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FORM 10-K405

(Annual Report (Regulation S-K, item 405))

Filed 03/11/02 for the Period Ending 12/31/01

Address	3M CENTER BLDG. 220-11W-02 ST PAUL, MN 55144-1000
Telephone	6517332204
CIK	0000066740
Symbol	MMM
SIC Code	3841 - Surgical and Medical Instruments and Apparatus
Industry	Constr. - Supplies & Fixtures
Sector	Capital Goods
Fiscal Year	12/31

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3M CO

FORM 10-K405
(Annual Report (Regulation S-K, item 405))

Filed 3/11/2002 For Period Ending 12/31/2001

Address	3M CENTER BLDG. 220-11W-02
	ST PAUL, Minnesota 55144-1000
Telephone	651-733-2204
CIK	0000066740
Industry	Conglomerates
Sector	Conglomerates
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the year ended December 31, 2001

Commission file number 1-3285

MINNESOTA MINING AND MANUFACTURING COMPANY

State of Incorporation: Delaware
I.R.S. Employer Identification No. 41-0417775
Executive offices: 3M Center, St. Paul, Minnesota 55144
Telephone number: (651) 733-1110

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
Common Stock, Par Value $.01 Per Share	New York Stock Exchange
	Pacific Exchange
	Chicago Stock Exchange

Note: The common stock of the registrant is also traded on the Swiss stock exchange.

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .

Indicate by check mark if disclosure of delinquent filers pursuant to

Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of voting stock held by nonaffiliates of the registrant, based on the closing price of $111.00 per share as reported on the New York Stock Exchange-Composite Index on January 31, 2002, was $43.3 billion.

Shares of common stock outstanding at January 31, 2002: 390,162,665.

DOCUMENTS INCORPORATED BY REFERENCE

Parts of the company's definitive proxy statement for its annual meeting to be held on May 14, 2002, are incorporated by reference in this Form 10-K in response to Part III, Items 10, 11, 12 and 13.

This document contains 76 pages. The exhibit index is set forth on page 65.

MINNESOTA MINING AND MANUFACTURING COMPANY
FORM 10-K
For the Year Ended December 31, 2001

PART I

Item 1. Business.

Minnesota Mining and Manufacturing Company was incorporated in 1929 under the laws of the State of Delaware to continue operations, begun in 1902, of a Minnesota corporation of the same name. As used herein, the term "3M" or "company" includes Minnesota Mining and Manufacturing Company and subsidiaries unless the context otherwise indicates.

General
3M is an integrated enterprise characterized by substantial intercompany cooperation in research, manufacturing and marketing of products. 3M's business has developed from its research and technology in coating and bonding for coated abrasives, the company's original product. Coating and bonding is the process of applying one material to another, such as abrasive granules to paper or cloth (coated abrasives), adhesives to a backing (pressure-sensitive tapes), ceramic coating to granular mineral (roofing granules), glass beads to plastic backing (reflective sheeting), and low-tack adhesives to paper (repositionable notes).

3M is among the leading manufacturers of products for many of the markets it serves. In all cases, 3M products are subject to direct or indirect competition. Most 3M products involve expertise in product development, manufacturing and marketing, and are subject to competition from products manufactured and sold by other technically oriented companies.

At December 31, 2001, the company employed 71,669 people.

Business Segments
Financial information and other disclosures relating to 3M's business segments and operations in various geographic areas are provided in the Notes to Consolidated Financial Statements. 3M's six operating segments bring together common or related 3M technologies, enhancing the development of innovative products and services and providing for efficient sharing of business resources. These segments have worldwide responsibility for virtually all 3M product lines. Certain small businesses and staff-sponsored products, as well as various corporate assets and unallocated corporate expenses, are not assigned to the operating segments.

Industrial Markets: Industrial products include a wide variety of coated and nonwoven abrasives, adhesives, pressure-sensitive tapes, and specialty products. Industry-specialized organizations include distribution and key account management, converter channels, automotive aftermarkets, commercial vehicles, electronics, aerospace, marine and recreational vehicles.

Major product lines include vinyl, polyester, foil and specialty industrial tapes and adhesives; Scotch brand masking, filament and packaging tapes; packaging equipment; 3M brand VHB brand bonding tapes; conductive, low surface energy, hot melt, spray and structural adhesives; reclosable fasteners; label materials for durable goods; coated, nonwoven and microstructured surface finishing and grinding abrasives; and products for maintaining and repairing vehicles, boats, airplanes and other vehicles.

Transportation, Graphics and Safety Markets: This segment provides reflective sheeting, high-performance graphics, respirators, automotive components, security products and optical films.

In transportation safety, 3M provides reflective sheetings used on highway signs, vehicle license plates, construction workzone devices, trucks and other vehicles. Major commercial graphic products include equipment, films, inks and related products used to produce graphics for vehicles and signs. The company also sells maintenance-free and reusable respirators. Major automotive products include body side-molding and trim; functional and decorative graphics; corrosion-resistant and abrasion-resistant films; tapes for attaching nameplates, trim and moldings; and fasteners for attaching interior panels and carpeting. Safety and security products include reflective materials that are widely used on apparel, footwear and accessories, enhancing visibility in low-light situations. Optical products include brightness enhancement films for electronic displays. Other products include spill- control sorbents, Thinsulate brand and Lite Loft brand insulations, traffic control devices, electronic surveillance products, and films that protect against counterfeiting. In 2000 and early 2001, 3M acquired two touch screen companies, which added product offerings to the Optical Systems business.

Health Care Markets: Major product categories include medical and surgical supplies, infection prevention, microbiology, health information systems, pharmaceuticals, drug delivery systems, dental and orthodontic products, and mechanical and tape closures for disposable diapers.

In medical and surgical, 3M is a supplier of medical tapes, dressings and wound closures. In infection prevention, 3M markets a variety of surgical drapes, masks and preps, as well as sterilization assurance equipment. 3M also provides microbiology products, which make it faster and easier for food processors to test for microbiological quality of food. In health information systems, 3M develops and markets computer software for hospital coding and data classification, as well as related consulting services. The health care segment also provides other medical products, including orthopedic casting materials, electrodes and stethoscopes.

