions to realign the Electro and Communications business down to three divisions to provide better alignment with the market environment and a sharper focus on key customers. Interest expense and income: Third quarter interest expense was \$22 million, \$3 million higher than in the same period last year. The increase reflected higher average debt levels and a smaller benefit for capitalized interest (related to lower capital spending and lower interest rates), with a partial offset due to lower interest rates on debt. Interest income was \$6 million, compared with \$9 million in the same period last year, impacted by lower interest rates. 23 Provision for income taxes: The worldwide effective income tax rate for the third quarter of 2003 was 33.4 percent, up from 32.5 percent in the same period last year and 32.1 percent for total year 2002. The company expects a rate of 33.0 percent in the fourth quarter of 2003. Income taxes associated with repatriating cash from outside the United States negatively impacted the 2003 rate. Minority interest: Minority interest expense for the third quarter of 2003 was \$12 million, compared with \$22 million in the same period last year. The decrease primarily related to a decrease in minority interest ownership related to the purchase of an additional 25 percent of the shares of Sumitomo 3M Limited (a Japanese company) in January 2003, and the purchase of the minority interest shares of 3M Inter-Untek GmbH (a German company) in December 2002. Net income: Net income for the third quarter of 2003 totaled \$663 million, or \$.83 per diluted share, compared with \$545 million, or \$.69 per diluted share, in the same period last year. The company estimates that currency effects increased net income for the third quarter of 2003 by about \$12 million. This estimate includes the effect of translating profits from local currencies into U.S. dollars; the impact of currency fluctuations on the transfer of goods between 3M entities and with third parties; and transaction gains and losses, including derivative instruments designed to reduce exchange rate risks. These derivative instruments and other transaction impacts decreased net income by an estimated \$10 million in the third quarter of 2003. First Nine Months ----- Overview: Sales in the first nine months of 2003 were \$13.514 billion, up 10.8 percent from the same period last year. Sales benefited from an increase in volumes and favorable currency translation, with six of 3M's seven business segments achieving growth in worldwide volume. Net income totaled \$1.784 billion, or \$2.25 per diluted share, in the first nine months of 2003, versus \$1.463 billion, or \$1.85 per diluted share, in the same period last year. 3M's five corporate initiatives, aimed at improving organic growth, productivity and cash flow, continue to contribute to improved results. Special items: During the first quarter of 2003, 3M recorded pre-tax charges of \$93 million (\$58 million after-tax, or \$.07 per diluted share) related to an adverse ruling in a lawsuit filed against 3M in 1997 by LePage's Inc. The pre-tax charge of \$93 million has been classified as "Other expense" within operating income. During the first six months of 2002, under its 2001/2002 corporate restructuring plan, 3M incurred pre-tax charges of \$202 million (\$108 million after-tax and minority interest, or \$0.14 per diluted share) related to employee separation costs, accelerated depreciation charges and other exit activities. These charges have been classified as a component of cost of sales (\$121 million), selling, general and 24 administrative expenses (\$77 million), and research and development expenses (\$4 million). Net Sales:



~~---Total~~  
~~10.8%~~  
~~2.2%~~  
~~18.1%-----~~

Worldwide sales for the first nine months of 2003 totaled \$13.514 billion, up 10.8 percent from the same period last year. Core volume increased 4.3 percent, with acquisitions increasing growth by 1.9 percent. Currency translation increased sales by 4.7 percent. In the United States, sales for the first nine months of 2003 totaled \$5.712 billion, an increase of 2.2 percent from the same period last year. This growth was driven by acquisitions, which increased sales by 1.7 percent. Pricing decreased sales in the United States by two-tenths of one percent. International sales for the first nine months of 2003 totaled \$7.802 billion, up 18.1 percent from the same period last year. Core volume increased 7.3 percent. Acquisitions increased international sales by 2.2 percent. In the Asia Pacific area, volumes increased 19.8 percent. All business segments experienced positive growth in Asia Pacific, with five of seven segments posting double-digit sales growth. In Latin America, volumes increased 16.0 percent, benefiting from the December 2002 acquisition of Corning Precision Lens, Inc. In Europe, volumes increased two-tenths of one percent. Selling prices decreased international sales by one-tenth of one percent. Currency effects increased international sales by 8.7 percent, driven by positive currency translation of 15.4 percent in Europe and

