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 the quarterly period ended September 30, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to __________

Commission file number: 1-3285

3M COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**41-0417775**
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)
3M Center, St. Paul, Minnesota	**55144-1000**
(Address of Principal Executive Offices)	(Zip Code)

(Registrant's Telephone Number, Including Area Code) (651) 733-1110

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value $.01 Per Share	MMM	New York Stock Exchange
	MMM	Chicago Stock Exchange, Inc.
1.500% Notes due 2026	MMM26	New York Stock Exchange
1.750% Notes due 2030	MMM30	New York Stock Exchange
1.500% Notes due 2031	MMM31	New York Stock Exchange

Note: The common stock of the Registrant is also traded on the SIX Swiss Exchange.

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at September 30, 2023
Common Stock, $0.01 par value per share	552,317,038 shares

3M COMPANY
Form 10-Q for the Quarterly Period Ended September 30, 2023

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For the Quarterly Period Ended September 30, 2023
PART I. Financial Information

Item 1. Financial Statements

3M Company and Subsidiaries
Consolidated Statement of Income (Loss)
(Unaudited)

(Millions, except per share amounts)	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Net sales	**$ 8,312**	$ 8,619	**$ 24,668**	$ 26,150
Operating expenses				
Cost of sales	**4,580**	4,728	**13,799**	14,647
Selling, general and administrative expenses	**5,992**	1,998	**19,901**	6,903
Research, development and related expenses	**430**	461	**1,375**	1,417
Gain on business divestitures	**(36)**	(2,724)	**(36)**	(2,724)
Total operating expenses	**10,966**	4,463	**35,039**	20,243
Operating income (loss)	**(2,654)**	4,156	**(10,371)**	5,907
Other expense (income), net	**200**	24	**317**	112
Income (loss) before income taxes	**(2,854)**	4,132	**(10,688)**	5,795
Provision (benefit) for income taxes	**(781)**	271	**(2,755)**	550
Income (loss) of consolidated group	**(2,073)**	3,861	**(7,933)**	5,245
Income (loss) from unconsolidated subsidiaries, net of taxes	**2**	2	**7**	3
Net income (loss) including noncontrolling interest	**(2,071)**	3,863	**(7,926)**	5,248
Less: Net income (loss) attributable to noncontrolling interest	**4**	4	**14**	12
Net income (loss) attributable to 3M	**$ (2,075)**	$ 3,859	**$ (7,940)**	$ 5,236
Weighted average 3M common shares outstanding — basic	**554.3**	568.8	**553.7**	570.7
Earnings (loss) per share attributable to 3M common shareholders — basic	**$ (3.74)**	$ 6.79	**$ (14.34)**	$ 9.18
Weighted average 3M common shares outstanding — diluted	**554.3**	570.0	**553.7**	572.6
Earnings (loss) per share attributable to 3M common shareholders — diluted	**$ (3.74)**	$ 6.77	**$ (14.34)**	$ 9.15

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

3M Company and Subsidiaries
Consolidated Statement of Comprehensive Income (Loss)
(Unaudited)

(Millions)	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Net income (loss) including noncontrolling interest	**$ (2,071)**	$ 3,863	**$ (7,926)**	$ 5,248
Other comprehensive income (loss), net of tax:				
Cumulative translation adjustment	**(365)**	(821)	**(224)**	(1,697)
Defined benefit pension and postretirement plans adjustment	**50**	86	**151**	258
Cash flow hedging instruments	**21**	110	**20**	197
Total other comprehensive income (loss), net of tax	**(294)**	(625)	**(53)**	(1,242)
Comprehensive income (loss) including noncontrolling interest	**(2,365)**	3,238	**(7,979)**	4,006
Comprehensive (income) loss attributable to noncontrolling interest	**(3)**	(2)	**(14)**	(5)
Comprehensive income (loss) attributable to 3M	**$ (2,368)**	$ 3,236	**$ (7,993)**	$ 4,001

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

3M Company and Subsidiaries
Consolidated Balance Sheet
(Unaudited)

(Dollars in millions, except per share amount)	September 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	**$ 5,140**	$ 3,655
Marketable securities — current	**73**	238
Accounts receivable — net of allowances of **$155** and $174	**4,852**	4,532
Inventories		
Finished goods	**2,405**	2,497
Work in process	**1,491**	1,606
Raw materials and supplies	**1,169**	1,269
Total inventories	**5,065**	5,372
Prepaids	**578**	435
Other current assets	**490**	456
Total current assets	**16,198**	14,688
Property, plant and equipment	**26,189**	25,998
Less: Accumulated depreciation	**(17,185)**	(16,820)
Property, plant and equipment — net	**9,004**	9,178
Operating lease right of use assets	**782**	829
Goodwill	**12,721**	12,790
Intangible assets — net	**4,324**	4,699
Other assets	**6,592**	4,271
Total assets	**$ 49,621**	$ 46,455
Liabilities		
Current liabilities		
Short-term borrowings and current portion of long-term debt	**$ 3,137**	$ 1,938
Accounts payable	**3,104**	3,183
Accrued payroll	**905**	692
Accrued income taxes	**220**	259
Operating lease liabilities — current	**234**	261
Other current liabilities	**7,866**	3,190
Total current liabilities	**15,466**	9,523
Long-term debt	**12,876**	14,001
Pension and postretirement benefits	**1,846**	1,966
Operating lease liabilities	**550**	580
Other liabilities	**14,152**	5,615
Total liabilities	**44,890**	31,685
Commitments and contingencies (Note 14)		
Equity		
3M Company shareholders' equity:		
Common stock par value, $.01 par value; 944,033,056 shares issued	**9**	9
Shares outstanding - September 30, 2023: **552,317,038**		
Shares outstanding - December 31, 2022: 549,245,105		
Additional paid-in capital	**6,903**	6,691
Retained earnings	**37,375**	47,950
Treasury stock, at cost:	**(32,889)**	(33,255)
Shares at September 30, 2023: **391,716,018**		
Shares at December 31, 2022: 394,787,951		
Accumulated other comprehensive income (loss)	**(6,726)**	(6,673)
Total 3M Company shareholders' equity	**4,672**	14,722
Noncontrolling interest	**59**	48
Total equity	**4,731**	14,770
Total liabilities and equity	**$ 49,621**	$ 46,455

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

3M Company and Subsidiaries
Consolidated Statement of Cash Flows
(Unaudited)

(Millions)	Nine months ended September 30, 2023	2022
Cash Flows from Operating Activities		
Net income (loss) including noncontrolling interest	**$ (7,926)**	$ 5,248
Adjustments to reconcile net income (loss) including noncontrolling interest to net cash provided by operating activities		
Depreciation and amortization	**1,450**	1,371
Company pension and postretirement contributions	**(85)**	(102)
Company pension and postretirement expense	**113**	124
Stock-based compensation expense	**222**	226
Gain on business divestitures	**(36)**	(2,724)
Deferred income taxes	**(3,468)**	(495)
Changes in assets and liabilities		
Accounts receivable	**(371)**	(467)
Inventories	**236**	(1,018)
Accounts payable	**118**	175
Accrued income taxes (current and long-term)	**(369)**	(11)
Other — net	**14,810**	1,342
Net cash provided by (used in) operating activities	**4,694**	3,669
Cash Flows from Investing Activities		
Purchases of property, plant and equipment (PP&E)	**(1,257)**	(1,243)
Proceeds from sale of PP&E and other assets	**114**	65
Purchases of marketable securities and investments	**(1,143)**	(840)
Proceeds from maturities and sale of marketable securities and investments	**1,292**	868
Proceeds from sale of businesses, net of cash sold	**60**	13
Cash payment from Food Safety business split-off, net of divested cash	**—**	478
Other — net	**28**	1
Net cash provided by (used in) investing activities	**(906)**	(658)
Cash Flows from Financing Activities		
Change in short-term debt — net	**485**	340
Repayment of debt (maturities greater than 90 days)	**(2,434)**	(1,179)
Proceeds from debt (maturities greater than 90 days)	**2,011**	1
Purchases of treasury stock	**(31)**	(928)
Proceeds from issuance of treasury stock pursuant to stock option and benefit plans	**245**	310
Dividends paid to shareholders	**(2,483)**	(2,550)
Other — net	**(16)**	(29)
Net cash provided by (used in) financing activities	**(2,223)**	(4,035)
Effect of exchange rate changes on cash and cash equivalents	**(80)**	(136)
Net increase (decrease) in cash and cash equivalents	**1,485**	(1,160)
Cash and cash equivalents at beginning of year	**3,655**	4,564
Cash and cash equivalents at end of period	**$ 5,140**	$ 3,404

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

3M Company and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

NOTE 1. Significant Accounting Policies

Basis of Presentation

The interim consolidated financial statements are unaudited but, in the opinion of management, reflect all adjustments necessary for a fair statement of the Company's consolidated financial position, results of operations and cash flows for the periods presented. These adjustments consist of normal, recurring items. The results of operations for any interim period are not necessarily indicative of results for the full year. The interim consolidated financial statements and notes are presented as permitted by the requirements for Quarterly Reports on Form 10-Q. This Quarterly Report on Form 10-Q should be read in conjunction with the Company's consolidated financial statements and notes included in its Annual Report on Form 10-K.

In the second quarter of 2023, 3M re-consolidated the Aearo Technology and certain of its related entities (collectively, the "Aearo Entities") as a result of the court dismissal of their voluntary bankruptcy proceedings. 3M had previously deconsolidated these entities in the third quarter of 2022. See additional information in Note 14.

Effective in the first quarter of 2023, 3M made changes in the measure of segment operating performance and segment composition used by 3M's chief operating decision maker—impacting 3M's disclosed measure of segment profit/loss (business segment operating income (loss)). Also effective in the first quarter of 2023, 3M's Consumer business segment re-aligned from four divisions to three divisions, see additional information in Note 15. 3M's disclosed disaggregated revenue was also updated as a result of these changes, see additional information in Note 2. Information provided herein reflects the impact of these changes for all periods presented.

Earnings (Loss) Per Share

The difference in the weighted average 3M shares outstanding for calculating basic and diluted earnings per share attributable to 3M common shareholders is a result of the dilution associated with the Company's stock-based compensation plans. Certain options outstanding under these stock-based compensation plans were not included in the computation of diluted earnings (loss) per share attributable to 3M common shareholders because they would have had an anti-dilutive effect of 35.6 million and 36.0 million average options for the three and nine months ended September 30, 2023, respectively, and 31.7 million and 28.9 million average options for the three and nine months ended September 30, 2022, respectively. In periods of net losses, these anti-dilutive effects include all weighted option shares outstanding and weighted average shares is the same for the calculations of both basic and diluted loss per share. The computations for basic and diluted earnings (loss) per share follow:

Earnings (Loss) Per Share Computations

	Three months ended September 30,		Nine months ended September 30,	
(Amounts in millions, except per share amounts)	**2023**	**2022**	**2023**	**2022**
Numerator:				
Net income (loss) attributable to 3M	**$ (2,075)**	$ 3,859	**$ (7,940)**	$ 5,236
Denominator:				
Denominator for weighted average 3M common shares outstanding – basic	**554.3**	568.8	**553.7**	570.7
Dilution associated with the Company's stock-based compensation plans	—	1.2	—	1.9
Denominator for weighted average 3M common shares outstanding – diluted	**554.3**	570.0	**553.7**	572.6
Earnings (loss) per share attributable to 3M common shareholders — basic	**$ (3.74)**	$ 6.79	**$ (14.34)**	$ 9.18
Earnings (loss) per share attributable to 3M common shareholders — diluted	**$ (3.74)**	$ 6.77	**$ (14.34)**	$ 9.15

Supplier Finance Program Obligations

Under supplier finance programs, 3M agrees to pay participating banks the stated amount of confirmed invoices from its designated suppliers on the original maturity dates of the invoices, generally within 90 days of the invoice date. 3M or the banks may terminate the agreements with advance notice. Separately, the banks may have arrangements with the suppliers that provide them the option to request early payment from the banks for invoices confirmed by 3M. 3M's outstanding balances of confirmed invoices in the programs as of September 30, 2023 and December 31, 2022 were approximately $320 million and $260 million, respectively. These amounts are included within accounts payable on 3M's consolidated balance sheet.

New Accounting Pronouncements

Refer to Note 1 to the Consolidated Financial Statements in 3M’s 2022 Annual Report on Form 10-K for a discussion of applicable standards issued and not yet adopted by 3M.

NOTE 2. Revenue

Contract Balances:

Deferred revenue primarily relates to revenue that is recognized over time for one-year software license contracts. Deferred revenue (current portion) as of September 30, 2023 and December 31, 2022 was $501 million and $538 million, respectively. Approximately $110 million and $460 million of the December 31, 2022 balance was recognized as revenue during the three and nine months ended September 30, 2023, respectively, while approximately $100 million and $440 million of the December 31, 2021 balance was recognized as revenue during the three and nine months ended September 30, 2022, respectively.

Operating Lease Revenue:

Net sales includes rental revenue from durable medical devices as part of operating lease arrangements (reported within the Medical Solutions Division), which was $154 million and $439 million during the three and nine months ended September 30, 2023, respectively, and $145 million and $429 million during the three and nine months ended September 30, 2022, respectively.

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Disaggregated revenue information:

The Company views the following disaggregated disclosures as useful to understanding the composition of revenue recognized during the respective reporting periods:

Net Sales (Millions)	**Three months ended September 30, 2023**	**Three months ended September 30, 2022**	**Nine months ended September 30, 2023**	**Nine months ended September 30, 2022**
Abrasives	**$ 330**	$ 339	**$ 1,005**	$ 1,014
Automotive Aftermarket	**316**	316	**933**	900
Closure and Masking Systems	**240**	266	**726**	794
Electrical Markets	**327**	331	**980**	976
Industrial Adhesives and Tapes	**544**	598	**1,633**	1,805
Personal Safety	**862**	922	**2,643**	3,021
Roofing Granules	**132**	122	**375**	359
Total Safety and Industrial Business Segment	**2,751**	2,894	**8,295**	8,869
Advanced Materials	**274**	297	**880**	909
Automotive and Aerospace	**507**	437	**1,446**	1,325
Commercial Solutions	**430**	459	**1,317**	1,361
Electronics	**738**	813	**2,124**	2,599
Transportation Safety	**222**	233	**645**	653
Total Transportation and Electronics Business Segment	**2,171**	2,239	**6,412**	6,847
Food Safety	**—**	63	**—**	244
Health Information Systems	**305**	312	**907**	921
Medical Solutions	**1,179**	1,150	**3,463**	3,447
Oral Care	**331**	308	**1,023**	1,006
Separation and Purification Sciences	**242**	235	**721**	757
Other Health Care	**16**	8	**44**	8
Total Health Care Business Group	**2,073**	2,076	**6,158**	6,383
Construction and Home Improvement Markets	**603**	656	**1,674**	1,819
Home, Health and Auto Care	**391**	418	**1,219**	1,283
Stationery and Office	**321**	335	**907**	946
Total Consumer Business Group	**1,315**	1,409	**3,800**	4,048
Corporate and Unallocated	**2**	1	**3**	3
Total Company	**$ 8,312**	$ 8,619	**$ 24,668**	$ 26,150

Net Sales (Millions)	**Three months ended September 30, 2023**	**Three months ended September 30, 2022**	**Nine months ended September 30, 2023**	**Nine months ended September 30, 2022**
Americas	**$ 4,769**	$ 4,741	**$ 13,846**	$ 13,930
Asia Pacific	**2,097**	2,485	**6,411**	7,702
Europe, Middle East and Africa	**1,446**	1,393	**4,411**	4,518
Worldwide	**$ 8,312**	$ 8,619	**$ 24,668**	$ 26,150

Americas included United States net sales to customers of $3.9 billion and $11.3 billion for the three and nine months ended September 30, 2023, respectively, and $3.9 billion and $11.4 billion for the three and nine months ended September 30, 2022, respectively.

NOTE 3. Acquisitions and Divestitures

Refer to Note 3 to the Consolidated Financial Statements in 3M's 2022 Annual Report on Form 10-K for more information on relevant pre-2023 acquisitions and divestitures.

Acquisitions:

3M makes acquisitions of certain businesses from time to time that are aligned with its strategic intent with respect to, among other factors, growth markets and adjacent product lines or technologies. Goodwill resulting from business combinations is largely attributable to the existing workforce of the acquired businesses and synergies expected to arise after 3M's acquisition of these businesses.

2023 acquisitions:

There were no acquisitions that closed during the nine months ended September 30, 2023.

Divestitures:

3M may divest certain businesses from time to time based upon review of the Company's portfolio considering, among other items, factors relative to the extent of strategic and technological alignment and optimization of capital deployment, in addition to considering if selling the businesses results in the greatest value creation for the Company and for shareholders. As discussed in Note 15 (Business Segments), gains/losses on business divestitures are reflected in Corporate and Unallocated.

2023 divestitures and previously announced divestitures:

In August 2023, 3M completed the sale of assets associated with its dental local anesthetic business (part of the Health Care business) to Pierrel S.p.A. for approximately $60 million in cash. The dental local anesthetic business had annual sales of approximately $30 million. The gain on this transaction, net of a loss associated with a previous contingent indemnification obligation from a 2020 divestiture, resulted in a 2023 net pre-tax gain of $36 million.

In July 2022, 3M announced its intention to spin off the Health Care business as a separate public company. 3M expects to initially retain an ownership position of 19.9% in the business, which 3M intends to monetize over time. The spin-off transaction is intended to be tax-free for U.S. federal income tax purposes and is subject to customary conditions, including the filing and effectiveness of a Form 10 registration statement, receipt of a private letter ruling from the Internal Revenue Service and a tax opinion from external counsel, satisfactory completion of financing, and final approval by the Company's Board of Directors, among other items. 3M expects to close the transaction in the first half of 2024, subject to required conditions, as well as additional factors such as conditions in the equity and debt markets, other external conditions, and developments involving 3M or any of its businesses, which could delay the completion of the transaction relative to the anticipated timeline. Because the intended transaction is a spin-off, the Health Care business is not classified as held for sale.

Operating income and held-for-sale amounts:

With respect to the businesses above, operating income information of the Health Care business is included in Note 15. Further, with the respect to these businesses, there were no assets and liabilities associated with disposal groups classified as held for sale as of December 31, 2022 and September 30, 2023. Information related to other held for sale disposal groups is included in Note 13.

NOTE 4. Goodwill and Intangible Assets

Goodwill

There was no goodwill recorded from acquisitions during the first nine months of 2023. The amounts in the "Translation and other" row in the following table primarily relate to changes in foreign currency exchange rates.

The goodwill balance by business segment follows:

(Millions)	Safety and Industrial	Transportation and Electronics	Health Care	Consumer	Total Company
Balance as of December 31, 2022	$ 4,509	$ 1,501	$ 6,515	$ 265	$ 12,790
Divestiture activity	—	—	**(4)**	—	**(4)**
Translation and other	**(17)**	**(3)**	**(43)**	**(2)**	**(65)**
Balance as of September 30, 2023	**$ 4,492**	**$ 1,498**	**$ 6,468**	**$ 263**	**$ 12,721**

Accounting standards require that goodwill be tested for impairment annually and between annual tests in certain circumstances such as when events or conditions indicate that goodwill assigned to a reporting unit may be impaired. At 3M, reporting units correspond to a division. As described in Note 15, effective in the first quarter of 2023, 3M changed its measure of segment operating performance and the composition of reportable segments and realigned divisions within the Consumer business segment. For any changes that resulted in reporting unit changes, the Company applied the relative fair value method to determine the impact on goodwill of the associated reporting units. The impacts of these changes on reported amounts were immaterial and resulted in no impairment. As of September 30, 2023, the Company's accumulated goodwill impairment loss is $0.3 billion.

Acquired Intangible Assets

The carrying amount and accumulated amortization of acquired finite-lived intangible assets, in addition to the balance of non-amortizable intangible assets follow:

(Millions)	September 30, 2023	December 31, 2022
Customer related intangible assets	**$ 4,046**	$ 4,062
Patents	**428**	426
Other technology-based intangible assets	**2,083**	2,081
Definite-lived tradenames	**1,165**	1,166
Other amortizable intangible assets	**81**	84
Total gross carrying amount	**7,803**	7,819
Accumulated amortization — customer related	**(1,901)**	(1,747)
Accumulated amortization — patents	**(426)**	(421)
Accumulated amortization — other technology-based	**(1,140)**	(1,000)
Accumulated amortization — definite-lived tradenames	**(558)**	(509)
Accumulated amortization — other	**(59)**	(60)
Total accumulated amortization	**(4,084)**	(3,737)
Total finite-lived intangible assets — net	**3,719**	4,082
Non-amortizable intangible assets (primarily tradenames)	**605**	617
Total intangible assets — net	**$ 4,324**	$ 4,699

Certain tradenames acquired by 3M are not amortized because they have been in existence for over 60 years, have a history of leading-market share positions, have been and are intended to be continuously renewed, and the associated products of which are expected to generate cash flows for 3M for an indefinite period of time.

Amortization expense follows:

	Three months ended September 30,		Nine months ended September 30,	
(Millions)	2023	2022	2023	2022
Amortization expense	**$ 122**	$ 124	**$ 365**	$ 384

Expected amortization expense for acquired amortizable intangible assets recorded as of September 30, 2023 follows:

(Millions)	Remainder of 2023	2024	2025	2026	2027	2028	After 2028
Amortization expense	$ 115	$ 452	$ 422	$ 416	$ 392	$ 366	$ 1,556

The preceding expected amortization expense is an estimate. Actual amounts of amortization expense may differ from estimated amounts due to additional intangible asset acquisitions, changes in foreign currency exchange rates, impairment of intangible assets, accelerated amortization of intangible assets and other events. 3M expenses the costs incurred to renew or extend the term of intangible assets.

NOTE 5. Restructuring Actions

2023 to 2025 Structural Reorganization Actions

In the first quarter of 2023, 3M announced it would undertake structural reorganization actions to reduce the size of the corporate center of the Company, simplify supply chain, streamline 3M's geographic footprint, reduce layers of management, further align business go-to-market models to customers, and reduce manufacturing roles to align with production volumes. During 2023, management approved and committed to undertake associated actions impacting approximately 5,200 positions resulting in a pre-tax charge of $62 million and $326 million in the third quarter and nine months ended September 30, 2023, respectively. Remaining activities related to the restructuring actions approved and committed under this initiative are expected to be largely completed through the end of 2023. 3M expects to commit to further actions under this initiative. This aggregate initiative beginning in the first quarter of 2023 and continuing through 2025 is expected to impact approximately 8,500 positions worldwide with an expected pre-tax charge of $700 million to $900 million over that period.

The related restructuring charges for periods presented were recorded in the income (loss) statement as follows:

(Millions)	Three months ended September 30, 2023	Nine months ended September 30, 2023
Cost of sales	$ 4	$ 67
Selling, general and administrative expenses	55	233
Research, development and related expenses	3	26
Total operating income impact	$ 62	$ 326

The business segment operating income (loss) impact of these restructuring charges is summarized as follows:

	Three months ended September 30, 2023			Nine months ended September 30, 2023		
(Millions)	Employee Related	Asset-Related and Other	Total	Employee Related	Asset-Related and Other	Total
Safety and Industrial	$ 10	$ —	$ 10	$ 64	$ —	$ 64
Transportation and Electronics	9	—	9	46	—	46
Health Care	4	—	4	16	—	16
Consumer	3	—	3	19	—	19
Corporate and unallocated	4	32	36	129	52	181
Total operating expense	$ 30	$ 32	$ 62	$ 274	$ 52	$ 326

Restructuring actions, including cash and non-cash impacts, follow:

(Millions)	Employee-Related	Asset-Related and Other	Total
Expense incurred in the first quarter of 2023	$ 52	$ —	$ 52
Incremental expense incurred in the second quarter of 2023	192	20	212
Incremental expense incurred in the third quarter of 2023	30	32	62
Non-cash changes	—	(52)	(52)
Cash payments	(156)	—	(156)
Accrued restructuring action balance as of September 30, 2023	$ 118	$ —	$ 118

2023 to 2025 PFAS Exit Actions

As further discussed in Note 14, 3M announced in December 2022 that it will exit all PFAS manufacturing by the end of 2025. In the third quarter of 2023, 3M management approved and committed to undertake certain related workforce actions impacting approximately 100 positions resulting in a pre-tax charge of $40 million primarily impacting cost of sales. These charges are reflected within the Transportation and Electronics business segment. There were no material cash payments during the 2023 periods presented related to these actions. The remaining period of activities related to these approved and committed actions aligns with 3M's PFAS exit timeframe.

2022 Restructuring Actions

Operational/Marketing Capability Restructuring:

As described in Note 5 in 3M's 2022 Annual Report on Form 10-K, in late 2020, 3M announced it would undertake certain actions beginning in the fourth quarter of 2020 to further enhance its operations and marketing capabilities to take advantage of certain global market trends while de-prioritizing investments in slower-growth end markets. In the first quarter of 2022, management approved and committed to undertake the remaining actions under this initiative resulting in a pre-tax charge of $18 million. This initiative, beginning in 2020 and ending with committed first quarter 2022 actions, impacted approximately 3,100 positions worldwide with a pre-tax charge of approximately $280 million over that period. Activities related to this restructuring were largely completed in the third quarter of 2022.

Divestiture-Related Restructuring:

As described in Note 5 in 3M's 2022 Annual Report on Form 10-K, during the third quarter of 2022, following the Food Safety Division split-off transaction and combination with Neogen completed in September 2022 (see Note 3 in 3M's 2022 Annual Report on Form 10-K) management approved and committed to undertake certain restructuring actions addressing corporate functional costs across 3M in relation to the magnitude of amounts previously allocated to the divested business.

These actions affected approximately 850 positions worldwide and resulted in a third quarter 2022 pre-tax charge of $41 million, within Corporate and Unallocated. The associated accrued restructuring balance as of December 31, 2022 was $10 million and remaining activities related to this divestiture-related restructuring were largely completed through the first half of 2023.

NOTE 6. Supplemental Income (Loss) Statement Information

Other expense (income), net consists of the following:

(Millions)	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Interest expense	**$ 304**	$ 106	**$ 571**	$ 347
Interest income	**(73)**	(17)	**(161)**	(36)
Pension and postretirement net periodic benefit cost (benefit)	**(31)**	(65)	**(93)**	(199)
Total	**$ 200**	$ 24	**$ 317**	$ 112

In addition to interest primarily related to outstanding debt, interest expense includes imputed interest associated with the obligations resulting from the PFAS-related public water systems proposed settlement and the Combat Arms Earplugs settlement (discussed in Note 14).

Pension and postretirement net periodic benefit costs described in the table above include all components of defined benefit plan net periodic benefit costs except service cost, which is reported in various operating expense lines. Refer to Note 11 for additional details on the components of pension and postretirement net periodic benefit costs.

NOTE 7. Supplemental Equity and Comprehensive Income (Loss) Information

Cash dividends declared and paid totaled $1.50 and $1.49 per share for the first, second and third quarters of 2023 and 2022, respectively, or $4.50 and $4.47 per share for the first nine months of 2023 and 2022, respectively.

Consolidated Changes in Equity

Three months ended September 30, 2023

		3M Company Shareholders				
(Millions)	**Total**	**Common Stock and Additional Paid-in Capital**	**Retained Earnings**	**Treasury Stock**	**Accumulated Other Comprehensive Income (Loss)**	**Non-controlling Interest**
Balance at June 30, 2023	**$ 7,857**	**$ 6,867**	**$ 40,290**	**$ (32,926)**	**$ (6,433)**	**$ 59**
Net income (loss)	**(2,071)**		**(2,075)**			**4**
Other comprehensive income (loss), net of tax:						
Cumulative translation adjustment	**(365)**				**(364)**	**(1)**
Defined benefit pension and post-retirement plans adjustment	**50**				**50**	
Cash flow hedging instruments	**21**				**21**	
Total other comprehensive income (loss), net of tax	**(294)**					
Dividends declared	**(828)**		**(828)**			
Stock-based compensation	**45**	**45**				
Reacquired stock	**(2)**			**(2)**		
Dividend to noncontrolling interest	**(3)**					**(3)**
Issuances pursuant to stock option and benefit plans	**27**		**(12)**	**39**		
Balance at September 30, 2023	**$ 4,731**	**$ 6,912**	**$ 37,375**	**$ (32,889)**	**$ (6,726)**	**$ 59**

Three months ended September 30, 2022

(Millions)	Total	3M Company Shareholders: Common Stock and Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest
Balance at June 30, 2022	$ 13,816	$ 6,616	$ 45,269	$ (30,781)	$ (7,362)	$ 74
Net income	3,863		3,859			4
Other comprehensive income (loss), net of tax:						
Cumulative translation adjustment	(821)				(819)	(2)
Defined benefit pension and post-retirement plans adjustment	86				86	
Cash flow hedging instruments	110				110	
Total other comprehensive income (loss), net of tax	(625)					
Dividends declared	(850)		(850)			
Stock-based compensation	47	47				
Reacquired stock	(191)			(191)		
Split-off of Food Safety business	(1,988)			(1,988)		
Issuances pursuant to stock option and benefit plans	84		(33)	117		
Balance at September 30, 2022	$ 14,156	$ 6,663	$ 48,245	$ (32,843)	$ (7,985)	$ 76

Nine months ended September 30, 2023

(Millions)	Total	3M Company Shareholders: Common Stock and Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest
Balance at December 31, 2022	**$ 14,770**	**$ 6,700**	**$ 47,950**	**$ (33,255)**	**$ (6,673)**	**$ 48**
Net income (loss)	**(7,926)**		**(7,940)**			**14**
Other comprehensive income (loss), net of tax:						
Cumulative translation adjustment	**(224)**				**(224)**	—
Defined benefit pension and post-retirement plans adjustment	**151**				**151**	
Cash flow hedging instruments	**20**				**20**	
Total other comprehensive income (loss), net of tax	**(53)**					
Dividends declared	**(2,483)**		**(2,483)**			
Stock-based compensation	**212**	**212**				
Reacquired stock	**(31)**			**(31)**		
Dividend to noncontrolling interest	**(3)**					**(3)**
Issuances pursuant to stock option and benefit plans	**245**		**(152)**	**397**		
Balance at September 30, 2023	**$ 4,731**	**$ 6,912**	**$ 37,375**	**$ (32,889)**	**$ (6,726)**	**$ 59**

Nine months ended September 30, 2022

(Millions)	Total	3M Company Shareholders: Common Stock and Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest
Balance at December 31, 2021	$ 15,117	$ 6,438	$ 45,821	$ (30,463)	$ (6,750)	$ 71
Net income	5,248		5,236			12
Other comprehensive income (loss), net of tax:						
Cumulative translation adjustment	(1,697)				(1,690)	(7)
Defined benefit pension and post-retirement plans adjustment	258				258	
Cash flow hedging instruments	197				197	
Total other comprehensive income (loss), net of tax	(1,242)					
Dividends declared	(2,550)		(2,550)			
Stock-based compensation	225	225				
Reacquired stock	(964)			(964)		
Split-off of Food Safety business	(1,988)			(1,988)		
Issuances pursuant to stock option and benefit plans	310		(262)	572		
Balance at September 30, 2022	$ 14,156	$ 6,663	$ 48,245	$ (32,843)	$ (7,985)	$ 76

Changes in Accumulated Other Comprehensive Income (Loss) Attributable to 3M by Component

Three months ended September 30, 2023

(Millions)	Cumulative Translation Adjustment	Defined Benefit Pension and Postretirement Plans Adjustment	Cash Flow Hedging Instruments, Unrealized Gain (Loss)	Total Accumulated Other Comprehensive Income (Loss)
Balance at June 30, 2023, net of tax:	**$ (2,688)**	**$ (3,737)**	**$ (8)**	**$ (6,433)**
Other comprehensive income (loss), before tax:				
Amounts before reclassifications	**(340)**	**—**	**66**	**(274)**
Amounts reclassified out	**—**	**65**	**(38)**	**27**
Total other comprehensive income (loss), before tax	**(340)**	**65**	**28**	**(247)**
Tax effect	**(24)**	**(15)**	**(7)**	**(46)**
Total other comprehensive income (loss), net of tax	**(364)**	**50**	**21**	**(293)**
Balance at September 30, 2023, net of tax:	**$ (3,052)**	**$ (3,687)**	**$ 13**	**$ (6,726)**

Three months ended September 30, 2022

(Millions)	Cumulative Translation Adjustment	Defined Benefit Pension and Postretirement Plans Adjustment	Cash Flow Hedging Instruments, Unrealized Gain (Loss)	Total Accumulated Other Comprehensive Income (Loss)
Balance at June 30, 2022, net of tax:	$ (2,814)	$ (4,581)	$ 33	$ (7,362)
Other comprehensive income (loss), before tax:				
Amounts before reclassifications	(773)	—	173	(600)
Amounts reclassified out	—	112	(30)	82
Total other comprehensive income (loss), before tax	(773)	112	143	(518)
Tax effect	(46)	(26)	(33)	(105)
Total other comprehensive income (loss), net of tax	(819)	86	110	(623)
Balance at September 30, 2022, net of tax:	$ (3,633)	$ (4,495)	$ 143	$ (7,985)

Nine months ended September 30, 2023

(Millions)	Cumulative Translation Adjustment	Defined Benefit Pension and Postretirement Plans Adjustment	Cash Flow Hedging Instruments, Unrealized Gain (Loss)	Total Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2022, net of tax:	**$ (2,828)**	**$ (3,838)**	**$ (7)**	**$ (6,673)**
Other comprehensive income (loss), before tax:				
Amounts before reclassifications	**(232)**	**—**	**144**	**(88)**
Amounts reclassified out	**39**	**194**	**(119)**	**114**
Total other comprehensive income (loss), before tax	**(193)**	**194**	**25**	**26**
Tax effect	**(31)**	**(43)**	**(5)**	**(79)**
Total other comprehensive income (loss), net of tax	**(224)**	**151**	**20**	**(53)**
Balance at September 30, 2023, net of tax:	**$ (3,052)**	**$ (3,687)**	**$ 13**	**$ (6,726)**

Nine months ended September 30, 2022

(Millions)	Cumulative Translation Adjustment	Defined Benefit Pension and Postretirement Plans Adjustment	Cash Flow Hedging Instruments, Unrealized Gain (Loss)	Total Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2021, net of tax:	$ (1,943)	$ (4,753)	$ (54)	$ (6,750)
Other comprehensive income (loss), before tax:				
Amounts before reclassifications	(1,587)	—	307	(1,280)
Amounts reclassified out	—	339	(52)	287
Total other comprehensive income (loss), before tax	(1,587)	339	255	(993)
Tax effect	(103)	(81)	(58)	(242)
Total other comprehensive income (loss), net of tax	(1,690)	258	197	(1,235)
Balance at September 30, 2022, net of tax:	$ (3,633)	$ (4,495)	$ 143	$ (7,985)

Income taxes are not provided for foreign translation relating to permanent investments in international subsidiaries, but tax effects within cumulative translation do include impacts from items such as net investment hedge transactions. Reclassification adjustments are made to avoid double counting in comprehensive income (loss) items that are subsequently recorded as part of net income.