This segment also serves the pharmaceutical and dental markets, as well as manufacturers of disposable diapers. Pharmaceutical products include immune response modifiers, and respiratory and women's health products. Other products include drug-delivery systems, such as metered-dose inhalers, transdermal skin patches and related components. Dental products include restoratives, adhesives, finishing and polishing products, crowns, impression material, preventive sealants, professional tooth whiteners, prophylaxis and orthodontic appliances. Other products include tape closures for disposable diapers, and reclosable fastening systems and other diaper components that help diapers fit better. In early 2001, 3M combined its German dental business with ESPE Dental AG, a leading German supplier of crowns, bridges and other dental products. In the second quarter of 1999, the company sold the assets of its cardiovascular systems business.

Consumer and Office Markets: Major consumer and office products include Scotch brand tapes; Post-it brand Note products, such as flags, memo pads, labels, Pop-up notes and dispensers; home care products, including Scotch-Brite brand Scouring, Sponge and High Performance Products, O-Cel-O brand Sponges and Scotchgard brand Fabric Protectors; energy control products; nonwoven abrasive materials for floor maintenance and commercial cleaning; floor matting; and home improvement products, including surface-preparation and wood-finishing materials, and Filtrete brand Filters for furnaces and air conditioners. Visual communication products serve the world's office and education markets with overhead projectors and transparency films, plus equipment and materials for electronic and multimedia presentations.

Electro and Communications Markets: This segment serves the electronics, telecommunications and electrical markets. Major electronic and electrical products include packaging and interconnection devices; insulating materials, including pressure-sensitive tapes and resins; and related items. These products are used extensively by manufacturers of electronic and electrical equipment, as well as in the construction and maintenance segments of the electric utility, telecommunications and other industries. 3M brand Microflex brand Circuits utilize electronic packaging and interconnection technology, providing more connections in less space, and are used in inkjet print cartridges, cell phones and other electronic devices. This segment serves the world's telecommunications companies with a wide array of products for fiber- optic and copper-based telecommunications systems. These include many innovative connecting, closure and splicing systems; maintenance products; and test equipment. In 2000, 3M acquired 91 percent (subsequently increased to 93 percent) of Quante AG, a telecommunications supplier, with annual sales of approximately $350 million. In the fourth quarter of 2000, 3M also acquired the multi-layer integrated circuit packaging line of W.L. Gore and Associates, and in early 2001 completed the acquisition of Robinson Nugent, Inc., a manufacturer of electronic interconnects.

Specialty Material Markets: Major specialty materials include protective materials for furniture and fabrics; firefighting agents; fluoroelastomers for seals, tubes and gaskets in engines; engineering fluids; and high-performance fluids used in the manufacture of computer chips, and for electronic cooling and lubricating of computer hard disk drives. Other products include natural and color-coated mineral granules for asphalt shingles. In December 1999, 3M finalized the acquisition of the outstanding minority interest in Dyneon LLC.

In May 2000, 3M announced its intent to substantially phase-out production by the end of 2000 of the perfluorooctanyl chemistry used to produce certain repellents and surfactant products. These include many products previously sold under the Scotchgard brand, such as soil, oil and water repellent products for carpet, upholstery and fabrics; coatings used for oil and grease resistance on paper packaging; fire-fighting foams; and specialty components for other products. The company has introduced alternatives for some applications and industry segments, including carpet protection.

Distribution

3M products are sold through numerous distribution channels. Products are sold directly to users and through numerous wholesalers, retailers, jobbers, distributors and dealers in a wide variety of trades in many countries around the world. Management believes that the confidence of wholesalers, retailers, jobbers, distributors and dealers in 3M and its products, developed through long association with skilled marketing and sales representatives, has contributed significantly to 3M's position in the marketplace and to its growth. 3M has 211 sales offices worldwide, including nine major branch offices located in principal cities throughout the United States. 3M operates 18 sales offices in the United States. Internationally, 3M has 193 sales offices.

Research, Patents and Raw Materials

Research and product development constitute an important part of 3M's activities. Products resulting from research and development have been a major driver of 3M's growth. Research, development and related expenses totaled $1.084 billion, $1.101 billion and $1.056 billion in 2001, 2000 and 1999, respectively. Research and development, covering basic scientific research and the application of scientific advances to the development of new and improved products and their uses, totaled $745 million, $727 million and $688 million in 2001, 2000 and 1999, respectively. Related expenses primarily include technical support provided by the laboratories for existing products.

Corporate research laboratories support research efforts of division and market laboratories. These corporate laboratories also engage in research not directly related to existing 3M product lines. Most major operating divisions have their own laboratories to improve existing products and develop new products. Research staff groups provide specialized services in instrumentation, engineering and process development. 3M also maintains an organization for technological development not sponsored by other units of the company.

3M is the owner of many domestic and foreign patents derived primarily from its research activities. 3M's business as a whole is not materially dependent upon any one patent, license or trade secret, or upon any group of related patents, licenses or trade secrets.

The company experienced no significant or unusual problems in the purchase of raw materials during 2001. It is impossible to predict future shortages of raw materials or the impact any such shortages would have.

Executive Officers

Following is a list of the executive officers of 3M, their ages, present positions, the years elected to their present positions and other positions held during the past five years. No family relationships exist among any of the executive officers named, nor is there any arrangement or understanding pursuant to which any person was selected as an officer.