5.5 percent in the Asia Pacific area. Currency translation negatively impacted sales in Latin America by 10.4 percent. Costs: Cost of sales was 50.8 percent of sales in the first nine months of 2003, down from 52.3 percent in the same period last year. Gross margins were positively impacted by Six Sigma and other projects aimed at improving manufacturing throughput, yield and productivity. 3M's global sourcing initiative has helped mitigate the impact of raw material cost increases. 3M's raw material costs were relatively flat compared to the first nine months of 2002. Corporate restructuring charges in the first six months of 2002 (totaling \$121 million) negatively impacted cost of sales. Cost of sales includes manufacturing, engineering and freight costs. Selling, general and administrative (SG&A) expenses were 22.0 percent of sales in the first nine months of 2003, down from 22.7 percent of sales in the same period last year. SG&A expenses for the first nine months of 2002 25 include a charge of \$77 million relating to the corporate restructuring plan. Excluding these 2002 charges, SG&A for the first nine months of 2003 was flat as a percent of sales compared to the same period last year. SG&A expenses were \$213 million higher than in the same period last year, an increase of 7.7 percent. This increase in SG&A dollar spending reflects the impacts of currency translation, as well as increased advertising and merchandising spending. Research, development and related expenses totaled \$816 million for the first nine months of 2003, up 2.4 percent from the same period last year. Operating income: Operating income was 20.5 percent of sales, compared with 18.5 percent in the same period last year. This margin improvement was driven by higher sales and increased productivity. The first nine months of 2003 included a \$93 million loss related to an adverse ruling associated with a lawsuit filed by LePage's Inc. The first nine months of 2002 included \$202 million of charges related to the corporate restructuring plan. Interest expense and income: Interest expense in the first nine months of 2003 was \$69 million, \$11 million higher than in the same period last year. The increase reflected higher average debt levels and a lower benefit for capitalized interest (related to lower capital spending and lower interest rates), with a partial offset due to lower interest rates on debt. Interest income was \$17 million, compared with \$27 million in the same period last year, impacted by lower interest rates. Provision for income taxes: The worldwide effective income tax rate for the first nine months of 2003 was 33.0 percent, up from 32.0 percent in the same period last year and 32.1 percent for total year 2002. Income taxes associated with repatriating cash from outside the United States negatively impacted the 2003 rate. Minority interest: Minority interest expense was \$38 million, compared with \$45 million in the same period last year. This primarily related to a decrease in minority interest ownership related to the purchase of an additional 25 percent of the shares of Sumitomo 3M Limited in January 2003, and the purchase of the minority interest shares of 3M Inter-Unitek GmbH in December 2002. In the first nine months of 2002, primarily in the second quarter, Sumitomo 3M Limited profitability was negatively impacted by the corporate restructuring plan. Net income: Net income for the first nine months of 2003 totaled \$1.784 billion, or \$2.25 per diluted share, compared with \$1.463 billion, or \$1.85 per diluted share, in the same period last year. The company estimates that currency effects increased net income for the first nine months of 2003 by about \$42 million. This estimate includes the effect of translating profits from local currencies into U.S. dollars; the impact of currency fluctuations on the transfer of goods between 3M entities and with third parties; and transaction gains and losses, including derivative instruments designed to reduce exchange rate risks. These derivative 26 instruments and other transaction impacts decreased net income by an estimated \$58 million in the first nine months of 2003. Accounting pronouncements: Information regarding accounting pronouncements is included in Note 1 to the Consolidated Financial Statements. RESTRUCTURING Restructuring program actions related to the 2001/2002 corporate restructuring program were substantially completed by June 30, 2002. The company estimates incremental savings under this plan of approximately \$100 million on a pre-tax basis in 2003, primarily in the first half. The majority of the savings will be from reduced employee costs. Selected information related to the restructuring follows.