Reclassifications out of Accumulated Other Comprehensive Income (Loss) Attributable to 3M

Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)				
	Three months ended September 30,		Nine months ended September 30,		
(Millions)	2023	2022	2023	2022	Location on Income (Loss) Statement
Cumulative translation adjustment					
Reclassification adjustment associated with Russia (see Note 13)	**$ —**	$ —	**$ (39)**	$ —	Selling, general and administrative expenses
Total before tax	**—**	—	**(39)**	—	
Tax effect	**—**	—	**—**	—	
Net of tax	**—**	—	**(39)**	—	
Defined benefit pension and postretirement plans adjustments					
Gains (losses) associated with defined benefit pension and postretirement plans amortization					
Transition asset	**(1)**	—	**(2)**	(1)	Other (expense) income, net
Prior service benefit	**13**	14	**40**	42	Other (expense) income, net
Net actuarial loss	**(77)**	(126)	**(232)**	(378)	Other (expense) income, net
Curtailments/Settlements	**—**	—	**—**	(2)	Other (expense) income, net
Total before tax	**(65)**	(112)	**(194)**	(339)	
Tax effect	**15**	26	**43**	81	Provision for income taxes
Net of tax	**(50)**	(86)	**(151)**	(258)	
Cash flow hedging instruments gains (losses)					
Foreign currency forward/option contracts	**40**	33	**125**	59	Cost of sales
Interest rate contracts	**(2)**	(3)	**(6)**	(7)	Interest expense
Total before tax	**38**	30	**119**	52	
Tax effect	**(9)**	(7)	**(27)**	(12)	Provision for income taxes
Net of tax	**29**	23	**92**	40	
Total reclassifications for the period, net of tax	**$ (21)**	$ (63)	**(98)**	$ (218)	

NOTE 8. Income Taxes

The effective tax rate for the third quarter of 2023 was 27.4 percent on a pre-tax loss, compared to 6.6 percent on pre-tax income in the prior year. The primary factors that impacted the comparison of these rates were the third quarter 2023 charge related to the settlement agreement to resolve Combat Arms Earplugs litigation (see Note 14) and the tax efficient structure associated with the third quarter 2022 gain on split-off of the Food Safety business. The effective tax rate for the first nine months of 2023 was 25.8 percent, compared to 9.5 percent in the prior year. The primary factors that impacted the comparison of the nine-month rates were the third quarter 2023 charge related to the settlement agreement to resolve Combat Arms Earplugs litigation, the second quarter 2023 charge related to the proposed settlement agreement with public water systems in the United States regarding PFAS, and the tax impact associated with the second quarter 2022 charge related to steps toward resolving Combat Arms Earplugs litigation (discussed in Note 14), along with the tax efficient structure associated with the third quarter 2022 gain on split-off of the Food Safety business.

The total amounts of unrecognized tax benefits that, if recognized, would affect the effective tax rate as of September 30, 2023 and December 31, 2022 are $945 million and $965 million, respectively. It is reasonably possible that the amount of unrecognized tax benefits could significantly change within the next 12 months. At this time, the Company is not able to estimate the range by which these potential events could impact 3M's unrecognized tax benefits in the next 12 months.

At September 30, 2023, 3M's deferred tax assets, a component of other assets on the consolidated balance sheet, also included a balance of approximately $3.5 billion as a result of the pre-tax charge related to the proposed settlement agreement announced in the second quarter of 2023 with public water systems in the United States regarding PFAS and the third quarter 2023 charge related to the settlement agreement to resolve Combat Arms Earplugs litigation (both discussed in Note 14). As of September 30, 2023 and December 31, 2022, the Company had valuation allowances of $166 million and $115 million on its deferred tax assets, respectively.

NOTE 9. Marketable Securities

The Company invests in asset-backed securities, certificates of deposit/time deposits, commercial paper, and other securities. The following is a summary of amounts recorded on the Consolidated Balance Sheet for marketable securities (current and non-current).

(Millions)	September 30, 2023	December 31, 2022
Commercial paper	$ —	$ 213
Certificates of deposit/time deposits	69	21
U.S. municipal securities	4	4
Current marketable securities	**73**	238
U.S. municipal securities	23	23
Non-current marketable securities	**23**	23
Total marketable securities	**$ 96**	$ 261

At September 30, 2023 and December 31, 2022, gross unrealized, gross realized, and net realized gains and/or losses (pre-tax) were not material.

The balances at September 30, 2023 for marketable securities by contractual maturity are shown below. Actual maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

(Millions)	September 30, 2023
Due in one year or less	$ 73
Due after one year through five years	15
Due after five years through ten years	8
Total marketable securities	$ 96

NOTE 10. Long-Term Debt and Short-Term Borrowings

In February 2023, 3M repaid $500 million aggregate principal amount of fixed-rate registered notes that matured. In March 2023, 3M repaid $650 million aggregate principal amount of fixed-rate medium-term notes that matured. In May 2023, 3M repaid 600 million euros aggregate principal amount of fixed-rate medium-term notes that matured.

2022 issuances, maturities, and extinguishments of short- and long-term debt are described in Note 12 to the Consolidated Financial Statements in 3M's 2022 Annual Report on Form 10-K.

The Company had $1.9 billion in commercial paper outstanding at September 30, 2023, compared to no commercial paper outstanding as of December 31, 2022.

In May 2023, 3M entered into a $4.25 billion five-year revolving credit facility expiring in 2028; the facility was amended in July and September 2023. The revolving credit agreement includes a provision under which 3M may request an increase of up to $1.0 billion (at lender's discretion), bringing the total facility up to $5.25 billion. The agreement replaced the amended and restated $3.0 billion, five-year revolving credit agreement and the $1.25 billion 364-day credit facility that would have expired in November 2024 and November 2023, respectively. The credit facility was undrawn at September 30, 2023. Under the $4.25 billion credit facility, the Company is required to maintain its EBITDA to Interest Ratio as of the end of each fiscal quarter at not less than 3.0 to 1. This is calculated (based on amounts defined in the amended agreement) as the ratio of consolidated total EBITDA for the four consecutive quarters then ended to total interest expense on all funded debt for the same period. At September 30, 2023, this ratio was approximately 15 to 1. Debt covenants do not restrict the payment of dividends.

Future Maturities of Long-term Debt

Maturities of long-term debt in the table below reflect the impact of put provisions associated with certain debt instruments and are net of the unamortized debt issue costs such that total maturities equal the carrying value of long-term debt as of September 30, 2023. The maturities of long-term debt for the periods subsequent to September 30, 2023 are as follows (in millions):

Remainder of 2023	2024	2025	2026	2027	2028	After 2028	Total
$ 149	$ 1,100	$ 1,866	$ 1,433	$ 846	$ 701	$ 8,030	$ 14,125

NOTE 11. Pension and Postretirement Benefit Plans

The service cost component of defined benefit net periodic benefit cost is recorded in cost of sales; selling, general and administrative expenses; and research, development and related expenses. The other components of net periodic benefit cost are reflected in other expense (income), net. Components of net periodic benefit cost and other supplemental information for the three and nine months ended September 30, 2023 and 2022 follow:

Benefit Plan Information

	Three months ended September 30,					
	Qualified and Non-qualified Pension Benefits				Postretirement Benefits	
	United States		International			
(Millions)	2023	2022	2023	2022	2023	2022
Net periodic benefit cost (benefit)						
Operating expense						
Service cost	**$ 42**	$ 64	**$ 21**	$ 32	**$ 6**	$ 10
Non-operating expense						
Interest cost	**166**	105	**56**	32	**21**	13
Expected return on plan assets	**(243)**	(241)	**(76)**	(69)	**(20)**	(17)
Amortization of transition asset	**—**	—	**1**	—	**—**	—
Amortization of prior service benefit	**(6)**	(6)	**—**	—	**(7)**	(8)
Amortization of net actuarial loss	**73**	106	**2**	10	**2**	10
Total non-operating expense (benefit)	**(10)**	(36)	**(17)**	(27)	**(4)**	(2)
Total net periodic benefit cost (benefit)	**$ 32**	$ 28	**$ 4**	$ 5	**$ 2**	$ 8

	Nine months ended September 30,					
	Qualified and Non-qualified Pension Benefits				Postretirement Benefits	
	United States		International			
(Millions)	2023	2022	2023	2022	2023	2022
Net periodic benefit cost (benefit)						
Operating expense						
Service cost	**$ 128**	$ 192	**$ 60**	$ 100	**$ 18**	$ 31
Non-operating expense						
Interest cost	**497**	313	**165**	96	**66**	39
Expected return on plan assets	**(731)**	(723)	**(226)**	(211)	**(58)**	(52)
Amortization of transition asset	**—**	—	**2**	1	**—**	—
Amortization of prior service benefit	**(18)**	(18)	**1**	—	**(23)**	(24)
Amortization of net actuarial loss	**220**	318	**6**	30	**6**	30
Settlements, curtailments, special termination benefits and other	**—**	—	**—**	—	**—**	2
Total non-operating expense (benefit)	**(32)**	(110)	**(52)**	(84)	**(9)**	(5)
Total net periodic benefit cost (benefit)	**$ 96**	$ 82	**$ 8**	$ 16	**$ 9**	$ 26

For the nine months ended September 30, 2023 contributions totaling $78 million were made to the Company's U.S. and international pension plans and $7 million to its postretirement plans. Future contributions will depend on market conditions, interest rates and other factors. 3M's annual measurement date for pension and postretirement assets and liabilities is December 31 each year, which is also the date used for the related annual measurement assumptions.

NOTE 12. Derivatives

The Company uses interest rate swaps, currency swaps, and forward and option contracts to manage risks generally associated with foreign exchange rate and interest rate fluctuations. Note 14 to the Consolidated Financial Statements in 3M's 2022 Annual Report on Form 10-K explains the types of derivatives and financial instruments used by 3M, how and why 3M uses such instruments, and how such instruments are accounted for. It also contains information regarding previously initiated contracts or instruments.

Additional information with respect to derivatives is included elsewhere as follows:
- Impact on other comprehensive income of nonderivative hedging and derivative instruments is included in Note 7.
- Fair value of derivative instruments is included in Note 13.
- Derivatives and/or hedging instruments associated with the Company's long-term debt are described in Note 12 to the Consolidated Financial Statements in 3M's 2022 Annual Report on Form 10-K.

Refer to the section below titled *Statement of Income (Loss) Location and Impact of Cash Flow and Fair Value Derivative Instruments and Derivatives Not Designated as Hedging Instruments* for details on the location within the consolidated statements of income (loss) for amounts of gains and losses related to derivative instruments designated as cash flow or fair value hedges (along with similar information relative to the hedged items) and derivatives not designated as hedging instruments. Additional information relative to cash flow hedges, fair value hedges, net investment hedges and derivatives not designated as hedging instruments is included below as applicable.

Cash Flow Hedges:

As of September 30, 2023, the Company had a balance of $13 million associated with the after-tax net unrealized gain associated with cash flow hedging instruments recorded in accumulated other comprehensive income (loss). This includes a remaining balance of $89 million (after-tax loss) related to forward starting interest rate swap and treasury rate lock contracts, which will be amortized over the respective lives of the underlying notes. Based on exchange rates as of September 30, 2023, of the total after-tax net unrealized balance as of September 30, 2023, 3M expects to reclassify approximately $84 million after-tax net unrealized gain over the next 12 months (with the impact offset by earnings/losses from underlying hedged items).

The amount of pretax gain (loss) recognized in other comprehensive income (loss) related to derivative instruments designated as cash flow hedges is provided in the following table.

	Pretax Gain (Loss) Recognized in Other Comprehensive Income (Loss) on Derivative			
	Three months ended September 30,		Nine months ended September 30,	
(Millions)	2023	2022	2023	2022
Foreign currency forward/option contracts	**$ 66**	$ 173	**$ 144**	$ 307
Interest rate contracts	**—**	—	**—**	—
Total	**$ 66**	$ 173	**$ 144**	$ 307

Fair Value Hedges:

3M had a fixed-to-floating interest rate swap that was terminated in 2007 with respect to the Company's 30-year $220 million principal amount debenture due in 2028. As this debt is still outstanding, its carrying value includes the remaining basis adjustment from this discontinued fair value hedge.

The following amounts were recorded on the consolidated balance sheet related to cumulative basis adjustments for active fair value hedges, as well as remaining amounts for discontinued fair value hedges:

	Carrying Value of the Hedged Liabilities		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Value of the Hedged Liabilities	
Location on the Consolidated Balance Sheet (Millions)	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Long-term debt	**$ 886**	$ 903	**$ (117)**	$ (98)

Net Investment Hedges:

At September 30, 2023, the total notional amount of foreign exchange forward contracts designated in net investment hedges was approximately 150 million euros, along with a principal amount of long-term debt instruments designated in net investment hedges totaling 1.8 billion euros. The maturity dates of these derivative and nonderivative instruments designated in net investment hedges range from 2023 to 2031.

The amount of gain (loss) excluded from effectiveness testing recognized in income relative to instruments designated in net investment hedge relationships is not material. The amount of pretax gain (loss) recognized in other comprehensive income (loss) related to derivative and nonderivative instruments designated as net investment hedges are as follows.

	Pretax Gain (Loss) Recognized as Cumulative Translation within Other Comprehensive Income (Loss)			
	Three months ended September 30,		Nine months ended September 30,	
(Millions)	**2023**	**2022**	**2023**	**2022**
Foreign currency denominated debt	**$ 60**	$ 188	**$ (5)**	$ 380
Foreign currency forward contracts	**5**	11	**2**	22
Total	**$ 65**	$ 199	**$ (3)**	$ 402

Derivatives Not Designated as Hedging Instruments:

Derivatives not designated as hedging instruments include de-designated foreign currency forward and option contracts that formerly were designated in cash flow hedging relationships (as referenced in the *Cash Flow Hedges* section above). In addition, 3M enters into foreign currency contracts that are not designated in hedging relationships to offset, in part, the impacts of changes in value of various non-functional currency denominated items including certain intercompany financing balances. These derivative instruments are not designated in hedging relationships; therefore, fair value gains and losses on these contracts are recorded in earnings. The Company does not hold or issue derivative financial instruments for trading purposes.

Statement of Income (Loss) Location and Impact of Cash Flow and Fair Value Derivative Instruments and Derivatives Not Designated as Hedging Instruments

The location in the consolidated statement of income (loss) and pre-tax amounts recognized in income related to derivative instruments designated in cash flow or fair value hedging relationships and for derivatives not designated as hedging instruments are as follows:

	Location and Amount of Gain (Loss) Recognized in Income (Loss)							
	Three months ended September 30,				Nine months ended September 30,			
	Cost of sales		Other expense (income), net		Cost of sales		Other expense (income), net	
(Millions)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Information regarding cash flow and fair value hedging relationships:								
Total amounts of income and expense line items presented in the consolidated statement of income (loss) in which the effects of derivatives are recorded	**$ 4,580**	$ 4,728	**$ 200**	$ 24	**$ 13,799**	$ 14,647	**$ 317**	$ 112
Gain or (loss) on cash flow hedging relationships:								
Foreign currency forward/option contracts:								
Amount of gain or (loss) reclassified from accumulated other comprehensive income (loss) into income	**40**	33	**—**	—	**125**	59	**—**	—
Interest rate contracts:								
Amount of gain or (loss) reclassified from accumulated other comprehensive income into income	**—**	—	**(2)**	(3)	**—**	—	**(6)**	(7)
Gain or (loss) on fair value hedging relationships:								
Interest rate contracts:								
Hedged items	**—**	—	**21**	36	**—**	—	**18**	107
Derivatives designated as hedging instruments	**—**	—	**(21)**	(36)	**—**	—	**(18)**	(107)
Information regarding derivatives not designated as hedging instruments:								
Gain or (loss) on derivatives not designated as instruments:								
Foreign currency forward/option contracts	**(1)**	(44)	**(2)**	(21)	**(6)**	(110)	**11**	3

Location, Fair Value, and Gross Notional Amounts of Derivative Instruments

The following tables summarize the fair value of 3M's derivative instruments, excluding nonderivative instruments used as hedging instruments, and their location in the consolidated balance sheet. Notional amounts below are presented at period end foreign exchange rates, except for certain interest rate swaps, which are presented using the inception date's foreign exchange rate.

				Assets			Liabilities		
	Gross Notional Amount			Fair Value Amount			Fair Value Amount		
(Millions)	September 30, 2023	December 31, 2022	Location	September 30, 2023	December 31, 2022	Location	September 30, 2023	December 31, 2022
Derivatives designated as hedging instruments								
Foreign currency forward/option contracts	**$ 1,866**	$ 2,368	Other current assets	**$ 112**	$ 89	Other current liabilities	**$ 7**	$ 27
Foreign currency forward/option contracts	**529**	835	Other assets	**42**	55	Other liabilities	**2**	9
Interest rate contracts	**800**	800	Other assets	**—**	—	Other liabilities	**120**	102
Total derivatives designated as hedging instruments				**154**	144		**129**	138
Derivatives not designated as hedging instruments								
Foreign currency forward/option contracts	**776**	2,816	Other current assets	**6**	73	Other current liabilities	**10**	4
Total derivatives not designated as hedging instruments				**6**	73		**10**	4
Total derivative instruments				**$ 160**	$ 217		**$ 139**	$ 142

Credit Risk and Offsetting of Assets and Liabilities of Derivative Instruments

The Company is exposed to credit loss in the event of nonperformance by counterparties in interest rate swaps, currency swaps, and forward and option contracts. However, the Company's risk is limited to the fair value of the instruments. The Company actively monitors its exposure to credit risk through the use of credit approvals and credit limits, and by selecting major international banks and financial institutions as counterparties. 3M enters into master netting arrangements with counterparties when possible to mitigate credit risk in derivative transactions. A master netting arrangement may allow each counterparty to net settle amounts owed between a 3M entity and the counterparty as a result of multiple, separate derivative transactions. The Company does not anticipate nonperformance by any of these counterparties.

3M has elected to present the fair value of derivative assets and liabilities within the Company's consolidated balance sheet on a gross basis even when derivative transactions are subject to master netting arrangements and may otherwise qualify for net presentation. However, the following tables provide information as if the Company had elected to offset the asset and liability balances of derivative instruments, netted in accordance with various criteria in the event of default or termination as stipulated by the terms of netting arrangements with each of the counterparties. For each counterparty, if netted, the Company would offset the asset and liability balances of all derivatives at the end of the reporting period based on the 3M entity that is a party to the transactions. Derivatives not subject to master netting agreements are not eligible for net presentation.

Offsetting of Financial Assets under Master Netting Agreements with Derivative Counterparties

	Gross Amount of Derivative Assets Presented in the Consolidated Balance Sheet		Gross Amounts not Offset in the Consolidated Balance Sheet that are Subject to Master Netting Agreements: Gross Amount of Eligible Offsetting Recognized Derivative Liabilities		Gross Amounts not Offset in the Consolidated Balance Sheet that are Subject to Master Netting Agreements: Cash Collateral Received		Net Amount of Derivative Assets	
(Millions)	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Derivatives subject to master netting agreements	**$ 160**	$ 217	**$ 19**	$ 40	**$ —**	$ —	**$ 141**	$ 177
Derivatives not subject to master netting agreements	**—**	—					**—**	—
Total	**$ 160**	$ 217					**$ 141**	$ 177

Offsetting of Financial Liabilities under Master Netting Agreements with Derivative Counterparties

	Gross Amount of Derivative Liabilities Presented in the Consolidated Balance Sheet		Gross Amounts not Offset in the Consolidated Balance Sheet that are Subject to Master Netting Agreements: Gross Amount of Eligible Offsetting Recognized Derivative Assets		Gross Amounts not Offset in the Consolidated Balance Sheet that are Subject to Master Netting Agreements: Cash Collateral Received		Net Amount of Derivative Liabilities	
(Millions)	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Derivatives subject to master netting agreements	**$ 139**	$ 142	**$ 19**	$ 40	**$ —**	$ —	**$ 120**	$ 102
Derivatives not subject to master netting agreements	**—**	—					**—**	—
Total	**$ 139**	$ 142					**$ 120**	$ 102

Currency Effects

3M estimates that year-on-year foreign currency transaction effects, including hedging impacts, decreased pre-tax loss by approximately $18 million and $92 million for the three and nine months ended September 30, 2023, respectively, and increased pre-tax income by approximately $43 million and $70 million for the three and nine months ended September 30, 2022, respectively. These estimates include transaction gains and losses, including derivative instruments designed to reduce foreign currency exchange rate risks.

NOTE 13. Fair Value Measurements

3M follows ASC 820, Fair Value Measurements and Disclosures, with respect to assets and liabilities that are measured at fair value on a recurring basis and nonrecurring basis.

In addition to the information above, refer to Note 15 to the Consolidated Financial Statements in 3M's 2022 Annual Report on Form 10-K for a qualitative discussion of the assets and liabilities that are measured at fair value on a recurring and nonrecurring basis, a description of the valuation methodologies used by 3M, and categorization within the valuation framework of ASC 820.

The following tables provide information by level for assets and liabilities that are measured at fair value on a recurring basis.

Description (Millions)	Fair Value at September 30, 2023	Fair Value at December 31, 2022	Level 1 September 30, 2023	Level 1 December 31, 2022	Level 2 September 30, 2023	Level 2 December 31, 2022	Level 3 September 30, 2023	Level 3 December 31, 2022
Assets:								
Available-for-sale:								
Marketable securities:								
Commercial paper	**$ —**	$ 213	**$ —**	$ —	**$ —**	$ 213	**$ —**	$ —
Certificates of deposit/time deposits	**69**	21	**—**	—	**69**	21	**—**	—
U.S. municipal securities	**27**	27	**—**	—	**—**	—	**27**	27
Derivative instruments — assets:								
Foreign currency forward/option contracts	**160**	217	**—**	—	**160**	217	**—**	—
Liabilities:								
Derivative instruments — liabilities:								
Foreign currency forward/option contracts	**19**	40	**—**	—	**19**	40	**—**	—
Interest rate contracts	**120**	102	**—**	—	**120**	102	**—**	—

The following table provides a reconciliation of the beginning and ending balances of items measured at fair value on a recurring basis in the table above that used significant unobservable inputs (level 3).

Marketable securities — certain U.S. municipal securities only (Millions)	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Beginning balance	**$ 27**	$ 30	**$ 27**	$ 30
Total gains or losses:				
Included in earnings (losses)	**—**	—	**—**	—
Included in other comprehensive income (loss)	**—**	—	**—**	—
Purchases and issuances	**—**	—	**—**	—
Sales and settlements	**—**	—	**—**	—
Transfers in and/or out of level 3	**—**	—	**—**	—
Ending balance	**$ 27**	$ 30	**$ 27**	$ 30
Change in unrealized gains or losses for the period included in earnings for securities held at the end of the reporting period	**—**	—	**—**	—

In addition, the plan assets of 3M’s pension and postretirement benefit plans are measured at fair value on a recurring basis (at least annually). Refer to Note 13 to the Consolidated Financial Statements in 3M's 2022 Annual Report on Form 10-K.

Assets and Liabilities that are Measured at Fair Value on a Nonrecurring Basis:

Disclosures are required for certain assets and liabilities that are measured at fair value, but are recognized and disclosed at fair value on a nonrecurring basis in periods subsequent to initial recognition. For 3M, such measurements of fair value relate primarily to indefinite-lived and long-lived asset impairments, goodwill impairments, and adjustment in carrying value of equity securities for which the measurement alternative of cost less impairment plus or minus observable price changes is used. There were no material impairments of assets or adjustments to equity securities using the measurement alternative for the first nine months of 2023 and 2022. As discussed in Note 15 to the Consolidated Financial Statements in 3M's 2022 Annual Report on Form 10-K, in the third quarter of 2022, management committed to a plan to exit and dispose of net assets in Russia through an intended sale of related subsidiaries and, as a result, recorded this held-for-sale disposal group at the lower of its fair value less cost to sell or carrying amount. In determining the carrying amount, the balance of cumulative translation adjustment within accumulated other comprehensive loss that would be eliminated upon sale was included and a current liability of approximately $50 million was recorded largely representing a reserve against the balance of cumulative translation adjustment. In the second quarter of 2023, 3M closed on the sale of these subsidiaries, resulting in an immaterial gain after reversing this reserve while reclassifying the balance of cumulative translation adjustment into earnings.

Fair Value of Financial Instruments:

The Company's financial instruments include cash and cash equivalents, marketable securities, accounts receivable, certain investments, accounts payable, borrowings, and derivative contracts. The fair values of cash equivalents, accounts receivable, accounts payable, and short-term borrowings and current portion of long-term debt approximated carrying values because of the short-term nature of these instruments. Available-for-sale marketable securities, in addition to certain derivative instruments, are recorded at fair values as indicated in the preceding disclosures. To estimate fair values (classified as level 2) for its long-term debt, the Company utilized third-party quotes, which are derived all or in part from model prices, external sources, market prices, or the third-party's internal records. Information with respect to the carrying amounts and estimated fair values of these financial instruments follow:

	September 30, 2023		December 31, 2022	
(Millions)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Long-term debt, excluding current portion	**$ 12,876**	**$ 10,970**	$ 14,001	$ 12,484

The fair values reflected in the sections above consider the terms of the related debt absent the impacts of derivative/hedging activity. The carrying amount of long-term debt referenced above is impacted by certain fixed-to-floating interest rate swaps that are designated as fair value hedges and by the designation of certain fixed rate Eurobond securities issued by the Company as hedging instruments of the Company's net investment in its European subsidiaries.

NOTE 14. Commitments and Contingencies

Legal Proceedings:

The Company and some of its subsidiaries are involved in numerous claims and lawsuits, principally in the United States, and regulatory proceedings worldwide. These claims, lawsuits and proceedings relate to matters including, but not limited to, products liability (involving products that the Company now or formerly manufactured and sold), intellectual property, commercial, antitrust, federal healthcare program related laws and regulations, such as the False Claims Act and anti-kickback laws, securities, and environmental laws in the United States and other jurisdictions. Unless otherwise stated, the Company is vigorously defending all such litigation and proceedings. From time to time, the Company also receives subpoenas, investigative demands or requests for information from various government agencies in the United States and foreign countries. The Company generally responds in a cooperative, thorough and timely manner. These responses sometimes require time and effort and can result in considerable costs being incurred by the Company. Such requests can also lead to the assertion of claims or the commencement of administrative, civil, or criminal legal proceedings against the Company and others, as well as to settlements. The outcomes of legal proceedings and regulatory matters are often difficult to predict. Any determination that the Company's operations or activities are not, or were not, in compliance with applicable laws or regulations could result in the imposition of fines, civil or criminal penalties, and equitable remedies, including disgorgement, suspension or debarment or injunctive relief.

Process for Disclosure and Recording of Liabilities Related to Legal Proceedings

Many lawsuits and claims involve highly complex issues relating to causation, scientific evidence, and alleged actual damages, all of which are otherwise subject to substantial uncertainties. Assessments of lawsuits and claims can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions. The categories of legal proceedings in which the Company is involved may include multiple lawsuits and claims, may be spread across multiple jurisdictions and courts which may handle the lawsuits and claims differently, may involve numerous and different types of plaintiffs, raising claims and legal theories based on specific allegations that may not apply to other matters, and may seek substantial compensatory and, in some cases, punitive, damages. These and other factors contribute to the complexity of these lawsuits and claims and make it difficult for the Company to predict outcomes and make reasonable estimates of any resulting losses. The Company's ability to predict outcomes and make reasonable estimates of potential losses is further influenced by the fact that a resolution of one or more matters within a category of legal proceedings may impact the resolution of other matters in that category in terms of timing, amount of liability, or both.

When making determinations about recording liabilities related to legal proceedings, the Company complies with the requirements of ASC 450, Contingencies, and related guidance, and records liabilities in those instances where it can reasonably estimate the amount of the loss and when the loss is probable. Where the reasonable estimate of the probable loss is a range, the Company records as an accrual in its financial statements the most likely estimate of the loss, or the low end of the range if there is no one best estimate. The Company either discloses the amount of a possible loss or range of loss in excess of established accruals if estimable, or states that such an estimate cannot be made. The Company discloses significant legal proceedings even where liability is not probable or the amount of the liability is not estimable, or both, if the Company believes there is at least a reasonable possibility that a loss may be incurred. Based on experience and developments, the Company reexamines its estimates of probable liabilities and associated expenses and receivables each period, and whether a loss previously determined to not be reasonably estimable and/or not probable is now able to be reasonably estimated or has become probable. Where appropriate, the Company makes additions to or adjustments of its reasonably estimated losses and/or accruals. As a result, the current accruals and/or estimates of loss and the estimates of the potential impact on the Company's consolidated financial position, results of operations and cash flows for the legal proceedings and claims pending against the Company will likely change over time.

Because litigation is subject to inherent uncertainties, and unfavorable rulings or developments could occur, the Company may ultimately incur charges substantially in excess of presently recorded liabilities, including with respect to matters for which no accruals are currently recorded because losses are not currently probable and reasonably estimable. Many of the matters described herein are at varying stages, seek an indeterminate amount of damages or seek damages in amounts that the Company believes are not indicative of the ultimate losses that may be incurred. It is not uncommon for claims to be resolved over many years. As a matter progresses, the Company may receive information, through plaintiff demands, through discovery, in the form of reports of purported experts, or in the context of settlement or mediation discussions that purport to quantify an amount of alleged damages, but with which the Company may not agree. Such information may or may not lead the Company to determine that it is able to make a reasonable estimate as to a probable loss or range of loss in connection with a matter. However, even when a loss or range of loss is not probable and reasonably estimable, developments in, or the ultimate resolution of, a matter could be material to the Company and could have a material adverse effect on the Company, its consolidated financial position, results of operations and cash flows. In addition, future adverse rulings or developments, or settlements in, one or more matters could result in future changes to determinations of probable and reasonably estimable losses in other matters.

Process for Disclosure and Recording of Insurance Receivables Related to Legal Proceedings

The Company estimates insurance receivables based on an analysis of the terms of its numerous policies, including their exclusions, pertinent case law interpreting comparable policies, its experience with similar claims, and assessment of the nature of the claim and remaining coverage, and records an amount it has concluded is recognizable and expects to receive in light of the loss recovery and/or gain contingency models under ASC 450, ASC 610-30, and related guidance. For those insured legal proceedings where the Company has recorded an accrued liability in its financial statements, the Company also records receivables for the amount of insurance that it concludes as recognizable from the Company's insurance program. For those insured matters where the Company has not recorded an accrued liability because the liability is not probable or the amount of the liability is not estimable, or both, but where the Company has incurred an expense in defending itself, the Company records receivables for the amount of insurance that it concludes as recognizable for the expense incurred.

The following sections first describe the significant legal proceedings in which the Company is involved, and then describe the liabilities and associated insurance receivables the Company has accrued relating to its significant legal proceedings.

Respirator Mask/Asbestos Litigation

As of September 30, 2023, the Company is a named defendant, with multiple co-defendants, in numerous lawsuits in various courts that purport to represent approximately 3,980 individual claimants, compared to approximately 4,028 individual claimants with actions pending December 31, 2022.

The vast majority of the lawsuits and claims resolved by and currently pending against the Company allege use of some of the Company's mask and respirator products and seek damages from the Company and other defendants for alleged personal injury from workplace exposures to asbestos, silica, coal mine dust or other occupational dusts found in products manufactured by other defendants or generally in the workplace. A minority of the lawsuits and claims resolved by and currently pending against the Company generally allege personal injury from occupational exposure to asbestos from products previously manufactured by the Company, which are often unspecified, as well as products manufactured by other defendants, or occasionally at Company premises.

The Company's current volume of new and pending matters is substantially lower than it experienced at the peak of filings in 2003. The Company expects that filing of claims in the future will continue to be at much lower levels than in the past. Accordingly, the number of claims alleging more serious injuries, including mesothelioma, other malignancies, and black lung disease, will represent a greater percentage of total claims than in the past. Over the past twenty plus years, the Company has prevailed in fifteen of the sixteen cases tried to a jury (including the lawsuits in 2018 described below). In 2018, 3M received a jury verdict in its favor in two lawsuits – one in California state court in February and the other in Massachusetts state court in December – both involving allegations that 3M respirators were defective and failed to protect the plaintiffs against asbestos fibers. In April 2018, a jury in state court in Kentucky found 3M's 8710 respirators failed to protect two coal miners from coal mine dust and awarded compensatory damages of approximately $2 million and punitive damages totaling $63 million. In August 2018, the trial court entered judgment and the Company appealed. In 2019, the Company settled a substantial majority of the then-pending coal mine dust lawsuits in Kentucky and West Virginia for $340 million, including the jury verdict in April 2018 in the Kentucky case mentioned above, and the appeal was dismissed. In October 2020, 3M defended a respirator case before a jury in King County, Washington, involving a former shipyard worker who alleged 3M's 8710 respirator was defective and that 3M acted negligently in failing to protect him against asbestos fibers. The jury delivered a complete defense verdict in favor of 3M, concluding that the 8710 respirator was not defective in design or warnings and any conduct by 3M was not a cause of plaintiff's mesothelioma. The plaintiff appealed the verdict. In May 2022, the First Division intermediate appellate court in Washington affirmed in part and reversed in part 3M's trial victory, concluding that the trial court misapplied Washington law in instructing the jury about factual causation. The Washington Supreme Court declined to review the matter.

The Company has demonstrated in these past trial proceedings that its respiratory protection products are effective as claimed when used in the intended manner and in the intended circumstances. Consequently, the Company believes that claimants are unable to establish that their medical conditions, even if significant, are attributable to the Company's respiratory protection products. Nonetheless, the Company's litigation experience indicates that claims of persons alleging more serious injuries, including mesothelioma, other malignancies, and black lung disease, are costlier to resolve than the claims of unimpaired persons, and it therefore believes the average cost of resolving pending and future claims on a per-claim basis will continue to be higher than it experienced in prior periods when the vast majority of claims were asserted by medically unimpaired claimants. Since the second half of 2020, the Company has experienced an increase in the number of cases filed that allege injuries from exposures to coal mine dust; that increase represents a substantial majority of the growth in case numbers referred to above. The rate of coal mine dust-related case filings decelerated in 2022 and has stayed significantly lower than in 2021. 3M moved two cases involving over 400 plaintiffs to federal court based on, among others, the Class Action Fairness Act. The federal district court remanded the cases to state court. In March 2023, the Sixth Circuit Court of Appeals granted 3M's petition to review the remand order, and in April 2023 reversed the district court's remand order; accordingly, those cases will remain in federal court.

As previously reported, the State of West Virginia, through its Attorney General, filed a complaint in 2003 against the Company and two other manufacturers of respiratory protection products in the Circuit Court of Lincoln County, West Virginia, and amended its complaint in 2005. The amended 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 all workers with occupational pneumoconiosis and unspecified punitive damages. In October 2019, the court granted the State's motion to sever its unfair trade practices claim, which seeks civil penalties of up to $5,000 per violation under the state's Consumer Credit Protection Act relating to statements that the State contends were misleading about 3M's respirators. In the first quarter of 2023, a bench trial for the unfair trade practices claims was continued indefinitely. An expert witness retained by the State has recently estimated that 3M sold over five million respirators into the state during the relevant time period, and the State alleges that each respirator sold constitutes a separate violation under the Act. 3M disputes the expert's estimates and the State's position regarding what constitutes a separate violation of the Act. 3M has asserted various additional defenses, including that the Company's marketing did not violate the Act at any time, and that the State's claims are barred under the applicable statute of limitations. No liability has been recorded for any portion of this matter because the Company believes that liability is not probable and reasonably estimable at this time. In addition, the Company is not able to estimate a possible loss or range of loss given the lack of any meaningful discovery responses by the State of West Virginia as to key issues, and the assertions of claims against two other manufacturers where a defendant's share of liability may turn on the law of joint and several liability and by the amount of fault, if any, a factfinder may allocate to each defendant if the case were ultimately tried.

Respirator Mask/Asbestos Liabilities and Insurance Receivables

The Company regularly conducts a comprehensive legal review of its respirator mask/asbestos liabilities. The Company reviews recent and historical claims data, including without limitation, (i) the number of pending claims filed against the Company, (ii) the nature and mix of those claims (i.e., the proportion of claims asserting usage of the Company's mask or respirator products and alleging exposure to each of asbestos, silica, coal or other occupational dusts, and claims pleading use of asbestos-containing products allegedly manufactured by the Company), (iii) the costs to defend and resolve pending claims, and (iv) trends in filing rates and in costs to defend and resolve claims (collectively, the "Claims Data"). As part of its comprehensive legal review, the Company regularly provides the Claims Data to a third party with expertise in determining the impact of Claims Data on future filing trends and costs. The third party assists the Company in estimating the costs to defend and resolve pending and future claims. The Company uses this analysis to develop its estimate of probable liability.