Name	Age	Present Position	Year Elected to Present Position	Other Positions Held During 1997-2002
W. James McNerney, Jr.	52	Chairman of the Board and Chief Executive Officer	2001	President and CEO, General Electric Aircraft Engines, Cincinnati, Ohio, 1997-2000 President and CEO, General Electric Lighting, Cleveland, Ohio, 1995-1997
Ronald R. Belschner	62	Vice President, Engineering, Manufacturing and Logistics	2000	Division Vice President, Industrial Tape and Specialties Division, 1995-2000
John W. Benson	57	Executive Vice President, Health Care Markets	1998	Group Vice President, Industrial Markets Group, 1996-1997
Robert J. Burgstahler	57	Senior Vice President, Business Development and Corporate Services	2002	Vice President, Finance and Administrative Services, 2000-2002 President and General Manager 3M Canada, 1998-2000 Staff Vice President, Taxes, 1995-1998
Patrick D. Campbell	49	Senior Vice President and Chief Financial Officer	2002	Vice President, Finance, General Motors Europe, Zurich, Switzerland, 2001-2002 Executive Director, Investor Relations and Worldwide Benchmarking, General Motors, Detroit, Michigan, 2000-2001 Chief Financial Officer, General Motors International, Zurich, Switzerland, 1994-1999

Executive Officers (continued)

Name	Age	Present Position	Year Elected to Present Position	Other Positions Held During 1997-2002
Joseph A. Giordano	53	Executive Vice President, International Operations	2002	Vice President, Europe and Middle East, 2001 Vice President, Asia Pacific, 1999-2001 Regional Vice President, South and Southeast Asia, 1999 Division Vice President, Electronic Products Division, 1995-1998
M. Kay Grenz	55	Vice President, Human Resources	1998	Staff Vice President, Human Resources Consulting and Resource Services, 1996-1998
Paul F. Guehler	63	Vice President, Research and Development	2000	Vice President, Corporate Enterprise Development and Optical Technologies, 1999-2000 Optical Markets and Technologies Vice President, 1998-1999 Division Vice President, Safety and Security Systems Division, 1992-1998
Moe S. Nozari	59	Executive Vice President, Consumer and Office Markets	1999	Group Vice President, Consumer and Office Markets Group, 1996-1999
Frederick J. Palensky	52	Executive Vice President, Specialty Material Markets and Corporate Services	2001	Vice President and General Manager 3M ESPE, 2001 Division Vice President, Dental Products Division, 1997-2001 Division Vice President, Medical Products Technology Division, 1994-1997
David W. Powell	60	Vice President, Marketing	1999	Division Vice President, Stationery and Office Supplies Division, 1996-1999
Charles Reich	59	Executive Vice President, Electro and Communications Markets and Corporate Services	2001	Executive Vice President, Specialty Material Markets and Corporate Services, 1999-2001 Group Vice President, Specialty Material Markets Group, 1999 Group Vice President, Chemical Markets Group, 1998 Division Vice President, Occupational Health and Environmental Safety Division, 1997-1998 Division Vice President, Dental Products Division, 1990-1997
John J. Ursu	62	Senior Vice President, Legal Affairs and General Counsel	1997	
Ronald A. Weber	60	Executive Vice President, Transportation, Graphics and Safety Markets	2000	Division Vice President, Automotive Division, 1996-2000
Harold J. Wiens	55	Executive Vice President, Industrial Markets	1999	Executive Vice President, Industrial and Electro Markets, 1999 Executive Vice President, Industrial and Consumer Markets, 1998-1999 Executive Vice President, Sumitomo 3M Limited, 1995-1997

Item 2. Properties.

3M's general offices, corporate research laboratories, and certain division laboratories are located in St. Paul, Minnesota. In the United States, 3M has 18 sales offices in 14 states and operates 59 manufacturing facilities in 22 states. Internationally, 3M has 193 sales offices. The company operates 89 manufacturing and converting facilities in 37 countries outside the United States.

3M owns substantially all of its physical properties. 3M's physical facilities are highly suitable for the purposes for which they were designed. Properties are often used by multiple business segments since 3M is an integrated enterprise characterized by substantial intersegment cooperation with allocations resulting from the shared utilization of assets.

Item 3. Legal Proceedings.

General
The company and some of its subsidiaries are named as defendants in a number of actions, governmental proceedings and claims, including environmental proceedings and products liability claims involving products now or formerly manufactured and sold by the company. In some actions, the claimants seek damages as well as other relief, which, if granted, would require substantial expenditures. The company has recorded liabilities, which represent reasonable estimates of its probable liabilities for these matters. The company also has recorded receivables for the probable amount of insurance recoverable with respect to these matters.

Some of these matters raise difficult and complex factual and legal issues, and are subject to many uncertainties, including, but not limited to, the facts and circumstances of each particular action, the jurisdiction and forum in which each action is proceeding and differences in applicable law.

While the company believes that the ultimate outcome of all of its proceedings and claims, individually and in the aggregate, will not have a material adverse effect on its consolidated financial position, results of operations, or cash flows, there can be no certainty that the company may not ultimately incur charges, whether for breast implant litigation, respirator/mask/asbestos litigation, environmental matters or other actions, in excess of presently recorded liabilities.

The company cannot always definitively determine possible liabilities that exceed recorded amounts related to its legal proceedings and claims. However, the company believes it unlikely, based upon the nature of its legal proceedings and claims and its current knowledge of relevant facts and circumstances, that the possible liabilities exceeding recorded amounts would be material to its consolidated financial position, results of operations or cash flows. With respect to products liability claims, such a conclusion about possible liabilities considers insurance coverage available for such liabilities.

While the company believes that a material adverse impact on its consolidated financial position, results of operations or cash flows from any such future charges is unlikely, given the inherent uncertainty of litigation, a remote possibility exists that a future adverse ruling or unfavorable development could result in future charges that could have a material adverse impact on the company. The current estimates of the potential impact on the company's consolidated financial position, results of operations and cash flows for its legal proceedings and claims could change in the future.

Breast Implant Litigation

The company and certain other companies have been named as defendants in a number of claims and lawsuits alleging damages for personal injuries of various types resulting from breast implants formerly manufactured by the company or a related company. The company entered the business of manufacturing breast implants in 1977 by purchasing McGhan Medical Corporation. In 1984, the company sold the business to a corporation that also was named McGhan Medical Corporation.

As of December 31, 2001, the company is named as a defendant, often with multiple co-defendants, in 302 lawsuits in various courts and 5 claims, all seeking damages for personal injuries from allegedly defective breast implants. These lawsuits and claims purport to represent 899 individual claimants.

