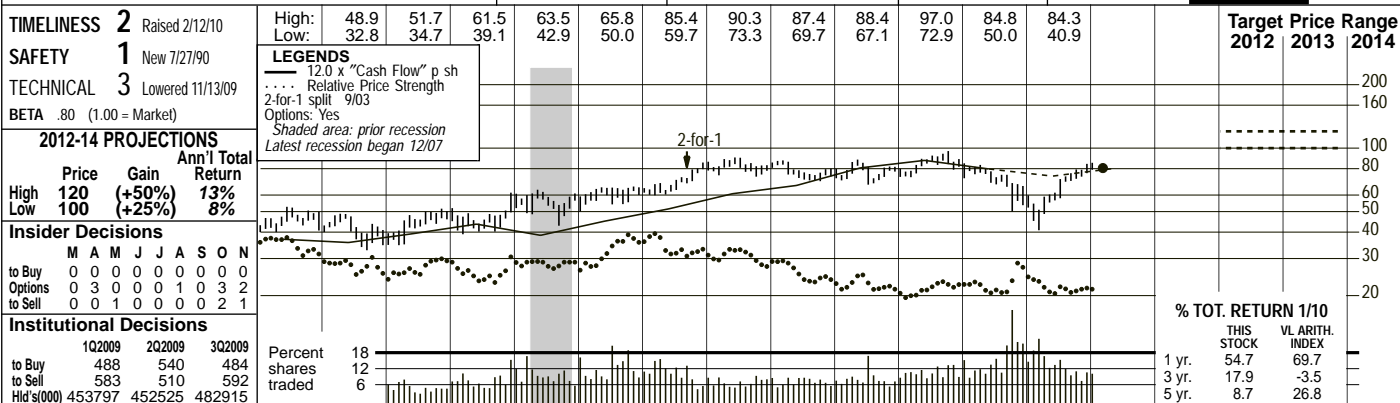


3M COMPANY NYSE-MMM

RECENT PRICE **80.43** P/E RATIO **16.0** (Trailing: 17.8; Median: 20.0) RELATIVE P/E RATIO **0.95** DIV'D YLD **2.6%** VALUE LINE



1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
16.32	17.96	16.07	17.08	18.62	18.69	19.64	21.11	20.55	20.94	23.25	25.45	28.05	31.21	34.49	36.43	32.54	34.45	Sales per sh	40.90
2.72	2.91	2.65	2.88	3.08	2.98	3.27	3.64	3.22	3.75	4.29	5.07	5.55	6.71	7.29	6.65	6.15	6.70	"Cash Flow" per sh	9.05
1.46	1.59	1.62	1.82	1.94	1.87	2.11	2.32	1.79	2.50	3.02	3.75	4.12	5.06	5.60	4.89	4.52	4.95	Earnings per sh ^A	6.90
.83	.88	.94	.96	1.06	1.10	1.12	1.16	1.20	1.24	1.32	1.44	1.68	1.84	1.92	2.00	2.04	2.08	Div'ds Decl'd per sh ^B	2.26
1.29	1.37	1.30	1.33	1.74	1.78	1.30	1.41	1.25	.98	.86	1.19	1.25	1.59	2.01	2.12	1.30	1.50	Cap'l Spending per sh	2.10
7.58	8.02	8.22	7.54	7.32	7.38	7.89	8.24	7.78	7.68	10.06	13.20	13.39	13.56	16.56	14.24	19.63	21.35	Book Value per sh	29.35
858.96	839.59	837.41	833.67	809.45	803.85	797.42	792.17	782.61	779.96	784.12	786.29	754.54	734.36	709.16	693.54	710.60	700.00	Common Shs Outst'g ^C	680.00
18.5	16.5	17.9	19.2	23.6	22.3	20.8	19.9	31.1	24.4	22.8	21.9	18.9	15.2	15.0	14.6	14.1		Avg Ann'l P/E Ratio	16.0
1.09	1.08	1.20	1.20	1.36	1.16	1.19	1.29	1.59	1.33	1.30	1.16	1.01	.82	.80	.89	.97		Relative P/E Ratio	1.05
3.1%	3.4%	3.3%	2.8%	2.3%	2.6%	2.6%	2.5%	2.2%	2.0%	1.9%	1.8%	2.2%	2.4%	2.3%	2.8%	3.2%		Avg Ann'l Div'd Yield	2.1%