Developments may occur that could affect the Company's estimate of its liabilities. These developments include, but are not limited to, significant changes in (i) the key assumptions underlying the Company's accrual, including the number of future claims, the nature and mix of those claims, and the average cost of defending and resolving claims and in maintaining trial readiness (ii) trial and appellate outcomes, (iii) the law and procedure applicable to these claims, and (iv) the financial viability of other co-defendants and insurers.

As a result of its review of its respirator mask/asbestos liabilities, of pending and expected lawsuits and of the cost of resolving claims of persons who claim more serious injuries, including mesothelioma, other malignancies, and black lung disease, the Company increased its accruals in the first nine months of 2023 for respirator mask/asbestos liabilities by $64 million. In the first nine months of 2023, the Company made payments for legal defense costs and settlements of $67 million related to the respirator mask/asbestos litigation. As of September 30, 2023, the Company had an accrual for respirator mask/asbestos liabilities (excluding Aearo accruals) of $601 million. This accrual represents the Company's estimate of probable loss and reflects an estimation period for future claims that may be filed against the Company approaching the year 2050. The Company cannot estimate the amount or upper end of the range of amounts by which the liability may exceed the accrual the Company has established because of (i) the inherent difficulty in projecting the number of claims that have not yet been asserted or the time period in which future claims may be asserted, (ii) the fact that complaints nearly always assert claims against multiple defendants where the damages alleged are typically not attributed to individual defendants so that a defendant's share of liability may turn on the law of joint and several liability, which can vary by state, (iii) the multiple factors described above that the Company considers in estimating its liabilities, and (iv) the several possible developments described above that may occur that could affect the Company's estimate of liabilities.

As of September 30, 2023, the Company's receivable for insurance recoveries related to the respirator mask/asbestos litigation was $4 million. In addition, the Company continues to seek coverage under the policies of certain insolvent and other insurers. Once those claims for coverage are resolved, the Company will have collected substantially all of its remaining insurance coverage for respirator mask/asbestos claims.

Respirator Mask/Asbestos Litigation — Aearo Technologies

On April 1, 2008, a subsidiary of the Company acquired the stock of Aearo Holding Corp., the parent of Aearo Technologies ("Aearo"). Aearo manufactured and sold various products, including personal protection equipment, such as eye, ear, head, face, fall and certain respiratory protection products. Aearo and/or other companies that previously owned and operated Aearo's respirator business (American Optical Corporation, Warner-Lambert LLC, AO Corp. and Cabot Corporation ("Cabot")) are named defendants, with multiple co-defendants, including the Company, in numerous lawsuits in various courts in which plaintiffs allege use of mask and respirator products and seek damages from Aearo and other defendants for alleged personal injury from workplace exposures to asbestos, silica-related, coal mine dust, or other occupational dusts found in products manufactured by other defendants or generally in the workplace. In July 2022, Aearo Technologies and certain of its related entities (collectively, the "Aearo Entities") voluntarily initiated chapter 11 proceedings under the U.S. Bankruptcy Code seeking court supervision to establish a trust, funded by the Company, to efficiently and equitably satisfy all claims determined to be entitled to compensation (including the Aearo respirator mask/asbestos matters). The U.S. Bankruptcy Court had stayed the Aearo respirator mask/asbestos litigation matters during the chapter 11 proceedings. With the June 2023 dismissal of the Aearo bankruptcy that is described in the *Product Liability Litigation* section below, the stay of respirator mask/asbestos litigation is no longer in effect. For additional information, see the discussion within the section *Product Liability Litigation* with respect to Aearo Technologies Dual-Ended Combat Arms Earplugs.

During the voluntary chapter 11 proceedings, 3M's accrual relating to the commitments associated with funding that trust included Aearo respirator mask/asbestos matters. However, following the June 2023 dismissal of the Aearo bankruptcy, the Company, through its Aearo subsidiary, had accruals of $54 million as of September 30, 2023 for product liabilities and defense costs related to current and future Aearo-related asbestos, silica-related and coal mine dust claims. Responsibility for legal costs, as well as for settlements and judgments, is shared in an informal arrangement among Aearo, Cabot, American Optical Corporation and a subsidiary of Warner Lambert and their respective insurers (the "Payor Group"). Liability is allocated among the parties based on the number of years each company sold respiratory products under the "AO Safety" brand and/or owned the AO Safety Division of American Optical Corporation and the alleged years of exposure of the individual plaintiff. Aearo's share of the contingent liability is further limited by an agreement entered into between Aearo and Cabot on July 11, 1995. This agreement provides that, so long as Aearo pays to Cabot a quarterly fee of $100,000, Cabot will retain responsibility and liability for, and indemnify Aearo against, any product liability claims involving exposure to asbestos, silica, or silica products for respirators sold prior to July 11, 1995. Because of the difficulty in determining how long a particular respirator remains in the stream of commerce after being sold, Aearo and Cabot have applied the agreement to claims arising out of the alleged use of respirators involving exposure to asbestos, silica or silica products prior to January 1, 1997. With these arrangements in place, Aearo's potential liability is limited to exposures alleged to have arisen from the use of respirators involving exposure to asbestos, silica, or silica products on or after January 1, 1997. To date, Aearo has elected to pay the quarterly fee. Aearo could potentially be exposed to additional claims for some part of the pre-July 11, 1995 period covered by its agreement with Cabot if Aearo elects to discontinue its participation in this arrangement, or if Cabot is no longer able to meet its obligations in these matters.

Developments may occur that could affect the estimate of Aearo's liabilities. These developments include, but are not limited to: (i) significant changes in the number of future claims, (ii) significant changes in the average cost of resolving claims, (iii) significant changes in the legal costs of defending these claims, (iv) significant changes in the mix and nature of claims received, (v) trial and appellate outcomes, (vi) significant changes in the law and procedure applicable to these claims, (vii) significant changes in the liability allocation among the co-defendants, (viii) the financial viability of members of the Payor Group including exhaustion of available insurance coverage limits, and/or (ix) a determination that the interpretation of the contractual obligations on which Aearo has estimated its share of liability is inaccurate. The Company cannot determine the impact of these potential developments on its current estimate of Aearo's share of liability for these existing and future claims. If any of the developments described above were to occur, the actual amount of these liabilities for existing and future claims could be significantly larger than the amount accrued. Because of the inherent difficulty in projecting the number of claims that have not yet been asserted, the complexity of allocating responsibility for future claims among the Payor Group, and the several possible developments that may occur that could affect the estimate of Aearo's liabilities, the Company cannot estimate the amount or range of amounts by which Aearo's liability may exceed the accrual the Company has established.

Environmental Matters and Litigation

The Company’s operations are subject to environmental laws and regulations including those pertaining to air emissions, wastewater discharges, toxic or hazardous substances, and the handling and disposal of solid and hazardous wastes, which are enforceable by national, state, and local authorities around the world, and many for which private parties in the United States and abroad may have rights of action. These laws and regulations can form the basis of, under certain circumstances, claims for the investigation and remediation of contamination, for capital investment in pollution control equipment, for restoration of and/or compensation for damages to natural resources, and for personal injury and property damage claims. The Company has incurred, and will continue to incur, costs and capital expenditures in complying with these laws and regulations, defending personal injury and property damage claims, and modifying its business operations in light of its environmental responsibilities. In its effort to satisfy its environmental responsibilities and comply with environmental laws and regulations, the Company has established, and periodically updates, policies relating to environmental standards of performance for its operations worldwide.

Under certain environmental laws, including the United States Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") and similar state laws, the Company may be jointly and severally liable, sometimes with other potentially responsible parties, for the costs of investigation and remediation of environmental contamination at current or former facilities and at off-site locations where hazardous substances have been released or disposed of. The Company has identified numerous locations, many of which are in the United States, at which it may have some liability for remediation of contamination. Please refer to the section entitled “*Environmental Liabilities and Insurance Receivables”* that follows for information on the amount of the accrual for such liabilities.

Environmental Matters

As previously reported, the Company has been voluntarily cooperating with ongoing reviews by local, state, federal (primarily the U.S. Environmental Protection Agency ("EPA")), and international agencies of possible environmental and health effects of various perfluorinated compounds, including perfluorooctanoate ("PFOA"), perfluorooctane sulfonate ("PFOS"), perfluorohexane sulfonic acid ("PFHxS"), perfluorobutane sulfonate ("PFBS"), hexafluoropropylene oxide dimer acid ("HFPO-DA") and other per- and polyfluoroalkyl substances (collectively, "PFAS").

As a result of a phase-out decision in May 2000, the Company no longer manufactures certain PFAS compounds including PFOA, PFOS, PFHxS, and their pre-cursor compounds. The Company ceased manufacturing and using the vast majority of those compounds within approximately two years of the phase-out announcement and ceased all manufacturing and the last significant use of those compounds by the end of 2008. The Company continues to manufacture a variety of shorter chain length PFAS compounds, including, but not limited to, pre-cursor compounds to PFBS. These compounds are used as input materials to a variety of products, including engineered fluorinated fluids, fluoropolymers and fluorelastomers, as well as surfactants, additives, and coatings. Through its ongoing life cycle management and its raw material composition identification processes associated with the Company’s policies covering the use of all persistent and bio-accumulative materials, the Company continues to review, control or eliminate the presence of certain PFAS in purchased materials, as intended substances in products, or as byproducts in some of 3M’s current manufacturing processes, products, and waste streams.

3M announced in December 2022 it will take two actions with respect to PFAS: exiting all PFAS manufacturing by the end of 2025; and working to discontinue the use of PFAS across its product portfolio by the end of 2025. 3M is progressing toward exiting all PFAS manufacturing by the end of 2025. 3M is also working to discontinue the use of PFAS across its product portfolio by the end of 2025. 3M has already eliminated the PFAS use in certain product categories, and has made progress across its product portfolio in a variety of applications. With respect to PFAS-containing products not manufactured by 3M but manufactured by companies other than 3M in the Company's supply chains, the Company continues to evaluate the availability of third-party products that do not contain PFAS. Depending on the availability and feasibility of such third-party products not containing PFAS, the Company continues to evaluate whether there may be some circumstances in which the use of PFAS-containing materials manufactured by third parties and used in certain applications in 3M’s product portfolios, such as lithium ion batteries and printed circuit boards widely used in commerce across a variety of industries, may continue beyond 2025. In such instances, the Company intends to continue to evaluate the adoption of third-party products that do not contain PFAS to the extent such products are available and such adoption is feasible.

PFAS Regulatory and Legislative Activity

Regulatory and legislative activities concerning PFAS are accelerating in the United States, Europe and elsewhere, and before certain international bodies. These activities include gathering of exposure and use information, risk assessment activities, consideration of regulatory approaches, and increasingly strict restrictions on various uses of PFAS in products and on PFAS in manufacturing emissions and environmental media, in some cases moving towards non-detectable limits for certain PFAS compounds. Regulations of PFAS in emissions and in environmental media such as soil and water (including drinking water) are being set at levels that continue to decrease. Global regulations also appear to be increasingly focused on a broader group of PFAS and may include those PFAS compounds used in current 3M products or generated as byproducts or degradation products from production processes. If such activity continues, including if regulations become final and enforceable, 3M may incur material costs to comply with new regulatory requirements or as a result of litigation or additional enforcement actions. Such regulatory changes may also have an impact on 3M’s reputation and may also increase its costs and potential litigation exposure to the extent legal defenses rely on regulatory thresholds, or changes in regulation influence public perception. Given divergent and rapidly evolving regulatory drinking water and other environmental standards, there is currently significant uncertainty about the potential costs to industry and communities associated with remediation and control technologies that may be required.

Europe

In the European Union, where 3M has PFAS manufacturing facilities in countries such as Germany and Belgium, recent regulatory activities have included both preliminary and on-going work on various restrictions of PFAS or certain PFAS compounds under the EU’s Registration, Evaluation, Authorization and Restriction of Chemicals ("REACH") and the EU’s Persistent Organic Pollutants ("POPs") Regulation. PFOA, PFOS and PFHxS (and their related compounds) are listed under several Annexes of the POPs Regulation, resulting in a ban in manufacture, placing on the market and use as well as some waste management requirements of these substances in EU Member States. These substances have also been listed in the Stockholm Convention, which has been ratified by more than 180 countries and aims for global elimination of certain listed substances (with narrow exceptions). In February 2023, an EU-wide restriction on the manufacturing, use, placing on the market and import of certain perfluorocarboxylic acids (C9-C14 PFCAs), which are PFAS substances, went into effect.

In February 2023, the European Chemicals Agency published the proposal it received in January 2023 from the national authorities of Germany, Denmark, the Netherlands, Norway and Sweden to restrict PFAS under the European Union’s chemicals regulation. The proposal aims to restrict the manufacture, placing on the market and use of PFAS under REACH, subject to certain exceptions. In March 2023, the six-month consultation phase on the PFAS Restriction Proposal started and, in September 2023, the Company submitted comments to the proposal. Depending on the timing, scope and obligations contained in any final rule, PFAS manufacturers and manufacturers of PFAS containing products including 3M Belgium could incur additional costs and potential exposures, including future compliance costs, possible litigation and/or enforcement actions.

Effective January 2023, the EU Food Contaminants Regulation targeting four PFAS (PFOS, PFOA, perfluorononanoic acid ("PFNA"), and PFHxS) in foodstuff (eggs and animal derived meat) prohibits the sale in all member states of foods containing levels of these chemicals exceeding the regulatory thresholds. As member states implement the regulation, Dyneon, a 3M subsidiary that operates the Gendorf facility in Germany, in coordination with local authorities and farmers, has proposed a pilot program of food sampling to determine if any remedial action is necessary. Further sampling and assessment of results is ongoing.

The EU regulates PFAS in drinking water via a Drinking Water Directive, which includes a limit of 0.1 micrograms per liter (µg/l) (or 0.1 parts for billion (ppb)) for a sum of 20 PFAS in drinking water. January 2023 was the deadline for Member States to implement the Directive in their countries. A majority of Member States have adopted the EU Directive. Some Member States, including Germany, adopted more restrictive limits for certain PFAS substances.

Dyneon has a recycling process for a critical emulsifier from which small amounts of PFOA are present after recycling, as an unintended and unavoidable byproduct of certain earlier process steps. With respect to the applicability of the amendment of the EU POPs Regulation with PFOA applicable since 2021, Dyneon proactively consulted with the relevant German competent authority regarding process improvements necessary to meet applicable limits until the process is phased out in accordance with the Company’s announced exit from the manufacture of PFAS. Dyneon and the predecessor operators of the Gendorf facility have commissioned a voluntary feasibility study by an independent soil consultant and shared with the competent authority the initial study including soil management concept related to the Chemical Park in which Dyneon and other companies operate their plants.

3M Belgium, a subsidiary of the Company, has been working with the Public Flemish Waste Agency ("OVAM") for several years to investigate and remediate historical PFAS contamination at and near the 3M Belgium facility in Zwijndrecht, Antwerp, Belgium. In connection with a ring road construction project (the Oosterweel Project) in Antwerp that involved extensive soil work, an investigative committee with judicial investigatory powers was formed in June 2021 by the Flemish Parliament to investigate PFAS found in the soil and groundwater near the Zwijndrecht facility. 3M Belgium testified at Flemish parliamentary committee hearings in September and December 2021 on PFAS-related matters. The Flemish Parliament, the Minister of the Environment, and regulatory authorities initiated investigations and demands for information related to the release of PFAS from the Zwijndrecht facility. The Company has cooperated with the authorities in the investigations and information requests and is working with the authorities on an ongoing basis, as they continue to maintain oversight of 3M Belgium's operations at the Zwijndrecht facility, including, among others, wastewater discharge, emissions, soil remediation and environmental law compliance, as further discussed below.

Safety measures – wastewater discharge.

With respect to wastewater discharge at 3M Belgium's Zwijndrecht facility, the most recent developments include the following:

3M Belgium has applied for a modification of the water discharge permit to add parameters for certain short chain PFAS, In September 2023, the permitting authority rejected the application to add the additional short chain PFAS to 3M Belgium's discharge permit. 3M Belgium is evaluating the potential impact of this action and potential next steps. 3M Belgium cannot at this time predict the outcome of any potential appeal on discharge limits for short chain PFAS and is therefore unable to assess whether the current Zwijndrecht wastewater treatment system, or currently conceived additional treatment technology, will meet any discharge limits imposed with respect to manufacturing at the Zwijndrecht facility. It is possible that additional actions will be required to reduce the source of the PFAS for which no limit is provided in the permit or that the wastewater treatment system will be unable to meet future discharge limits. If 3M Belgium is unable to meet discharge limits for short chain PFAS, such development could have a significant adverse impact on 3M Belgium's normal operations and the Company's businesses that receive products and other materials from the Zwijndrecht facility, some of which may not be available or in similar quantities from other 3M facilities, which could in turn impact these businesses' ability to fulfill supply obligations to their customers.

As previously disclosed, in August 2021, the Flemish Government served 3M Belgium with a safety measure requiring the capture of certain process wastewaters to prevent their entry into the site wastewater treatment plant. While 3M Belgium appealed the safety measure due to the belief it lacked adequate legal and factual foundation, 3M Belgium promptly implemented the required actions.

In October 2021, the Province of Antwerp unilaterally adopted lower discharge limits for the nine PFAS compounds specifically identified in the water discharge permit for the Zwijndrecht facility and added a special condition that essentially prohibits discharge of any PFAS chemistry without a specific limit in the permit. 3M Belgium received a new two-year permit in May 2022 which contains strict new limits for 24 different PFAS, effective July 1, 2022. 3M Belgium believes that the recently installed additional control systems will enable it to meet these limits. In December 2022, 3M Belgium received an official infraction report from the Flemish Environmental Inspectorate regarding the discharge of certain short chain PFAS compounds in wastewater from the Zwijndrecht facility. 3M Belgium previously identified these compounds and shared the results with the Inspectorate. The compounds at issue do not have specific discharge limits in the applicable wastewater discharge permit, and the infraction report references a special condition in the permit that prohibits detectable discharge of PFAS compounds that do not have a specific discharge limit in the permit. 3M Belgium disagrees with the Inspectorate's interpretation of the special condition and the time period permitted for compliance with it. Moreover, 3M Belgium instituted a capturing process to reduce or prevent wastewaters containing short chain PFAS identified in the infraction report from entering the treatment system or its discharge. 3M Belgium notified the Inspectorate that complying with the special condition means ceasing the legally required extraction and treatment of contaminated groundwater. The Inspectorate acknowledged this fact but insisted that 3M Belgium continue to extract and treat groundwater. Groundwater treatment continues, and 3M Belgium will continue its efforts to comply with the special condition and to minimize discharge of all PFAS, including the PFAS identified in the infraction report.

Safety measure – emissions.

With respect to emissions at 3M Belgium's Zwijndrecht facility, the most recent developments include the following:

In July 2023, the Flemish Environmental Inspectorate issued an infraction report stating the actions taken by 3M Belgium to address a September 2022 infraction report are insufficient to ensure all necessary measures to reduce dust formation from the facility. 3M Belgium has implemented additional control measures to address potential dust formation and is working to outline further actions to reduce potential dust formation.

Also in the third quarter of 2023, the Flemish authorities responsible for maintaining oversight of 3M Belgium's operations at the Zwijndrecht facility requested analyses of the projected cumulative impacts of continued PFAS-related manufacturing (rather than the analysis previously accepted on a process-by-process basis). In September 2023, the authorities expressed concerns based upon new information from the process identified in the September 2022 infraction report and stated their intention to investigate compliance with the emission safety measure further. As previously disclosed in the Company's Form 8-K, 3M Belgium on September 22, 2023 idled all PFAS manufacturing processes at the Zwijndrecht facility in response to the actions by the Flemish authorities.

Subsequently, in September 2023, the Flemish Environmental Inspectorate issued an infraction report to 3M Belgium and instructed that all PFAS-related manufacturing processes at the Zwijndrecht facility be suspended until specifically approved due to emissions of certain PFAS molecules from the Zwijndrecht facility. Discussions with the Flemish authorities regarding the infraction report and future operations at the Zwijndrecht facility continue and 3M Belgium is evaluating whether there may be options to restart the idled PFAS manufacturing processes, as well as other options to further accelerate the discontinuance of all PFAS manufacturing at its Zwijndrecht facility. A review by 3M Belgium of the underlying facts related to the manufacturing processes cited by the Environmental Inspectorate is also underway. In addition, although 3M Belgium has not received notice of any official action, recent statements by the Flemish Minister of the Environment to the effect that the government will review the integrated environmental permit for the Zwijndrecht manufacturing site suggests the potential for action that would affect that permit. The integrated environmental permit is essential for the Zwijndrecht site's overall manufacturing and processing operations.

A negative development in the discussions with the Flemish authorities regarding resumption of PFAS manufacturing at the Zwijndrecht facility or a negative action relating to the facility's integrated environmental permit, could have a significant adverse impact on 3M Belgium's normal operations and the Company's businesses that receive products and other materials from the Zwijndrecht facility, some of which may not be available or in similar quantities from other 3M facilities, which could in turn impact those businesses' ability to fulfill supply obligations to their customers.

As previously disclosed, in October 2021, the Flemish environmental enforcement agency issued a new safety measure that prohibits, with limited exceptions, all emissions of all forms of PFAS from the facility unless and until specifically approved on a process-by-process basis. 3M Belgium thereupon commenced an appeal process to the Council of State, seeking, among other things, urgent suspension of the safety measure during the pendency of the appeal process. At the same time, 3M Belgium complied with the safety measure by idling the affected production at the facility. The Council of State declined to grant urgent suspension of the safety measure. 3M Belgium established a regular cadence of meetings with the relevant authorities to review restart of specific PFAS-related production processes. The agency subsequently clarified that the safety measure applies to release of PFAS into water, and as such, reviews have been expanded as requested.

In October 2022, 3M Belgium received a report from the Flemish Inspectorate regarding certain health and safety issues noted during inspections of the Zwijndrecht facility in March 2022, alleging certain related deficiencies, some dating back to 2010. In December 2022, 3M Belgium provided the Inspectorate with responses to the allegations, including plans and timelines for compliance where applicable, and plans to continue to inform the Inspectorate on corrective actions to be taken.

As of July 2022, the authorities had approved the restart of key production processes and 3M Belgium continues to conduct required monitoring and reporting activities. In September 2022, the environmental enforcement agency issued an infraction report alleging that 3M Belgium had not "fully complied" with the safety measure in the operation of certain production lines. Those production lines were determined to require approval under the provisions of the safety measure.

Notice of default – environmental law compliance (soil remediation).

With respect to soil remediation and environmental law compliance at 3M Belgium's Zwijndrecht facility, the most recent developments include the following:

As part of ongoing soil remediation activities related to the Zwijndrecht facility, OVAM has required required 3M Belgium to submit descriptive soil investigation ("DSI"). In February 2023, OVAM rejected a DSI submitted by 3M Belgium, required that a new DSI be submitted by the end of March, and also required that 3M Belgium propose a plan to implement additional precautionary measures for individuals living in designated areas near the Zwijndrecht plant. At the end of March 2023, 3M Belgium submitted a revised DSI, along with a document identifying proposed precautionary measures that were subsequently approved by OVAM. 3M Belgium also appealed the rejection of the DSI. In May 2023, OVAM confirmed the main findings of the resubmitted DSI for certain zones and set an October 2023 deadline to submit a remedial action plan related to these zones. 3M Belgium submitted two additional DSIs in May 2023 for areas around the Zwijndrecht plant, both of which were rejected by OVAM.

3M Belgium has appealed the rejection of these DSIs and intends to submit a consolidated DSI for all zones, and 3M Belgium has submitted a remedial master plan for approval. Although 3M Belgium proposed altering the October 1, 2023 deadline for the submission of certain additional DSI(s) and remedial action plans (RAP), the Flemish government informed 3M Belgium in late September 2023 that the plans were to be submitted by October 1, 2023. 3M Belgium was unable to meet the October 1, 2023 deadline, given the complexity of the issues involved and the short notice received from the Flemish government that the deadline for submission would not be extended. 3M Belgium informed the authorities that it could not meet the October 1, 2023 deadline but is continuing to work with external consultants to prepare additional DSI(s) and RAP for submission.

Separately, in December 2022, the Flemish Cabinet took steps to implement an executive action (the "Site Decision") designed to expand 3M's remedial obligations around the Zwijndrecht site. On March 31, 2023, the Site Decision was fully approved by the Flemish Cabinet and the Site Decision was published in April 2023. While the full impact of the Site Decision remains to be determined, it appears to establish a remediation zone within 5 kilometers of Zwijndrecht, and may create a presently undetermined amount of additional financial and remedial obligations for 3M Belgium. In June 2023, 3M Belgium submitted a petition for annulment of the Site Decision to the Belgian Council of State. In September 2023, the Flemish government submitted its response to the petition. 3M Belgium intends to submit a final submission responding to the Flemish government's arguments in November 2023. The Flemish government also indicated that the Netherlands and other parties would seek to intervene in the annulment proceeding.

As previously disclosed, in September 2021, the Flemish Region issued a notice of default alleging violations of environmental laws and seeking PFAS-related information, indemnity and a remediation plan for soil and water impacts due to PFAS originating from the Zwijndrecht facility. In September 2021, 3M responded to the notice of default and announced a plan to invest up to 125 million euros in the next three years in actions related to the Zwijndrecht community, including support for local commercial farmers impacted by restrictions on sale of agricultural products, and enhancements to site discharge control technologies. 3M is also committed to payment for ongoing off-site descriptive soil investigation and appropriate soil remediation. In March 2022, the Company announced an investment of 150 million euros to advance remedial actions to address legacy PFAS previously produced at the Zwijndrecht facility. An accredited third-party soil remediation expert has progressed towards a remedial action plan based on a descriptive soil investigation that would help inform 3M Belgium's remedial actions onsite and in certain surrounding areas. 3M Belgium representatives continue to have discussions with the relevant authorities regarding further soil remedial actions in connection with the Flemish Soil Decree, which requires both public authorities and private parties to remediate contaminated soil and groundwater in Flanders. Various proposed amendments to the soil decree are pending, including a proposal to allow OVAM to require financial security for remediation work and a proposal to impose a percentage of the cost of remediating river sediment on various parties while requiring financial assurance for such work.

In July 2022, 3M Belgium and the Flemish Government announced an agreement in connection with the Zwijndrecht facility. Pursuant to the agreement, 3M Belgium, among other things, committed an aggregate of 571 million euros, which includes the previous commitments described above. In aggregate, the commitment includes enhancements to site discharge control technologies, support for qualifying local farmers, amounts to address certain identified priority remedial actions (which may include supporting additional actions as required under the Flemish Soil Decree), funds to be used by the Flemish Government in its sole discretion in connection with PFAS emissions from the Zwijndrecht facility, and support for the Oosterweel Project in cash and support services. The agreement contains certain provisions ending current litigation and providing certain releases of liability for 3M, while recognizing that the Flemish Government retains its authority to act in the future to protect its citizenry, as specified in the agreement. In connection with these actions, the Company recorded a pre-tax charge of approximately $500 million in the first half of 2022, with approximately $355 million in the second quarter of 2022.

Litigation and investigations

As of September 30, 2023, a total of eight actions against 3M Belgium are pending in Belgian civil courts, and 3M Belgium has received pre-litigation notices from individuals in Belgium indicating potential claims. The pending cases include claims by neighboring and other companies for alleged soil and wastewater or rainwater contamination with PFAS; and tort liability claims and an environmental injunction procedure by environmental NGOs and several hundred individuals. While most of the actions are in early stages, one of the actions, brought by a family living near the 3M Belgium plant, had a hearing in February 2023 and, in May 2023, the presiding judge awarded provisional damages in the amount of 500 euros each to four family members, and denied other damages. Another case, involving an environmental injunction procedure, was brought by environmental NGOs originally against 3M Belgium's contractors and later against 3M Belgium and seeks to accelerate the descriptive soil investigation and remediation process. In May 2023, the court denied the environmental injunction claim, subject to appeal.

Separately, as previously disclosed, the Company is aware that certain residents of Zwijndrecht and non-governmental organizations filed a criminal complaint with an Antwerp investigatory judge against 3M Belgium, alleging it had unlawfully abandoned waste in violation of its environmental care obligations. Certain additional parties reportedly joined the complaint. 3M Belgium has not been served with any such complaint. 3M Belgium has been cooperating with the investigation regarding this complaint, including document and interview requests from the federal judicial police, and additional information requested by the authorities.

In May 2023, the Netherlands government sent 3M Belgium a notice of liability stating it holds 3M Belgium liable for damages related to alleged PFAS contamination in the Netherlands. The notice purports to identify claims by the Netherlands government and references potential damages to other parties. 3M Belgium has met, and intends to continue to meet, with the Netherlands government to discuss the notice. 3M Belgium has also met with representatives of some of the private parties involved, which have indicated they may separately pursue claims, including purported class action claims.

United States: Federal Activity

In the United States, the EPA has developed human health effects documents summarizing the available data studies of various PFAS, including PFOA and PFOS. In October 2021, EPA released its "PFAS Strategic Roadmap: EPA's Commitments to Action 2021-2024," which presents EPA's approach to PFAS, including investing in research to increase the understanding of PFAS, pursuing a comprehensive approach to proactively control PFAS exposures to humans and the environment, and broadening and accelerating the scope of clean-up of PFAS in the environment.

In June 2022, EPA released new final lifetime health advisory levels for PFBS (2,000 ppt) and HFPO-DA and its salts ("GenX") (4 ppt), and new interim lifetime health advisory levels for PFOA (.004 ppt) and PFOS (.02 ppt). Lifetime health advisories are intended to provide information about concentrations of drinking water contaminants at which adverse health effects are not expected to occur over the specified exposure duration.

In March 2023, EPA published proposed national primary drinking water standards for six PFAS – PFOA, PFOS, PFBS, PFHxS, PFNA, and HFPO-DA, along with an economic analysis including purported estimated costs of the proposed rule. For PFOA and PFOS, EPA has proposed a drinking water standard of 4 ppt. For the other four PFAS, EPA is proposing to adopt for the first time a drinking water standard based on a "hazard index" approach, under which the levels of those four compounds, if detected, would be input into an EPA-provided formula to determine whether they exceed EPA's cumulative risk threshold. 3M submitted comments on EPA's proposal in May 2023. EPA has indicated that final rules will be published in January 2024. If the proposed drinking water standards are finalized, 3M could incur additional costs and potential exposures, including future compliance costs, possible litigation and/or enforcement actions.

In May 2021, the U.S. Agency for Toxic Substances and Disease Registry ("ATSDR") within the Department of Health and Human Services finalized a Toxicological Profile for certain PFAS that established minimal risk levels ("MRLs") for PFOS, PFOA and several other PFAS. An MRL is an estimate of the daily human exposure to a hazardous substance that is likely to be without appreciable risk of adverse non-cancer health effects over a specified duration of exposure. MRLs establish a screening level and are not intended to define cleanup or action levels for ATSDR or other agencies.

In May 2022, EPA added five PFAS substances – HFPO-DA, PFOS, PFOA PFNA, and PFHxS - to its list of Regional Screening and Removal Management Levels based on the May 2021 MRLs. EPA had previously added PFBS to both lists in 2014. Regional Screening Levels are used to identify contaminated media that may require further investigation, while Regional Removal Management Levels are used by EPA to support certain actions under CERCLA.

In November 2022, EPA published its final Drinking Water Contaminant Candidates List 5 (CCL 5), which includes a broad group of PFAS that are not currently subject to national primary drinking water regulations but which EPA is considering for regulation under the Safe Drinking Water Act ("SDWA"). In December 2022, EPA issued guidance to states for incorporating PFAS requirements into the Clean Water Act National Pollution Discharge Elimination System ("NPDES") permit program, including recommendations to require PFAS monitoring and incorporating limits for PFAS in industrial discharges.

In September 2022, EPA published in the Federal Register its proposal to list PFOA and PFOS, including their salts and structural isomers, as CERCLA hazardous substances. 3M submitted comments on EPA's proposal in November 2022. EPA has indicated that it expects to issue the final designation in February 2024. In addition, EPA published an Advanced Notice of Proposed Rulemaking considering CERCLA hazardous substance designations for additional PFAS, including PFBS, PFHxS, PFNA, HFPO-DA, PFBA, perfluorohexanoic acid ("PFHxA"), PFDA and their precursor compounds as well as the precursor compounds of PFOS and PFOA, for public comment in April 2023 and the Company submitted comments to the proposal in August 2023.

In May 2023, EPA sent two proposed rules under the Resource Conservation and Recovery Act (“RCRA”) to the United States Office of Management and Budget (“OMB”) for review. One of the proposed rules would list PFOA, PFOS, PFBS, and Gen-X as hazardous constituents under RCRA. The other proposed rule would expand the definition of hazardous waste subject to corrective action under RCRA.

If CERCLA or RCRA designations are finalized and become enforceable, 3M may be required to undertake additional investigative or remediation activities, including where 3M conducts operations or where 3M has disposed of waste. 3M may also face additional litigation from other entities that have liability under these laws for contribution to clean-up costs other entities might have.

EPA has also taken several actions to increase reporting and restrictions regarding PFAS under the Toxic Substances Control Act ("TSCA") and the Toxics Release Inventory ("TRI"), which is a part of the Emergency Planning and Community Right-to-Know Act. EPA has added more than 170 PFAS compounds to the list of substances that must be included in TRI reports as of July 2021. In October 2023, EPA finalized a rule adding PFAS that are subject to reporting under the Emergency Planning and Community Right-to-know Act to the list of Lower Thresholds for Chemicals of Special Concern, which would require TRI reporting of de minimis uses of those PFAS.

In September 2023, EPA finalized a rule imposing reporting and recordkeeping requirements under TSCA for manufacturers or importers, including 3M, of certain PFAS in any year since January 2011 to report certain data to EPA regarding each PFAS produced, including the following: chemical identity, total volumes, uses, byproducts, information about environmental and health effects, number of individuals exposed during manufacture, and the manner or method of disposal. Companies will have 18 months from the date of the rule’s publication in the Federal Register to comply with its requirements.

In January 2023, EPA issued a test order under TSCA to several manufacturers, including the Company, requiring them to conduct certain health and safety testing related to HFPO, a PFAS, and submit the results to EPA. 3M submitted an initial response in early 2023. In July 2023, 3M submitted an amended response requesting an exemption from the requirements of the order, subject to 3M’s obligation to reimburse participating manufacturers for a fair share of the testing costs ultimately incurred under the order, which request was conditionally approved by EPA in July 2023.

In August 2023, EPA issued a TSCA test order to 3M and other manufacturers requiring them to conduct certain health and safety testing related HFPO-DAF, a PFAS. In September 2023, 3M submitted a response to EPA requesting an exemption from the requirements of the order, subject to 3M’s obligation to reimburse the participating manufacturers for a fair and equitable share of the testing costs ultimately incurred under the order.

3M amended its 2020 TSCA Chemical Data Reporting rule report for 3M’s Cordova plant due to the discovery of relatively small amounts of HFPO formed as a commercial byproduct by the facility. This issue has been self-disclosed to EPA.

In April 2022, EPA released draft Aquatic Life Criteria for PFOA and PFOS. These criteria, once finalized, may be used by states in developing water quality standards for protection of aquatic life under the Clean Water Act. 3M submitted comments on the draft criteria in July 2022.