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-----  
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-----  
RESTRUCTURING  
Employee Severance  
and Accelerated  
(Millions) Benefits  
Depreciation Other  
Total -----  
-----  
-----  
-----

-----  
Charges Year 2001  
charges \$472 \$ 80 \$  
17 \$569 First  
quarter 2002  
charges 24 26 4 54  
Second quarter  
2002 charges 87 21  
40 148 -----  
-----  
-----  
-----

-----  
Total charges \$583  
\$127 \$ 61 \$771 ----  
-----  
-----  
-----

-----  
-----  
-----

-----  
Current liability at  
December 31, 2000  
\$ --- \$ --- \$ --- \$ ---  
-----  
-----

----- 2001 Charges  
472 80 17 569  
2001 Cash  
payments (155) ---  
(4) (159) 2001  
Non-cash and long-  
term portion of  
liability (132) (80) ---  
(212) -----  
-----  
-----

-----  
Current liability at  
December 31, 2001  
\$185 \$ --- \$13 \$198  
-----  
-----

----- 2002  
Charges 111 47 44  
202 2002 Cash  
payments (267) ---  
(39) (306) 2002  
Reclassification from  
long-term portion of  
liability 47 ----- 47  
2002 Non-cash and  
long-term portion of  
liability (46) (47) ---  
(93) -----  
-----  
-----

-----  
Current liability at  
December 31, 2002  
\$ 30 \$ --- \$ 18 \$ 48  
-----  
-----

----- First quarter  
2003 cash payments  
(22) --- (8) (30)  
Second quarter  
2003 cash payments  
(2) --- (4) (6) Third  
quarter 2003 cash  
payments (3) --- (1)  
(4) -----  
-----  
-----