3M has confirmed that approximately 19 of the 899 claimants have opted out of the revised class action settlement program approved by the United States District Court for the Northern District of Alabama (the "Revised Settlement Program") and have 3M implants. Most of the claimants in these confirmed cases have alleged an unspecified amount of damages above the jurisdictional limit of the courts in which the cases were filed. The company does not consider its remaining probable liability for these confirmed cases to be material.

The company believes that most of the remaining 880 claimants will be dismissed either because the claimants did not have 3M implants or the claimants accepted benefits under the Revised Settlement Program. Most of these claimants have filed lawsuits that either do not allege a specific amount of damages or allege an unspecified amount of damages above the jurisdictional limit of the court. The rest of these claimants allege damages, including both actual and punitive damages, aggregating approximately $100 million in their lawsuits. Approximately 150 claimants have filed lawsuits in state and federal courts in New York alleging damages in excess of $20 million each. 3M expects that virtually all of these New York cases will be dismissed without payment for the reasons stated above. The company continues to work to clarify the status of these lawsuits and claims.

Based on 3M's experience in resolving thousands of these lawsuits, 3M believes that the amount of damages alleged in complaints is not a reliable or meaningful measure of the potential liability that 3M may incur in the breast implant litigation. Investors should place no reliance on the amount of damages alleged in breast implant lawsuits against 3M.

The company's insurers initiated a declaratory judgment action in Ramsey County Minnesota against the company seeking adjudication of certain coverage and allocation issues. The jury trial phase of this action finished on February 24, 2000. The jury returned a verdict favorable to the company by rejecting all of the insurers' remaining defenses to coverage for breast implant liabilities and costs.

The court's rulings in post verdict motions are considered to be generally favorable to the company. The court awarded the company prejudgment interest on amounts owing by insurers including reasonable attorney fees. However, the court has yet to determine the amount of attorneys' fees recoverable by the company. The court has indicated a formula to be used for this calculation that would result in the company being reimbursed for less than all of its fees. Exact amounts cannot yet be determined. The court filed the judgment on April 16, 2001 and entered judgment on May 16, 2001, thus substantially concluding this matter in the trial court. The company and several insurers appealed the judgment to the Minnesota Court of Appeals. The company has also initiated an arbitration proceeding in London, England to recover insurance coverage for breast implant liability and costs from claims-made insurance carriers. The arbitration hearing is currently scheduled for January 2003.

As of December 31, 2001, the company had receivables for insurance recoveries related to the breast implant matter of $406 million, representing settled but yet to be received amounts ($82 million) as well as amounts contested by the insurance carriers ($324 million). During the fourth quarter of 2001, the company received payments of $80 million from its occurrence carriers. Various factors could affect the timing and amount of proceeds to be received under the company's various insurance policies, including (i) the timing of payments made in settlement of claims; (ii) the outcome of occurrence insurance litigation in the courts of Minnesota (as discussed above); (iii) the outcome of the arbitration with claims-made insurers; (iv) delays in payment by insurers; and (v) the extent to which insurers may become insolvent in the future. There can be no absolute assurance that the company will collect all amounts recorded as being probable of recovery from its insurers.

Respirator/Mask/Asbestos Litigation

During October 2001, the company defended a case in the Circuit Court of Holmes County, Mississippi, against plaintiffs claiming that a 3M respirator and mask did not protect them against contracting claimed asbestos-related diseases allegedly caused by exposure to products containing asbestos which were manufactured by other defendants. The case against the company initially involved six plaintiffs whose claims were consolidated for trial. The court dismissed one plaintiff's case just before trial, and a second plaintiff abandoned his case before it was submitted to the jury. On October 26, the jury returned a verdict against all defendants in favor of the plaintiffs, four of whom had claims against the company. The jury awarded the plaintiffs $25 million each in compensatory damages. The jury denied plaintiffs' request for punitive damages. Based on the jury's findings of percentage of fault attributable to each defendant, the company's share of the total verdict is $22.5 million. The company can provide no assurance at this time about the ability of any co-defendant to pay its share of any ultimate judgment or whether a co-defendant's inability to pay will cause a reallocation of liability for damages among the remaining solvent defendants under state law. Judgment was entered on January 30, 2002. Because the company is vigorously challenging the judgment in post-trial motions, will plan to appeal if necessary, and believes that the judgment ultimately will be overturned, no liability has been recorded related to this matter as of December 31, 2001. If any damages are ultimately assessed against the company, a substantial portion of such damages would be covered by the company's product liability insurance.

For more than twenty years, the company has successfully defended and resolved the claims of approximately 200,000 individual claimants similar to the ones brought in Holmes County. The company's vigorous defense of this litigation has resulted in: (i) jury verdicts for the company in the only other two cases tried to verdict (these two successful verdicts involved allegations virtually indistinguishable from those of the Holmes County case); (ii) frequent dismissals of lawsuits without any payment by the company; and (iii) average settlement values of less than $1,000 for the claims and lawsuits that the company has resolved. In many of these lawsuits and claims, the company is named as a defendant with multiple co-defendants where no product the company manufactured is involved or where the company is ultimately determined not to have manufactured the products the plaintiffs identified. As noted above, many of these lawsuits and claims have been dismissed without payment.

As of December 31, 2001, the company is a named defendant, with multiple co- defendants, in approximately 21,000 lawsuits and claims in various courts. (The number of lawsuits is not a good indicator of claims and litigation activity because one lawsuit may represent the claims of one plaintiff or many. The number of plaintiffs named in any one lawsuit varies by plaintiffs' counsel and jurisdiction. For this reason, the number of claimants is a better indicator of claims and litigation activity.) These lawsuits and claims purport to represent approximately 80,000 individual claimants. A majority of

these current claimants have not identified specific products manufactured by the company.