United States: State Activity

Several state legislatures and state agencies have been evaluating or have taken actions related to cleanup standards, groundwater values or drinking water values for PFOS, PFOA, and other PFAS, and 3M has submitted various responsive comments. In Minnesota, the Minnesota Department of Health ("MDH") in 2022 stated that Health Based Values ("HBVs") “are levels that the MDH considers safe for all people to consume, including sensitive populations.” The current HBVs are 35 ppt for PFOA, 15 ppt for PFOS, 47 ppt for PFHxS, 7,000 ppt for PFBA, 200 ppt for PFHxA, and 100 ppt for PFBS.

In 2023, the Minnesota legislature passed a law requiring the Commissioner of Health to amend the health risk limit for PFOS in groundwater so it does not exceed 15 ppt by January 1, 2026.

The Minnesota Pollution Control Agency ("MPCA") published the final version of its PFAS Monitoring Plan in March 2022. Several 3M facilities - including Cottage Grove, Maplewood, Hutchinson, St. Paul, and Woodbury - are among the Minnesota facilities that are preliminarily scoped to be within the Monitoring Plan.

States with finalized drinking water standards for certain PFAS include Vermont, New Jersey, New York, New Hampshire, Michigan, Massachusetts, Pennsylvania, and Wisconsin.

At its Greystone, Wisconsin plant where the Company conducts mining operations, the tap water available for consumption on the grounds was recently sampled and tested, and the level of certain PFAS exceeded the state's maximum contaminant level. Wisconsin Department of Natural Resources (DNR) in October 2023 instructed the plant to notify potential drinking water users on the grounds of the plant, and indicated that a notice of violation would be issued to the plant. At this time, the Company cannot predict the ultimate outcome or actions that may be taken by Wisconsin DNR.

Some other states have also been evaluating or have taken actions relating to PFOA, PFOS and other PFAS compounds in products such as food packaging, carpets and other products. For example, in June 2022, Colorado enacted a law which restricts the sale of certain consumer products, including carpets and furniture, fabric treatments, food packaging, and children's products that contain intentionally added PFAS.

In October 2022, California passed legislation prohibiting the manufacture, distribution of sale of textiles and cosmetics containing certain PFAS. Additionally, in 2021 and 2022, California finalized its listing of PFOS (and its salts and transformation and degradation precursors) and PFOA as carcinogens, and PFNA as a reproductive toxicant under its Proposition 65 law. California has also proposed listing PFDA, PFHxS, and PFUNDA as reproductive toxicants under Proposition 65.

In the summer of 2021, the State of Maine passed its Act To Stop Perfluoroalkyl and Polyfluoroalkyl Substances Pollution, which bans intentionally added PFAS in products effective January 1, 2030 and requires broad reporting of products containing intentionally-added PFAS effective January 1, 2023. In December 2022, 3M submitted to the Maine Department of Environmental Protection ("DEP") a list of products containing intentionally added PFAS that have been sold in the U.S. in the past two years in compliance with the law. 3M submitted an updated copy of that list to the Maine DEP in May 2023. In June 2023, Maine enacted legislation retroactive to January 1, 2023, that includes certain changes to the notification requirement in the original legislation, including an extension of the compliance date until January 2025.

In May 2023, Minnesota enacted legislation that includes a broad PFAS prohibition and reporting statute. The statute requires product notifications starting in 2025 and a general prohibition on sales of PFAS-containing products no later than 2032 for all product categories, subject to exemptions that may be adopted by rulemaking. In September 2023, MPCA opened a rulemaking to establish a program to collect the information required by the statute. MPCA also issued a request for comments, with comments due in November 2023.

In October 2020, 3M and several other parties filed notices of appeal in the appellate division of the Superior Court of New Jersey to challenge the validity of the New Jersey drinking water regulations for PFOS and PFOA. In January 2021, the appellate division of the court denied the group's motion to stay the regulations. The court heard oral argument in November 2022, and issued its opinion in August 2023 upholding the rule's validity.

In April 2021, 3M also filed a lawsuit against the Michigan Department of Environment, Great Lakes, and Energy ("EGLE") to invalidate the drinking water standards EGLE promulgated under an accelerated timeline. In November 2022, the court granted 3M's motion for summary judgment on the merits and invalidated EGLE's rule based on its failure to properly consider relevant costs. The court stayed the effect of its decision pending appeal. EGLE appealed the decision in December 2022. In August 2023, the Michigan Court of Appeals upheld the lower court's decision that EGLE's rule was invalid. EGLE has appealed this ruling to the Michigan Supreme Court.

Between 2018 and 2022, seven states have enacted laws requiring written notification of firefighting personal protective equipment that contains PFAS, with most such laws providing for potential civil penalties for non-compliance. In November 2022, the Company identified it likely did not provide required notifications for some of its products, including its Scott Safety Self-Contained Breathing Apparatuses. The Company began providing written notices with those products starting November 2022. In addition, the Company continues to work to determine the extent of any potential non-compliance, has made voluntary self-disclosures to states and customers as applicable, and has expressed its willingness to work with those states to address and resolve any potential non-compliance. The Company cannot predict at this time the ultimate outcome or actions that may be taken by those states.

The Company cannot predict what additional regulatory actions in the United States, Europe and elsewhere arising from the foregoing or other proceedings and activities, if any, may be taken regarding such compounds or the consequences of any such actions to the Company, including to its manufacturing operations and its products. Given divergent and rapidly evolving regulatory standards, there is currently significant uncertainty about the potential costs to industry and communities associated with remediation and control technologies that may be required.

Litigation Related to Historical PFAS Manufacturing Operations in Alabama

As previously reported, 3M has resolved numerous claims relating to alleged PFAS contamination of properties and water supplies by 3M's Decatur, Alabama manufacturing facility. In April 2019, 3M settled a lawsuit brought by the West Morgan-East Lawrence Water & Sewer Authority for $35 million, which will fund a new water filtration system, with 3M indemnifying the Water Authority from liability resulting from the resolution of certain lawsuits against the Water Authority alleging liability or damages related to 3M PFAS. In October 2021, 3M settled a class action brought by plaintiffs who were supplied drinking water by the Water Authority (the "Lindsey" case) for an immaterial amount. The court issued a final order approving the class settlement and dismissing the action in March 2022. In October 2021, 3M also reached agreements in principle to resolve litigation with several other parties, including previously disclosed Tennessee Riverkeeper organization, the St. John plaintiff class, and plaintiffs in the Stover, Owens, and Chandler matters. A court granted final approval of the St. John class settlement in April 2022, and plaintiffs in the Stover, Owens, and Chandler matters filed dismissals thereafter. In June 2022, the court dismissed the Tennessee Riverkeeper case with prejudice. In November 2021, 3M and the City of Decatur, Decatur Utilities and Morgan County executed a collaborative agreement under which the Company agreed to contribute approximately $99 million and also to continue to address certain PFAS-related matters in the area. The contribution relates to initiatives to improve the quality of life and overall environment in Decatur, including community redevelopment and recreation projects by the City, County and Decatur Utilities. It also includes addressing certain PFAS matters at the Morgan County landfill and reimbursement of costs previously incurred related to PFAS remediation. 3M will continue to address PFAS at certain other closed municipal sites at which the Company historically disposed waste and continue environmental characterization in the area. This work will complement the Interim Consent Order that 3M entered with the Alabama Department of Environmental Management ("ADEM") in 2020 and includes sampling of environmental media, such as ground water, regarding the potential presence of PFAS at the 3M Decatur facility and legacy disposal sites, as well as supporting the execution of appropriate remedial actions. In March 2022, 3M reached a settlement agreement with plaintiffs in the Billings matter, resulting in dismissal of the case in August 2022. In August 2022, 3M reached an agreement to settle personal injury claims brought by 37 individual plaintiffs in the King matter. 3M continues to negotiate with individual property owners regarding claims relating to former 3M disposal sites and has resolved several such claims for an immaterial amount.

In September 2020, the City of Guin Water Works and Sewer Board ("Guin WWSB") brought a lawsuit against 3M in Alabama state court alleging that PFAS contamination in the Guin water system stems from manufacturing operations at 3M's Guin facility and disposal activity at a nearby landfill. Guin WWSB dismissed its lawsuit without prejudice in order to work with 3M to further investigate the presence of chemicals in the area; and in December 2021, the parties reached a settlement under which 3M agreed to contribute $30 million that will be used on a new treatment system for Guin's drinking water and a new wastewater treatment facility.

In August 2022, Colbert County, Alabama, which opted out of the St. John settlement, filed a lawsuit against 3M and several co-defendants alleging that discharge from operations in Decatur, Alabama has contaminated the Tennessee River, from which the County withdraws its drinking water. Defendants' joint motion to dismiss was denied in December 2022, and defendants' petition for mandamus with the Supreme Court of Alabama was denied in September 2023. 3M has also filed a notice of stay pending final approval of the proposed public water supplier class action settlement described below. The case is in early stages of discovery.

In February 2023, the City of Muscle Shoals, Alabama filed a lawsuit against 3M and several co-defendants alleging that discharge from operations in Decatur, Alabama has contaminated the Tennessee River, from which the City withdraws its drinking water. Defendants filed a joint motion to dismiss in March 2023. 3M has also filed a notice of stay pending final approval of the proposed public water supplier class action settlement described below. Also in February 2023, two individuals who opted out of the St. John class settlement filed suit in Alabama state court against 3M, alleging PFAS contamination of their property resulting from 3M's operations in Decatur. 3M removed the case to federal court and answered the complaint in March 2023. The case is in early stages of discovery.

State Attorneys General Litigation related to PFAS

As previously reported, several state attorneys general have filed lawsuits against 3M and other defendants that are now pending in a federal Multi-District Litigation ("MDL") court in South Carolina regarding Aqueous Film Forming Foam (AFFF), described further below. The lawsuits generally seek, on a state-wide basis: injunctive relief, investigative and remedial work, compensatory damages, natural resource damages, attorneys' fees, and, where available, punitive damages related to the states' response to PFAS contamination. Currently in the AFFF MDL, state attorneys general lawsuits have been brought against 3M on behalf of the people of the states of Alaska, Arizona, Arkansas, California, Florida, Illinois, Kentucky, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Rhode Island, Tennessee, Texas, Vermont, Washington, and Wisconsin, as well as on behalf of the people of the District of Columbia and the territories of Guam, Puerto Rico, and the Northern Mariana Islands.

There are also multiple state attorneys general lawsuits that are proceeding outside the AFFF MDL, as described below.

New Jersey. In March 2019, the New Jersey Attorney General filed two actions against 3M, E.I. DuPont De Nemours and Co. (“DuPont”), and Chemours Co. ("Chemours") on behalf of the New Jersey Department of Environmental Protection ("NJDEP"), the NJDEP’s commissioner, and the New Jersey Spill Compensation Fund regarding alleged discharges at two DuPont facilities in Pennsville, New Jersey (Salem County) and Parlin, New Jersey (Middlesex County). 3M is included as a defendant in both cases because it allegedly supplied PFOA to DuPont for use at the facilities at issue. Both cases expressly seek to have the defendants pay all costs necessary to investigate, remediate, assess, and restore the affected natural resources of New Jersey. DuPont removed these cases to federal court. In June 2020, the court consolidated the two actions, along with two others brought by the NJDEP relating to the DuPont facilities, for case management and pretrial purposes. The parties are conducting discovery. As of March 2023, the actions are stayed pending the parties’ participation in court-mandated mediation.

New Hampshire. In May 2019, the New Hampshire Attorney General filed two lawsuits alleging contamination of the state’s drinking water supplies and other natural resources by PFAS chemicals. As described above, one lawsuit was transferred to the AFFF MDL. The Company recently removed the other case to federal court and attempted to transfer it to the AFFF MDL, which was denied at this juncture in the litigation. In March 2023, the federal judge granted the state’s motion to remand the case back to state court. 3M has appealed that decision and oral argument was held in October 2023.

Vermont. In June 2019, the Vermont Attorney General filed two lawsuits alleging contamination of the state’s drinking water supplies and other natural resources by PFAS chemicals. As described above, one lawsuit was transferred to the AFFF MDL. The other suit asserts PFAS contamination from non-AFFF sources and names 3M and several entities related to DuPont and Chemours as defendants. In late 2022, the complaint was amended to add claims related to PFBS and GenX and to add a claim under Vermont’s Waste Management Act, which had been amended to add manufacturers as liable parties for the release or threatened release of hazardous materials (which in Vermont includes certain PFAS compounds). This suit is proceeding in state court, where the parties are engaging in discovery and the court has set a trial-ready date in March 2025.

Illinois. In March 2022, the Illinois Attorney General filed a lawsuit in Illinois state court against 3M alleging contamination of the state's natural resources by PFAS compounds disposed of by, or discharged, or emitted from 3M's Cordova plant. The complaint requests monetary damages, injunctive relief, civil penalties, a testing program, and a public outreach and information sharing program. The case was removed to federal court and 3M moved to transfer it to the AFFF MDL, which was denied. In September 2023, the federal judge granted the state's motion to remand the case back to state court. 3M is considering its options. In January 2023, the Illinois Attorney General filed a new lawsuit against 3M and other defendants in Illinois state court, alleging contamination of a number of drinking water systems and natural resource damages at several sites statewide, and seeking to recover monetary damages, injunctive relief for remediation, civil penalties and other relief. The complaint states that the Attorney General is not seeking damages for AFFF by this lawsuit. In April 2023, the Illinois Attorney General filed a lawsuit against 3M and other defendants alleging PFAS contamination of state natural resources from AFFF. Both cases have been removed to federal court and the U.S. Judicial Panel on Multidistrict Litigation (“JPML”) has transferred both cases to the AFFF MDL.

Maine. In March 2023, Maine’s Attorney General filed two lawsuits in state court against 3M and other defendants that contain allegations related to PFAS contamination of state natural resources from AFFF and non-AFFF products, respectively. As described above, the AFFF lawsuit was removed to federal court and transferred to the AFFF MDL. In July 2023, following 3M’s removal of the other lawsuit to federal court, a federal district court ordered that the “non-AFFF” lawsuit be remanded to state court. 3M is appealing the remand decision.

Maryland. In May 2023, Maryland’s Attorney General filed two lawsuits in state court against 3M and other defendants that contain allegations related to PFAS contamination of state natural resources from AFFF and non-AFFF products, respectively. As described above, the AFFF lawsuit was removed to federal court and transferred to the AFFF MDL. 3M has also removed the “non-AFFF” case to federal court. 3M’s motion to transfer the “non-AFFF” case to the MDL was denied and the state’s motion to remand the case back to state court is pending.

In addition, the Company is in discussions with several state attorneys general and agencies, responding to information and other requests relating to PFAS matters and exploring potential resolution of some of the matters raised.

Aqueous Film Forming Foam (AFFF) Environmental Litigation

3M manufactured and marketed AFFF containing certain PFAS for use in firefighting from approximately 1963 to 2002. As of September 30, 2023, approximately 6,006 lawsuits (including approximately 48 putative class actions and 689 public water system cases) alleging injuries or damages from PFAS contamination or exposure allegedly caused by AFFF use have been filed against 3M (along with other defendants) in various state and federal courts. As further described below, a vast majority of these pending cases are in a federal MDL court in South Carolina. Additional AFFF cases continue to be filed in or transferred to the MDL. Claims in the MDL are asserted by individuals, public water systems, putative class members, state and territorial sovereigns, and other entities. Plaintiffs seek a variety of relief in cases in the MDL, including, where applicable, damages for personal injury, property damage, water treatment costs, medical monitoring, natural resource damages, and punitive damages. The Company also continues to defend certain AFFF cases that remain in state court and is in discussions with pre-suit claimants for possible resolutions where appropriate.

AFFF MDL and Water System Cases

In December 2018, the JPML granted motions to transfer and consolidate all AFFF cases pending in federal courts to the U.S. District Court for the District of South Carolina to be managed in an MDL proceeding to centralize pre-trial proceedings. Over the past four years, the parties in the MDL have conducted substantial discovery, including ongoing master discovery and several rounds of discovery involving potential water supplier bellwether cases.

In the MDL, there are cases filed by approximately 582 public water systems ("PWS"). These include community water systems, which are public water systems that provide water for human use and consumption to a set population, and non-community water systems, which are public water systems that supply water to a varied population (for example, campgrounds or schools). There are approximately 50,000 community water systems in the United States. The MDL cases focus on AFFF, but the MDL also contains a number of cases with allegations related to the broader category of PFAS products. 3M and other defendants also face cases filed by approximately 107 public water systems outside of the MDL. Public water system cases include a variety of claims, including for product liability, negligence, and public nuisance. The cases seek damages for, among other things, remediation costs to remove PFAS from drinking water provided to communities, as well as punitive damages. The MDL court has repeatedly encouraged the parties in the MDL to negotiate to resolve cases, including these PWS cases. In October 2022, the court appointed a retired federal judge as mediator.

On June 22, 2023, 3M entered into a proposed class-action settlement to resolve a wide range of drinking water claims by public water systems in the United States (“PWS Settlement”), subject to court approval. Eligible class members are United States public water systems as defined in the PWS Settlement. Subject to court approval, the PWS Settlement would resolve the portion of the MDL that involves PWS drinking water claims in the United States by providing funding for treatment technologies to eligible PWS that have tested positive for PFAS, funding for future testing, and funding for eligible systems that test positive in the future.

Under the PWS Settlement, class members would agree to release 3M from any claim arising out of, relating to, or involving (i) PFAS that has entered or may enter drinking water or the class member’s water system; (ii) the development, manufacture, formulation, distribution, sale, transportation, storage, loading, mixing, application, or use of PFAS or any product (including AFFF) manufactured with or containing PFAS; (iii) the transport, disposal, or arrangement for disposal of PFAS-containing waste or PFAS-containing wastewater, or a class member’s use of PFAS-containing water for irrigation or manufacturing; or (iv) representations about PFAS or any product (including AFFF) manufactured with or containing PFAS. The PWS Settlement would also require class members to release punitive- or exemplary-damages claims that arise out of conduct occurring at least in part before the PWS Settlement’s effective date and that relate to PFAS or any product (including AFFF) manufactured with or containing PFAS.

If the court approves the PWS Settlement and all conditions in the PWS Settlement are met, 3M will pay $10.5 billion to $12.5 billion in total to resolve the claims released by the PWS Settlement. 3M recorded a pre-tax charge of $10.3 billion in the second quarter of 2023. The charge reflected the present value (discounted at an estimated 5.2% interest rate at time of proposed settlement) of the expected $12.5 billion nominal value of 3M’s payments under the PWS Settlement. The PWS Settlement, as amended to include payments to the cities of Stuart, Rome and Middlesex (as discussed below), calls for 3M to make payments from 2023 through 2036. The actual amounts that 3M will pay will be determined in part by which, if any, class members that do not have a positive test result for the presence of PFAS in their drinking water (as defined by the PWS Settlement) as of the date of the PWS Settlement receive such a test result by the end of 2025.

The PWS Settlement gives 3M the option to terminate the PWS Settlement if the numbers of eligible class members opting out of the Settlement exceed specified levels. The PWS Settlement provides that 3M does not admit any liability or wrongdoing and does not waive any defenses. In August 2023, the Court granted preliminary approval of the settlement, and a final approval hearing has been set for February 2, 2024. The deadline for eligible public water suppliers to opt out of the PWS Settlement is December 11, 2023.

The previously disclosed case filed by the City of Stuart, Florida that was selected by the MDL court as the first bellwether trial was also settled in connection with the PWS Settlement.

The MDL court has also directed the parties to submit a proposal for an initial set of 28 potential personal injury bellwether cases. In September 2022, the court issued an order denying defendants' MDL-wide summary judgment motions on the government contractor defense, which defense can be presented to a jury at future trials.

Outside the MDL, a trial was also scheduled to occur in June 2023 in a water provider lawsuit brought by the City of Rome, Georgia. 3M reached a settlement agreement to resolve the case. 3M also reached a settlement in a water provider lawsuit brought by Middlesex Water Company. Under the terms of the PWS Settlement, 3M's payments due under the PWS Settlement factor in amounts related to the City of Rome and Middlesex settlements.

Other AFFF Cases

In June 2019, several subsidiaries of Valero Energy Corporation, an independent petroleum refiner, filed eight AFFF cases against 3M and other defendants, including DuPont/Chemours, National Foam, Buckeye Fire Equipment, and Kidde-Fenwal, in various state courts. Plaintiffs seek damages that allegedly have been or will be incurred in investigating and remediating PFAS contamination at their properties and replacing or disposing of AFFF products containing long-chain PFAS compounds. Two of these cases have been removed to federal court and transferred to the AFFF MDL, and one case was voluntarily dismissed. The five cases that remain pending in state courts are stayed by agreement of the parties.

As of September 30, 2023, the Company is aware of approximately 194 other AFFF suits outside the AFFF MDL in which the Company has been named a defendant. 3M anticipates that most of these cases will eventually be removed to federal court and transferred to the AFFF MDL; however, several cases are expected to remain pending in state courts, including a case in Illinois state court brought by an oil refinery worker alleging harm caused by PFAS and other chemicals.

Separately, the Company is aware of pre-suit claims or demands by other parties related to the use and disposal of AFFF, one of which purports to represent a large group of firefighters. The Company had discussions with certain potential pre-suit claimants and, as a result of such discussions, reached a negotiated resolution for an immaterial amount with the City of Bemidji in March 2021.

Other PFAS-related Product and Environmental Litigation

3M manufactured and sold various products containing PFOA and PFOS, including Scotchgard, for several decades. Starting in 2017, 3M has been served with individual and putative class action complaints in various state and federal courts alleging, among other things, that 3M's customers' improper disposal of PFOA and PFOS resulted in the contamination of groundwater or surface water. The plaintiffs in these cases generally allege that 3M failed to warn its customers about the hazards of improper disposal of the product. They also generally allege that contaminated groundwater has caused various injuries, including personal injury, loss of use and enjoyment of their properties, diminished property values, investigation costs, and remediation costs. Several companies have been sued along with 3M, including Saint-Gobain Performance Plastics Corp., Honeywell International Inc. f/k/a Allied-Signal Inc. and/or AlliedSignal Laminate Systems, Inc., Wolverine World Wide Inc. ("Wolverine"), Georgia-Pacific LLC, DuPont, Chemours, and various carpet manufacturers.

The cases brought on behalf of drinking water providers described below will fall under the PWS Settlement if the water providers do not opt out of the PWS Settlement.

In New York, 3M is defending 10 cases involving 20 individual plaintiffs pending in the U.S. District Court for the Northern District of New York against 3M, Saint-Gobain Performance Plastics Corp., Honeywell International Inc. and DuPont. Plaintiffs allege that PFOA discharged from fabric coating facilities operated by non-3M entities (that allegedly had used PFOA-containing materials from 3M, among others) contaminated the drinking water in the Village of Hoosick Falls, the Town of Hoosick and Petersburgh, New York. Plaintiffs assert various tort claims for personal injury and/or property damage and in some cases request medical monitoring. 3M has settled 32 personal injury and/or property damage cases that were pending or threatened against it in New York state and federal court concerning alleged PFOA contamination in Hoosick Falls and/or Petersburgh. 3M, Saint-Gobain and Honeywell previously settled a class action (Baker), with the federal court granting final approval in February 2022. 3M, Saint-Gobain and Honeywell collectively contributed a total amount of $65 million to resolve the plaintiffs' claims on behalf of themselves and the proposed classes. Additionally, 3M is defending a case in New York state court filed by the Town of Petersburgh in September 2022. Plaintiff alleges that 3M and several other manufacturers contributed to PFOA contamination in the town's public water supply. Oral argument on a motion to dismiss that was filed by 3M and the other defendants was adjourned. This matter is stayed pending approval of the PWS Settlement. 3M is also defending 22 individual cases in the U.S. District Court for the Eastern District of New York filed by various drinking water providers, including 9 new complaints filed on behalf of additional water districts during the quarter ended September 30, 2023. The plaintiffs in these cases allege that products manufactured by 3M, DuPont, and additional unnamed defendants contaminated plaintiffs' water supply sources with various PFAS compounds. 3M has filed answers in these cases and discovery is stayed through at least December 2023 in connection with the pending approval of a separate public water suppliers settlement involving 3M and DuPont.

In Michigan, one consolidated putative class action was pending in the U.S. District Court for the Western District of Michigan against 3M and Wolverine. The action arose from Wolverine's allegedly improper disposal of materials and wastes, including 3M Scotchgard, related to Wolverine's shoe manufacturing operations. Plaintiffs allege Wolverine used 3M Scotchgard in its manufacturing process and that chemicals from 3M's product contaminated the environment and drinking water sources after disposal. 3M and Wolverine agreed to settle the case with the plaintiffs, and 3M's share is not considered material; the court approved the class settlement in March 2023 and 3M's final payment related to the settlement was made in June 2023.

In Alabama and Georgia, 3M, together with multiple co-defendants, is defending two state court cases brought by municipal water utilities, relating to 3M's sale of PFAS-containing products to carpet manufacturers in Georgia. In September 2022, the Company reached an agreement with the Gadsden Water Works and Sewer Board to resolve a similar matter. The plaintiffs in these two water utilities cases allege that the carpet manufacturers improperly discharged PFAS into the surface water and groundwater, contaminating drinking water supplies of cities located downstream along the Coosa River, including Centre, Alabama and Rome, Georgia. The Centre case has been set for trial in November 2023, although 3M has filed a notice of stay pending final approval of the PWS Settlement. The parties are engaged in mediation. 3M reached a settlement agreement to resolve the City of Rome case and, under the terms of the PWS Settlement, 3M's payments due under the PWS Settlement factor in amounts related to the City of Rome settlement. Another case originally filed in Georgia state court was brought by individuals asserting PFAS contamination by the Georgia carpet manufacturers and seeking economic damages and injunctive relief on behalf of a putative class of Rome and Floyd County water subscribers. That case continues, with class certification and other motions recently briefed.

In April 2023, another case that included similar allegations was filed by Shelby County, Alabama, and Talladega County, Alabama, against 3M and other defendants. Those cases have been removed to federal court, where they are proceeding through discovery. 3M has filed a notice of stay of this case pending final approval of the PWS Settlement.

3M, together with co-defendants, is also defending another putative class action in federal court in Georgia, in which plaintiffs seek relief on behalf of a class of individual ratepayers in Summerville, Georgia who allege their water supply was contaminated by PFAS discharged from a textile mill. In May 2021, the City of Summerville filed a motion to intervene in the lawsuit, which was granted in March 2022. This case is now proceeding through discovery, which has been extended by the court through November 2023. However, the portion of the case relating to Summerville's claims has been stayed as to 3M pending final approval of the PWS Settlement.

In July 2022, a putative class action was filed against 3M and other PFAS manufacturers by The Utilities Board of Tuskegee on behalf of all drinking water utilities within Alabama whose finished drinking water has contained a detectable concentration level of PFOA, PFOS, GenX, or PFBS that exceed the June 2022 health advisory levels issued by the U.S. EPA. 3M filed a motion to dismiss the complaint in October 2022, which was granted in part and denied in part in February 2023. The claims that will proceed against 3M and other defendants, including negligence, wantonness, and public nuisance, are moving into discovery. 3M has filed a notice of stay of this case pending final approval of the PWS Settlement.

In Delaware, 3M, is defending one putative class action brought by individuals alleging PFAS contamination of their water supply resulting from the operations of local metal plating facilities. Plaintiffs allege that 3M supplied PFAS to the metal plating facilities. DuPont, Chemours, and the metal platers have also been named as defendants. This case was removed to federal court, and in September 2022, the court dismissed all but plaintiffs' negligence claim. In November 2022, plaintiffs filed a third amended complaint seeking to replead certain previously dismissed claims and, in August 2023, the court once again dismissed all but plaintiffs' negligence claim.

In New Jersey, 3M was a defendant in an action brought in federal court by Middlesex Water Company, a publicly traded water utility serving customers in and around certain portions of Middlesex County, New Jersey, which alleged PFAS contamination of its water system. The parties settled in August 2023 and included in the PWS Settlement noted above, and the case was dismissed in September 2023. In September 2020, 3M was named a defendant in a similar lawsuit brought by the Borough of Hopatcong. In January 2021, 3M was named a defendant in another similar lawsuit brought by the Pequannock Township. Those cases are stayed pending approval of the PWS Settlement.

3M, together with several co-defendants, is also defending 30 cases in New Jersey federal court brought by individuals with private drinking water wells near certain DuPont and Solvay facilities that were allegedly supplied with PFAS by 3M. 3M has agreed to settle with the plaintiffs in ten cases that sought property damages, subject in certain cases to court approval, and 3M's share is not considered material. Plaintiffs in the 20 remaining individual cases in federal court allege personal injuries to themselves or their disabled adult children.

3M and Middlesex Water Company are also defending a putative class action filed in New Jersey federal court in November 2021 by individuals who received drinking water from Middlesex Water Company that was allegedly contaminated with PFAS. The court denied 3M's motion to dismiss, and the case is proceeding through discovery. In May 2022, Middlesex Water Company filed a third-party complaint against the Company in New Jersey state court in a putative class action of the state residents who are customers of the water company, seeking indemnity from the Company. After Middlesex Water Company removed the case to federal court in July 2022, plaintiffs filed a motion to remand the case to state court. The federal court remanded the case back to state court in April 2023 and 3M has since answered the third-party complaint. The parties in those two class actions have agreed to participate in mediation. Discovery in the action in federal court is stayed pending the outcome of mediation. A trial in the state court action has been nominally set for March 2024. In March 2023, a personal injury lawsuit was filed against 3M by another Middlesex Water Company customer. In May 2023, 3M filed a motion to dismiss certain of the claims in that lawsuit and plaintiff subsequently amended his complaint to withdraw certain claims against 3M. The case is now proceeding in discovery.

In South Carolina, a putative class action lawsuit was filed in South Carolina state court against 3M, DuPont and DuPont related entities in March 2022. The lawsuit alleges property damage and personal injuries from contamination from PFAS compounds used and disposed of at the textile plant known as the Galey & Lord plant from 1966 until 2016. The complaint seeks remedies including damages, punitive damages, and medical monitoring. The case has been removed to federal court. Plaintiff filed a second amended complaint in November 2022, and 3M and DuPont filed a joint motion to dismiss, which was largely denied in September 2023.

In Massachusetts, a putative class action lawsuit was filed in August 2022 in state court against 3M and several other defendants alleging PFAS contamination from waste generated by local paper manufacturing facilities. The lawsuit alleges property damage and also seeks medical monitoring on behalf of plaintiffs within the Town of Westminster. This case was removed to federal court. In February 2023, the federal court consolidated this action with a previously-filed federal case involving similar allegations and claims against 3M's co-defendants. Thereafter, plaintiffs filed a second amended complaint asserting claims against 3M. 3M filed a motion to dismiss the second amended complaint in March 2023. The magistrate judge recently issued a report and recommendation on the motion to dismiss, which recommends dismissal of several claims against 3M but denies dismissal of claims based on negligence, breach of warranty for failure to warn and medical monitoring. 3M has filed objections objecting to the portions of the report that recommend denial of dismissing those claims. Plaintiffs and the other defendants have filed objections to other aspects of the report and recommendation.

In Maine, a group of landowners filed a second amended complaint in October 2022 in federal district court, adding 3M and several other alleged chemical suppliers as defendants in a case previously filed against several paper mills, alleging PFAS contamination from waste generated by the paper mills. The lawsuit seeks to recover for alleged property damage. In March 2023, plaintiffs filed a third amended complaint limiting the scope of their claims to allegations pertaining to one paper mill and three defendants that allegedly supplied PFAS-containing products to that mill, including 3M. 3M has moved to dismiss this case.

In October 2018, 3M and other defendants, including DuPont and Chemours, were named in a putative class action in the U.S. District Court for the Southern District of Ohio brought by the named plaintiff, a firefighter allegedly exposed to PFAS chemicals through his use of firefighting foam, purporting to represent a putative class of all U.S. individuals with detectable levels of PFAS in their blood. The plaintiff brings claims for negligence, battery, and conspiracy and seeks injunctive relief, including an order "establishing an independent panel of scientists" to evaluate PFAS. In March 2022, the court certified a class of "[i]ndividuals subject to the laws of Ohio, who have 0.05 [ppt] of PFOA (C-8) and at least 0.05 ppt of any other PFAS in their blood serum." The judge ordered additional briefing to permit defendants to narrow the proposed nationwide class by "show[ing] what states do not recognize the type of claim for relief filed by" the plaintiff. In September 2022, the Sixth Circuit granted the defendants' request to appeal the district court's class certification order. Defendants' appeal is now fully briefed and oral argument was held in October 2023.

Other PFAS-related Matters

The Company continues to make progress in its work, under the supervision of state regulators, to remediate historic disposal of PFAS-containing waste associated with manufacturing operations at its Decatur, Alabama; Cottage Grove, Minnesota; and Cordova, Illinois plants.

As previously reported, the Illinois EPA in August 2014 approved a request by the Company to establish a groundwater management zone at its manufacturing facility in Cordova, Illinois, which includes ongoing pumping of impacted site groundwater, groundwater monitoring and routine reporting of results. In June 2022, the Illinois EPA provided notice of the termination of the Cordova May 2000 Site Remediation Agreement. The Company continues to perform pumping of impacted site groundwater, groundwater monitoring and routine reporting of results to Illinois EPA. In addition, the Company is treating its pumped groundwater at its Cordova wastewater treatment plant.

In May 2022, the Company received a notice of potential violation and opportunity to confer and a notice of intent to file a complaint from EPA alleging violations of the RCRA related to the use of emergency spill containment units associated with certain chemical processes at the Cordova facility. Separately, in July 2023, 3M received from the EPA a draft for discussion of a federal administrative order under the RCRA, which would require 3M to determine the nature and extent of PFAS contamination around its Cordova facility, among other items.

In Minnesota, the Company continues to work with the MPCA pursuant to the terms of the previously disclosed May 2007 Settlement Agreement and Consent Order to address the presence of certain PFAS compounds in the soil and groundwater at former disposal sites in Washington County, Minnesota (Oakdale and Woodbury) and at the Company's manufacturing facility at Cottage Grove, Minnesota. Under this agreement, the Company's principal obligations include (i) evaluating releases of certain PFAS compounds from these sites and proposing response actions; (ii) providing treatment or alternative drinking water upon identifying any level exceeding a HBV or Health Risk Limit ("HRL") (i.e., the amount of a chemical in drinking water determined by the MDH to be safe for human consumption over a lifetime) for certain PFAS compounds for which a HBV and/or HRL exists as a result of contamination from these sites; (iii) remediating identified sources of other PFAS compounds at these sites that are not controlled by actions to remediate PFOA and PFOS; and (iv) sharing information with the MPCA about certain perfluorinated compounds. In August 2009, the MPCA issued a decision adopting remedial options for the Company's Cottage Grove manufacturing facility. In the spring and summer of 2010, 3M began implementing the approved remedial options at the Cottage Grove and Woodbury sites, and in late 2010, 3M commenced the approved remedial option at the Oakdale site. The Company has completed remediation work and continues with operational and maintenance activities at the Oakdale and Woodbury sites. Remediation work has been substantially completed at the Cottage Grove site, with operational and maintenance activities ongoing.

In Alabama, as previously reported, the Company entered into a voluntary remedial action agreement with the ADEM to remediate the presence of PFAS in the soil and groundwater at the Company's manufacturing facility in Decatur, Alabama associated with the historic (1978-1998) incorporation of wastewater treatment plant sludge. With ADEM's agreement, 3M substantially completed installation of a multilayer cap on the former sludge incorporation areas. Further remediation activities, including certain on-site and off-site investigations and studies, will be conducted in accordance with the July 2020 Interim Consent Order described below.