CAPITAL STRUCTURE as of 12/31/09				2007	2008	12/31/09	2007	2008	12/31/09	2007	2008	12/31/09	2007	2008	12/31/09	2007	2008	12/31/09	2007	2008	12/31/09	2007	2008	12/31/09
Total Debt \$5710 mill. Due in 5 Yrs \$613 mill. LT Debt \$5097 mill. LT Interest \$229.4 mill. (Total interest coverage: 3.2x)				15659	16724	16079	16332	18232	20011	21167	22923	24462	25269	23123	24100	Sales (\$mill)	27800							
Uncapitalized leases \$99.6 mill. Pension Assets-12/09 \$13.1 bill. Oblig. \$12.6 bill. Pfd Stock None				24.7%	23.3%	20.3%	24.5%	26.5%	30.6%	31.1%	32.3%	29.7%	25.2%	24.5%	Operating Margin	29.5%								
Common Stock 710,599,268 shs.				900.0	1025.0	1089.0	954.0	964.0	999.0	986.0	1079.0	1072.0	1153.0	1190	Depreciation (\$mill)	1460								
MARKET CAP: \$57 billion (Large Cap)				1711.0	1857.0	1430.0	1974.0	2403.0	2990.0	3199.0	3851.0	4096.0	3460.0	3193.0	3465	Net Profit (\$mill)	4690							
CURRENT POSITION (SMILL.)				37.9%	34.5%	32.1%	32.1%	32.9%	33.0%	34.7%	30.6%	33.9%	33.4%	30.0%	32.0%	Income Tax Rate	33.0%							
Cash Assets				10.9%	11.1%	8.9%	12.1%	13.2%	14.9%	15.1%	16.8%	16.7%	13.7%	13.8%	14.4%	Net Profit Margin	16.9%							
Receivables				2247.0	1625.0	1787.0	1602.0	2638.0	2649.0	1877.0	1623.0	4476.0	3759.0	5898.0	5300	Working Cap'l (\$mill)	4900							
Inventory (FIFO)				1480.0	971.0	1520.0	2140.0	1735.0	727.0	1309.0	1047.0	4019.0	5166.0	5097.0	5050	Long-Term Debt (\$mill)	5200							
Other				6289.0	6531.0	6086.0	5993.0	7885.0	10378	10100	9959.0	11747	9879.0	13948	14960	Shr. Equity (\$mill)	19945							
Current Assets				22.5%	25.2%	19.4%	25.1%	25.5%	27.3%	28.5%	35.4%	26.6%	23.6%	16.5%	Return on Total Cap'l	16.0%								
Accts Payable				27.2%	28.4%	23.5%	32.9%	30.5%	28.8%	31.7%	38.7%	34.9%	35.0%	23.0%	23.0%	Return on Shr. Equity	23.5%							
Debt Due				12.9%	14.4%	7.9%	16.8%	17.4%	18.0%	18.9%	24.9%	23.1%	20.9%	12.6%	13.5%	Retained to Com Eq	16.0%							
Other				53%	49%	66%	49%	43%	38%	40%	36%	34%	40%	45%	42%	All Div'ds to Net Prof	33%							
Current Liab.																								

BUSINESS: 3M Company (formerly Minnesota Mining & Manufacturing) is a diversified manufacturer. It sells more than 50,000 products in 60 countries. 3M is a component of the DJIA. Its six business segments include: Industrial & Transportation (31% of 2009 sales); Display and Graphics (14%); Health care (19%); Consumer and Office (15%); Electro and Communications (9%); Safety, Security & Protection (12%). Divested data storage and imaging systems, 7/96. '09 foreign sales, 67% of total. R&D, 5.5% of sales. '09 depr. rate: 6.2%. Has about 76,250 employees. State Street Bank & Trust owns 8.1% of stock (4/09 proxy). Chairman, President & CEO: George Buckley. Incorp: DE. Addr.: 3M Center, St. Paul, Minn. 55144-1000. Tel.: 651-733-8206. Internet: www.mmm.com.

3M's fourth-quarter share earnings topped the year-ago tally, significantly. This wasn't hard to do, however, given the steep decline in business in 2008's last three months. Sales bounced back strongly thanks mainly to robust demand for coatings found on high-def TVs and computer monitors in the Display & Graphics unit, and masks used to prevent infection from the H1N1 flu virus.

Profits should stage a partial recovery in 2010. We are looking for GAAP diluted earnings of about \$4.95 a share, (a 9.5% hike over the 2009 figure). This includes about \$0.15 a share in restructuring costs. We expect sales of \$25 billion, which includes internal volume growth of 6%, and a currency negative of 2%. 3M will have its work cut out to prevent margin shrinkage. Raw material expenses (about 50% of COGS) are liable to increase as global economies improve, and selling prices will be difficult to raise due to tepid demand. We also expect a \$0.30-a-share headwind from pension expense as 3M tries to fund the pension program 100% with an additional \$600 million. Better tax planning, though, should lower the tax rate to around 28%.

The company has many ways to grow, albeit incrementally due to its huge size. 3M is often hailed as a proxy for the global economy due to its vast geographical and operational diversity. It has territorial expansion opportunities, particularly in emerging countries like India and China. Internal profit growth through product innovation, supply chain efficiencies, and technological superiority is another growth arm. Acquisitions and taking advantage of secular trends (such as healthcare reform) is another advantage. 3M is spending more on investing in new product innovations, hoping to generate 7%-8% long-term annual top-line gains.

This high-quality issue is back up close to its apex of 2008. As such, its long-term capital gains potential is subpar. The stock has had a tough time breaking the \$100 barrier, but should be able to do so by 2012-2014, on share net of close to \$7.00. We also look for the stock to split two for one by then. Rock-solid finances (A++ Financial Strength) support a decent and growing dividend.

Jeremy J. Butler February 12, 2010

(A) Primary earnings through 1996, then fully diluted on a GAAP basis. Excludes nonrecurring gains (losses): '95, (6c); '97, 59c; '98, (43c); '99, 7c; '00, (10c); '01, (5c). Includes nonrec. gain: '07, 57c. Excludes discount gains (loss): '95, (40c); '96, 1c; '06, 47c; '07, 60c. Egs. in '07 don't add due to chge. in shs. out. Next earnings report due mid-April.	(B) Dividends historically paid mid-March, June, September, and December. ■ Div'd reinvestment plan available. (C) In millions, adjusted for stock split.	Company's Financial Strength A++ Stock's Price Stability 100 Price Growth Persistence 55 Earnings Predictability 80
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