Based on the company's experience, the vast majority of these lawsuits and claims purportedly relate to the alleged use of company's mask and respirator products and seek damages from the company and other defendants for alleged personal injury from occupational exposure to asbestos or, less frequently, silica found in products manufactured by other defendants. The remaining lawsuits and claims generally allege personal injury from occupational exposure to asbestos from unspecified products claimed to have been manufactured by the company or other defendants and/or from specialty products containing asbestos allegedly manufactured by the company and/or other defendants many years ago.

Based on the company's experience in defending and resolving these lawsuits and claims to date and the substantial product liability insurance provided by the company's insurers, the company believes these lawsuits and claims will not have a material adverse effect on its consolidated financial position, results of operations, or cash flows.

As of December 31, 2001, the company had estimated accrued liabilities of approximately $156 million for these claims. This amount represents the company's best estimate of the amount to cover the cost and expense of resolving current and probable future claims. The company also had receivables for expected insurance recoveries of approximately $223 million. The difference between the accrued liability and insurance receivable represents the time delay between payment of claims and receipt of insurance reimbursements.

The company's current estimate of its probable liabilities and associated expenses for respirator/mask/asbestos litigation is based on facts and circumstances existing at this time and reasonably anticipated trends. New developments may occur that could affect the company's estimate of probable liabilities and associated expenses. These developments include, but are not limited to, (i) changes in the number of future claims, (ii) changes in the average cost of resolving claims, (iii) change in the nature of claims received, (iv) changes in the law and procedure applicable to these claims, or
(v) financial viability of other co-defendants and insurers and other unknown variables. The company cannot determine the impact of these potential developments on the current estimate of its probable liabilities and associated expenses.

Environmental Matters

The company's operations are subject to environmental laws and regulations enforceable by foreign, federal, state, and local authorities and private parties in the United States and abroad, including those pertaining to air emissions, wastewater discharges, toxic substances, and the handling and disposal of solid and hazardous wastes. These laws and regulations provide under certain circumstances a basis for the remediation of contamination, as well as 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 potential 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 and similar state laws, the company may be jointly and severally liable for the costs of environmental contamination at current or former facilities and at off-site

locations. The company has identified numerous locations, most of which are in the United States, at which it may have some liability for remediating contamination. Amounts expensed for environmental remediation activities were not material at these locations nor have there been material changes in the recorded liabilities for environmental matters.

Liabilities for estimated costs of environmental remediation are, depending on the site, 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. Recorded liabilities are adjusted as further information develops or circumstances change. The company expects that the amounts recorded will be paid out over the periods of remediation for the applicable sites, currently ranging up to 30 years. As of December 31, 2001, the company had recorded liabilities of $38 million for estimated environmental investigatory and remediation costs based upon an evaluation of currently available facts with respect to each individual site.

It is often difficult to estimate the cost of environmental compliance and remediation and potential claims given the uncertainties regarding the interpretation and enforcement of applicable environmental laws and regulations, the extent of environmental contamination and the existence of alternate cleanup methods. The company's current assessment of the probable liabilities and associated expenses related to environmental matters is based on the facts and circumstances known at this time. New developments may occur that could affect the company's assessment. These developments include, but are 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 or enforcement policies; (iii) new and evolving analytical and remediation techniques; (iv) success in allocating liability to other potentially responsible parties; and (v) financial viability of other potentially responsible parties and third-party indemnitors. The company cannot determine the impact of these potential developments on the current estimate of its probable liabilities and associated expenses.

In June 1999, the company entered into a voluntary agreement with the Environmental Protection Agency (EPA) under both an "Agreement for TSCA Compliance" and the EPA's Incentives for Self Policing Policy to conduct an audit of the company's facilities and business units under the Toxic Substances Control Act (TSCA). The company also later agreed to conduct a separate TSCA section 8(e) Compliance Audit for materials which under current EPA guidelines potentially would be subject to notification under section 8(e) of TSCA and agreed to pay stipulated penalties for each report submitted under this audit. The company recently agreed to pay $240,000 in penalties under a proposed settlement agreement with the EPA for phase I and II of the TSCA 8(e) audit and the parties are negotiating further penalties.

In December 2001, the company has resolved its involvement in a lawsuit that was filed by the United States on behalf of the Department of the Interior to recover costs resulting from the alleged disposal of wastes at the Krejci site in Ohio, by paying $15.5 million into an escrow account under the terms of a consent decree, subject to court approval, entered into by the company and the Department of the Interior. If the consent decree is approved by the court, the money in the escrow account will be paid to the Department of the Interior and the company will be protected from additional claims, including claims for contribution by other settling defendants, arising from planned remediation activities and known natural resource damages at the site. The consent decree also includes reopener provisions, which are standard in consent decrees including those signed by the other settling defendants. Given the thorough site investigation and the extensive future remediation work being undertaken by other settling defendants, the company believes that its future liability exposure under the reopener provisions is remote.

Item 4. Submission of Matters to a Vote of Security Holders.

None in the quarter ended December 31, 2001.

Part II

Item 5. Market Price of 3M's Common Stock and Related Security Holder Matters.

At January 31, 2002, there were approximately 127,196 shareholders of record. 3M's stock is listed on the New York, Pacific, Chicago and Swiss stock exchanges. Stock price comparisons are provided in the Quarterly Data section in the Notes to Consolidated Financial Statements.

Item 6. Selected Financial Data.