----- Current

liability at September  
30, 2003 \$ 3 \$ — \$  
5 \$ 8

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27 PERFORMANCE BY BUSINESS SEGMENT Following is a discussion of the global operating results of the company's seven business segments in the third quarter and first nine months of 2003 compared with the same periods last year. As discussed in Note 11 to the Consolidated Financial Statements, 3M realigned its business segments and began reporting under this new structure effective January 1, 2003. With the exception of the Electro and Communications business segment, all of the segments showed sales growth in both the third quarter and the first nine months of 2003. All businesses benefited from the corporate initiatives, which are designed to drive improvement in sales growth, productivity and cash flow. In the Health Care business segment, volumes grew 6.8 percent in the third quarter of 2003 and 5.7 percent in the first nine months of 2003 compared with the same periods last year. Virtually all of the businesses in the Health Care segment posted volume growth in the third quarter and first nine months of 2003, with the largest dollar growth in the medical business. The accelerated revenue recognition associated with the Eli Lilly agreement termination accounted for 2.3 percentage points of the Health Care revenue growth rate for the quarter. Operating income in Health Care increased by 21.4 percent in the third quarter of 2003, with 9 percentage points of this growth attributable to the Eli Lilly transaction. Operating income for the first nine months of 2003 increased 17.7 percent, with about 3 percentage points of this growth attributable to the Eli Lilly transaction. In September 2001, 3M signed an agreement with Eli Lilly and Company to collaborate on resiquimod, a potential treatment for genital herpes. In the third quarter of 2003, 3M and Eli Lilly reached a final agreement to return control of resiquimod to 3M. Upon termination of the agreement, 3M recognized the remaining revenue (with deferral of some immaterial remaining obligations). This acceleration of revenue provided a benefit to revenue and operating income of approximately \$20 million in the third quarter of 2003. 3M continues to evaluate its strategic options with respect to this potential treatment. IVAX Corporation has agreed to assume exclusive rights to 3M's branded health care respiratory products, together with related marketing and sales personnel, in nine European countries. The agreement covers QVAR brand (beclomethasone dipropionate HFA) Inhalation Aerosol, a "maintenance" medication used to prevent asthma attacks, and also covers Airomir brand (albuterol sulfate) Inhaler, a "rescue" medication used to relieve acute asthma symptoms. 3M will continue to manufacture and supply these products to IVAX. Because this agreement was completed on October 1, 2003, there was no material impact on results for the first nine months of 2003 related to this transaction. In the Industrial business segment, volumes were basically flat in the third quarter of 2003 and increased 1.3 percent in the first nine months of 2003. Core volumes remain sluggish, especially in the United States and Europe, with Asia Pacific continuing to grow. Operating income in Industrial decreased about 11.5 percent in the third quarter of 2003 and decreased about 6 percent in the first nine months of 2003. This decrease in profitability was driven by lower factory production. 28 In the Consumer and Office business segment, volumes increased 5.0 percent in the third quarter and 3.9 percent for the first nine months of 2003. In the third quarter of 2003, U.S. volume growth exceeded 8 percent, while international was down versus the same period last year. Operating income in Consumer and Office increased about 6 percent in the third quarter of 2003 and increased nearly 4 percent during the first nine months of 2003. In the Display and Graphics business segment, volumes increased over 30 percent in the third quarter of 2003 and more than 25 percent in the first nine months of 2003, with the December 2002 Corning Precision Lens, Inc. acquisition adding about 12 percentage points of growth in the third quarter of 2003 and 11 percentage points of growth in the first nine months of 2003. Core volume growth and operating income growth in both the third quarter and first nine months of 2003 were led by the Optical Systems business. Operating income in Display and Graphics increased nearly 78 percent in the third quarter of 2003 and nearly 59 percent in the first nine months of 2003, reflecting the leverage in this business. In the Electro and Communications business segment, volumes declined 2.6 percent in the third quarter of 2003 and 4.9 percent in the first nine months of 2003. This volume decrease reflects continuing weakness in the global telecommunications industry. Operating income of the Electro and Communications business segment declined about 1 percent in the third quarter and declined about 7 percent in the first nine months of 2003, largely due to lower sales. In the third quarter of 2003, 3M took additional employment reduction actions to realign this business down to three divisions to provide better alignment with the market environment and a sharper focus on key customers. In the Safety, Security and Protection Services business segment, volumes increased 9.3 percent in the third quarter of 2003 and 8.5 percent in the first nine months of 2003. This volume increase was led by continued strong demand for 3M's respiratory protection products, as well as positive volume growth in several other parts of this business. Operating income in this business segment increased by about 25 percent in the third quarter of 2003 and by about 30 percent for the first nine months of 2003. In the Transportation business segment, volumes increased 3.9 percent in the third quarter of 2003 and 4.3 percent in the first nine months of 2003. Operating income increased more than 20 percent in the third quarter of 2003, with approximately 7 percentage points of this growth attributable to the sale of 3M's 50 percent ownership interest in the Durel joint venture (announced on September 30, 2003). Operating income increased about 19 percent in the first nine months of 2003. FINANCIAL CONDITION AND LIQUIDITY The company's financial condition and liquidity remain strong. Various assets and liabilities, including cash and short-term debt, can fluctuate significantly from month to month depending on short-term liquidity needs. Working capital (defined as current assets minus current liabilities) totaled \$2.374 billion at September 30, 2003, increasing \$772 million from December 31, 2002. This increase was largely related to an increase in cash and other current assets, with the increase in other current assets primarily due to the reclassification of certain insurance receivables 29 from long-term to current, and increases in various prepaid items and deferred taxes. The accounts receivable turnover index (defined as quarterly net sales divided by ending accounts receivable, multiplied by 4) totaled 6.62 at September 30, 2003, an improvement from 6.55 at December 31, 2002, and from 6.41 at September 30, 2002. The inventory turnover index (defined as quarterly factory cost divided by ending inventory, multiplied by 4) was 4.73 at September 30, 2003, an improvement from 4.17 at December 31, 2002, and 4.15 at September 30, 2002. Net cash provided by operating activities totaled \$2.507 billion in the first nine months of 2003, an increase of \$514 million from the same period last year, driven by higher net income, lower pension contributions and tax timing benefits. Corporate restructuring-related cash payments made by 3M totaled \$40 million in the first nine months of 2003, compared with \$298 million in the same period last year. Restructuring-related cash payments made by 3M related to the 2001 corporate restructuring plan are not expected to be significant in the future. 3M made a voluntary, special contribution of \$600 million to its U.S. qualified pension plan in the third quarter of 2003, compared with a voluntary contribution of \$789 million in the third quarter of 2002. Future