The Company operates under a 2009 consent order issued under the federal TSCA (the "2009 TSCA consent order") for the manufacture and use of two perfluorinated materials (FBSA and FBSEE) at its Decatur, Alabama site that prohibits release of these materials into "the waters of the United States." In March 2019, the Company halted the manufacture, processing, and use of these materials at the site upon learning that these materials may have been released from certain specified processes at the Decatur site into the Tennessee River. In April 2019, the Company voluntarily disclosed the releases to the U.S. EPA and ADEM. During June and July 2019, the Company took steps to fully control the aforementioned processes by capturing all wastewater produced by the processes and treating all air emissions. These processes have been back on-line and in operation since July 2019. The Company continues to cooperate with the EPA and ADEM in their investigations and will work with the regulatory authorities to demonstrate compliance with the release restrictions.

The Company is authorized to discharge wastewater from its Decatur plant pursuant to an NPDES permit issued by ADEM. The NPDES permit requires monthly and quarterly reporting on the quality and quantity of pollutants discharged to the Tennessee River. In June 2019, as previously reported, the Company voluntarily disclosed to the EPA and ADEM that it had included incorrect values in certain of its monthly and quarterly reports. The Company has submitted the corrected values to both the EPA and ADEM.

As previously reported, as part of ongoing work with the EPA and ADEM to address compliance matters at the Decatur facility, the Company discovered it had not fully characterized its PFAS discharge in its NPDES permit. In September 2019, the Company disclosed the matter to the EPA and ADEM temporarily idled certain manufacturing processes at 3M Decatur and installed wastewater treatment controls. The Company restarted idled processes in October 2019.

As a result of the Company’s discussions with ADEM to address these and other related matters in the state of Alabama, as previously reported, 3M and ADEM agreed to the terms of an interim Consent Order in July 2020 to cover all PFAS-related wastewater discharges and air emissions from the Company’s Decatur facility. Under the interim Consent Order, the Company’s principal obligations include commitments related to (i) future ongoing site operations such as (a) providing notices or reports and performing various analytical and characterization studies and (b) future capital improvements; and (ii) remediation activities, including on-site and off-site investigations and studies. Obligations related to ongoing future site operations under the Consent Order will involve additional operating costs and capital expenditures over multiple years. As offsite investigation activities continue, additional remediation amounts may become probable and reasonably estimable.

As previously reported, in December 2019, the Company received a grand jury subpoena from the U.S. Attorney’s Office for the Northern District of Alabama for documents related to, among other matters, the Company’s compliance with the 2009 TSCA consent order and unpermitted discharges to the Tennessee River. The Company is cooperating and providing responsive documents with respect to this and other inquiries regarding its manufacturing facilities.

In addition, as previously reported, as part of its ongoing evaluation of regulatory compliance at its Cordova, Illinois facility, the Company discovered it had not fully characterized its PFAS discharge in its NPDES permit for the Cordova facility. In November 2019, the Company disclosed this matter to the EPA, and in January 2020 disclosed this matter to the Illinois Environmental Protection Agency ("IEPA"), submitted an NPDES permit application for the PFAS in its discharge, put on-line and in operation wastewater treatment specifically designed to treat PFAS. The Company continues to work with the EPA and IEPA to address these issues from the Cordova facility. In November 2022, the Company entered into an SDWA Administrative Consent Order that requires the Company to continue to sample and survey private and public drinking water wells within the vicinity of the Cordova facility, provide treatment of private water wells within a three-mile radius of the Cordova facility, and to provide alternate treatment/supply for the Camanche, Iowa public drinking water system. The Company continues to work with EPA and the City of Camanche as it implements the SDWA Administrative Consent Order.

In April 2022, the Company received a TSCA information request from EPA seeking information related to the operation of specific PFAS-related processes, and the Company is cooperating with this inquiry and is producing documents and information. In May 2022, the Company received a notice of potential violation and opportunity to confer and a notice of intent to file a complaint from EPA alleging violations of the RCRA related to the use of emergency spill containment units associated with certain chemical processes at the Cordova facility. In July 2023, 3M received from the EPA a draft of a federal administrative order for discussion, which would require 3M to determine the nature and extent of PFAS contamination around its Cordova facility, among other items.

The Company is also reviewing operations at its other plants with similar manufacturing processes, such as the plant in Cottage Grove, Minnesota, to ensure those operations are in compliance with applicable environmental regulatory requirements and Company policies and procedures. As a result of these reviews, as previously reported, the Company discovered it had not fully characterized its PFAS discharge in its NPDES permit for the Cottage Grove facility. In March 2020, the Company disclosed this matter to the MPCA and the EPA. In July 2020, the Company received an information request from MPCA for documents and information related to, among other matters, the Company’s compliance with the Clean Water Act at its Cottage Grove facility. The Company is cooperating with this inquiry and is producing documents and information in response to the request for information.

Separately, as previously reported, in June 2020, the Company reported to EPA and MPCA that it had not fully complied with elements of the inspection, characterization and waste stream profile verification process of the Waste and Feedstream Analysis Plan (WAP/FAP) of its RCRA permit for its Cottage Grove incinerator. The Company and MPCA resolved the issues associated with the foregoing disclosure in a May 2022 stipulation agreement, and permanently retired the Cottage Grove hazardous waste incinerator in December 2021. In connection with the now closed incinerator, the Company in December 2022 received from EPA a draft Consent Agreement and Penalty Order under the Clean Air Act, with a proposed civil penalty to resolve issues raised in a Finding of Violation issued in 2019. The Company and EPA resolved this matter in which the Company has agreed to pay an administrative civil penalty. In October 2021, the Company received information requests from MPCA seeking additional toxicological and other information related to certain PFAS compounds. The Company is cooperating with these inquires and is producing documents and information in response to the requests. In June 2022, MPCA directed that the Company address the presence of PFAS in its stormwater discharge from the Cottage Grove facility. The Company worked with MPCA to develop a plan to address its stormwater, which is embodied in an order issued by MPCA in December 2022. MPCA issued to the Company a Notice of Violation in March 2023, alleging that the Company is discharging stormwater containing PFAS at the 3M's facility in Hutchinson, Minnesota. The Company is working with MPCA regarding the allegations in the Notice of Violation.

In February 2020, as previously reported, the Company received an information request from EPA for documents and information related to, among other matters, the Company's compliance with the Clean Water Act at its facilities that manufacture, process, and use PFAS, including the Decatur, Cordova, and Cottage Grove facilities, and the Company has completed its production of responsive documents and information.

The Company continues to work with relevant federal and state agencies (including EPA, the U.S. Department of Justice, state environmental agencies and state attorneys general) as it conducts these reviews and responds to information, inspection, and other requests from the agencies. The Company is in negotiations with EPA, the U.S. Department of Justice, and the Alabama, Illinois and Minnesota state environmental agencies to address claims arising under the Clean Water Act and the Toxic Substances Control Act related to the Company's plants in those states. The Company cannot predict at this time the outcomes of resolving these compliance matters, what actions may be taken by the regulatory agencies or the potential consequences to the Company.

Other Environmental Litigation

In July 2018, the Company, along with more than 120 other companies, was served with a complaint seeking cost recovery and contribution towards the cleaning up of approximately eight miles of the Lower Passaic River in New Jersey. The plaintiff, Occidental Chemical Corporation, alleges that it agreed to design and pay the estimated $165 million cost to remove and cap sediment containing eight chemicals of concern, including PCBs and dioxins. The complaint seeks to spread those costs among the defendants, including the Company. The Company's involvement in the case relates to its past use of two commercial drum conditioning facilities in New Jersey. Whether, and to what extent, the Company may be required to contribute to the costs at issue in the case remains to be determined.

For environmental matters and litigation described above, unless otherwise described below, no liability has been recorded as the Company believes liability in those matters is not probable and reasonably estimable and the Company is not able to estimate a possible loss or range of possible loss at this time. The Company's environmental liabilities and insurance receivables are described below.

Environmental Liabilities and Insurance Receivables

The Company periodically examines whether the contingent liabilities related to the environmental matters and litigation described above are probable and reasonably estimable based on experience and ongoing developments in those matters, including discussions regarding negotiated resolutions. During the first nine months of 2023, as a result of ongoing review and recent developments in ongoing environmental matters and litigation (including the proposed PWS Settlement), the Company increased its accrual for PFAS-related other environmental liabilities by $10.5 billion and made related payments of $201 million. As of September 30, 2023, the Company had recorded liabilities of $10.9 billion for "other environmental liabilities." These amounts are reflected in the consolidated balance sheet within other current liabilities ($3.1 billion) and other liabilities ($7.8 billion). The accruals represent the Company's estimate of the probable loss in connection with the environmental matters and PFAS-related matters and litigation described above. The Company is not able to estimate a possible loss or range of possible loss in excess of the established accruals at this time.

As of September 30, 2023, the Company had recorded liabilities of $35 million for estimated non-PFAS related “environmental remediation” costs to clean up, treat, or remove hazardous substances at current or former 3M manufacturing or third-party sites. The Company evaluates available facts with respect to each individual site each quarter and records liabilities for remediation costs on an undiscounted basis when they are probable and reasonably estimable, generally no later than the completion of feasibility studies or the Company’s commitment to a plan of action. Liabilities for estimated costs of environmental remediation, depending on the site, are based primarily upon internal or third-party environmental studies, and estimates as to the number, participation level and financial viability of any other potentially responsible parties, the extent of the contamination and the nature of required remedial actions. The Company adjusts recorded liabilities as further information develops or circumstances change. The Company expects that it will pay the amounts recorded over the periods of remediation for the applicable sites, currently ranging up to 20 years.

It is difficult to estimate the cost of environmental compliance and remediation given the uncertainties regarding the interpretation and enforcement of applicable environmental laws and regulations, the extent of environmental contamination and the existence of alternative cleanup methods. Developments may occur that could affect the Company’s current assessment, including, but not limited to: (i) changes in the information available regarding the environmental impact of the Company’s operations and products; (ii) changes in environmental regulations, changes in permissible levels of specific compounds in drinking water sources, or changes in enforcement theories and policies, including efforts to recover natural resource damages; (iii) new and evolving analytical and remediation techniques; (iv) success in allocating liability to other potentially responsible parties; and (v) the financial viability of other potentially responsible parties and third-party indemnitors. For sites included in both “environmental remediation liabilities” and “other environmental liabilities,” at which remediation activity is largely complete and remaining activity relates primarily to operation and maintenance of the remedy, including required post-remediation monitoring, the Company believes the exposure to loss in excess of the amount accrued would not be material to the Company’s consolidated results of operations or financial condition. However, for locations at which remediation activity is largely ongoing, the Company cannot estimate a possible loss or range of possible loss in excess of the associated established accruals for the reasons described above.

The Company has both pre-1986 general and product liability occurrence coverage and post-1985 occurrence reported product liability and other environmental coverage for environmental matters and litigation. As of September 30, 2023, the Company’s receivable for insurance recoveries related to the environmental matters and litigation was $8 million. Various factors could affect the timing and amount of recovery of this and future expected increases in the receivable, including (i) delays in or avoidance of payment by insurers; (ii) the extent to which insurers may become insolvent in the future, (iii) the outcome of negotiations with insurers, and (iv) the scope of the insurers’ purported defenses and exclusions to avoid coverage.

Product Liability Litigation

Combat Arms Earplugs

In December 2018, a military veteran filed an individual lawsuit against 3M in the San Bernardino Superior Court in California alleging that he sustained personal injuries while serving in the military caused by 3M’s Dual-Ended Combat Arms Earplugs – Version 2. The plaintiff asserts claims of product liability and fraudulent misrepresentation and concealment. The plaintiff seeks various damages, including medical and related expenses, loss of income, and punitive damages.

In April 2019, the JPML granted motions to transfer and consolidate all cases pending in federal courts to the U.S. District Court for the Northern District of Florida to be managed in an MDL proceeding to centralize pre-trial proceedings. The plaintiffs and 3M filed preliminary summary judgment motions on the government contractor defense. In July 2020, the MDL court granted the plaintiffs’ summary judgment motion and denied the defendants’ summary judgment motion, ruling that plaintiffs’ claims are not barred by the government contractor defense. The court denied the Company’s request to immediately certify the summary judgment ruling for appeal to the U.S. Court of Appeals for the Eleventh Circuit. In December 2020, the court granted the plaintiffs’ motion to consolidate three plaintiffs for the first bellwether trial, which began in March 2021.

Aearo Technologies sold Dual-Ended Combat Arms – Version 2 Earplugs starting in about 1999. 3M acquired Aearo Technologies in 2008 and sold these earplugs from 2008 through 2015, when the product was discontinued. 3M and Aearo Technologies believe the Combat Arms Earplugs were effective and safe when used properly, but nevertheless, as discussed below, prior to the CAE Settlement (as defined below), the Aearo Entities and 3M faced litigation from a significant number of claimants (in the range of 260,000 to 285,000 individual claimants). As noted in the *Respirator Mask/Asbestos Litigation — Aearo Technologie*s section above, in July 2022, the Aearo Entities voluntarily initiated chapter 11 proceedings under the U.S. Bankruptcy Code seeking court supervision to establish a trust, funded by the Company, to efficiently and equitably satisfy all claims determined to be entitled to compensation associated with these matters and those described in the earlier section *Respirator Mask/Asbestos Litigation — Aearo Technologies*. 3M entered into an agreement with the Aearo Entities to fund this trust and to support the Aearo Entities in connection with the chapter 11 proceedings. 3M committed $1.0 billion to fund this trust and committed an additional $0.2 billion to fund projected related case expenses. Under the terms of the agreement, the Company would provide additional funding if required by the Aearo Entities to resolve the matter as part of the chapter 11 proceeding. Related to these actions, 3M reflected a pre-tax charge of $1.2 billion (within selling, general and administrative expenses), inclusive of fees and net of related existing accruals, in the second quarter of 2022.

As a result of the bankruptcy proceedings, 3M deconsolidated the Aearo Entities in the third quarter of 2022, resulting in a charge that was not material to 3M. Upon the filings in late July 2022 in the U.S Bankruptcy Court for the Southern District of Indiana, all litigation against Aearo Entities that filed chapter 11 cases was automatically stayed.

The Aearo Entities also requested that the Bankruptcy Court confirm that Combat Arms Earplugs litigation against the Company was also stayed or order it enjoined. In August 2022, the Bankruptcy Court denied Aearo's motion for a preliminary injunction to stay all Combat Arms related litigation against 3M. In September 2022, the bankruptcy judge certified Aearo's request to appeal the decision directly to the Seventh Circuit Court of Appeals and in October the Seventh Circuit accepted the appeal. In December 2022, Aearo filed its opening brief with the Seventh Circuit appealing the bankruptcy court's decision. Oral argument took place in April 2023.

In February 2023, the plaintiffs filed with the Bankruptcy Court a motion to dismiss the bankruptcy filings of the Aearo Entities. In June 2023, the Bankruptcy Court granted the plaintiffs' motion to dismiss. As a result of this dismissal, the Court's previous stay on the Aearo Combat Arms and Aearo respirator mask/asbestos litigation was lifted. Also in June 2023, the bankruptcy judge certified a direct appeal of the motion to dismiss decision to the U.S. Court of Appeals for the Seventh Circuit. Aearo appealed the decision and the Seventh Circuit accepted the direct appeal. Aearo's appeals of the Bankruptcy Court's preliminary injunction and motion to dismiss rulings are stayed as a result of the CAE Settlement (as defined below).

As a result of the June 2023 bankruptcy dismissal, 3M reconsolidated the former deconsolidated Aearo Entities, in the second quarter of 2023, resulting in an immaterial income statement impact. A summary of affected material consolidated balance sheet amounts is included at the end of this Combat Arms litigation discussion.

Related to the dismissal of the bankruptcy, in May 2023, the federal and state MDL courts issued orders providing that mediation would resume. In August 2023, 3M and the Aearo Entities entered into a settlement arrangement (the "CAE Settlement") which is structured to promote participation by claimants and is intended to resolve, to the fullest extent possible, all litigation and alleged claims involving the Combat Arms Earplugs sold or manufactured by the Aearo Entities and/or 3M, as well as potential future claims.

Pursuant to the CAE Settlement, 3M will contribute a total amount of $6.0 billion between 2023 and 2029, which is structured under the CAE Settlement to include $5.0 billion in cash consideration and $1.0 billion in 3M common stock. The Company may, in its sole discretion, settle the equity portion in cash.The actual amount, payment terms and dates are subject to satisfaction of certain participation thresholds claimants must meet, including that at least 98% of individuals with actual or potential litigation claims involving the Combat Arms Earplugs (calculated as described in the CAE Settlement) must have enrolled in the CAE Settlement and provided 3M with a full release of claims involving the Combat Arms Earplugs. The CAE Settlement contemplates that the shares of 3M common stock to be issued in the CAE Settlement, if and when issued, will be issued in reliance on the exemption from registration provided by Section 3(a)(10) of the Securities Act of 1933, as amended. In October 2023, the MDL court issued an order to hold a hearing jointly with the Fourth Judicial District Court of Minnesota, to be held on December 11, 2023, to consider whether the proposed transfer of common stock by the Company as partial consideration in the settlement of claims pursuant to the CAE Settlement is fair to claimants, as required by 15 U.S.C. Section 77c(a)(10).

The CAE Settlement provides that 3M does not admit any liability or wrongdoing. As a result of the CAE Settlement, 3M recorded a pre-tax charge of $4.2 billion in the third quarter of 2023. The charge reflected the $5.3 billion pre-tax present value (discounted at an estimated 5.6% interest rate at time consummation) of contributions under the CAE Settlement net of 3M's then-existing accrual of $1.1 billion related to this matter.

Implementation of the CAE Settlement terms began in September 2023, when 3M paid $10 million to fund administrative expenses connected to the settlement and paid $147 million in exchange for releases from the 13 bellwether plaintiffs that obtained a verdict against 3M and the Aearo defendants. The MDL court cases and Eleventh Circuit appeals for the 13 bellwether plaintiffs have all been dismissed consistent with the terms of the CAE Settlement.

During the first nine months of 2023, as a result of ongoing review and recent developments in ongoing litigation (including the CAE Settlement), the Company increased its existing accrual for Combat Arms Earplugs by $4.2 billion and made the related payments noted above. As of September 30, 2023, the Company had an accrued liability of $5.2 billion related to Combat Arms Earplugs. This amount is reflected within contingent liability claims and other within other current liabilities ($1.8 billion) and within other liabilities ($3.4 billion) on 3M's consolidated balance sheet. The accruals represent the Company's estimate of the probable loss in connection with the CAE Settlement. The Company is not able to estimate a possible loss or range of possible loss in excess of the established accruals at this time. Additionally, as a result of reconsolidation in the second quarter of 2023 of the former deconsolidated Aearo Entities, the following balances on 3M's consolidated balance sheet as of December 31, 2022 do not appear on the comparative consolidated balance sheet as of September 30, 2023:

- $0.7 billion asset balance in equity and other investments (within other assets), reflecting 3M's equity investment interest in the entities.
- $0.6 billion net liability for former intercompany amounts due from 3M to the deconsolidated entities. The gross balances were reflected in other liabilities ($0.9 billion) and other assets ($0.3 billion).

Insect Repellent

In October 2023, a putative class action was filed against 3M in the United States District Court in the Southern District of California with various allegations related to the alleged presence of benzene, a known human carcinogen, in 3M's Ultrathon™ Insect Repellent 8 spray. The plaintiffs seek damages and other relief based on theories of negligence, strict liability, and violations of California's unfair competition law and Maryland's consumer protection act. 3M is assessing the allegations in the complaint and will respond within the time established by the court proceedings.

No liability has been recorded for this litigation matter because the Company believes that any such liability is not probable and estimable at this time.

Bair Hugger

As of September 30, 2023, the Company was a named defendant in approximately 5,922 lawsuits in the United States and one Canadian putative class action with a single named plaintiff, alleging that they underwent various joint arthroplasty, cardiovascular, and other surgeries and later developed surgical site infections due to the use of the Bair Hugger™ patient warming system.

The plaintiffs seek damages and other relief based on theories of strict liability, negligence, breach of express and implied warranties, failure to warn, design and manufacturing defect, fraudulent and/or negligent misrepresentation/concealment, unjust enrichment, and violations of various state consumer fraud, deceptive or unlawful trade practices and/or false advertising acts.

The JPML consolidated all cases pending in federal courts to the U.S. District Court for the District of Minnesota to be managed in an MDL proceeding. In July 2019, the court excluded several of the plaintiffs' causation experts, and granted summary judgment for 3M in all cases pending at that time in the MDL. Plaintiffs appealed that decision to the U.S. Court of Appeals for the Eighth Circuit. Plaintiffs also appealed a 2018 jury verdict in favor of 3M in the first bellwether trial in the MDL and appealed the dismissal of another bellwether case. A panel of the appellate court in August 2021 reversed the district court's exclusion of the plaintiffs' causation experts and the grant of summary judgment for 3M. The Company sought further appellate en banc review by the full Eighth Circuit court. In November 2021, the Eighth Circuit court denied 3M's petition for rehearing en banc. In February 2022, the Company filed a petition for a writ of certiorari in the U.S. Supreme Court. In May 2022, the U.S. Supreme Court declined 3M's request to review the Eighth Circuit court's decision. The MDL court has not yet issued a new case management order. Separately, in August 2021, the Eighth Circuit court affirmed the 2018 jury verdict in 3M's favor in the only bellwether trial in the MDL.

In February 2022, the MDL court ordered the parties to engage in any mediation sessions that a court-appointed mediator deemed appropriate. Mediation sessions took place in May and August 2022 without success in resolving the litigation. The MDL court assigned a new mediator to facilitate discussions of the litigation and possible resolution. In April 2023, plaintiffs filed a motion to disqualify the judge and magistrate judge overseeing the MDL, which motion was denied. The parties, working with the mediator, agreed on the beginning of a bellwether process, which is underway, with federal court trials to potentially begin in 2024.

In addition to the federal cases, there are four state court cases relating to the Bair Hugger™ patient warming system. Two are pending in Missouri state court and combine Bair Hugger™ product liability claims with medical malpractice claims. One of the Missouri cases was tried in September and October of 2022; the jury returned a verdict in 3M's favor on all the claims. The trial court denied plaintiff's motion for a new trial, and plaintiffs have filed a notice of appeal. The other Missouri case is scheduled for trial in 2024. There is also one case in Etowah County, Alabama that combines Bair Hugger™ product liability claims with medical malpractice claims. Finally, a putative class action has been filed in Ramsey County, Minnesota, seeking economic damages for the use of the Bair Hugger™ system in orthopedic surgeries of medically obese people in Minnesota from May 2017 to the present. The Ramsey County court denied a motion to dismiss in August 2023. Two other state cases have been resolved in 2023, including a Missouri state court case that was voluntarily dismissed in June 2023.

As previously disclosed, 3M had been named a defendant in 61 cases in Minnesota state court. In January 2018, the Minnesota state court excluded plaintiffs' experts and granted 3M's motion for summary judgment on general causation. The Minnesota Court of Appeals affirmed the state court orders in their entirety and the Minnesota Supreme Court denied plaintiffs' petition for review and entered the final dismissal in 2019, effectively ending the Minnesota state court cases.

In June 2016, the Company was served with a putative class action filed in the Ontario Superior Court of Justice for all Canadian residents who underwent various joint arthroplasty, cardiovascular, and other surgeries and later developed surgical site infections that the representative plaintiff claims were due to the use of the Bair Hugger™ patient warming system. The representative plaintiff seeks relief (including punitive damages) under Canadian law based on theories similar to those asserted in the MDL.

For product liability litigation matters described in this section for which a liability has been recorded, the amount recorded is not material to the Company's results of operations or financial condition. In addition, the Company is not able to estimate a possible loss or range of possible loss in excess of the recorded liability at this time.

Federal False Claims Act / Qui Tam Litigation

In October 2019, 3M acquired Acelity, Inc. and its KCI subsidiaries, including Kinetic Concepts, Inc. and KCI USA, Inc. As previously disclosed in the SEC filings by the KCI entities, in 2009, Kinetic Concepts, Inc. received a subpoena from the U.S. Department of Health and Human Services Office of Inspector General. In 2011, following the completion of the government's review and its decision declining to intervene in two qui tam actions described further below, the qui tam relator-plaintiffs' pleadings were unsealed.

The government inquiry followed two qui tam actions filed in 2008 by two former employees against Kinetic Concepts, Inc. and KCI USA, Inc. (collectively, the "KCI defendants") under seal in the U.S. District Court for the Central District of California. As 3M has previously disclosed, one qui tam action (the Godecke case) was dismissed in January 2022. In the remaining action (the Hartpence case), the complaint contains allegations that the KCI Defendants violated the federal False Claims Act by submitting false or fraudulent claims to federal healthcare programs by billing for V.A.C.® Therapy in a manner that was not consistent with the Local Coverage Determinations issued by the Durable Medical Equipment Medicare Administrative Contractors and seeks monetary damages.

In June 2019, the district court entered summary judgment in the KCI Defendants' favor on all of the relator-plaintiff's claims. The relator-plaintiff then filed an appeal in the U.S. Court of Appeals for the Ninth Circuit. Oral argument in the Hartpence case was held in July 2020. The appellate court issued an opinion in August 2022 reversing the decision of the district court and remanding the case for further proceedings. The district court held a status conference in January 2023 where no case deadlines were set; the litigation remains in a pre-trial stage. The KCI Defendants filed a renewed motion for summary judgment in March 2023. In July 2023, the parties filed a joint status report with the court notifying the court of the parties' agreement to mediate the matter, with mediation currently scheduled for November 2023.

For the KCI-related matters described in this section for which a liability has been recorded, the amount recorded is not material to the Company's consolidated results of operations or financial condition. The Company is not able to estimate a possible loss or range of possible loss in excess of the recorded liability at this time.

Compliance Matter

The Company, through its internal processes, discovered certain travel activities and related funding and record keeping issues raising concerns, arising from marketing efforts by certain business groups based in China. The Company initiated an internal investigation to determine whether the expenditures may have violated the U.S. Foreign Corrupt Practices Act ("FCPA") or other potentially applicable anti-corruption laws. In July 2019, the Company voluntarily disclosed this investigation to both the Department of Justice ("DOJ") and Securities and Exchange Commission ("SEC") and cooperated with both agencies. In August 2023, the Company resolved the investigation with both agencies. The DOJ closed its investigation with no action taken against the Company. Without admitting or denying the findings, the Company entered into a voluntary settlement with the SEC which found violations of the books and records and internal accounting controls provisions of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934. The resolution includes an agreement to cease and desist from committing any violations of these provisions and payment of approximately $6.5 million.

NOTE 15. Business Segments

3M's businesses are organized, managed and internally grouped into segments based on differences in markets, products, technologies and services. 3M manages its operations in four business segments: Safety and Industrial; Transportation and Electronics; Health Care; and Consumer. 3M's four business segments bring together common or related 3M technologies, enhancing the development of innovative products and services and providing for efficient sharing of business resources. In July 2022, 3M announced its intention to spin off the Health Care business as a separate public company (see Note 3 for additional information). 3M is an integrated enterprise characterized by substantial intersegment cooperation, cost allocations and inventory transfers. Therefore, management does not represent that these segments, if operated independently, would report the operating income information shown.

3M discloses business segment operating income (loss) as its measure of segment profit/loss, reconciled to both total 3M operating income (loss) and income before taxes. Business segment operating income (loss) excludes certain expenses and income that are not allocated to business segments (as described below in "Corporate and Unallocated").

Effective in the first quarter of 2023, the measure of segment operating performance and segment composition used by 3M's chief operating decision maker (CODM) changed and, as a result, 3M's disclosed measure of segment profit/loss (business segment operating income (loss)) was updated. The change to business segment operating income (loss) aligns with the update to how the CODM assesses performance and allocates resources for the Company's business segments. The changes included the items described below. The financial information presented herein reflects the impact of these business segment reporting changes for all periods presented.

Reflecting gains/losses from sale of property, plant and equipment (PPE) and other assets within Corporate and Unallocated Change

3M updated its business segment operating performance measure to reflect all gains/losses from sales of PPE and other assets within Corporate and Unallocated. Previously, certain of these gains/losses were included in 3M's business segments' operating performance.

Movement of certain businesses between segments

The businesses associated with two groups of products (each with approximately $25 million in annual sales) were realigned with one moving from the Consumer business segment to the Health Care business segment and the other moving from the Health Care business segment to the Consumer business segment.

Also effective in the first quarter of 2023, the Consumer business segment re-aligned from four divisions to the following three divisions: Home, Health and Auto Care; Construction and Home Improvement Markets; and Stationery and Office.

Business Segment Information

(Millions)	Three months ended September 30,		Nine months ended September 30,	
Net Sales	**2023**	**2022**	**2023**	**2022**
Safety and Industrial	**$ 2,751**	$ 2,894	**$ 8,295**	$ 8,869
Transportation and Electronics	**2,171**	2,239	**6,412**	6,847
Health Care	**2,073**	2,076	**6,158**	6,383
Consumer	**1,315**	1,409	**3,800**	4,048
Corporate and Unallocated	**2**	1	**3**	3
Total Company	**$ 8,312**	$ 8,619	**$ 24,668**	$ 26,150

	Three months ended September 30,		Nine months ended September 30,	
Operating Performance	**2023**	**2022**	**2023**	**2022**
Safety and Industrial	**$ 666**	$ 652	**$ 1,801**	$ 572
Transportation and Electronics	**389**	475	**1,093**	1,414
Health Care	**460**	450	**1,231**	1,387
Consumer	**269**	299	**683**	766
Total business segment operating income (loss)	**1,784**	1,876	**4,808**	4,139
Corporate and Unallocated				
Corporate special items:				
Net costs for significant litigation	**(4,270)**	(246)	**(14,709)**	(812)
Divestiture costs	**(132)**	(6)	**(359)**	(6)
Gain on business divestitures	**36**	2,724	**36**	2,724
Divestiture-related restructuring actions	**—**	(41)	**—**	(41)
Russia exit (charges) benefits	**—**	(109)	**18**	(109)
Total corporate special items	**(4,366)**	2,322	**(15,014)**	1,756
Other corporate expense - net	**(72)**	(42)	**(165)**	12
Total Corporate and Unallocated	**(4,438)**	2,280	**(15,179)**	1,768
Total Company operating income (loss)	**(2,654)**	4,156	**(10,371)**	5,907
Other expense/(income), net	**200**	24	**317**	112
Income (loss) before income taxes	**$ (2,854)**	$ 4,132	**$ (10,688)**	$ 5,795

Corporate and Unallocated

Corporate and Unallocated operating income (loss) includes "corporate special items" and "other corporate expense-net". Corporate special items include net costs for significant litigation impacting operating income (loss) associated with PFAS-related other environmental and Combat Arms Earplugs matters. In addition, during the voluntary chapter 11 bankruptcy period (which began in July 2022 and ended in June 2023—see Note 14), costs associated with the Aearo portion of respirator mask/asbestos matters were also included in corporate special items. Prior to the bankruptcy, costs associated with Combat Arms Earplugs matters were not included in the Corporate net costs for significant litigation special item, instead being reflected in the Safety and Industrial business segment. Corporate special items also include divestiture costs, gain/loss on business divestitures (see Note 3), divestiture-related restructuring costs (see Note 5), and Russia exit costs/ benefits (see Note 13). Divestiture costs include costs related to separating and divesting substantially an entire business segment of 3M following public announcement of its intended divestiture. Other corporate expense-net includes items such as net costs related to limited unallocated corporate staff and centrally managed material resource centers of expertise costs, corporate philanthropic activity, gains/losses from sales of PPE and other assets, and other net costs that 3M may choose not to allocate directly to its business segments. Other corporate expense-net also includes costs and income from transition supply, manufacturing, and service arrangements with Neogen Corporation following the 2022 split-off of 3M's Food Safety business. Items classified as revenue from this activity are included in Corporate and Unallocated net sales. Because Corporate and Unallocated includes a variety of miscellaneous items, it is subject to fluctuation on a quarterly and annual basis.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is designed to provide a reader of 3M's financial statements with a narrative from the perspective of management. 3M's MD&A is presented in the following sections:

- Overview
- Results of Operations
- Performance by Business Segment
- Financial Condition and Liquidity
- Cautionary Note Concerning Factors That May Affect Future Results

The term "N/M" used herein references "not meaningful" for certain percent changes.

Forward-looking statements in Part I, Item 2 may involve risks and uncertainties that could cause results to differ materially from those projected (refer to the section entitled *Cautionary Note Concerning Factors That May Affect Future Results* in Part I, Item 2 and the risk factors provided in Part II, Item 1A for discussion of these risks and uncertainties).

OVERVIEW

3M is a diversified global manufacturer, technology innovator and marketer of a wide variety of products and services. Effective in the first quarter of 2023, 3M made the following changes:

- Changes in measure of segment operating performance and segment composition used by 3M's chief operating decision maker—impacting 3M's disclosed measure of segment profit/loss (business segment operating income (loss))—and realignment of 3M's Consumer business segment from four divisions to three divisions. See additional information in Note 15. 3M's disclosed disaggregated revenue was also updated as a result of these changes. See additional information in Note 2.

- Changes to non-GAAP measures - certain amounts adjusted for special items. Refer to the *Certain amounts adjusted for special items - (non-GAAP measures)* section below for additional information.

Information provided herein reflects the impact of these changes for all periods presented.

3M manages its operations in four operating business segments: Safety and Industrial; Transportation and Electronics; Health Care; and Consumer. From a geographic perspective, any references to EMEA refer to Europe, Middle East and Africa on a combined basis. References are made to organic sales change (which include both organic volume impacts and selling price impacts), which is defined as the change in net sales, absent the separate impacts on sales from foreign currency translation and acquisitions, net of divestitures. Acquisition and divestiture sales change impacts, if any, are measured separately for the first twelve months post-transaction. 3M believes this information is useful to investors and management in understanding ongoing operations and in analysis of ongoing operating trends.

3M has been and may continue to be impacted by the global pandemic and related effects associated with the coronavirus (COVID-19). The Overview section of Part II, Item 7 of the Company's 2022 Annual Report on Form 10-K provides a description of how COVID-19 has impacted or may impact 3M. In addition within this Form 10-Q for the quarterly period ended September 30, 2023, risk factors with respect to unexpected events such as COVID-19 can be found in Item 1A "Risk Factors" and certain COVID-19 impacts are referenced in various discussions within this Form 10-Q, including in this Item 2.

3M is also impacted by certain special items such as costs for significant litigation and the sales and income associated with manufactured PFAS products. 3M is experiencing interruption to a portion of its manufacturing operations at its site in Zwijndrecht, Belgium as more fully discussed in Note 14. During the first nine months of 2023, 3M's costs for significant litigation (see *Certain amounts adjusted for special items - (non-GAAP measures)* section below) totaled approximately $15.0 billion pre-tax and included, among other things, a $10.3 billion pre-tax charge related to the proposed settlement agreement announced in the second quarter of 2023 with public water systems in the United States regarding PFAS and a $4.2 billion pre-tax charge related to the settlement agreement announced in the third quarter of 2023 to resolve Combat Arms Earplugs litigation. See *Certain amounts adjusted for special items - (non-GAAP measures)* section below for additional discussion of these and other special items, including references therein to where further information is provided.

Additional information regarding certain items impacting pre-2023 periods that may also be relevant in 2023 can be found in the Overview section of Part II, Item 7 as well as in further sections of 3M's 2022 Annual Report on Form 10-K.

Earnings (loss) per share attributable to 3M common shareholders – diluted:

The following table provides the increases (decreases) in diluted earnings (loss) per share.