(Dollars in millions, except per-share amounts)

Years ended December 31:	2001	2000	1999	1998	1997
Net sales	$16,079	$16,724	$15,748	$15,094	$15,133
Income from continuing operations	1,430*	1,857*	1,763*	1,213**	2,121**
Per share of common stock:					
Continuing operations - basic	3.63*	4.69*	4.39*	3.01**	5.14**
Continuing operations - diluted	3.58*	4.64*	4.34*	2.97**	5.06**
Cash dividends declared and paid	$ 2.40	$ 2.32	$ 2.24	$ 2.20	$ 2.12
At December 31:					
Total assets	$14,606	$14,522	$13,896	$14,153	$13,238
Long-term debt (excluding portion due within one year)	1,520	971	1,480	1,614	1,015

<F1>
The above income and earnings per share information exclude an extraordinary loss in 1998 ($38 million, or $.09 per diluted share), and the cumulative effect of accounting change in 2000 ($75 million, or $.19 per diluted share).
<F2>
*As discussed in the Notes to Consolidated Financial Statements, 2001 includes a non-recurring net loss of $504 million ($312 million after tax and minority interest), or 78 cents per diluted share, principally related to charges in connection with 3M's restructuring plan, acquisition-related charges, a reversal of a 1999 litigation accrual, and a net gain related to the sale of available-for-sale equity securities, partially offset by the write-down of available-for-sale equity securities. 2000 includes a non-recurring net loss of $23 million ($15 million after tax), or 4 cents per diluted share, related to the company's phase-out of perfluorooctanyl-based chemistry products in the Specialty Material segment, a write-down of certain corporate and unallocated assets, gains related to corporate and unallocated asset dispositions, a gain from the termination of a product distribution agreement in the Health Care segment, and other non-recurring items. 1999 includes a net gain of $100 million ($52 million after tax), or 13 cents per diluted share, related to gains on divestitures, litigation expense, an investment valuation adjustment, and a change in estimate that reduced 1998 restructuring charges.
<F3>
** 1998 includes restructuring charges of $493 million ($313 million after tax), or 77 cents per diluted share. 1997 includes a gain of $803 million ($495 million after tax), or $1.18 per diluted share, on the sale of National Advertising Company.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Accounting Policies

The company has disclosed those accounting policies that it considers to be significant in determining the amounts to be utilized for communicating its consolidated financial position, results of operations and cash flows in the first note to its Consolidated Financial Statements included elsewhere herein.

The company's core activities relate to the development, manufacture and sale of thousands of products to numerous markets. Although the company's operations may be considered to be complex, management believes the accounting principles it utilizes to prepare its consolidated financial statements are relatively basic, are intended to result in the reporting of reasonably conservative amounts, and typically only are changed to comply with new standards promulgated by authoritative bodies. In all material respects, the accounting principles utilized by the company are in conformity with U.S. generally accepted accounting principles.

In applying its accounting principles, management must often make individual estimates and assumptions regarding expected outcomes or uncertainties. As one would expect, the actual results or outcomes are generally different than the estimated or assumed amounts. These differences are usually minor and are included in the consolidated financial statements by management as soon as they are known. The individual estimates and assumptions generally do not involve a level of risk or uncertainty that would be material to the consolidated financial statements as a whole because, although numerous in number, they generally are relatively immaterial in amount. Many of these estimates and assumptions relate to current assets and liabilities and, accordingly, given the relatively short operating cycle of the company, they are reviewed and updated frequently.

There are estimates and assumptions made by management in preparing the consolidated financial statements for which actual results will emerge over long periods of time, such as the assumptions underlying the determination of the company's pension and postretirement obligations and related periodic cost, and the assessment of the recoverability of long-lived assets employed in the business, including assets of acquired businesses. These estimates and assumptions are closely monitored by management and periodically adjusted as circumstances warrant. For instance, the expected long-term rate of return on pension assets may be adjusted based on the emergence of different earnings trends or prospects, or expected asset lives may be shortened or an impairment recorded based on a change in the expected use of the asset or performance of the related business reporting unit. Although there is greater risk with respect to the accuracy of these long-term estimates and assumptions because of the long period over which actual results will emerge, such risk is mitigated by management's ability to make changes in these estimates and assumptions over the same long period.

In preparing financial statements at any point in time, management is also periodically faced with uncertainties, the outcomes of which are not within its control and will not be known for prolonged periods of time. As discussed in Part I, Item 3 (Legal Proceedings) and the Notes to the Consolidated Financial Statements, the company is involved in a number of actions, governmental proceedings and claims related to product liability and environmental matters. In some actions, the claimants seek damages as well as other relief, which, if granted would require substantial expenditures. Management, with the assistance of counsel makes estimates, if determinable, of its probable liabilities and records such amounts in the consolidated financial statements. Such estimates may be an amount representing management's best estimate, or may be the minimum amount of a range of probable loss when no single best estimate is determinable. Disclosure is

made, when determinable, of the additional possible amount of loss on these claims, or if such estimate cannot be made, that fact is disclosed. The company and its counsel monitor developments related to these legal matters and, when appropriate, adjustments are made to recorded liabilities to reflect current facts and circumstances. With respect to product liability claims, the company has substantial amounts of insurance available, and management with the assistance of counsel makes and records estimates of insurance recoverable for its claims liabilities. Such estimates are also monitored and modified as appropriate, based on current developments. While the company believes that the ultimate outcome of all of its actions, governmental proceedings and claims individually and in the aggregate will not have a material adverse effect on its consolidated financial position, results of operations or cash flows, there can be no certainty that the company may not ultimately incur charges in excess of presently recorded liabilities. While the company believes such a material adverse impact is unlikely, given the inherent uncertainty of litigation, a remote possibility exists that a future adverse ruling or unfavorable development could result in future charges that could have a material adverse impact on the company.

The company discusses risk management in various places throughout this document, including discussions in this section concerning Financial Condition and Liquidity, and Financial Instruments, and in the Notes to Consolidated Financial Statements (Debt, Other Financial Instruments, and the Derivatives and Hedging Activities accounting policy). All derivative activity is governed by written policies, and a value-at-risk analysis is provided for these derivatives. The company does not have leveraged derivative positions. All special-purpose entities utilized by the company (such as its captive insurance company) are consolidated in its results and have economic purpose. The company does not use special-purpose vehicles for primary financing purposes.

Based on a critical assessment of its accounting policies and the underlying judgments and uncertainties affecting the application of those policies, management believes that the company's consolidated financial statements provide a meaningful and fair perspective of the company. This is not to suggest that other general risk factors, such as changes in worldwide economic conditions, fluctuations in foreign currency exchange rates, achievement of corporate growth objectives, changes in material costs, performance of acquired businesses and others, could not adversely impact the company's consolidated financial position, results of operations and cash flows in future periods.