contributions will depend on market conditions, interest rates and other factors. 3M believes its strong cash flow and balance sheet will allow it to fund future pension needs without compromising growth opportunities. As indicated in its year-end 2002 disclosures, 3M's U.S. qualified pension plan assets in 2002 were below 3M's accumulated benefit obligation (ABO) for its plans. 3M's pension measurement date for its United States employee benefit plans is September 30. While 3M's pension plan assets declined in 2002 due to equity market weakness, a rebound occurred in 2003 as actual U.S. plan asset returns exceeded 18 percent and anticipated future U.S. plan asset returns were maintained at 9 percent. However, 3M's pension liabilities and benefit payments have continued to grow, primarily due to declining interest rates which reduced the U.S. discount rate in 2002 to 6.75 percent and continued to reduce the U.S. discount rate further in 2003 to 6.00 percent. The discount rate reflects the current rate at which the pension liabilities could be effectively settled at the end of the year. On a global basis, the company expects an increase in its total year 2004 pension expense of approximately 13 to 14 cents per diluted share. 3M currently anticipates that, for 2003, its U.S. qualified pension plan assets will also be below 3M's accumulated benefit obligation (ABO) for these plans. Accounting rules require that, if ABO exceeds the fair value of pension plan assets, the employer must recognize a liability that is at least equal to the unfunded ABO. In the fourth quarter of 2002, 3M recorded a minimum pension liability adjustment within other comprehensive income of approximately \$1 billion (net of tax). Other comprehensive income is a term that captures certain items excluded from net income, such as changes in cumulative translation, unrealized gains or losses related to debt and equity securities, as well as additional pension liabilities not yet recognized in the Consolidated Statement of 30 Income as part of net pension cost. In the fourth quarter of 2003, 3M anticipates recording an additional minimum pension liability adjustment within other comprehensive income of \$200 million to \$250 million (net of tax) related to its U.S. qualified pension plan. The exact amount will not be known until the company finalizes its worldwide pension plan actuarial analysis. In future years, if 3M's pension plan is fully funded on an ABO basis, the company would reverse the minimum pension liability balance in other comprehensive income to an asset account. There were several developments in legal proceedings during the first nine months of 2003. As discussed earlier, in the first quarter of 2003, the company recorded a \$93 million pre-tax charge related to an adverse ruling associated with a lawsuit filed against 3M in 1997 by LePage's Inc. At the end of the first quarter of 2003, the company also increased its respirator mask/asbestos liabilities by \$100 million and its related insurance receivables by \$94 million, resulting in \$6 million of pre-tax expense being recorded. In the third quarter of 2003, the company increased its respirator mask/asbestos liabilities by \$20 million and its related insurance receivables by \$16 million, resulting in \$4 million of pre-tax expense being recorded. Also, in the third quarter of 2003, the breast implant liability was increased by \$15 million and the related receivable by \$13.5 million, resulting in \$1.5 million of pre-tax expense being recorded. Because of the time delay between payment of claims and receipt of insurance reimbursements, the September 30, 2003, amounts for both breast implant and respirator mask/asbestos liabilities are less than expected insurance recoveries. Thus, the expected net inflow of cash will increase future cash flows. For a more detailed discussion of these and other legal proceedings, refer to Part II, Item 1, Legal Proceedings, of this Quarterly Report on Form 10-Q and 3M's first and second quarter 2003 Form 10-Q's. Cash used in investing activities totaled \$736 million in the first nine months of 2003, compared with \$566 million in the same period last year. Capital expenditures for the first nine months of 2003 were \$416 million, a decrease of \$114 million from the same period last year. Capital expenditures are expected to total approximately \$650 million to \$700 million for total year 2003, compared with \$763 million for total year 2002. Two of the company's corporate initiatives are helping to drive lower capital expenditures. Six Sigma discipline helps improve utilization of existing assets and refines our process of determining new capacity needs. In addition, through our sourcing initiative, 3M can procure plant and equipment on more favorable terms than in the past. Cash used for acquisitions of businesses totaled \$428 million in the first nine months of 2003, with \$377 million related to the purchase of an additional 25 percent ownership in Sumitomo 3M Limited. The company is actively considering additional acquisitions. Proceeds from the sale of investments include \$26 million of cash received in the third quarter of 2003 related to the sale of 3M's 50 percent ownership in Durel to Rogers Corporation. Financing activities in the first nine months of 2003 for both short-term and long-term debt included net cash outflows of \$372 million, compared with net cash inflows of \$18 million in the same period last year. The cash flow decrease in net short-term debt of \$204 million includes the 31 portion of short-term debt with original maturities of 90 days or less. Repayment of other debt of \$615 million includes \$366 million of commercial paper having original maturities greater than 90 days and the repayment of a \$100 million medium term note and a \$140 million Japanese Yen eurobond. Proceeds from other debt of \$447 million primarily related to commercial paper having original maturities greater than 90 days. Total debt as shown on the Consolidated Balance Sheet decreased \$384 million from December 31, 2002. As of September 30, 2003, total debt was 28.5 percent of total capital, down from 36 percent as of December 31, 2002. The company believes its strong credit rating and its strong cash flows provide ready and ample access to funds in the global capital markets. The company's available short-term lines of credit facilities have not materially changed since December 31, 2002. In March 2003, the company completed its annual renewal of \$565 million of certain short-term lines of credit. While the previous agreement called for repayment of debt based on ratings triggers, the new agreement has a covenant that states that 3M is not to exceed a funded debt to capital limit of 60 percent (capital defined as funded debt plus stockholders' equity). Treasury stock repurchases for the first nine months of 2003 were \$394 million, compared with \$813 million in the same period last year. The company repurchased about 6 million shares of common stock in the first nine months of 2003, compared with about 13.7 million shares in the same period last year. In November 2001, the Board of Directors authorized the repurchase of up to \$2.5 billion of the company's stock between January 1, 2002 and December 31, 2003. As of September 30, 2003, about \$1.2 billion remained authorized for repurchase. On November 10, 2003, the Board of Directors authorized the repurchase of up to \$1.5 billion of the company's common stock between January 1, 2004 and December 31, 2004. Stock repurchases are made to support the company's stock-based employee compensation plans and for other corporate purposes. Cash dividends paid to shareholders totaled \$775 million in the first nine months of 2003, compared with \$725 million in the same period last year. In February 2003, the quarterly dividend was increased by 6.5 percent to 33 cents per share, marking the 45th consecutive annual dividend increase for 3M. Included in the financing section of the Consolidated Statement of Cash Flows is \$19 million classified as "Other - net". This category represents changes in cash overdraft balances and principal payments for capital leases.