Earnings (loss) per diluted share	Three months ended September 30, 2023	Nine months ended September 30, 2023
Same period last year	$ 6.77	$ 9.15
Net costs for significant litigation	0.37	3.10
Divestiture costs	0.01	0.01
Gain on business divestitures	(4.71)	(4.69)
Divestiture-related restructuring actions	0.05	0.06
Russia exit charges	0.20	0.19
Manufactured PFAS products	(0.09)	(0.13)
Total special items	(4.17)	(1.46)
Same period last year, excluding special items	$ 2.60	$ 7.69
Increase/(decrease) due to:		
Total organic growth/productivity and other	0.22	(0.13)
Restructuring and related charges	(0.10)	(0.46)
Raw material impact	(0.03)	(0.22)
Foreign exchange impacts	0.01	(0.10)
Acquisitions/divestitures	—	(0.05)
Other expense (income), net	(0.02)	(0.07)
Income tax rate	(0.07)	(0.06)
Shares of common stock outstanding	0.07	0.22
Current period, excluding special items	2.68	6.82
Net costs for significant litigation	(6.13)	(20.64)
Divestiture costs	(0.19)	(0.53)
Gain on business divestitures	0.05	0.05
Russia exit (charges) benefits	—	0.04
Manufactured PFAS products	(0.15)	(0.08)
Total special items	(6.42)	(21.16)
Current period	$ (3.74)	$ (14.34)

The Company refers to various "adjusted" amounts or measures on an “adjusted basis.” These exclude special items. These non-GAAP measures are further described and reconciled to the most directly comparable GAAP financial measures in the *Certain amounts adjusted for special items - (non-GAAP measures)* section below.

A discussion related to the components of year-on-year changes in earnings (loss) per diluted share follows:

Total organic growth/productivity and other:

- For the third quarter of 2023, the following components impacted operating margins and earnings (loss) per diluted share year-on-year:
    - Declines in disposable respirator demand year-on-year and the 2022 exit of operations in Russia negatively impacted earnings (loss) per share by $0.09.
    - Remaining organic growth/productivity and other impacts resulted in a net year-on-year increase of $0.31 per share which was impacted by the following:
        - Benefits from ongoing productivity actions, restructuring, strong spending discipline and higher selling prices
        - Lower sales volumes (particularly electronics, consumer retail and China) and investments in growth, productivity, and sustainability
- For the first nine months of 2023, the following components impacted operating margins and earnings (loss) per diluted share year-on-year:
    - Declines in disposable respirator demand year-on-year and the 2022 exit of operations in Russia negatively impacted earnings (loss) per share by $0.39.
    - Remaining organic growth/productivity and other impacts resulted in a net year-on-year decline of $0.26 per share which was impacted by the following:
        - Lower sales volumes (particularly electronics/consumer retail); investments in growth, productivity, and sustainability; manufacturing/supply chain headwinds; inflation impacts; China; and Europe geopolitical impacts
        - Benefits from spending discipline, restructuring, higher selling prices and ongoing productivity actions

Restructuring and related charges:
- 3M recorded restructuring pre-tax charges of $62 million and $326 million in the third quarter and first nine months of 2023, respectively, compared to $41 million and $59 million in the same periods last year, respectively, (refer to Note 5 for additional discussion). In addition, 3M recorded certain related accelerated depreciation.

Raw material impact:
- 3M continued to experience headwinds year-on-year from the carryover impact of higher raw material, logistics and energy cost inflation.

Foreign exchange impacts
- Foreign currency impacts (net of hedging) increased operating loss by approximately $2 million (or an increase of pre-tax loss by approximately $5 million) year-on-year for the third quarter of 2023 and increased operating loss by approximately $117 million (or an increase of pre-tax loss by approximately $104 million) year-on-year for the first nine months of 2023. These estimates include: (a) the effects of year-on-year changes in exchange rates on translating current period functional currency profits into U.S. dollars and on current period non-functional currency denominated purchases or transfers of goods between 3M operations, and (b) year-on-year changes in transaction gains and losses, including derivative instruments designed to reduce foreign currency exchange rate risks.

Acquisitions/divestitures:
- Acquisition and divestiture impacts are measured separately for the first 12 months post-transaction.
- Divestiture impact includes lost income from divested businesses and remaining stranded costs (net of transition arrangement income).
    - In the third quarter of 2023, 3M completed the sale of its dental local anesthetic business (discussed in Note 3). In the third quarter of 2022, 3M completed the split-off of the Food Safety business.
    - In the third quarter of 2022, 3M deconsolidated the Aearo Entities and, in the second quarter of 2023, reconsolidated those entities (discussed in Note 14). For each of the 12-months post-deconsolidation and post-reconsolidation, impacts are each reflected separately as divestiture and acquisition, respectively.

Other expense (income), net:
- Interest expense (net of interest income) included in other expense (income), net as presented above decreased for the third quarter and first nine months of 2023 compared to the same period year-on-year.
- Lower income related to non-service cost components of pension and postretirement expense increased expense year-on-year for the third quarter and first nine months of 2023.

Income tax rate:
- Certain items above reflect specific income tax rates associated therewith. Overall, the effective tax rate for the third quarter of 2023 was 27.4 percent on a pre-tax loss, compared to 6.6 percent on pre-tax income in the prior year. The primary factors that impacted the comparison of these rates were the third quarter 2023 charge related to the settlement agreement to resolve Combat Arms Earplugs litigation (see Note 14) and the tax efficient structure associated with the third quarter 2022 gain on split-off of the Food Safety business. The effective tax rate for the first nine months of 2023 was 25.8 percent, compared to 9.5 percent in the prior year. The primary factors that impacted the comparison of the nine-month rates were the third quarter 2023 charge related to the settlement agreement to resolve Combat Arms Earplugs litigation, the second quarter 2023 charge related to the proposed settlement agreement with public water systems in the United States regarding PFAS, and the tax impact associated with the second quarter 2022 charge related to steps toward resolving Combat Arms Earplugs litigation (discussed in Note 14), along with the tax efficient structure associated with the third quarter 2022 gain on split-off of the Food Safety business.
- On an adjusted basis (see section entitled *Certain amounts adjusted for special items - (non-GAAP measures))*, the effective tax rate for the third quarter and first nine months of 2023 was 18.1 percent and 18.3 percent, respectively, an increase of 2.2 percentage points and an increase 0.6 percentage points, respectively, compared to the same period year-on-year. The primary drivers of the increase are year-over-year adjustments to uncertain tax positions and audit settlements, including a partially offsetting adjustment in the third quarter of 2023 of an uncertain tax position related to Health Care business.

Shares of common stock outstanding:
- Lower shares outstanding increased earnings (loss) per share year-on-year for the third quarter and first nine months of 2023.

Certain amounts adjusted for special items - (non-GAAP measures):

In addition to reporting financial results in accordance with U.S. GAAP, 3M also provides certain non-GAAP measures. These measures are not in accordance with, nor are they a substitute for GAAP measures, and may not be comparable to similarly titled measures used by other companies.

Certain measures adjust for the impacts of special items. Special items for the periods presented include the items described below. Because 3M provides certain information with respect to business segments, it is noteworthy that special items impacting operating income (loss) are reflected in Corporate and Unallocated, except as described below with respect to net costs for significant litigation and manufactured PFAS products items.

In 2023, 3M changed certain of its non-GAAP measures by adjusting for the results of manufactured PFAS products in arriving at results, adjusted for special items. In the fourth quarter of 2022, 3M recorded a charge for PFAS manufacturing exit costs and included it as an adjustment in arriving at results, adjusted for special items. The 2023 non-GAAP measure change involved expanding the extent of adjustment to include the sales and estimates of income (including exit costs) and associated activity regarding manufactured PFAS products that 3M plans to exit by the end of 2025. The information herein reflects the impacts of these changes for all periods presented.

This document contains measures for which 3M provides the reported GAAP measure and a non-GAAP measure adjusted for special items. These measures and reasons 3M believes they are useful to investors (and, as applicable, used by 3M) include:

GAAP amounts for which a measure adjusted for special items is also provided:	Reasons 3M believes the measure is useful
• Net sales (and sales change) • Operating income (loss), segment operating income (loss) and operating income (loss) margin • Income (loss) before taxes • Provision for income taxes and effective tax rate • Net income (loss) • Earnings (loss) per share	Considered, in addition to segment operating performance, in evaluating and managing operations; useful in understanding underlying business performance, provides additional transparency to special items

Special items for the periods presented include:

Net costs for significant litigation:

- These relate to 3M's respirator mask/asbestos (which include Aearo and non-Aearo items), PFAS-related other environmental, and Combat Arms Earplugs matters (as discussed in Note 14). Net costs include the impacts of changes in accrued liabilities (including interest imputation on applicable settlement obligations), external legal fees, and insurance recoveries, along with the associated tax impacts. 3M does not consider the elements of the net costs associated with these matters to be normal, operating expenses related to the Company's ongoing operations, revenue generating activities, business strategy, industry, and regulatory environment. Net costs related to respirator mask/asbestos are reflected as special items in the Safety and Industrial business segment while those impacting operating income (loss) associated with PFAS-related other environmental and Combat Arms Earplugs matters are reflected as corporate special items in Corporate and Unallocated. In addition, during the voluntary chapter 11 bankruptcy period (which began in July 2022 and ended in June 2023—see Note 14), costs associated with the Aearo portion of respirator mask/asbestos matters were reflected in corporate special items in Corporate and Unallocated. Prior to the bankruptcy, costs associated with Combat Arms Earplugs matters were reflected as part of special items in the Safety and Industrial business segment.

Gain/loss on sale of business divestitures:

- In 2023, 3M recorded a gain related to the sale of its dental local anesthetic business partially offset by a loss associated with a previously contingent indemnification obligation from a 2020 divestiture. Refer to Note 3 for further details.
- In 2022, 3M recorded a gain related to the split-off and combination of its Food Safety business with Neogen Corporation.

Divestiture costs:

- These include costs related to separating and divesting substantially an entire business segment of 3M following public announcement of its intended divestiture.

Divestiture-related restructuring actions:

- In the third quarter of 2022, following the split-off of the Food Safety business, management approved and committed to undertake certain restructuring actions addressing corporate functional costs across 3M in relation to the magnitude of amounts previously allocated to the divested businesses. Refer to Note 5 for further details.

Manufactured PFAS products:

- These amounts relate to sales and estimates of income regarding manufactured PFAS products that 3M plans to exit by the end of 2025 included within the Transportation and Electronics business segment. Estimated income does not contemplate impacts on non-operating items such as net interest income/expense and the non-service cost components portion of defined benefit plan net periodic benefit costs.

Russia exit charges/benefits:

- In the second quarter of 2023, 3M recorded a gain on final disposal of net assets in Russia. Previously, in the third quarter of 2022, 3M recorded a charge primarily related to impairment of these assets in connection with management's committed exit and disposal plan. Refer to Note 13 for further details.

	Three months ended September 30, 2022							
(Dollars in millions, except per share amounts)	Net sales	Operating income (loss)	Operating income (loss) margin	Income (loss) before taxes	Provision (benefit) for income taxes	Effective tax rate	Net income (loss) attributable to 3M	Earnings per diluted share
Safety and Industrial								
GAAP amounts		$ 652	22.5 %					
Adjustments for special items:								
Net costs for significant litigation		21						
Total special items		21						
Adjusted amounts (non-GAAP measures)		$ 673	23.2 %					
Transportation and Electronics								
GAAP amounts	$ 2,239	$ 475	21.2 %					
Adjustments for special items:								
Manufactured PFAS products	(350)	(65)						
Total special items	(350)	(65)						
Adjusted amounts (non-GAAP measures)	$ 1,889	$ 410	21.7 %					
Total Company								
GAAP amounts	$ 8,619	$ 4,156	48.2 %	$ 4,132	$ 271	6.6 %	$ 3,859	$ 6.77
Adjustments for special items:								
Net costs for significant litigation	—	267		267	57		210	0.37
Manufactured PFAS products	(350)	(65)		(65)	(16)		(49)	(0.09)
Gain on business divestitures	—	(2,724)		(2,724)	(39)		(2,685)	(4.71)
Russia exit charges (benefits)	—	109		109	(2)		111	0.20
Divestiture-related restructuring actions	—	41		41	9		32	0.05
Divestiture costs	—	6		6	2		4	0.01
Total special items	(350)	(2,366)		(2,366)	11		(2,377)	(4.17)
Adjusted amounts (non-GAAP measures)	$ 8,269	$ 1,790	21.6 %	$ 1,766	$ 282	15.9 %	$ 1,482	$ 2.60

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(Dollars in millions, except per share amounts)	Three months ended September 30, 2023 Net sales	Sales change	Operating income (loss)	Operating income (loss) margin	Income (loss) before taxes	Provision (benefit) for income taxes	Effective tax rate	Net income (loss) attributable to 3M	Earnings (loss) per diluted share	Earnings (loss) per diluted share percent change
Safety and Industrial										
GAAP amounts			$ 666	24.2 %						
Adjustments for special items:										
Net costs for significant litigation			42							
Total special items			42							
Adjusted amounts (non-GAAP measures)			$ 708	25.7 %						
Transportation and Electronics										
GAAP amounts	$ 2,171	(3.0)%	$ 389	17.9 %						
Adjustments for special items:										
Manufactured PFAS products	(292)		105							
Total special items	(292)		105							
Adjusted amounts (non-GAAP measures)	$ 1,879	(0.5)%	$ 494	26.3 %						
Total Company										
GAAP amounts	$ 8,312	(3.6)%	$ (2,654)	(31.9)%	$ (2,854)	$ (781)	27.4 %	$ (2,075)	$ (3.74)	(155) %
Adjustments for special items:										
Net costs for significant litigation[1]	—		4,312		4,469	1,068		3,401	6.13	
Manufactured PFAS products	(292)		105		105	25		80	0.15	
Gain on business divestitures	—		(36)		(36)	(11)		(25)	(0.05)	
Divestiture costs	—		132		132	26		106	0.19	
Total special items	(292)		4,513		4,670	1,108		3,562	6.42	
Adjusted amounts (non-GAAP measures)	$ 8,020	(3.0)%	$ 1,859	23.2 %	$ 1,816	$ 327	18.1 %	$ 1,487	$ 2.68	3 %

[1]For the per share amount, this includes adjusting-out the impact of this item causing weighted average shares outstanding to be the same for both basic and diluted loss per share in periods of resulting net losses.

Sales Change	Three months ended September 30, 2023 Organic sales	Acquisitions	Divestitures	Translation	Total sales change
Total Company	(3.7)%	0.4 %	(0.9) %	0.6 %	(3.6)%
Remove manufactured PFAS products special item impact	0.6	—	—	—	0.6
Adjusted total Company (non-GAAP measures)	(3.1)%	0.4 %	(0.9) %	0.6 %	(3.0)%
Transportation and Electronics	(4.1)%	1.4 %	(0.4) %	0.1 %	(3.0)%
Remove manufactured PFAS products special item impact	2.3	0.3	(0.1)	—	2.5
Adjusted Transportation and Electronics (non-GAAP measures)	(1.8)%	1.7 %	(0.5) %	0.1 %	(0.5)%

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(Dollars in millions, except per share amounts)	Nine months ended September 30, 2022 Net sales	Operating income (loss)	Operating income (loss) margin	Income (loss) before taxes	Provision (benefit) for income taxes	Effective tax rate	Net income (loss) attributable to 3M	Earnings per diluted share
Safety and Industrial								
GAAP amounts		$ 572	6.4 %					
Adjustments for special items:								
Net costs for significant litigation		1,421						
Total special items		1,421						
Adjusted amounts (non-GAAP measures)		$ 1,993	22.5 %					
Transportation and Electronics								
GAAP amounts	$ 6,847	$ 1,414	20.6 %					
Adjustments for special items:								
Manufactured PFAS products	(988)	(101)						
Total special items	(988)	(101)						
Adjusted amounts (non-GAAP measures)	$ 5,859	$ 1,313	22.4 %					
Total Company								
GAAP amounts	$ 26,150	$ 5,907	22.6 %	$ 5,795	$ 550	9.5 %	$ 5,236	$ 9.15
Adjustments for special items:								
Net costs for significant litigation	—	2,233		2,233	456		1,777	3.10
Manufactured PFAS products	(988)	(101)		(101)	(26)		(75)	(0.13)
Gain on business divestitures	—	(2,724)		(2,724)	(39)		(2,685)	(4.69)
Russia exit charges (benefits)	—	109		109	(2)		111	0.19
Divestiture-related restructuring actions	—	41		41	9		32	0.06
Divestiture costs	—	6		6	2		4	0.01
Total special items	(988)	(436)		(436)	400		(836)	(1.46)
Adjusted amounts (non-GAAP measures)	$ 25,162	$ 5,471	21.7 %	$ 5,359	$ 950	17.7 %	$ 4,400	$ 7.69

(Dollars in millions, except per share amounts)	Nine months ended September 30, 2023 Net sales	Sales change	Operating income (loss)	Operating income (loss) margin	Income (loss) before taxes	Provision (benefit) for income taxes	Effective tax rate	Net income (loss) attributable to 3M	Earnings (loss) per diluted share	Earnings (loss) per diluted share percent change
Safety and Industrial										
GAAP amounts			**$ 1,801**	**21.7 %**						
Adjustments for special items:										
Net costs for significant litigation			**83**							
Total special items			**83**							
Adjusted amounts (non-GAAP measures)			**$ 1,884**	**22.7 %**						
Transportation and Electronics										
GAAP amounts	**$ 6,412**	**(6.3)%**	**$ 1,093**	**17.0 %**						
Adjustments for special items:										
Manufactured PFAS products	**(969)**		**54**							
Total special items	**(969)**		**54**							
Adjusted amounts (non-GAAP measures)	**$ 5,443**	**(7.1)%**	**$ 1,147**	**21.1 %**						
Total Company										
GAAP amounts	**$ 24,668**	**(5.7)%**	**$ (10,371)**	**(42.0)%**	**$ (10,688)**	**$ (2,755)**	**25.8 %**	**$ (7,940)**	**$ (14.34)**	**N/M**
Adjustments for special items:										
Net costs for significant litigation[1]	**—**		**14,792**		**14,961**	**3,532**		**11,429**	**20.64**	
Manufactured PFAS products	**(969)**		**54**		**54**	**12**		**42**	**0.08**	
Gain on business divestitures	**—**		**(36)**		**(36)**	**(11)**		**(25)**	**(0.05)**	
Russia exit charges (benefits)	**—**		**(18)**		**(18)**	**3**		**(21)**	**(0.04)**	
Divestiture costs	**—**		**359**		**359**	**66**		**293**	**0.53**	
Total special items	**(969)**		**15,151**		**15,320**	**3,602**		**11,718**	**21.16**	
Adjusted amounts (non-GAAP measures)	**$ 23,699**	**(5.8)%**	**$ 4,780**	**20.2 %**	**$ 4,632**	**$ 847**	**18.3 %**	**$ 3,778**	**$ 6.82**	**(11) %**

[1]For the per share amount, this includes adjusting-out the impact of this item causing weighted average shares outstanding to be the same for both basic and diluted loss per share in periods of resulting net losses.

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Sales Change	Nine months ended September 30, 2023 Organic sales	Acquisitions	Divestitures	Translation	Total sales change
Total Company	(3.6)%	0.2 %	(1.2) %	(1.1) %	(5.7)%
Remove manufactured PFAS products special item impact	(0.2)	—	—	0.1	(0.1)
Adjusted total Company (non-GAAP measures)	(3.8)%	0.2 %	(1.2) %	(1.0) %	(5.8)%
Transportation and Electronics	(4.5)%	0.6 %	(0.9) %	(1.5) %	(6.3)%
Remove manufactured PFAS products special item impact	(0.8)	0.2	(0.2)	—	(0.8)
Adjusted Transportation and Electronics (non-GAAP measures)	(5.3)%	0.8 %	(1.1) %	(1.5) %	(7.1)%

Sales and operating income (loss) by business segment:

The following tables contain sales and operating income (loss) results by business segment for the three and nine months ended September 30, 2023 and 2022. Refer to the section entitled *Performance by Business Segment* later in MD&A for additional discussion concerning 2023 versus 2022 results, including Corporate and Unallocated. Refer to Note 15 for additional information on business segments.

	Three months ended September 30, 2023		2022		% change	
(Dollars in millions)	**Net Sales**	**Operating Income (Loss)**	**Net Sales**	**Operating Income (Loss)**	**Net Sales**	**Operating Income (Loss)**
Business Segments						
Safety and Industrial	**$ 2,751**	**$ 666**	$ 2,894	$ 652	**(4.9) %**	**2.3 %**
Transportation and Electronics	**2,171**	**389**	2,239	475	**(3.0)**	**(17.9)**
Health Care	**2,073**	**460**	2,076	450	**(0.2)**	**2.2**
Consumer	**1,315**	**269**	1,409	299	**(6.7)**	**(10.1)**
Corporate and Unallocated	**2**	**(4,438)**	1	2,280		
Total Company	**$ 8,312**	**$ (2,654)**	$ 8,619	$ 4,156	**(3.6) %**	**(163.9) %**

	Nine months ended September 30, 2023		2022		% change	
(Dollars in millions)	**Net Sales**	**Operating Income (Loss)**	**Net Sales**	**Operating Income (Loss)**	**Net Sales**	**Operating Income (Loss)**
Business Segments						
Safety and Industrial	**$ 8,295**	**$ 1,801**	$ 8,869	$ 572	**(6.5) %**	**N/M**
Transportation and Electronics	**6,412**	**1,093**	6,847	1,414	**(6.3)**	**(22.7)**
Health Care	**6,158**	**1,231**	6,383	1,387	**(3.5)**	**(11.3)**
Consumer	**3,800**	**683**	4,048	766	**(6.1)**	**(10.9)**
Corporate and Unallocated	**3**	**(15,179)**	3	1,768		
Total Company	**$ 24,668**	**$ (10,371)**	$ 26,150	$ 5,907	**(5.7) %**	**N/M**

Worldwide Sales Change By Business Segment	**Three months ended September 30, 2023 Organic sales**	**Acquisitions**	**Divestitures**	**Translation**	**Total sales change**
Safety and Industrial	**(5.8) %**	**— %**	**— %**	**0.9 %**	**(4.9) %**
Transportation and Electronics	**(4.1)**	**1.4**	**(0.4)**	**0.1**	**(3.0)**
Health Care	**2.4**	**—**	**(3.4)**	**0.8**	**(0.2)**
Consumer	**(7.2)**	**—**	**—**	**0.5**	**(6.7)**
Total Company	**(3.7)**	**0.4**	**(0.9)**	**0.6**	**(3.6)**

Worldwide Sales Change By Business Segment	**Nine months ended September 30, 2023 Organic sales**	**Acquisitions**	**Divestitures**	**Translation**	**Total sales change**
Safety and Industrial	**(5.5) %**	**— %**	**— %**	**(1.0) %**	**(6.5) %**
Transportation and Electronics	**(4.5)**	**0.6**	**(0.9)**	**(1.5)**	**(6.3)**
Health Care	**1.3**	**—**	**(3.9)**	**(0.9)**	**(3.5)**
Consumer	**(5.4)**	**—**	**(0.1)**	**(0.6)**	**(6.1)**
Total Company	**(3.6)**	**0.2**	**(1.2)**	**(1.1)**	**(5.7)**

Refer to the *Certain amounts adjusted for special items - (non-GAAP measures)* section for additional details on the impact of special items on sales (and sales change) and operating income (loss) by business segment.

Sales by geographic area:

Percent change information compares the three and nine months ended September 30, 2023 with the same prior year period, unless otherwise indicated. Additional discussion of business segment results is provided in the *Performance by Business Segment* section.

	Three months ended September 30, 2023				
	Americas	**Asia Pacific**	**Europe, Middle East & Africa**	**Other Unallocated**	**Worldwide**
Net sales (millions)	$ 4,769	$ 2,097	$ 1,446	$ —	$ 8,312
% of worldwide sales	57.4 %	25.2 %	17.4 %		100.0 %
Components of net sales change:					
Organic sales	0.2	(12.4)	(1.6)		(3.7)
Acquisitions	0.6	0.1	0.1		0.4
Divestitures	(0.7)	(1.0)	(1.2)		(0.9)
Translation	0.5	(2.3)	6.6		0.6
Total sales change	0.6 %	(15.6) %	3.9 %		(3.6) %

	Nine months ended September 30, 2023				
	Americas	**Asia Pacific**	**Europe, Middle East & Africa**	**Other Unallocated**	**Worldwide**
Net sales (millions)	$ 13,846	$ 6,411	$ 4,411	$ —	$ 24,668
% of worldwide sales	56.1 %	26.0 %	17.9 %		100.0 %
Components of net sales change:					
Organic sales	0.5	(11.9)	(2.0)		(3.6)
Acquisitions	0.3	—	—		0.2
Divestitures	(1.3)	(1.0)	(1.0)		(1.2)
Translation	(0.1)	(3.9)	0.6		(1.1)
Total sales change	(0.6) %	(16.8) %	(2.4) %		(5.7) %

Additional information beyond what is included in the preceding tables are as follows:

- For the third quarter of 2023, in the Americas geographic area, U.S. total sales was flat which included flat organic sales. Total sales in Mexico increased 19 percent which included increased organic sales of 11 percent. In Canada, total sales decreased 8 percent which included decreased organic sales of 4 percent. In Brazil, total sales increased 5 percent which included increased organic sales of 1 percent. In the Asia Pacific geographic area, China total sales decreased 20 percent which included decreased organic sales of 17 percent. In Japan, total sales decreased 14 percent which included decreased organic sales of 9 percent.

- For the first nine months of 2023, in the Americas geographic area, U.S. total sales were flat which included increased organic sales of 1 percent. Total sales in Mexico increased 11 percent which included increased organic sales of 11 percent. In Canada, total sales decreased 13 percent which included decreased organic sales of 7 percent. In Brazil, total sales increased 3 percent which included increased organic sales of 3 percent. In the Asia Pacific geographic area, China total sales decreased 18 percent which included decreased organic sales of 13 percent. In Japan, total sales decreased 18 percent which included decreased organic sales of 11 percent.

Managing currency risks:

The weaker U.S. dollar had a positive impact on sales in the third quarter of 2023 compared to the same period last year. The stronger U.S. dollar had a negative impact on sales in the first nine months of 2023 compared to the same period last year. Net of the Company's hedging strategy, foreign currency negatively impacted earnings in the third quarter and first nine months of 2023 compared to the same period last year. 3M utilizes a number of tools to manage currency risk related to earnings including natural hedges such as pricing, productivity, hard currency, hard currency-indexed billings, and localizing source of supply. 3M also uses financial hedges to mitigate currency risk. In the case of more liquid currencies, 3M hedges a portion of its aggregate exposure, using a 12, 24 or 36 month horizon, depending on the currency. For less liquid currencies, financial hedging is frequently more expensive with more limitations on tenor. Thus, this risk is largely managed via local operational actions using natural hedging tools as discussed above. In either case, 3M's hedging approach is designed to mitigate a portion of foreign currency risk and reduce volatility, ultimately allowing time for 3M's businesses to respond to changes in the marketplace.

Financial condition:

Refer to the section entitled *Financial Condition and Liquidity* later in MD&A for a discussion of items impacting cash flows.

In November 2018, 3M's Board of Directors replaced the Company's February 2016 repurchase program with a new repurchase program. This new program authorizes the repurchase of up to $10 billion of 3M's outstanding common stock, with no pre-established end date. In the first nine months of 2023, the Company purchased $31 million of its own stock, compared to $928 million of stock purchases in the first nine months of 2022. As of September 30, 2023, approximately $4.2 billion remained available under the authorization. In February 2023, 3M's Board of Directors declared a first-quarter 2023 dividend of $1.50 per share, an increase of 1 percent. This marked the 65th consecutive year of dividend increases for 3M. In May 2023, 3M's Board of Directors declared a second-quarter 2023 dividend of $1.50 per share. In August 2023, 3M's Board of Directors declared a third-quarter 2023 dividend of $1.50 per share.

RESULTS OF OPERATIONS

Net Sales:

Refer to the preceding *Overview* section and the *Performance by Business Segment* section later in MD&A for additional discussion of sales change.

Operating Expenses:

	Three months ended September 30,			Nine months ended September 30,		
(Percent of net sales)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Cost of sales	**55.1 %**	54.9 %	**0.2 %**	**55.9 %**	56.0 %	**(0.1)%**
Selling, general and administrative expenses (SG&A)	**72.0**	23.1	**48.9**	**80.6**	26.4	**54.2**
Research, development and related expenses (R&D)	**5.2**	5.4	**(0.2)**	**5.6**	5.4	**0.2**
Gain on business divestitures	**(0.4)**	(31.6)	**31.2**	**(0.1)**	(10.4)	**10.3**
Operating income (loss) margin	**(31.9)%**	48.2 %	**(80.1)%**	**(42.0)%**	22.6 %	**(64.6)%**

Stock compensation expense was $46 million and $44 million for the third quarter of 2023 and 2022, respectively, and was $222 million and $226 million for the nine months ended September 30, 2023 and 2022, respectively, which impacts cost of sales; selling, general and administrative expenses (SG&A); and research, development and related expenses (R&D). The Company's annual stock option and restricted stock unit grant is made in February. Accounting rules require recognition of expense under a non-substantive vesting period approach, requiring compensation expense recognition when an employee is eligible to retire. This retiree-eligible population represents 35 percent of the annual grant stock-based compensation expense; therefore, higher stock-based compensation expense is recognized in the first quarter each year.

3M expects global defined benefit pension and postretirement service cost expense in 2023 to decrease by approximately $160 million pre-tax when compared to 2022, which impacts cost of sales, SG&A, and R&D. The year-on-year decrease in defined benefit pension and postretirement service cost expense for the third quarter and first nine months of 2023 was approximately $37 million and $117 million, respectively.

For total year 2022, the Company recognized consolidated defined benefit pre-tax pension and postretirement service cost expense of $426 million and a benefit of $248 million related to all non-service pension and postretirement net benefit costs (after settlements, curtailments, special termination benefits and other) for a total consolidated defined benefit pre-tax pension and postretirement expense of $178 million.

For total year 2023, defined benefit pension and postretirement service cost expense is anticipated to total approximately $270 million while non-service pension and postretirement net benefit cost is anticipated to be a benefit of approximately $125 million, for a total consolidated defined benefit pre-tax pension and postretirement expense of approximately $145 million, a decrease in expense of approximately $30 million compared to 2022.

The Company continues to make investments in the implementation of new business systems and solutions, including enterprise resource planning, with these investments impacting cost of sales, SG&A, and R&D.

Cost of Sales:

Cost of sales, measured as a percent of sales, increased in the third quarter and decreased the first nine months of 2023 when compared to the same period last year. Increases in the third quarter of 2023 were due to investments in growth, productivity and sustainability; restructuring charges and carryover impact of higher raw material, logistics and energy cost inflation. Decreases in the first nine months of 2023 were primarily due to lower year-on-year net costs for significant litigation to address certain PFAS-related matters at 3M's Zwijndrecht, Belgium site, higher selling prices, spending discipline and restructuring benefits.These decreases were partially offset by investments in growth, productivity and sustainability; restructuring charges, and carryover impact of higher raw material, logistics and energy cost inflation.

Selling, General and Administrative Expenses:

SG&A, measured as a percent of sales, increased in the third quarter and first nine months of 2023 when compared to the same period last year. SG&A in 2023 was primarily impacted by the $10.3 billion pre-tax charge related to the proposed settlement agreement announced in the second quarter of 2023 with public water systems in the United States regarding PFAS and the $4.2 billion pre-tax charge related to the third quarter 2023 settlement agreement to resolve Combat Arms Earplugs litigation (both discussed in Note 14). SG&A was also impacted by restructuring charges, divestiture costs (related to separating and preparing the Health Care business for spin-off), continued investment in key growth initiatives and ongoing respirator mask/asbestos litigation matters. These impacts were partially offset by 2022 net costs for significant litigation to address Combat Arms Earplugs litigation matters (for which a pre-tax charge of approximately $1.2 billion was reflected in the second quarter of 2022), restructuring benefits and ongoing general 3M cost management.

Research, Development and Related Expenses:

R&D, measured as a percent of sales, decreased in the third quarter and increased the first nine months of 2023 when compared to the same period last year. 3M continues to invest in a range of R&D activities from application development, product and manufacturing support, product development and technology development aimed at disruptive innovations. R&D was also impacted by restructuring charges.

Other Expense (Income), Net:

See Note 6 for a detailed breakout of this line item.

Interest expense (net of interest income) increased in the third quarter and first nine months of 2023 compared to the same period year-on-year primarily driven by the addition of imputed interest associated with the obligations resulting from the PFAS-related public water systems proposed settlement and the Combat Arms Earplugs settlement (discussed in Note 14).

The non-service pension and postretirement net benefit decreased approximately $34 million and $106 million in the third quarter and first nine months of 2023, respectively, compared to the same period year-on-year.

Provision (benefit) for Income Taxes:

	Three months ended September 30,		Nine months ended September 30,	
(Percent of pre-tax income/loss)	**2023**	**2022**	**2023**	**2022**
Effective tax rate	**27.4 %**	6.6 %	**25.8 %**	9.5 %

The primary factors that impacted the comparisons of the Company's effective tax rate for the third quarters and the first nine months of 2023 and 2022 were the third quarter 2023 charge related to the settlement agreement to resolve Combat Arms Earplugs litigation, the second quarter 2023 charge related to the proposed settlement agreement with public water systems in the United States regarding PFAS, and the tax impact associated with the second quarter 2022 charge related to steps toward resolving Combat Arms Earplugs litigation (discussed in Note 14), along with the tax efficient structure associated with the third quarter 2022 gain on split-off of the Food Safety business.

On an adjusted basis (see section entitled *Certain amounts adjusted for special items - (non-GAAP measures))*, the effective tax rate for the third quarter and first nine months of 2023 was 18.1 percent and 18.3 percent, respectively, an increase of 2.2 percentage points and 0.6 percentage points, respectively, compared to the same period year-on-year. The primary drivers of the increase are year-over-year adjustments to uncertain tax positions and audit settlements, including a partially offsetting adjustment in the third quarter of 2023 of an uncertain tax position related to Health Care business.

The tax rate can vary from quarter to quarter due to discrete items, such as the settlement of income tax audits, changes in tax laws, and employee share-based payment accounting; as well as recurring factors, such as the geographic mix of income before taxes.

Refer to Note 8 for further discussion of income taxes.

Income from Unconsolidated Subsidiaries, Net of Taxes:

	Three months ended September 30,		Nine months ended September 30,	
(Millions)	**2023**	**2022**	**2023**	**2022**
Income (loss) from unconsolidated subsidiaries, net of taxes	**$ 2**	$ 2	**$ 7**	$ 3

Income (loss) from unconsolidated subsidiaries, net of taxes, is attributable to the Company's accounting under the equity method for ownership interests in certain entities such as Kindeva following 3M's divestiture of the drug delivery business in 2020. In the fourth quarter of 2022, 3M sold its remaining ownership interest in Kindeva.

Net Income (Loss) Attributable to Noncontrolling Interest:

	Three months ended September 30,		Nine months ended September 30,	
(Millions)	**2023**	**2022**	**2023**	**2022**
Net income (loss) attributable to noncontrolling interest	**$ 4**	$ 4	**$ 14**	$ 12

Net income (loss) attributable to noncontrolling interest represents the elimination of the income or loss attributable to non-3M ownership interests in 3M consolidated entities. The primary noncontrolling interest relates to 3M India Limited, of which 3M's effective ownership is 75 percent.

Significant Accounting Policies:

Information regarding new accounting standards is included in Note 1 to the Consolidated Financial Statements.

PERFORMANCE BY BUSINESS SEGMENT

Item 1, Business Segments, provides an overview of 3M's business segments. In addition, disclosures relating to 3M's business segments are provided in Note 15. Effective in the first quarter of 2023, the measure of segment operating performance and segment composition used by 3M's chief operating decision maker (CODM) changed and, as a result, 3M's disclosed measure of segment profit/loss (business segment operating income (loss)) was updated for all comparative periods presented. The change to business segment operating income (loss) aligns with the update to how the CODM assesses performance and allocates resources for the Company's business segments (see Note 15 for additional details).