Operating Results

Sales: Sales in 2001 totaled $16.079 billion, compared with $16.724 billion in 2000 and $15.748 billion in 1999. In 2001, core volume (which excludes acquisition and divestiture impacts) declined by 3.5 percent. The stronger U.S. dollar reduced sales by 3.3 percent.

In 2000, core volume grew 8.5 percent. Selling prices declined about 1.5 percent, mainly due to reductions in certain 3M electronic products both in the United States and internationally. The stronger U.S. dollar reduced sales by about 2.5 percent.

In the United States, sales in 2001 totaled $7.546 billion, down 4 percent from 2000. U.S. core volume declined 6.8 percent. Internationally, sales totaled $8.533 billion, down 3.8 percent from 2000. International core volume declined nearly 1 percent. The stronger U.S. dollar reduced international sales by 6.2 percent. In 2000, U.S. sales increased 4 percent. Volume rose 5 percent, while selling prices were down 1 percent. Internationally, sales rose 8 percent. Core volume increased 12 percent and selling prices were down 2 percent. The stronger U.S. dollar reduced international sales by 5 percent.

Components of Sales Change

	2001			2000		
	U.S.	Intl.	W.W.	U.S.	Intl.	W.W.
Volume - core	(6.8)%	(.7)%	(3.5)%	5.0 %	12.0%	8.5%
Volume - acquisitions and divestitures	2.1	3.0	2.6	-	3.0	1.5
Price	.7	.1	.3	(1.0)	(2.0)	(1.5)
Translation	-	(6.2)	(3.3)	-	(5.0)	(2.5)
Total	(4.0)%	(3.8)%	(3.9)%	4.0%	8.0%	6.0%

Non-recurring items: In 2001, non-recurring items reduced operating income by $504 million and net income by $312 million, or 78 cents per diluted share. Non-recurring items of $569 million, principally related to the company's restructuring plan announced during the second quarter of 2001, were classified as a component of cost of sales ($249 million); selling, general and administrative expenses ($300 million); and research, development and related expenses ($20 million). Of this $569 million, $472 million related to employee severance and benefits, $80 million related to accelerated depreciation of property, plant and equipment, and $17 million related to other exit activities. In addition, cost of sales included other non- recurring costs of $23 million related to acquisitions. Non-recurring items included in the other expense (income) line within operating income included a $73 million reversal of a 1999 litigation accrual related to 3M's successful appeal in January 2002 in an antitrust case brought by LePage's Inc. On February 25, 2002, the Third Circuit Court of Appeals vacated its prior ruling and ordered a re-hearing in May 2002 by the full court. However, the company continues to believe that it will ultimately prevail in the outcome of this matter. Also included within the other expense (income) line within operating income is a net gain of $15 million related to the sale of available-for-sale equity securities, partially offset by the write-down of available-for-sale equity securities.

In 2000, non-recurring items reduced net income by $90 million, or 23 cents per diluted share. Operating income was reduced by $23 million, including costs of $208 million (reported in cost of sales) and gains of $185 million, included in the other expense (income) line within operating income. Non-recurring costs in 2000 included $168 million of costs in the Specialty Material segment related to the company's phase-out of perfluorooctanyl-based chemistry products, a $20 million write-down of corporate and unallocated assets, and $20 million of other non-recurring expenses ($13 million related to acquisitions in the Electro and Communications segment). Major non-cash costs included in the previously

mentioned items are $73 million of accelerated depreciation and $48 million of impairment losses, primarily related to production equipment used to manufacture products phased out in the Specialty Material segment. Non-recurring gains in 2000 were largely related to asset dispositions, principally the sale of available-for-sale equity securities, and also included $50 million from the termination of a product distribution agreement in the Health Care segment. A cumulative effect of accounting change that related to a change in the company's revenue recognition policy was also recorded in 2000, reducing earnings by $75 million after tax.

In 1999, non-recurring items increased operating income by $100 million ($52 million after tax, or 13 cents per diluted share). These costs were included in the other expense (income) line within operating income. Non-recurring items included a net gain of $147 million ($81 million after tax) related to gains on the divestitures of Eastern Heights Bank and certain health care businesses, net of an investment valuation adjustment. 1999 also included a charge of $73 million ($46 million after tax) related to an adverse jury verdict and legal fees associated with a lawsuit filed by LePage's, Inc. In the third quarter of 1999, the company recorded a change in estimate that reduced 1998 restructuring charges by $26 million ($17 million after tax).

The table below shows amounts for non-recurring items in 2001, 2000 and 1999, as well as amounts excluding these items.

Supplemental Consolidated Statement of Income Information
Years ended December 31

(Millions, except per-share amounts)	Non-recurring items			Total (excluding non-recurring items)		
	2001	2000	1999	2001	2000	1999
Net sales	$ --	$ --	$ --	$16,079	$16,724	$15,748
Cost of sales	272	208	--	8,477	8,579	8,126
Selling, general and administrative expenses	300	--	--	3,761	3,963	3,712
Research, development and related expenses	20	--	--	1,064	1,101	1,056
Other expense (income)	(88)	(185)	(100)	--	--	(2)
Operating income (loss)	$(504)	$ (23)	$ 100	$2,777	$3,081	$2,856
Interest expense and (income) - net	--	--	--	87	84	76
Income (loss) before income taxes, minority interest, and cumulative effect of accounting change	(504)	(23)	100	2,690	2,997	2,780
Provision (benefit) for income taxes	(184)	(8)	48	886	1,033	984
Effective tax rate	--	--	--	32.9%	34.5%	35.4%
Minority interest	(8)	--	--	62	92	85
Income (loss) before cumulative effect of accounting change	$(312)	$ (15)	52	$1,742	$1,872	$1,711
Cumulative effect of accounting change	--	(75)	--	--	--	--
Net income (loss)	$(312)	$ (90)	$ 52	$1,742	$1,872	$1,711
Per share - diluted	(.78)	(.23)	.13	4.36	4.68	4.21

The following discussion excludes the impact of non-recurring items in all years, except where indicated.