**32 ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK** In the context of Item 3, market risk refers to the risk of loss arising from adverse changes in financial and derivative instrument market rates and prices, such as fluctuations in interest rates and currency exchange rates. For a discussion of sensitivity analysis related to these types of market risks, refer to Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in 3M's Annual Report on Form 10-K for the year ended December 31, 2002, and its Current Report on Form 8-K dated May 23, 2003 (which updated 3M's 2002 Annual Report on Form 10-K). The company believes that there have been no material changes in these market risks since year-end 2002.

**ITEM 4. CONTROLS AND PROCEDURES** a. The company carried out an

evaluation, under the supervision and with the participation of the company's management, including the company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the company's "disclosure controls and procedures" (as defined in the Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the company's disclosure controls and procedures are effective in timely alerting them to material information relating to the company (including its consolidated subsidiaries) required to be included in the company's periodic SEC filings. b. There was no significant change in the company's internal controls over financial reporting that occurred during the company's most recently completed fiscal quarter, that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting. 33 3M Company and Subsidiaries PART II. OTHER INFORMATION ITEM 1. LEGAL PROCEEDINGS A description of the significant legal proceedings in which the company is involved, both in general and with respect to specific matters, is contained in the company's Annual Report on Form 10-K for the period ended December 31, 2002, the company's Current Report on Form 8-K dated May 23, 2003 (which updated the company's 2002 Annual Report on Form 10-K), and the company's Quarterly Reports on Form 10-Q for the periods ended March 31, 2003 and June 30, 2003 (collectively the "Reports"). This section describes significant developments since the preparation of the Reports and should be read with reference to them. Unless specifically indicated, all previously reported matters remain pending. Where no estimate of the amount of a possible loss or range of loss is noted with respect to a pending matter, the Company is unable to make such an estimate at this time. Breast Implant Insurance Recovery and Related Litigation -----