Information provided herein reflects the impact of these changes for all periods presented. 3M manages its operations in four business segments. The reportable segments are Safety and Industrial; Transportation and Electronics; Health Care; and Consumer.

Corporate and Unallocated:

In addition to these four business segments, 3M assigns certain costs to "Corporate and Unallocated," which is presented separately in the preceding business segments table and in Note 15. Corporate and Unallocated operating income (loss) includes "corporate special items" and "other corporate expense-net". Corporate special items include net costs for significant litigation impacting operating income (loss) associated with PFAS-related other environmental and Combat Arms Earplugs matters. In addition, during the voluntary chapter 11 bankruptcy period (which began in July 2022 and ended in June 2023—see Note 14) costs associated with the Aearo portion of respirator mask/asbestos matters were also included in corporate special items. Prior to the bankruptcy, costs associated with Combat Arms Earplugs matters were not included in the Corporate net costs for significant litigation special item, instead being reflected in the Safety and Industrial business segment. Corporate special items also include divestiture costs, gain/loss on business divestitures (see Note 3), divestiture-related restructuring costs (see Note 5), and Russia exit costs/benefits (see Note 13). Divestiture costs include costs related to separating and divesting substantially an entire business segment of 3M following public announcement of its intended divestiture. Other corporate expense-net includes items such as net costs related to limited unallocated corporate staff and centrally managed material resource centers of expertise costs, corporate philanthropic activity, gains/losses from sales of property, plant and equipment and other assets, and other net costs that 3M may choose not to allocate directly to its business segments. Other corporate expense-net also includes costs and income from transition supply, manufacturing and service arrangements with Neogen Corporation following the 2022 split-off of 3M's Food Safety business. Items classified as revenue from this activity are included in Corporate and Unallocated net sales. Because Corporate and Unallocated includes a variety of miscellaneous items, it is subject to fluctuation on a quarterly and annual basis.

Corporate and Unallocated operating expenses increased in the third quarter and first nine months of 2023, when compared to the same period last year. The subsections below provide additional information.

Corporate Special Items

Refer to the *Certain amounts adjusted for special items - (non-GAAP measures)* section for additional details on the impact of special items and to Note 15 for additional information on the components of corporate special items. Corporate special item net costs increased year-over-year primarily due to increased net costs for significant litigation as a result of the $10.3 billion pre-tax charge related to the proposed settlement agreement announced in the second quarter of 2023 with public water systems in the United States regarding PFAS and the third quarter 2023 $4.2 billion pre-tax charge related to the settlement agreement to resolve Combat Arms Earplug litigation (both discussed in Note 14) and divestiture costs.

Other Corporate Expense - Net

Other corporate operating expenses, net, increased in the third quarter and first nine months of 2023, when compared to the same period last year. The year-on-year increase was primarily due to higher pre-tax restructuring charges (see Note 5).

Operating Business Segments:

Information related to 3M's business segments is presented in the tables that follow with additional context in the corresponding narrative below the tables.

Refer to 3M's 2022 Annual Report on Form 10-K, Item 1, Business, for discussion of 3M products that are included in each business segment.

Safety and Industrial Business:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Sales (millions)	**$ 2,751**	$ 2,894	**$ 8,295**	$ 8,869
Sales change analysis:				
Organic sales	**(5.8) %**		**(5.5) %**	
Translation	**0.9**		**(1.0)**	
Total sales change	**(4.9) %**		**(6.5) %**	
Business segment operating income (millions)	**$ 666**	$ 652	**$ 1,801**	$ 572
Percent change	**2.3 %**		**N/M**	
Percent of sales	**24.2 %**	22.5 %	**21.7 %**	6.4 %
Adjusted business segment operating income (millions) (non-GAAP measure)	**$ 708**	$ 673	**$ 1,884**	$ 1,993
Percent change	**5.4 %**		**(5.4) %**	
Percent of sales	**25.7 %**	23.2 %	**22.7 %**	22.5 %

The preceding table also displays business segment operating income (loss) information adjusted for special items. For Safety and Industrial these adjustments include net costs related to respirator mask/asbestos (Aearo-related and non-Aearo related). During the voluntary Aearo chapter 11 bankruptcy period (which began in July 2022 and ended in June 2023 —see Note 14), net costs related to Aearo-respirator mask/asbestos matters were reflected as corporate special items in Corporate and Unallocated while those associated with non-Aearo respirator mask/asbestos matters continued to be reflected as special items in the Safety and Industrial business segment. Prior to the bankruptcy, costs associated with Combat Arms Earplugs matters were reflected in the Safety and Industrial business segment (rather than reflected in Corporate and Unallocated--see Note 15 for additional information). Refer to the *Certain amounts adjusted for special items - (non-GAAP measures)* section for additional details.

Third quarter 2023 results:

Sales in Safety and Industrial were down 4.9 percent in U.S. dollars.

On an organic sales basis:

- Sales increased in roofing granules and decreased in closure and masking systems, industrial adhesives and tapes, personal safety, abrasives, electrical markets and automotive aftermarket.
- Growth was held back by disposable respirator sales decline within personal safety along with the exit of Russia (which negatively impacted year-on-year third quarter organic growth by 4.3 percentage points); declines in closure and masking systems due to lower packaging and shipping activity; and declines within industrial adhesives and tapes from continued end-market softness in electronics.

Business segment operating income margins increased year-on-year from ongoing productivity actions, benefits from restructuring, strong spending discipline, pricing, and lower special item costs for significant litigation which more than offset the decline driven by lower sales volume and higher restructuring costs. Adjusting for special items (non-GAAP measure), business segment operating income margins increased year-on-year as displayed above.

First nine months 2023 results:

Sales in Safety and Industrial were down 6.5 percent in U.S. dollars.

On an organic sales basis:

- Sales increased in roofing granules, automotive aftermarket, and electrical markets, were flat abrasives and decreased in personal safety, industrial adhesives and tapes, and closure and masking systems.
- Growth was held back by the disposable respirator sales decline within personal safety along with the exit of Russia (which, together, negatively impacted year-on-year organic growth by 6.3 percentage points) for the first nine months of 2023; declines within industrial adhesives and tapes due to consumer electronics softness, closure and masking systems was down as consumers pulled back on discretionary spending impacting e-commerce shipments (slowing down in packaging and shipping activity).

Business segment operating income margins increased year-on-year primarily due to lower special item costs for significant litigation. 2022 was impacted by a pre-tax charge in the second quarter of approximately $1.2 billion related to steps toward resolving Combat Arms Earplugs litigation (discussed in Note 14). Margins were also impacted by aggressive spending discipline, pricing and productivity actions which were more than offset by the lower sales volume, higher restructuring costs, inflation impacts, investments in the business and China-related challenges. Adjusting for special item costs for significant litigation (non-GAAP measure), business segment operating income margins increased year-on-year as displayed above.

Transportation and Electronics Business:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Sales (millions)	**$ 2,171**	$ 2,239	**$ 6,412**	$ 6,847
Sales change analysis:				
Organic sales	**(4.1) %**		**(4.5) %**	
Acquisitions	**1.4**		**0.6**	
Divestitures	**(0.4)**		**(0.9)**	
Translation	**0.1**		**(1.5)**	
Total sales change	**(3.0) %**		**(6.3) %**	
Business segment operating income (millions)	**$ 389**	$ 475	**$ 1,093**	$ 1,414
Percent change	**(17.9) %**		**(22.7) %**	
Percent of sales	**17.9 %**	21.2 %	**17.0 %**	20.6 %
Adjusted sales (millions) (non-GAAP measure)	**$ 1,879**	$ 1,889	**$ 5,443**	$ 5,859
Sales change analysis:				
Organic sales	**(1.8) %**		**(5.3) %**	
Acquisitions	**1.7**		**0.8**	
Divestitures	**(0.5)**		**(1.1)**	
Translation	**0.1**		**(1.5)**	
Total sales change	**(0.5) %**		**(7.1) %**	
Adjusted business segment operating income (millions) (non-GAAP measure)	**$ 494**	$ 410	**$ 1,147**	$ 1,313
Percent change	**20.9 %**		**(12.6) %**	
Percent of sales	**26.3 %**	21.7 %	**21.1 %**	22.4 %

The preceding table also displays business segment sales (and sales change) and operating income (loss) information adjusted for special items. For Transportation and Electronics these adjustments include the sales and estimates of income regarding PFAS manufactured products that 3M plans to exit by the end of 2025. Refer to the *Certain amounts adjusted for special items - (non-GAAP measures)* section for additional details.

Third quarter 2023 results:

Sales in Transportation and Electronics were down 3.0 percent in U.S. dollars. Adjusting for special item PFAS manufactured products (non-GAAP measure), sales were down 0.5 percent in U.S. dollars.

On an organic sales basis:
- Sales increased in automotive and aerospace, and decreased advanced materials, electronics, commercial solutions and transportation safety.
- Growth continued to be held back by soft end-market demand for electronics partially offset by growth in automotive and aerospace, which outpaced global car and light truck builds.

Acquisitions/divestitures:
- Divestiture and acquisition impacts relate to lost/gained Transportation and Electronics sales year-on-year from the Aearo Entities. In the third quarter of 2022, 3M deconsolidated the Aearo Entities and, in the second quarter of 2023, reconsolidated those entities (discussed in Note 14). For each of the 12-months post-deconsolidation and post-reconsolidation, impacts are each reflected separately as divestiture and acquisition, respectively.

Business segment operating income margins decreased year-on-year from operating losses on PFAS manufactured products, sales volume declines, and higher restructuring costs partially offset by benefits from productivity actions, restructuring, strong spending discipline, and pricing. Adjusting for special item PFAS manufactured products (non-GAAP measure), business segment operating income margins increased year-on-year as displayed above.

First nine months 2023 results:

Sales in Transportation and Electronics were down 6.3 percent in U.S. dollars. Adjusting for special item PFAS manufactured products (non-GAAP measure), sales were down 7.1 percent in U.S. dollars.

On an organic sales basis:
- Sales increased in automotive and aerospace, were flat in transportation safety, and decreased in electronics, advanced materials and commercial solutions.
- Growth continued to be held back by consumer electronics end-market weakness.

Acquisitions/divestitures:
- Divestiture and acquisition impacts relate to lost/gained Transportation and Electronics sales year-on-year from the Aearo Entities. In the third quarter of 2022, 3M deconsolidated the Aearo Entities and, in the second quarter of 2023, reconsolidated those entities (discussed in Note 14). For each of the 12-months post-deconsolidation and post-reconsolidation, impacts are each reflected separately as divestiture and acquisition, respectively.

Business segment operating income margins decreased year-on-year from lower sales volumes, operating losses on PFAS manufactured products, inflation impacts, investments in the business, higher restructuring costs, manufacturing and supply chain headwinds and China-related challenges partially offset by benefits from aggressive spending discipline, pricing and productivity actions. Adjusting for special item PFAS manufactured products (non-GAAP measure), business segment operating income margins decreased year-on-year as displayed above.

Health Care Business:

	Three months ended September 30,		Nine months ended September 30,	
	2023	**2022**	**2023**	**2022**
Sales (millions)	**$ 2,073**	$ 2,076	**$ 6,158**	$ 6,383
Sales change analysis:				
Organic sales	**2.4 %**		**1.3 %**	
Divestitures	**(3.4)**		**(3.9)**	
Translation	**0.8**		**(0.9)**	
Total sales change	**(0.2) %**		**(3.5) %**	
Business segment operating income (millions)	**$ 460**	$ 450	**$ 1,231**	$ 1,387
Percent change	**2.2 %**		**(11.3) %**	
Percent of sales	**22.2 %**	21.7 %	**20.0 %**	21.7 %

Third quarter 2023 results:

Sales in Health Care were down 0.2 percent in U.S. dollars.

On an organic sales basis:
- Sales increased in oral care, medical solutions, and separation and purification and decreased in health information systems.
- Growth was held back by the normalization of post-COVID related biopharma demand, and tighter hospital budgets negatively impacting separation and purification, and health information systems performance.

Divestitures:
- Divestiture impact relates to the lost sales year-on-year from the third quarter 2023 sale of the dental local anesthetic business and the third quarter 2022 split-off of the Food Safety business.

Business segment operating income margins increased year-on-year due to productivity actions, benefits from restructuring, strong spending discipline, and pricing partially offset by higher restructuring costs.

As discussed in Note 3, in the third quarter of 2022, 3M announced its intention to spin off the Health Care business as a separate public company. 3M expects to initially retain a 19.9% ownership position in the Health Care business.

First nine months 2023 results:

Sales in Health Care were down 3.5 percent in U.S. dollars.

On an organic sales basis:
- Sales increased in oral care and medical solutions and decreased in separation and purification and health information systems.
- Growth was held back by declines in separation and purification due to the normalization of post-COVID-related biopharma demand, declines in health information systems from tighter hospital budgets along with overall headwinds from the exit of Russia.

Divestitures:
- Divestiture impact relates to the lost sales year-on-year from the third quarter 2023 sale of the dental local anesthetic business and the third quarter 2022 split-off of the Food Safety business.

Business segment operating income margins decreased year-on-year due to manufacturing and supply chain headwinds, inflation impacts, investments in the business and higher restructuring costs partially offset by benefits from aggressive spending discipline, pricing, productivity actions, and restructuring.

Consumer Business:

	Three months ended September 30,		Nine months ended September 30,	
	2023	**2022**	**2023**	**2022**
Sales (millions)	**$ 1,315**	$ 1,409	**$ 3,800**	$ 4,048
Sales change analysis:				
Organic sales	**(7.2) %**		**(5.4) %**	
Divestitures	**—**		**(0.1)**	
Translation	**0.5**		**(0.6)**	
Total sales change	**(6.7) %**		**(6.1) %**	
Business segment operating income (millions)	**$ 269**	$ 299	**$ 683**	$ 766
Percent change	**(10.1) %**		**(10.9) %**	
Percent of sales	**20.5 %**	21.2 %	**18.0 %**	18.9 %

Third quarter 2023 results:

Sales in Consumer were down 6.7 percent in U.S. dollars.

On an organic sales basis:
- Sales decreased in home improvement, home health and auto care and stationery and office.
- Growth was negatively impacted as discretionary spending trends on hardline categories remain subdued. The back-to-school season was soft, and rising interest rates continued to impact the housing market and related spending.

Business segment operating income margins decreased year-on-year from lower sales volumes and higher restructuring costs, partially offset by benefits from productivity actions, restructuring, strong spending discipline, and pricing.

First nine months 2023 results:

Sales in Consumer were down 6.1 percent in U.S. dollars.

On an organic sales basis:
- Sales decreased in home improvement, home health and auto care, and stationery and office.
- Growth was negatively impacted as consumers have shifted their spending patterns to more non-discretionary items.

Business segment operating income margins decreased year-on-year from lower sales volumes, inflation impacts, investments, manufacturing and supply chain headwinds, and higher restructuring costs partially offset by benefits from aggressive spending discipline, pricing, productivity actions and restructuring.

FINANCIAL CONDITION AND LIQUIDITY

The strength and stability of 3M's business model and strong free cash flow capability, together with proven capital markets access, provide financial flexibility to deploy capital in accordance with the Company's stated priorities and meet needs associated with contractual commitments and other obligations. Investing in 3M's business to drive organic growth and deliver strong returns on invested capital remains the first priority for capital deployment. This includes research and development, capital expenditures, and commercialization capability. The Company also continues to actively manage its portfolio through acquisitions and divestitures to maximize value for shareholders. 3M expects to continue returning cash to shareholders through dividends and share repurchases. To fund cash needs in the United States, the Company relies on ongoing cash flow from U.S. operations, access to capital markets and repatriation of the earnings of its foreign affiliates that are not considered to be permanently reinvested. For those international earnings still considered to be reinvested indefinitely, the Company currently has no plans or intentions to repatriate these funds for U.S. operations. See Note 10 in 3M's 2022 Annual Report on Form 10-K for further information on earnings considered to be reinvested indefinitely.

3M maintains a strong liquidity profile. The Company's primary short-term liquidity needs are met through cash on hand and U.S. commercial paper issuances. 3M believes it will have continuous access to the commercial paper market. 3M's commercial paper program permits the Company to have a maximum of $5 billion outstanding with a maximum maturity of 397 days from date of issuance. The Company had $1.9 billion in commercial paper outstanding at September 30, 2023, compared to no commercial paper outstanding as of December 31, 2022.

Total debt:

The strength of 3M's credit profile and significant ongoing cash flows provide 3M proven access to capital markets. Additionally, the Company's debt maturity profile is staggered to help ensure refinancing needs in any given year are reasonable in proportion to the total portfolio. As of September 2023, 3M has a credit rating of A2, negative outlook from Moody's Investors Service, and a credit rating of BBB+, CreditWatch negative from S&P Global Ratings.

The Company's total debt at September 30, 2023 was largely consistent when compared to December 31, 2022 as maturities of $1.8 billion of fixed-rate notes were offset by issuances of commercial paper of $1.9 billion. For discussion of repayments of and proceeds from debt refer to the following *Cash Flows from Financing Activities* section.

In July 2017, the United Kingdom's Financial Conduct Authority announced that it would no longer require banks to submit rates for the London InterBank Offered Rate ("LIBOR") after 2021. In November 2020, the ICE Benchmark Administration (IBA), LIBOR's administrator, proposed extending the publication of USD LIBOR through June 2023. Subsequently, in March of 2021, IBA ceased publication of certain LIBOR rates after December 31, 2021. Certain USD LIBOR rates subject to a synthetic methodology will continue to be published until September 2024. The Company's believes its material debt secruities, bank facilities, and derivative instruments that previously utilized LIBOR as the reference rate have transitioned to the Secured Overnight Financing Rate, or SOFR, as a reference rate as necessary.

Effective February 8, 2023, the Company updated its "well-known seasoned issuer" (WKSI) shelf registration statement, which registers an indeterminate amount of debt or equity securities for future issuance and sale. This replaced 3M's previous shelf registration dated February 10, 2020. In May 2016, 3M entered into an amended and restated distribution agreement relating to the future issuance and sale (from time to time) of the Company's medium-term notes program (Series F), up to the aggregate principal amount of $18 billion, which was an increase from the previous aggregate principal amount up to $9 billion of the same Series. As of September 30, 2023, the total amount of debt issued as part of the medium-term notes program (Series F), inclusive of debt issued in February 2019 and prior years is approximately $17.6 billion (utilizing the foreign exchange rates applicable at the time of issuance for the euro denominated debt). Information with respect to long-term debt issuances and maturities for the periods presented is included in Note 10 of this Form 10-Q and Note 12 in 3M's 2022 Annual Report on Form 10-K.

In May 2023, 3M entered into a $4.25 billion five-year revolving credit facility expiring in 2028; the facility was amended in July and September 2023. The revolving credit agreement includes a provision under which 3M may request an increase of up to $1.0 billion (at lender's discretion), bringing the total facility up to $5.25 billion. The agreement replaced the amended and restated $3.0 billion, five-year revolving credit agreement and the $1.25 billion 364-day credit facility that would have expired in November 2024 and November 2023, respectively. The credit facility was undrawn at September 30, 2023. Under the $4.25 billion credit facility, the Company is required to maintain its EBITDA to Interest Ratio as of the end of each fiscal quarter at not less than 3.0 to 1. This is calculated (based on amounts defined in the amended agreement) as the ratio of consolidated total EBITDA for the four consecutive quarters then ended to total interest expense on all funded debt for the same period. At September 30, 2023, this ratio was approximately 15 to 1. Debt covenants do not restrict the payment of dividends.

The Company also had $330 million in stand-alone letters of credit and bank guarantees issued and outstanding at September 30, 2023. These instruments are utilized in connection with normal business activities.

Cash, cash equivalents and marketable securities:

At September 30, 2023, 3M had $5.2 billion of cash, cash equivalents and marketable securities, of which approximately $3.2 billion was held by the Company's foreign subsidiaries and approximately $2.0 billion was held in the United States. These balances are invested in bank instruments and other high-quality fixed income securities. At December 31, 2022, 3M had $3.9 billion of cash, cash equivalents and marketable securities, of which approximately $2.7 billion was held by the Company's foreign subsidiaries and $1.2 billion was held by the United States. The increase from December 31, 2022 primarily resulted from cash flow from operations.

Net Debt (non-GAAP measure):

Net debt is not defined under U.S. GAAP and may not be computed the same as similarly titled measures used by other companies. The Company defines net debt as total debt less the total of cash, cash equivalents and current and long-term marketable securities. 3M believes net debt is meaningful to investors as 3M considers net debt and its components to be important indicators of liquidity and financial position. The following table provides net debt as of September 30, 2023 and December 31, 2022.

(Millions)	September 30, 2023	December 31, 2022	Change
Total debt	**$ 16,013**	$ 15,939	**$ 74**
Less: Cash, cash equivalents and marketable securities	**5,236**	3,916	**1,320**
Net debt (non-GAAP measure)	**$ 10,777**	$ 12,023	**$ (1,246)**

Refer to the preceding *Total Debt* and *Cash, Cash Equivalents and Marketable Securities* sections for additional details.

Balance Sheet:

3M's strong balance sheet and liquidity provide the Company with significant flexibility to fund its numerous opportunities going forward. The Company will continue to invest in its operations to drive growth, including continual review of acquisition opportunities.

The Company uses working capital measures that place emphasis and focus on certain working capital assets, such as accounts receivable and inventory activity.

Working capital (non-GAAP measure):

(Millions)	September 30, 2023	December 31, 2022	Change
Current assets	**$ 16,198**	$ 14,688	**$ 1,510**
Less: Current liabilities	**15,466**	9,523	**5,943**
Working capital (non-GAAP measure)	**$ 732**	$ 5,165	**$ (4,433)**

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 is not defined under U.S. generally accepted accounting principles and may not be computed the same as similarly titled measures used by other companies. The Company defines working capital as current assets minus current liabilities. 3M believes working capital is meaningful to investors as a measure of operational efficiency and short-term financial health.

Working capital decreased $4.4 billion compared with December 31, 2022. Balance changes in current assets increased working capital by $1.5 billion, driven largely by increases in cash and cash equivalents and accounts receivable. Balance changes in current liabilities decreased working capital by $5.9 billion, primarily due to increases in the current portion of obligations resulting from the PFAS-related public water systems proposed settlement and the Combat Arms Earplugs settlement (discussed in Note 14).

Cash Flows:

Cash flows from operating, investing and financing activities are provided in the tables that follow. Individual amounts in the Consolidated Statement of Cash Flows exclude the effects of acquisitions, divestitures and exchange rate impacts on cash and cash equivalents, which are presented separately in the cash flows. Thus, the amounts presented in the following operating, investing and financing activities tables reflect changes in balances from period to period adjusted for these effects.

Cash Flows from Operating Activities:

	Nine months ended September 30,	
(Millions)	**2023**	**2022**
Net income (loss) including noncontrolling interest	**$ (7,926)**	$ 5,248
Depreciation and amortization	**1,450**	1,371
Company pension and postretirement contributions	**(85)**	(102)
Company pension and postretirement expense	**113**	124
Stock-based compensation expense	**222**	226
Gain on business divestitures	**(36)**	(2,724)
Income taxes (deferred and accrued income taxes)	**(3,837)**	(506)
Accounts receivable	**(371)**	(467)
Inventories	**236**	(1,018)
Accounts payable	**118**	175
Other — net	**14,810**	1,342
Net cash provided by (used in) operating activities	**$ 4,694**	$ 3,669

Cash flows from operating activities can fluctuate significantly from period to period, as working capital movements, tax timing differences and other items can significantly impact cash flows.

In the first nine months of 2023, cash flows provided by operating activities increased $1,025 million compared to the same period last year, primarily driven by the combination of accounts receivable, inventories and accounts payable. Cumulatively, they decreased operating cash flow by $17 million in the first nine months of 2023, compared to operating cash flow decreasing by $1,310 million for these items in the first nine months of 2022. The 2023 pre-tax charges of $10.3 billion related to the proposed settlement agreement with public water systems in the United States regarding PFAS and $4.2 billion related to the settlement agreement to resolve Combat Arms Earplugs litigation along with the $1.2 billion pre-tax charge in 2022 related to steps toward resolving Combat Arms Earplugs litigation (all discussed in Note 14) largely impacted the net income component above, with offsets in the other-net and deferred tax elements in each of those periods.

Cash Flows from Investing Activities:

	Nine months ended September 30,	
(Millions)	**2023**	**2022**
Purchases of property, plant and equipment (PP&E)	**$ (1,257)**	$ (1,243)
Proceeds from sale of PP&E and other assets	**114**	65
Acquisitions, net of cash acquired	**—**	—
Purchases and proceeds from maturities and sale of marketable securities and investments, net	**149**	28
Proceeds from sale of businesses, net of cash sold	**60**	13
Cash payment from Food Safety business split-off, net of divested cash	—	478
Other — net	**28**	1
Net cash provided by (used in) investing activities	**$ (906)**	$ (658)

Investments in property, plant and equipment enable growth across many diverse markets, helping to meet product demand and increasing manufacturing efficiency. The Company expects 2023 capital spending to be approximately $1.5 billion to $1.7 billion as 3M continues to invest in growth, productivity and sustainability.

3M records capital-related government grants earned as reductions to the cost of property, plant and equipment; and associated unpaid liabilities and grant proceeds receivable are considered non-cash changes in such balances for purposes of preparation of statement of cash flows.

3M invests in renewal and maintenance programs, which pertain to cost reduction, cycle time, maintaining and renewing current capacity, eliminating pollution, and compliance. Costs related to maintenance, ordinary repairs, and certain other items are expensed. 3M also invests in growth, which adds to capacity, driven by new products, both through expansion of current facilities and new facilities. Finally, 3M also invests in other initiatives, such as information technology (IT), laboratory facilities, and a continued focus on investments in sustainability.

Refer to Note 3 for information on acquisitions and divestitures. The Company is actively considering additional acquisitions, investments and strategic alliances, and from time to time may also divest certain businesses. Refer to Note 3 to the Consolidated Financial Statements in 3M's 2022 Annual Report on Form 10-K for additional information on the 2022 Cash payment from Food Safety business split-off, net of divested cash.

Purchases of marketable securities and investments and proceeds from maturities and sale of marketable securities and investments are primarily attributable to certificates of deposit/time deposits, commercial paper, and other securities, which are classified as available-for-sale. Refer to Note 9 for more details about 3M's diversified marketable securities portfolio. Purchases of investments include additional survivor benefit insurance, plus investments in equity securities.

Cash Flows from Financing Activities:

	Nine months ended September 30,	
(Millions)	**2023**	**2022**
Change in short-term debt — net	**$ 485**	$ 340
Repayment of debt (maturities greater than 90 days)	**(2,434)**	(1,179)
Proceeds from debt (maturities greater than 90 days)	**2,011**	1
Total cash change in debt	**62**	(838)
Purchases of treasury stock	**(31)**	(928)
Proceeds from issuances of treasury stock pursuant to stock option and benefit plans	**245**	310
Dividends paid to shareholders	**(2,483)**	(2,550)
Other — net	**(16)**	(29)
Net cash provided by (used in) financing activities	**$ (2,223)**	$ (4,035)

Total debt was approximately $16.0 billion at September 30, 2023 and $15.9 billion at December 31, 2022. During the first nine months of 2023, maturities of $1.8 billion of fixed-rate notes were offset by issuances of commercial paper of $1.9 billion. The Company had $1.9 billion in commercial paper outstanding at September 30, 2023, compared to no commercial paper outstanding as of December 31, 2022. Net commercial paper issuances in addition to repayments and borrowings by international subsidiaries are largely reflected in "Proceeds from debt (maturities greater than 90 days)" in the preceding table. 3M's primary short-term liquidity needs are met through cash on hand and U.S. commercial paper issuances. 2022 issuances, maturities, and extinguishments of short-and long-term debt are described in Note 10 to the Consolidated Financial Statements in 3M's 2022 Annual Report on Form 10-K.

Repurchases of common stock are made to support the Company's stock-based employee compensation plans and for other corporate purposes. In the first nine months of 2023, the Company purchased $31 million of its own stock. For more information, refer to the table titled "Issuer Purchases of Equity Securities" in Part II, Item 2. The Company does not utilize derivative instruments linked to the Company's stock.

3M has paid dividends since 1916. In February 2023, 3M's Board of Directors declared a first-quarter 2023 dividend of $1.50 per share, an increase of 1 percent. This is equivalent to an annual dividend of $6.00 per share and marked the 65th consecutive year of dividend increases. In May 2023, 3M's Board of Directors declared a second-quarter 2023 dividend of $1.50 per share. In August 2023, 3M's Board of Directors declared a third-quarter 2023 dividend of $1.50 per share.

Other cash flows from financing activities may include various other items, such as cash paid associated with certain derivative instruments, distributions to or sales of noncontrolling interests, changes in overdraft balances, and principal payments for finance leases.

Free Cash Flow (non-GAAP measure):

Free cash flow and free cash flow conversion are not defined under U.S. generally accepted accounting principles (GAAP). Therefore, they should not be considered a substitute for income (loss) or cash flow data prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures used by other companies. The Company defines free cash flow as net cash provided by operating activities less purchases of property, plant and equipment. It should not be inferred that the entire free cash flow amount is available for discretionary expenditures. The Company defines free cash flow conversion as free cash flow divided by net income (loss) attributable to 3M. The Company believes free cash flow and free cash flow conversion are meaningful to investors as they are useful measures of performance and the Company uses these measures as an indication of the strength of the company and its ability to generate cash. Free cash flow and free cash flow conversion vary across quarters throughout the year. Below find a recap of free cash flow and free cash flow conversion.

Refer to the preceding *Cash Flows from Operating Activities* and *Cash Flows from Investing Activities* sections for discussion of items that impacted the operating cash flow and purchases of PP&E components of the calculation of free cash flow. Refer to the preceding *Results of Operations* section for discussion of items that impacted the net income (loss) attributable to 3M component of the calculation of free cash flow conversion.

	Nine months ended September 30,	
(Millions)	**2023**	**2022**
Major GAAP Cash Flow Categories		
Net cash provided by (used in) operating activities	**$ 4,694**	$ 3,669
Net cash provided by (used in) investing activities	**(906)**	(658)
Net cash provided by (used in) financing activities	**(2,223)**	(4,035)
Free Cash Flow (non-GAAP measure)		
Net cash provided by (used in) operating activities	**$ 4,694**	$ 3,669
Purchases of property, plant and equipment	**(1,257)**	(1,243)
Free cash flow	**3,437**	2,426
Net income (loss) attributable to 3M	**$ (7,940)**	$ 5,236
Free cash flow conversion	**(43)%**	46 %

Material Cash Requirements from Known Contractual and Other Obligations:

See the Financial Condition and Liquidity - Material Cash Requirements from Known Contractual and Other Obligations section of Item 7 of 3M's 2022 Annual Report on Form 10-K. In addition, the Company expects to pay up to $12.5 billion in the aggregate from 2023 through 2036 pursuant to the terms of a proposed settlement agreement with public water systems in the United States related to PFAS (see Note 14). Further, the Company expects to pay up to $6.0 billion ($1.0 billion of which may be paid in 3M common stock) in the aggregate from 2023 to 2029 pursuant to the terms of the settlement agreement to resolve Combat Arms Earplugs litigation. See Note 14 and the settlement agreements that are included in the exhibit list to this filing for additional information.

Cautionary Note Concerning Factors That May Affect Future Results

This Quarterly Report on Form 10-Q, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part I, Item 2, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The Company may also make forward-looking statements in other reports filed with the United States Securities and Exchange Commission ("SEC"), in materials delivered to shareholders and in press releases. In addition, the Company's representatives may from time to time make oral forward-looking statements.

Forward-looking statements relate to future events and typically address the Company's expected future business and financial performance. Words such as "plan," "expect," "aim," "believe," "project," "target," "anticipate," "intend," "estimate," "will," "should," "could," "would," "forecast" and other words and terms of similar meaning, typically identify such forward-looking statements. In particular, these include, among others, statements relating to:

- worldwide economic, political, regulatory, international trade, geopolitical, capital markets and other external conditions, such as interest rates, monetary policy, financial conditions of our suppliers and customers, trade restrictions such as tariffs and retaliatory counter measures, inflation, recession, military conflicts, and natural and other disasters or climate change affecting the operations of the Company or our suppliers and customers,
- risks related to unexpected events such as the public health crises associated with the coronavirus (COVID-19) global pandemic,
- liabilities and the outcome of contingencies related to certain fluorochemicals known as "PFAS," as well as matters related to the Company's plans to discontinue the use of PFAS,
- risks related to the proposed class-action settlement ("PWS Settlement") to resolve claims by public water systems in the United States regarding PFAS, including whether court approval of the PWS Settlement will be obtained, whether the number of plaintiffs that opt out of the PWS Settlement will exceed current expectations or will exceed the level that would permit 3M to terminate the PWS Settlement (and whether 3M will elect to terminate the PWS Settlement if this occurs), whether the PWS Settlement is appealed, the timing and amount of payments made under the PWS Settlement, and the impact of the PWS Settlement on other PFAS-related matters,
- the Company's strategy for growth, future revenues, earnings, cash flow, uses of cash and other measures of financial performance, and market position,
- competitive conditions and customer preferences,
- foreign currency exchange rates and fluctuations in those rates,
- new business opportunities, product and service development, and future performance or results of current or anticipated products and services,
- fluctuations in the costs and availability of purchased components, compounds, raw materials and energy,
- information technology systems including implementation of an enterprise resource planning (ERP) system,
- security breaches and other disruptions to information technology infrastructure,
- the scope, nature or impact of acquisition, strategic alliance and divestiture activities,
- operational execution, including inability to generate productivity improvements and impact of organizational restructuring activities,
- future levels of indebtedness, common stock repurchases and capital spending,
- future access to credit markets and the cost of credit,
- pension and postretirement obligation assumptions and future contributions,
- asset impairments,
- tax liabilities and effects of changes in tax rates, laws or regulations,
- the proposed spin-off of the Company's Health Care business to establish two separate public companies,
- matters relating to Combat Arms Earplugs ("CAE"), including those related to the voluntary chapter 11 proceedings of the Company's subsidiary Aearo Technologies and certain of its affiliates ("Aearo Entities"), as well as those related to the August 2023 settlement that is intended to resolve, to the fullest extent possible, all litigation and alleged claims involving the CAE sold or manufactured by the Aearo Entities and/or 3M ("CAE Settlement"), including, but not limited to, whether the anticipated full participation by plaintiffs in the CAE Settlement will be achieved, whether the number of plaintiffs who participate in the CAE Settlement will meet the full participation expectations or will fall below the level that would permit 3M to terminate the CAE Settlement (and whether 3M will elect to terminate the CAE Settlement if this occurs), whether there will be a significant number of future claims by plaintiffs that decline to participate in the CAE Settlement, whether the CAE Settlement is appealed or challenged, whether the requirements applicable to the issuance of the equity securities that are contemplated to be part of the CAE Settlement will be met, the filing and outcome of additional litigation, if any, relating to the products that are the subject of the CAE Settlement, or changes in laws or regulations related to the CAE products or CAE settlement, and
- laws and regulations, as well as legal compliance risks (including third-party risks), and legal and regulatory proceedings related to the same, including with regards to environmental matters and product liability, in the United States and other countries in which we operate.