----- As previously reported, the Minnesota Supreme Court ruled in favor of 3M in litigation with its insurers over insurance coverage for breast implant claims on August 21, 2003. The court's ruling confirms insurance coverage owed to 3M by 29 insurers remaining in the case and holds that these insurers are liable up to the limits of their respective policies. The Minnesota Supreme Court denied the insurers' petition for rehearing on September 29, 2003. This ruling and the denial of the insurers' petition essentially conclude the nine-year litigation between 3M and these insurers, although subsequent proceedings to effectuate the ruling are expected. 3M expects to collect approximately \$250 million from these insurers as a result of this decision. This event will not impact 3M's earnings, as the amount received will offset a portion of a previously recorded insurance receivable. A hearing was conducted in September, 2003 in the arbitration proceeding in London, England, brought by the company to recover insurance coverage for some of its breast implant liability and costs from certain claims- made insurance carriers. The company expects a decision on whether coverage exists from the arbitration panel in the first half of 2004. If the panel decides the coverage question in the company's favor, it will then determine the amount, if any, of coverage in a subsequent proceeding. The company increased its accrued liabilities related to the company's best estimate of probable future contributions to the Revised Settlement Program (and legal expenses in connection with the insurance recovery actions in St. Paul and London) by \$15 million in the third quarter (with a corresponding increase of \$13.5 million in receivables for the probable amount of insurance recoveries, raising that receivable to \$338 million). On September 15, 2003 a 3-judge panel of the U. S. Court of Appeals for the Eleventh Circuit reversed, in part, the dismissal of a lawsuit by the United States seeking reimbursement of the cost of medical treatment provided to certain women with breast implants from the company and other breast implant manufacturers, and remanded the case to the District Court 34 for further proceedings. 3M and the other defendants intend to file a petition asking the Eleventh Circuit for a rehearing of the appeal by the full court. Antitrust Litigation -----

----- The Supreme Court on October 6, 2003 invited the Solicitor General to express the views of the United States on the Company's pending request that the Supreme Court agree to hear an appeal from the Third Circuit's ruling of March 26, 2003 affirming a trial verdict against the company in favor of LePage's. The Supreme Court is not expected to act on the company's petition to review the Third Circuit's ruling until after the government files its brief with the Court. As previously reported, certain tape purchasers filed seven purported class actions against the company in the aftermath of the LePage's verdict and appellate ruling, two of which were filed in August of 2003 - one filed in the Circuit Court of Davidson County, Tennessee and the second filed in the Superior Court of Passaic County, New Jersey. The company moved to dismiss both cases. Respirator Mask/Asbestos Litigation -----

----- As of September 30, 2003, the company is a named defendant, typically with multiple co-defendants, in numerous lawsuits in various courts that purport to assert claims by approximately 84,500 individual claimants. On October 24, 2003, a jury in state court in Orange County, Texas, found the company had no liability whatever to the plaintiff, who sought to recover damages from the company arising from his silicosis, which he claimed to have contracted from occupational exposure to silica despite his purported use of the company's respirator mask equipment at various times. The jury rejected each of the plaintiff's theories of liability against the company. This is only the fourth mask respirator case to proceed to a jury verdict among the hundreds of thousands of such claims asserted against the company in the past approximately two decades. The company has been absolved of any liability in three of these four cases (including the Orange County case). The single jury verdict adverse to the company returned in Holmes County, Mississippi, as previously reported, is the subject of an appeal now pending in that state's Supreme Court. The company periodically reexamines its estimate of probable liabilities and associated expenses with respect to its respirator mask and asbestos product claims and makes appropriate adjustments to such estimates based on experience and developments. As previously reported, the company experienced in the first half of 2003 an increase in the number of claims and an increase in the proportion of silica-related claims. The total number of new claimants filing claims against the Company during the third quarter declined somewhat from each of the first two quarters, but the proportion of silica-related claims relative to total claims continued at a rate that is higher than the Company's historical experience. The company believes that much of the increased number of claims filed in 2003 is due to claimants filing claims before recent and anticipated tort reform legislation becomes effective and that many of these newer claims are asserted on behalf of asymptomatic claimants. As a result of the larger caseload and the costs of aggressively defending 35 itself, the company increased its accrued liabilities by \$20 million in the third quarter of 2003 to \$202 million (with a corresponding increase of \$16 million in insurance receivables for the probable amount of insurance recoveries to \$373 million). Congress's current active consideration of significant legislative reform at the federal level increases the uncertainty associated with assessment of the Company's likely future liability. The State of West Virginia, through its Attorney General, filed a complaint against the company and two other manufacturers of respiratory protection products in the Circuit Court of Lincoln County, West Virginia. The complaint seeks substantial but unspecified compensatory damages primarily for reimbursement of the costs allegedly incurred by the State for worker's compensation and healthcare benefits provided to more than 20,000 current or former miners allegedly suffering from silicosis and/or coal miner's pneumoconiosis ("Black Lung disease"). The complaint also seeks unquantified punitive damages. The company believes that the allegations have no merit and is vigorously defending this lawsuit. Environmental Matters -