The Company assumes no obligation to update or revise any forward-looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events and trends that are subject to risks and uncertainties. Actual future results and trends may differ materially from historical results or those reflected in any such forward-looking statements depending on a variety of factors. Important information as to these factors can be found in this document, including, among others, "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the headings of "Overview," "Financial Condition and Liquidity" and annually in "Critical Accounting Estimates." Discussion of these factors is incorporated by reference from Part II, Item 1A, "Risk Factors," of this document, and should be considered an integral part of Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations." For additional information concerning factors that may cause actual results to vary materially from those stated in the forward-looking statements, see our reports on Form 10-K, 10-Q and 8-K filed with the SEC from time to time.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the context of Item 3, 3M is exposed to market risk due to the risk of loss arising from adverse changes in foreign currency exchange rates, interest rates and commodity prices. Changes in those factors could impact the Company's results of operations and financial condition. 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 2022 Annual Report on Form 10-K. There have been no material changes in information that would have been provided in the context of Item 3 from the end of the preceding year until September 30, 2023. However, the Company does provide risk management discussion in various places in this Quarterly Report on Form 10-Q, primarily in the Derivatives note.

Item 4. Controls and Procedures

a. The Company carried out an evaluation, under the supervision and with the participation of its management, including the 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.

b. There was no change in the Company's internal control 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.

The Company continues to implement new business systems and solutions, including an enterprise resource planning ("ERP") system, which are expected to improve the efficiency of certain financial and related business processes. These implementations are expected to occur in phases over the next several years. The ERP implementations will likely affect the processes that constitute the Company's internal control over financial reporting and will require testing for effectiveness.

The Company completed implementation with respect to various processes/sub-processes in certain subsidiaries/locations, including aspects relative to the United States, and will continue the ERP implementations over the next several years. As with any new information technology application the Company implements, this application, along with the internal control over financial reporting included in this process, was appropriately considered within the testing for effectiveness with respect to the implementation in these instances. The Company concluded, as part of its evaluation described in the above paragraphs, that the ERP implementation in these circumstances has not materially affected its internal control over financial reporting.

3M COMPANY

FORM 10-Q

For the Quarterly Period Ended September 30, 2023

PART II. Other Information

Item 1. Legal Proceedings.

Discussion of legal matters is incorporated by reference from Part I, Item 1, Note 14, "Commitments and Contingencies," of this document, and should be considered an integral part of Part II, Item 1, "Legal Proceedings."

Item 1A. Risk Factors.

Provided below is a cautionary discussion of what we believe to be the most important risk factors applicable to the Company. Discussion of these factors is incorporated by reference into and considered an integral part of Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Risks Related to the Global Economy and Public Health Crises

** The Company's results are impacted by the effects of, and changes in, worldwide economic, political, regulatory, international trade, geopolitical, and other external conditions.*

The Company operates in more than 70 countries and derives approximately 60 percent of its revenues from outside the United States, and, accordingly, the Company's operations and the execution of its business strategies and plans are subject to global competition and economic and geopolitical risks that are beyond its control, such as, among other things, disruptions in financial markets, economic downturns, military conflicts, public health emergencies such as COVID-19, political changes and trends such as protectionism, economic nationalism resulting in government actions impacting international trade agreements or imposing trade restrictions such as tariffs and retaliatory counter measures, and government deficit reduction and other austerity measures in locations or industries in which the Company operates. Further escalation of specific trade tensions, including those between the U.S. and China, or more broadly in global trade conflict, could adversely impact the Company's business and operations around the world. The Company's business is also impacted by social, political, and labor conditions in locations in which the Company or its suppliers or customers operate; adverse changes in the availability and cost of capital; monetary policy; interest rates; inflation; recession; commodity prices; currency volatility or exchange control; ability to expatriate earnings; and other laws and regulations in the jurisdictions in which the Company or its suppliers or customers operate. For example, changes in local economic condition or outlooks, such as lower economic growth rates in China, Europe, or other key markets, impact the demand or profitability of the Company's products.

The global economy has been impacted by the military conflict between Russia and Ukraine. The U.S. and other governments have imposed export controls on certain products and financial and economic sanctions on certain industry sectors and parties in Russia. 3M suspended operations of its subsidiaries in Russia in March 2022 and completed a sale of the related assets in June 2023. 3M also has other operations that source certain raw materials from suppliers in Russia and has experienced related supply disruption due to the conflict. These geopolitical tensions could result in, among other things, cyberattacks, further supply chain disruptions impacting downstream customers, higher energy costs, lower consumer demand, and changes to foreign exchange rates and financial markets, any of which may adversely affect the Company's business and supply chain.

Climate change, as well as related environmental and social regulations, may negatively impact the Company or its customers and suppliers, in terms of availability and cost of natural resources, sources and supply of energy, product demand and manufacturing, and the health and well-being of individuals and communities in which we or our suppliers or customers operate.

** Unexpected events, such as those related to the coronavirus (COVID-19) public health crisis, may increase the Company's cost of doing business and disrupt the Company's operations.*

3M, as a global company, is impacted by unexpected events, including war, acts of terrorism, public health crises (such as the COVID-19 pandemic), civil unrest, natural disasters, and severe weather in the locations in which the Company or its suppliers or customers operate, and these events have adversely affected, and could in the future adversely affect, the Company's operations and financial performance. For example, the global pandemic associated with COVID-19, including related evolving governmental responses to the pandemic, has significantly increased economic and demand uncertainty, and has impacted and will continue to impact 3M’s operations, including its supply chain and its manufacturing and distribution capabilities. Although COVID-19 increased demand for certain 3M products, it also resulted in decreased demand from certain end markets, made it more difficult for 3M to serve customers, and resulted in conditions that had the potential to damage 3M's reputation, including third-party price gouging, counterfeiting, and other illegal or fraudulent activities involving 3M's products. Furthermore, COVID-19 has impacted and may further impact the broader economies of affected countries, including negatively impacting economic growth, the proper functioning of financial and capital markets, foreign currency exchange rates, and interest rates. As the pandemic evolves, demand for personal protection products such as disposable respirators has experienced a decline from prior levels. 3M is not able to predict the impact of unexpected events, such as the COVID-19 pandemic, and unexpected events may have a material adverse effect on 3M's consolidated results of operations or financial condition.

** Foreign currency exchange rates and fluctuations in those rates may affect the Company’s ability to realize projected growth rates in its sales and earnings.*

Because the Company’s financial statements are denominated in U.S. dollars and approximately 60 percent of the Company’s revenues are derived from outside the United States, the Company’s results of operations and its ability to realize projected growth rates in sales and earnings could be adversely affected if the U.S. dollar strengthens significantly against foreign currencies. For a discussion of the impact of foreign currency exchange rates on the Company, see Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Risks Related to Legal and Regulatory Proceedings

* *The Company faces liabilities related to certain fluorochemicals, which could adversely impact our results.*

As previously reported, governments in the United States and internationally have increasingly been regulating a broad group of perfluoroalkyl and polyfluoroalkyl substances produced by the Company, collectively known as “PFAS.” 3M has noticed several global regulatory trends related to PFAS, including declining emission standards and limits set as to the presence of certain compounds in various media, and the inclusion of a broadening group of PFAS. Developments in these and other global regulatory trends may require additional actions by 3M, including investigation, remediation, and compliance, or may result in additional litigation and enforcement action costs.

The Company has been voluntarily cooperating with various local, state, federal (primarily the U.S. Environmental Protection Agency (EPA)), and international agencies in their review of the environmental and health effects of certain PFAS produced by the Company.

The PFAS group contains several categories and classes of durable chemicals and materials with properties that include oil, water, temperature, chemical, and fire resistance, as well as electrical insulating properties. The strength of the carbon-fluorine bond also means that these compounds do not easily degrade. These characteristics have made PFAS substances critical to the manufacture of electronic devices such as cell phones, tablets, and semi-conductors. They are also used to help prevent contamination of medical products like surgical gowns and drapes. Commercial aircraft and low-emissions vehicles also rely on PFAS technology. PFAS compounds are manufactured by various companies, including 3M, and are used in everyday products, including some manufactured by 3M. As science and technology evolve and advance, and in response to evolving knowledge and the understanding that certain PFAS compounds had the potential to build up over time, 3M announced in 2000 that it would voluntarily phase out production of two PFAS substances, perfluorooctanoate (PFOA) and perfluorooctane sulfonate (PFOS) globally as a precautionary measure. Most of the phase out activities in the United States were completed by the end of 2002. The phase out included materials used to produce certain repellents and surfactant products, and products including Aqueous Film Forming Foam (AFFF) and certain coatings for food packaging, for example. Following the phase out of PFOA and PFOS production, the Company has continued to review, control, or eliminate the presence of certain PFAS in purchased materials, as intended substances in products, or as byproducts of some of 3M’s current manufacturing processes, products, and waste streams.

3M announced in December 2022 it will take two actions with respect to PFAS (2022 PFAS Announcement): exiting all PFAS manufacturing by the end of 2025; and working to discontinue the use of PFAS across its product portfolio by the end of 2025. 3M continues to make progress toward these goals, as discussed further below. The Company recognized a $0.8 billion pre-tax charge in the fourth quarter of 2022 associated with this announcement related to asset impairments, and will incur additional expenses in connection with the 2022 PFAS Announcement. In addition, the 2022 PFAS Announcement involves risks, including: the actual timing, costs, and financial impact of such exit; the Company's ability to complete such exit on the anticipated timing or at all; potential governmental or regulatory actions relating to PFAS or the Company's exit plans; the Company's ability to identify and manufacture, or procure from third parties if possible, acceptable options for PFAS-containing materials in 3M's supply chain; the possibility that such non-PFAS options are not available or that such substitutes may not achieve the anticipated or desired commercial, financial or operational results; potential litigation relating to the Company's exit plans or to any products that include third-party manufactured materials containing PFAS that are incorporated into the products the Company sells; and the possibility that the planned exit will involve greater costs than anticipated, may not be feasible, may not be feasible on the timeframe initially predicted, or may otherwise have negative impacts on the Company's relationships with its customers and other counterparties.

As stated above, 3M is progressing toward exiting all PFAS manufacturing by the end of 2025. 3M is also working to discontinue the use of PFAS across its product portfolio by the end of 2025. 3M has already eliminated the PFAS use in certain product categories, and has made progress across its product portfolio in a variety of applications. With respect to PFAS-containing products not manufactured by 3M but manufactured by companies other than 3M in the Company's supply chains, the Company continues to evaluate the availability of third-party products that do not contain PFAS. Depending on the availability and feasibility of such third-party products not containing PFAS, the Company continues to evaluate whether there may be some circumstances in which the use of PFAS-containing materials manufactured by third parties and used in certain applications in 3M's product portfolios, such as lithium ion batteries and printed circuit boards widely used in commerce across a variety of industries, may continue beyond 2025. In such instances, the Company intends to continue to evaluate the adoption of third-party products that do not contain PFAS to the extent such products are available and such adoption is feasible.

3M currently is defending lawsuits concerning various PFAS-related products and chemistries, and is subject to unasserted and asserted claims and governmental regulatory proceedings and inquiries related to the production and use of PFAS in a variety of jurisdictions, as discussed in Note 14, "Commitments and Contingencies," within the Notes to Consolidated Financial Statements. 3M has seen increased public and private lawsuits being filed on behalf of states, counties, cities, and utilities alleging, among other things, harm to the general public and damages to natural resources, some of which are pending in the Aqueous Film Forming Foam (AFFF) multi-district litigation and some of which are pending in other jurisdictions. Various factors or developments in these and other disclosed actions could result in future charges that could have a material adverse effect on 3M. For example, we recorded a pre-tax charge of $897 million, inclusive of legal fees and other related obligations, in the first quarter of 2018 with respect to the settlement of a matter brought by the State of Minnesota involving the presence of PFAS in the groundwater, surface water, fish or other aquatic life, and sediments in the state. In addition, as described in greater detail in Note 14, "Commitments and Contingencies," within the Notes to Consolidated Financial Statements, in June 2023, the Company entered into a proposed class-action settlement ("PWS Settlement") to resolve a wide range of drinking water claims by public water systems in the United States regarding any PFAS, subject to court approval. If the court approves the PWS Settlement and all conditions in the PWS Settlement are met, 3M will pay $10.5 billion to $12.5 billion in total to resolve the claims released by the PWS Settlement, with payments to be made from 2023 through 2036, in exchange for a release of certain claims, as described further in Note 14. The PWS Settlement gives 3M the option to terminate the PWS Settlement if the numbers of eligible class members opting out of the PWS Settlement exceed specified levels. Unexpected events related to the PWS Settlement, including whether court approval of the PWS Settlement will be obtained, whether the number of plaintiffs that opt out of the PWS Settlement will exceed current expectations or will exceed the level that would permit 3M to terminate the PWS Settlement (and whether 3M will elect to terminate the PWS Settlement if this occurs), whether the PWS Settlement is appealed, and the impact of the PWS Settlement on other PFAS-related matters could have a material adverse effect on the Company's results of operations, cash flows or its consolidated financial position.

Governmental inquiries, lawsuits, or laws and regulations involving PFAS could lead to our incurring liability for damages or other costs, civil or criminal proceedings, the imposition of fines and penalties, or other remedies, including orders to conduct remediation, as well as restrictions on or added costs for our business operations going forward, including in the form of restrictions on discharges at our manufacturing facilities, requiring the installation of control technologies, suspension or shutdown of facility operations, switching costs in seeking alternative sources of supply, potential customer damage claims due to supply disruptions or otherwise, and reporting requirements or bans on PFAS and PFAS-containing products manufactured by the Company.

** The Company is subject to risks related to international, federal, state, and local treaties, laws, and regulations, as well as compliance risks related to legal or regulatory requirements, contract requirements, policies and practices, or other matters that require or encourage the Company or its suppliers, vendors, or channel partners to conduct business in a certain way. The outcome of legal and regulatory proceedings related to compliance with these treaties, laws, regulations, and requirements could have a material adverse effect on the Company's reputation, ability to execute its strategy and its results of operations.*

The Company operates globally, including in some jurisdictions that pose potentially elevated risks of fraud or corruption or increased risk of internal control issues, and is subject to risks related to international, federal, state, and local treaties, laws, and regulations, including those involving product liability; securities and corporate laws; antitrust; intellectual property; environmental, health, and safety; tax; the U.S. Foreign Corrupt Practices Act (FCPA) and other anti-bribery, anti-corruption laws; international import and export requirements and trade sanctions compliance; regulations of the U.S. Food and Drug Administration (FDA) and similar foreign agencies; U.S. federal healthcare program-related laws and regulations including the False Claims Act, anti-kickback laws, and the Sunshine Act; and other matters. The Company is also subject to compliance risks related to legal or regulatory requirements, contract requirements, policies and practices, or other matters that require or encourage the Company and its suppliers, vendors, or channel parties, to conduct business in a certain way. Legal compliance risks also include third-party risks where the Company's suppliers, vendors, or channel partners have business practices that are inconsistent with 3M's Supplier Responsibility Code, 3M performance requirements, or with legal requirements.

The failure to comply with the FCPA and other anti-bribery and anti-corruption laws and regulations could result in significant civil fines and penalties or criminal sanctions against the Company, which could have a material adverse effect on our business, reputation, operating results and financial condition. These laws and regulations prohibit corrupt payments by the Company's employees, suppliers, vendors, channel partners or agents. The Company is also required to maintain accurate books and records and adequate internal controls under the FCPA's accounting provisions. From time to time, the Company receives reports internally and externally, via various reporting channels deployed by its Ethics and Compliance function or otherwise (such as shareholder communications), about business and other activities that raise compliance or other legal or litigation issues. The Company has in the past, and in the future could be, required to investigate such reports and cooperate with U.S. and foreign regulatory authorities in such investigations, audit, monitor compliance or alter its practices as part of such investigations. For example, as described in greater detail in Note 14, "Commitments and Contingencies," within the Notes to Consolidated Financial Statements, in August 2023, the Company agreed to settle with the SEC related to alleged FCPA violations in connection with the Company's business in China for approximately $6.5 million. While the Company maintains and implements U.S. and international compliance programs, including policies and procedures, training, and internal controls designed to reduce the risk of noncompliance, the Company's employees, suppliers, vendors, channel partners or agents may violate such policies and procedures and engage in practices that contravene relevant laws and regulations.

The Company's results of operations could be adversely impacted if the costs to comply with these evolving treaties, laws, regulations, and requirements are greater than projected by the Company. In addition, the outcome of legal and regulatory proceedings related to compliance with these treaties, laws, regulations, and requirements are difficult to reliably predict, may differ from the Company's expectations, and have resulted and may in the future result in, one or more of the following: criminal or civil sanctions, including fines; limitations on the extent to which the Company can conduct business; employee and business partner terminations due to policy violations; and private rights of action that result in litigation exposure, including expenses and costs incurred in connection with settlement or court proceedings, for the Company. In addition, detecting, investigating and resolving actual or alleged violations of these acts is expensive and could consume significant time and attention of our senior management. Although the Company maintains general liability insurance to mitigate monetary exposure, the amount of liability that may result from certain of these risks may not always be covered by, or could exceed, the applicable insurance coverage. Various factors or developments can lead the Company to change current estimates of liabilities and related insurance receivables where applicable, or make such estimates for matters previously not susceptible of reasonable estimates, such as a significant judicial ruling or judgment, a significant settlement, significant regulatory developments or changes in applicable law. A future adverse ruling, settlement, or unfavorable development could result in future charges that could have a material adverse effect on the Company's results of operations or cash flows or its consolidated financial position. In addition, negative publicity related to the matters noted above or other matters involving the Company may negatively impact the Company's reputation. The Company also relies on patent and other intellectual property protection, and challenges to the Company's intellectual property rights, or claims that the Company's activities interfere with the intellectual property rights of a third party, could cause the Company to incur significant expenses to assert or defend against such claims, could result in reduced revenue, and could damage the Company's reputation, any of which could have an adverse effect on the Company. For a more detailed discussion of the legal proceedings involving the Company and the associated accounting estimates, see the discussion in Note 14, "Commitments and Contingencies," within the Notes to Consolidated Financial Statements.

Risks Related to Our Products and Customer Preferences

** The Company's results are affected by competitive conditions and customer preferences.*

Demand for the Company's products, which impacts revenue and profit margins, is affected by, among other things, (i) the development and timing of the introduction of competitive products; (ii) the Company's pricing strategies; (iii) changes in customer order patterns, such as changes in the levels of inventory maintained by customers, vendors, or channel partners; (iv) changes in customers' preferences for our products, including the success of products offered by our competitors, and changes in customer designs for their products that can affect the demand for some of the Company's products; and (v) changes in the business environment related to disruptive technologies, such as artificial intelligence, block-chain, expanded analytics, and other enhanced learnings from increasing volume of available data.

** The Company's growth objectives are largely dependent on the timing and market acceptance of its new product offerings, including its ability to continually renew its pipeline of new products and to bring those products to market.*

This ability is subject to difficulties or delays in product development, such as the inability to identify viable new products, obtain adequate intellectual property protection, or gain market acceptance of new products. There are no guarantees that new products will prove to be commercially successful.

** The Company's future results are subject to vulnerability with respect to materials and fluctuations in the costs and availability of purchased components, compounds, raw materials, energy, and labor due to shortages, increased demand and wages, logistics, supply chain interruptions, manufacturing site disruptions, regulatory developments, natural disasters, and other disruptive factors.*

The Company depends on various components, compounds, raw materials, and energy (including oil and natural gas and their derivatives) supplied by others for the manufacturing of its products. Supplier relationships have been and could be interrupted in the future due to supplier material shortage, climate impacts, natural and other disasters, and other disruptive events such as military conflicts, or be terminated. In addition, some of our suppliers are limited- or sole-source suppliers, and our ability to meet our obligations to customers depends on the performance, product quality, and stability of such suppliers and the Company's ability to source adequate alternatives in a cost-effective manner. Any sustained interruption in the Company's receipt of adequate supplies, supply chain disruptions impacting the distribution of products, or disruption to key manufacturing sites' operations due to natural and other disasters or events, such as government actions relating to discharge or emission permits or other legal or regulatory requirements, could have a material adverse effect on the Company and its ability to fulfill supply obligations to its customers. The Company could incur contractual penalties, experience a deterioration in customer relationships, or suffer harm to its reputation if the Company is unable to fulfill its obligations to customers, any of which could have a material adverse effect on the Company. In addition, there can be no assurance that the Company's processes to minimize volatility in component and material pricing will be successful or that future price fluctuations or shortages will not have a material adverse effect on the Company.

Risks Related to Our Business

** The Company employs information including operational technology systems to support its business and to collect, store, and/or use proprietary and confidential information, including ongoing phased implementation of an enterprise resource planning (ERP) system as part of its business transformation on a worldwide basis over the next several years. Security and data breaches, cyberattacks, and other cybersecurity incidents involving the Company's information technology systems, networks and infrastructure could disrupt or interfere with the Company's operations; result in the compromise and misappropriation of proprietary and confidential information belonging to the Company or its customers, suppliers, and employees; and expose the Company to numerous expenses, liabilities, and other negative consequences, any or all of which could adversely impact the Company's business, reputation, and results of operations.*

In the ordinary course of business, the Company relies on centralized and local information technology networks and systems, some of which are provided, hosted, or managed by vendors and other third parties, to process, transmit, and store electronic information, and to manage or support a variety of businesses. Additionally, the Company collects and stores certain data, including proprietary business information, and has access to confidential or personal information in certain of our businesses that is subject to privacy and cybersecurity laws, regulations, and customer-imposed controls. Third parties and threat actors, including organized criminals, nation-state entities, and/or nation-state supported actors, regularly attempt to gain unauthorized access to the Company's information and operational technology networks and infrastructure, data, and other information, and many such attempts are becoming increasingly sophisticated. Despite our cybersecurity and business continuity counter measures (including employee and third-party training, monitoring of networks and systems, patching, maintenance, and backup of systems and data), the Company's information and operational technology systems, networks and infrastructure are still potentially susceptible to cyber-attack, insider threat, compromise, damage, disruption, or shutdown, including as a result of the exploitation of known or unknown hardware or software vulnerabilities, or zero day attacks, in our systems or the systems of our vendors and third-party service providers, the introduction of computer viruses, malware or ransomware, service or cloud provider disruptions or security breaches, phishing attempts, employee error or malfeasance, power outages, telecommunication or utility failures, systems failures, natural disasters, or other catastrophic events. The Company's increased adoption of remote working, initially driven by the COVID-19 health pandemic, also introduces additional threats and risk of disruptions to our information technology systems, networks and infrastructure. Despite our cybersecurity counter measures, it is possible for security vulnerabilities or a cyberattack to remain undetected for an extended time period, up to and including several months, and the prioritization of decisions with respect to security measures and remediation of known vulnerabilities that we and the vendors and other third parties upon which we rely make may prove inadequate to protect against these attacks. While we and third parties we utilize have experienced, and expect to continue to experience, cyberattacks that may lead to other disruptions of the Company's and the third parties' information and operational technology systems and infrastructure, we do not believe that any such incidents to date have had a material impact on the Company. Any cybersecurity incident or information or operational technology network disruption could result in numerous negative consequences, including the risk of legal claims or proceedings, investigations or enforcement actions by U.S., state, or foreign regulators; liabilities or penalties under applicable laws and regulations, including privacy laws and regulations in the U.S. and other jurisdictions; interference with the Company's operations; the incurrence of remediation costs; loss of intellectual property protection; the loss of customer, supplier, or employee relationships; and damage to the Company's reputation, any of which could adversely affect the Company's business. Although the Company maintains insurance coverage for various cybersecurity and business continuity risks, there can be no guarantee that all costs or losses incurred will be fully insured.

** Acquisitions, strategic alliances, divestitures, and other strategic events resulting from portfolio management actions and other evolving business strategies could affect future results.*

The Company monitors its business portfolio and organizational structure and has made and may continue to make acquisitions, strategic alliances, divestitures, and changes to its organizational structure. With respect to acquisitions and strategic alliances, future results will be affected by, as applicable, the Company's ability to integrate acquired businesses quickly and obtain the anticipated synergies and the Company's ability to operationalize and derive anticipated benefits from alliances. Divestitures may include continued involvement in the divested businesses, such as through transitional or longer-term supply or distribution arrangements, following the transaction, and may result in unexpected liabilities through indemnification or other risk-shifting mechanisms in the applicable divestiture agreement. Any of the foregoing could adversely affect the Company's future results.

** The Company's future results may be affected by its operational execution, including through organizational restructurings and scenarios where the Company generates fewer productivity improvements than planned.*

The Company's financial results depend on the successful execution of its business operating plans. The Company utilizes various tools, such as continuous improvement, to improve productivity and reduce expenses and engages in ongoing global business transformation, including restructurings from time to time, to streamline its operations, improve operational efficiency, productivity, and the speed and efficiency with which it serves customers. Workforce restructuring activities impact business groups, functions, and geographies, and the structural reorganization is expected to reduce the size of the corporate center, simplify supply chain, streamline 3M's geographic footprint, reduce layers of management, further align business go-to-market models to customers, and reduce manufacturing roles to align with production volumes, with the goal of improving the Company's longer-term outlook in overall performance. There can be no assurance that we will realize the benefits of such activities, or that such activities will not result in unexpected or negative consequences, such as a reduced ability to generate sales; a relationship impact with employees; or a reduced ability to provide the experience that our customers, suppliers, vendors, and channel partners expect from us. In addition, the ability to adapt to business model and other changes, including responding to evolving customer needs and service expectations, are important, and, if not done successfully, could negatively impact the Company's ability to win new business and enhance revenue and 3M's brand. Operational challenges, including those related to customer service, pace of change and productivity improvements, could have a material adverse effect on the Company's business, financial condition, and results of operations.

Risks Related to Financial and Capital Markets and Tax Matters

** The Company's defined benefit pension and postretirement plans are subject to financial market risks that could adversely impact our results.*

The performance of financial markets and discount rates impact the Company's funding obligations under its defined benefit plans. Significant changes in market interest rates, decreases in the fair value of plan assets and investment losses on plan assets, and legislative or regulatory changes relating to defined benefit plan funding may increase the Company's funding obligations and adversely impact its results of operations and cash flows.

** Change in the Company's credit ratings could increase cost of funding.*

The Company's credit ratings are important to 3M's cost of capital. The major rating agencies routinely evaluate the Company's credit profile and assign debt ratings to 3M. This evaluation is based on a number of factors, which include financial strength, business and financial risk, as well as transparency with rating agencies and timeliness of financial reporting. The Company's credit ratings have served to lower 3M's borrowing costs and facilitate access to a variety of lenders. As of September 2023, 3M has a credit rating of A2, negative outlook from Moody's Investors Service, and a credit rating of BBB+, CreditWatch negative from S&P Global Ratings. Moody's Investor Service downgraded the Company's credit rating from A1 to A2, and S&P Global Ratings downgraded the Company's credit rating twice from A to BBB+ (and downgraded the Company's short-term credit rating from A-2 to A-1), in connection with the Company's announcements of the PWS Settlement and CAE Settlement. The addition of further leverage to the Company's capital structure could impact 3M's credit ratings in the future. Failure to maintain strong investment grade ratings and further downgrades by the ratings agencies, would adversely affect the Company's cost of funding and could adversely affect liquidity and access to capital markets.

** Changes in tax rates, laws, or regulations could adversely impact our financial results.*

The Company's business is subject to tax-related external conditions, such as tax rates, tax laws and regulations, changing political environments in the U.S. and foreign jurisdictions that impact tax examination, and assessment and enforcement approaches. In addition, changes in tax laws including further regulatory developments arising from U.S. or international tax reform legislation could result in a tax expense or benefit recorded to the Company's Consolidated Statement of Earnings. In connection with the Base Erosion and Profit Shifting (BEPS) Integrated Framework provided by Organization for Economic Cooperation and Development (OECD), determination of multi-jurisdictional taxation rights and the rate of tax applicable to certain types of income may be subject to potential change. Due to the evolving nature of global tax laws and regulations and compliance approaches, it is currently not possible to assess the ultimate impact of these actions on our financial statements, but these actions could have an adverse impact on the Company's financial results.

Risks Related to the Company's Aearo Entities and Combat Arms Earplug Settlement

** The Company is subject to risks related to the Company's Aearo Entities and CAE Settlement.*

As previously disclosed, and as discussed further in Note 14, "Commitments and Contingencies," within the Notes to Consolidated Financial Statements, Aearo Technologies sold Dual-Ended Combat Arms – Version 2 earplugs starting in about 1999. 3M acquired Aearo Technologies in 2008 and sold these earplugs from 2008 through 2015, when the product was discontinued. 3M and Aearo Technologies believe the Combat Arms Earplugs were effective and safe when used properly, but nevertheless faced significant litigation relating to the earplugs.In August 2023, the Company and the Aearo Entities entered into a settlement arrangement (the "CAE Settlement") which is structured to promote participation by claimants and is intended to resolve, to the fullest extent possible, all litigation and alleged claims involving the CAE sold or manufactured by the Aearo Entities and/or 3M. Pursuant to the CAE Settlement, 3M will contribute a total amount of $6.0 billion between 2023 and 2029, which is structured under the CAE Settlement to include $5.0 billion in cash consideration and $1.0 billion in 3M common stock. The Company may, in its sole discretion, settle the equity portion in cash. The actual amount, payment terms, and dates are subject to satisfaction of certain participation thresholds claimants must meet, including that at least 98% of individuals with actual or potential litigation claims involving the CAE (calculated as described in the CAE Settlement) must have enrolled in the CAE Settlement and provided 3M with a full release of any and all claims involving the CAE. The CAE Settlement contemplates that the shares of 3M common stock to be issued in the CAE Settlement, if and when issued, will be issued in reliance on the exemption from registration provided by Section 3(a)(10) of the Securities Act of 1933, as amended. The CAE Settlement is subject to risk and uncertainties, including, but not limited to, whether the anticipated full participation by plaintiffs in the CAE Settlement will be achieved, whether the number of plaintiffs who participate in the CAE Settlement will meet the full participation expectations or will fall below the level that would permit 3M to terminate the CAE Settlement (and whether 3M will elect to terminate the CAE Settlement if this occurs), whether there will be a significant number of future claims by plaintiffs that decline to participate in the CAE Settlement, whether the CAE Settlement is appealed or challenged, whether the requirements applicable to the issuance of the equity securities that are contemplated to be part of the CAE Settlement will be met, the filing and outcome of additional litigation, if any, relating to the products that are the subject of the CAE Settlement, or changes in laws or regulations related to the CAE products or the CAE Settlement.

Risks Related to the Planned Spin-off of the Company's Health Care Business

** The Company is subject to risks related to its plan to spin off its Health Care business.*

On July 26, 2022, the Company announced its intent to spin off its Health Care business, resulting in two standalone public companies, in a transaction that is intended to be tax-free for the Company's stockholders for U.S. federal income tax purposes. The spin-off will be subject to the satisfaction of a number of conditions, including the filing and effectiveness of a Form 10 registration statement, receipt of a private letter ruling from the Internal Revenue Service and a tax opinion from external counsel, satisfactory completion of financing, final approval by the Company's Board of Directors, and other customary conditions. The failure to satisfy all of the required conditions, as well as additional factors such as conditions in the equity and debt markets, other external conditions, developments or challenges involving the intended spin-off, the Company or any of its businesses, many of which are outside of the Company's control, could delay the completion of the spin-off relative to the anticipated timeline or prevent it from occurring. Any delay in the completion of the spin-off or any change to the anticipated terms of the transaction could reduce the expected benefits of the transaction, or delay the time at which such benefits are realized. There can also be no assurance that the anticipated benefits of the transaction will be realized if the spin-off is completed, or that the costs or dis-synergies of the transaction (including costs of related restructuring transactions), will not exceed the anticipated amounts. Whether or not the spin-off is ultimately completed, the pendency of the transaction may impose challenges on the Company and its business, including potential business disruption; the diversion of management time on matters relating to the transaction; the impact on the Company's ability to retain talent; and potential impacts on the Company's relationships with its customers, employees, regulators, and other counterparties. In addition, while it is intended that the transaction would be tax-free to the Company's stockholders for U.S. federal income tax purposes, there is no assurance that the transactions will qualify for this treatment. If the spin-off was ultimately determined to be taxable, the Company, the Health Care business, or the Company's stockholders could incur income tax liabilities that could be significant. Any of these factors could negatively impact our business, financial condition, results of operations, cash flows, and the price of our common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Repurchases of 3M common stock are made to support the Company's stock-based employee compensation plans and for other corporate purposes. In November 2018, 3M's Board of Directors replaced the Company's February 2016 repurchase program with a new repurchase program. This new program authorizes the repurchase of up to $10 billion of 3M's outstanding common stock, with no pre-established end date.

Issuer Purchases of Equity Securities (registered pursuant to Section 12 of the Exchange Act)

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs (Millions)
January 1 - 31, 2023	1,445	$ 113.34	—	$ 4,157
February 1 - 28, 2023	1,240	117.49	—	4,157
March 1 - 31, 2023	—	—	—	4,157
January 1 - March 31, 2023	2,685	115.25	—	
April 1 - 30, 2023	—	—	—	4,157
May 1 - 31, 2023	—	—	—	4,157
June 1 - 30, 2023	—	—	—	4,157
April 1 - June 30, 2023	—	—	—	
July 1 - 31, 2023	—	—	—	4,157
August 1 - 31, 2023	—	—	—	4,157
September 1 - 30, 2023	—	—	—	4,157
July 1 - September 30, 2023	—	—	—	
January 1 - September 30, 2023	2,685	115.25	—	

(1) The total number of shares purchased includes: (i) shares purchased under the Board's authorizations described above, and (ii) shares purchased in connection with the exercise of stock options.

(2) The total number of shares purchased as part of publicly announced plans or programs includes shares purchased under the Board's authorizations described above.

Item 3. Defaults Upon Senior Securities — No matters require disclosure.

Item 4. Mine Safety Disclosures

Pursuant to Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"), the Company is required to disclose, in connection with the mines it operates, information concerning mine safety violations or other regulatory matters in its periodic reports filed with the SEC. The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Act is included in Exhibit 95 to this quarterly report.

Item 5. Other Information

Insider Trading Arrangements and Policies

During the three months ended September 30, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Disclosure Under Iran Threat Reduction and Syria Human Rights Act of 2012

The Company is making the following disclosure under Section 13(r) of the Exchange Act:

Protection of Intellectual Property Rights in Iran Pursuant to Specific License

As part of its intellectual property ("IP") protection efforts, 3M has obtained and maintains patents and trademarks in Iran. Periodically, 3M pays renewal fees, through IP service providers/counsel located in Germany, Dubai and Iran, to the Iran Intellectual Property Office ("IIPO") for these patents and trademarks and has sought to prosecute and defend such trademarks. On January 26, 2022, the Office of Foreign Assets Control ("OFAC") granted to 3M a specific license to make payments to IIPO at its account in Bank Melli, which was designated on November 5, 2018 by OFAC under its counter terrorism authority pursuant to Executive Order 13224. As authorized by OFAC's specific license, in the quarter ended September 30, 2023, 3M paid $538 as part of its intellectual property protection efforts in Iran. 3M plans to continue these activities, as authorized under the specific license.

Item 6. Exhibits

10.1	Settlement Agreement, dated as of August 29, 2023, of 3M Company is incorporated by reference from our Form 8-K dated August 29, 2023.
10.2	Amendment No. 2, dated September 18, 2023, to the Five-Year Credit Agreement is incorporated by reference from our Form 8-K dated September 18, 2023.
(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.
(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.
(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.
(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.
(95)	Mine Safety Disclosures.
(101.INS)	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
(101.SCH)	Inline XBRL Taxonomy Extension Schema Document
(101.CAL)	Inline XBRL Taxonomy Extension Calculation Linkbase Document
(101.DEF)	Inline XBRL Taxonomy Extension Definition Linkbase Document
(101.LAB)	Inline XBRL Taxonomy Extension Label Linkbase Document
(101.PRE)	Inline XBRL Taxonomy Extension Presentation Linkbase Document
(104)	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

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: October 24, 2023

By /s/ Monish Patolawala

Monish Patolawala,

President and Chief Financial Officer (Mr. Patolawala is a Principal Financial Officer and has been duly authorized to sign on behalf of the Registrant.)