----- As previously reported, the company has been voluntarily cooperating with ongoing reviews by the U.S. Environmental Protection Agency (EPA) and international agencies of possible environmental and health effects of perfluorooctanyl chemistry. The previously disclosed EPA

consent order negotiating process concerning one perfluorooctanyl compound is in progress. The EPA is also considering the addition of one and possibly two perfluorooctanyl compounds to its Integrated Risk Information System, an EPA database that assesses the possible human health effects that may result from exposure to certain compounds. The Centers for Disease Control and Prevention recently identified several perfluorooctanyl compounds and other fluorinated substances, certain of which have been or are produced by the Company, that it plans to include in a future National Report(s) on Human Exposure to Environmental Chemicals. Several hundred plaintiffs who claim to have lived in the vicinity of the ACME Barrel Company's storage drum reconditioning facility in Chicago filed a lawsuit in the Circuit Court of Cook County, Illinois against 3M and a number of other companies that allegedly were customers of ACME Barrel. The complaint seeks unspecified damages for personal injuries allegedly caused by the plaintiffs' exposure to chemicals migrating from ACME Barrel's drum reconditioning operations. The plaintiffs also assert that a class should be certified on behalf of all persons similarly situated. A separate wrongful death lawsuit was filed in the Circuit Court of Cook County, Illinois against 3M and a number of other companies on behalf of the estate and family of a person who worked at the Cook County Juvenile Detention Center in the vicinity of the ACME Barrel facility. The lawsuit alleges unspecified damages from personal injuries and death allegedly caused by exposure to chemicals migrating from ACME Barrel's drum reconditioning operations. The company is vigorously defending these lawsuits. 36 ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K (a) The following documents are filed as exhibits to this Report. (12) A statement setting forth the calculation of the ratio of earnings to fixed charges. Page 38. (15) A letter from the company's independent accountants regarding unaudited interim consolidated financial statements. Page 39. (31.1) Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. Page 40. (31.2) Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. Page 41. (32.1) Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. Page 42. (32.2) Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. Page 43. (b) Reports on Form 8-K: In a Form 8-K dated October 20, 2003, 3M furnished information as indicated below. For the quarter ended September 30, 2003, reports provided on Form 8-K were dated August 21, 2003, August 13, 2003, and July 23, 2003. The Form 8-K dated October 20, 2003, furnished 3M's earnings press release dated October 20, 2003, which reported 3M's unaudited consolidated financial results for the third quarter of 2003. The Form 8-K dated August 21, 2003, reported that the Minnesota Supreme Court ruled in favor of 3M in litigation with its insurers over insurance coverage for breast implant claims. The Form 8-K dated August 13, 2003, reported that 3M's Board of Directors declared a two-for-one split of the company's common stock. The stock split was in the form of a stock dividend distributed on September 29, 2003, to shareholders of record at the close of business on September 22, 2003. 3M's Board of Directors also declared a quarterly cash dividend. 3M's previously announced Q3 and year 2003 earnings outlook was provided on a split-adjusted basis. The Form 8-K dated July 23, 2003, furnished 3M's earnings press release dated July 21, 2003, which reported 3M's unaudited consolidated financial results for the second quarter of 2003. None of the other item requirements of Part II of Form 10-Q is applicable to the company for the quarter ended September 30, 2003. 37 SIGNATURE PAGE for Form 10-Q for the quarter ended September 30, 2003 ----- Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. 3M Company ----- (Registrant) Date: November 10, 2003 ----- /s/ Patrick D. Campbell -----  
----- Patrick D. Campbell, Senior Vice President and Chief Financial Officer (Mr. Campbell is the Principal Financial Officer and has been duly authorized to sign on behalf of the registrant.)