(Percent of sales)	2001	2000	1999
Cost of sales	52.7	51.3	51.6
Selling, general and administrative expenses	23.4	23.7	23.6
Research, development and related expenses	6.6	6.6	6.7
Operating income	17.3	18.4	18.1

Costs: In 2001, cost of sales was 52.7 percent of sales, up 1.4 percentage points from 2000. Gross margins were negatively affected by slowing worldwide market demand and negative currency impacts, partially offset by good manufacturing indirect-cost control. In 2000, gross margins benefited from volume growth, productivity gains and lower employee benefit costs, but were negatively affected by raw material costs and currency effects. Cost of sales includes manufacturing, engineering and freight costs.

Selling, general and administrative (SG&A) expenses were 23.4 percent of sales in 2001, 23.7 percent in 2000 and 23.6 percent in 1999. In 2001, these expenses benefited from indirect-cost control and productivity gains related to restructuring actions. In 2000, these expenses reflected increased new product investments. SG&A expenses in 2000 benefited from lower employee benefit costs. Goodwill and indefinite-lived tradename amortization, included in SG&A, totaled $67 million in 2001 and $44 million in 2000. Under the new "Goodwill and Other Intangible Assets" accounting standard (discussed later), this amortization will cease effective January 1, 2002. Excluding goodwill and indefinite-lived tradename amortization, SG&A as a percent of sales for 2001 would total 23.0 percent, and for 2000 would total 23.4 percent.

Operating income: Operating income totaled $2.777 billion in 2001, down 9.9 percent from 2000. Operating income was 17.3 percent of sales, down from 18.4 percent in 2000 and 18.1 percent in 1999. In 2001, slowing worldwide market demand and negative currency effects were partially offset by good indirect- cost control. In 2000, volume growth and productivity gains drove most of the improvement in operating income. Lower employee benefit costs resulting from lower pension expense, primarily in the United States, increased operating profit margins in 2000 by an estimated five-tenths of a percentage point. This benefit was more than offset by higher payroll costs and other inflationary impacts. The company estimates that currency effects reduced operating income by about $175 million in 2001, $78 million in 2000 and $18 million in 1999.

In the United States, operating income in 2001 decreased about 11.5 percent and profit margins were down slightly more than one percentage point. In 2000, operating income decreased 3 percent and profit margins were down one percentage point.

Internationally, operating income in 2001 decreased 9 percent and profit margins decreased slightly more than one percentage point. In 2000, operating income increased 16 percent and profit margins increased 1.4 percentage points.

Interest expense and income: Interest expense was $124 million in 2001, compared with $111 million in 2000 and $109 million in 1999. The increase in 2001 reflected higher average debt levels, partially offset by lower interest rates. Interest income was $37 million in 2001, compared with $27 million in 2000 and $33 million in 1999. The higher level in 2001 reflected higher interest income due to larger average cash balances.

Provision for income taxes: The worldwide effective income tax rate was 32.9 percent in 2001, 34.5 percent in 2000 and 35.4 percent in 1999. Including non- recurring items, 3M's effective tax rate was 32.1 percent in 2001, compared with 34.5 percent in 2000 and 35.8 percent in 1999. The decrease in both 2001 and 2000 was primarily due to a decrease in the average effective tax rate for international operations, and in 2001 also reflected the impact of recurring tax credits on lower-than-expected profit levels.

Minority interest: Excluding non-recurring items in 2001, minority interest was $62 million, compared with $92 million in 2000 and $85 million in 1999. Minority interest represents the elimination of the non-3M ownership interests, primarily in Sumitomo 3M Limited and Dyneon LLC (in 1999 only). The decrease in 2001 was driven by lower profits in Sumitomo 3M. The increase in 2000 reflects higher profits in Sumitomo 3M, partially offset by a decrease as a result of 3M's acquisition of the 46 percent minority interest in Dyneon in December of 1999. This acquisition is discussed in the Notes to Consolidated Financial Statements.

Net income: Net income totaled $1.742 billion, or $4.36 per diluted share, compared with $1.872 billion, or $4.68 per diluted share, in 2000, and $1.711 billion, or $4.21 per diluted share, in 1999. Per-share income decreased 6.8 percent in 2001 and increased 11.2 percent in 2000.

In 2001, 2000 and 1999, currency effects reduced net income by an estimated $94 million (24 cents per share), $55 million (14 cents per share) and $23 million (6 cents per share), respectively. These estimates include the effect of translating profits from local currencies into U.S. dollars; the impact of currency fluctuations on the value of goods transferred between 3M operations in the United States and abroad; and realized foreign currency transaction gains and losses, including derivative instruments designed to reduce exchange rate risks. In 2001, 2000 and 1999, derivative and other transaction gains and losses increased net income by an estimated $29 million, $21 million and $4 million, respectively.

Employment:
At December 31, 2001, employment totaled 71,669 people, a decrease of about 3,350 from year-end 2000, due to both restructuring actions and attrition. In the first quarter of 2001, primarily related to three notable acquisitions, employment increased by about 2,650. Since March 31, 2001, employment has declined by 6,000 people, with 3,500 related to the restructuring plan, 1,500 due to the integration of recent acquisitions and 1,000 due to attrition. At December 31, 2000, employment totaled 75,026, an increase of about 4,500 from year-end 1999, with about 3,400 of the increase due to acquisitions. Sales per employee in local currencies decreased about 3 percent in 2001, increased about 7 percent in 2000, and increased about 10 percent in 1999.

Restructuring charges and other non-recurring items:
During the first half of 2001, the company developed and announced a restructuring plan that consolidates certain operations and streamlines the organization to increase speed and productivity. In June 2001, the company completed the identification of all significant actions to be taken and obtained final approvals from the appropriate level of management. In the fourth quarter of 2001, the company obtained approvals for certain additional actions. The company's current estimate for total charges, principally related to the restructuring plan, is about $750 million (including pre-tax charges of $569 million taken in 2001 that related principally to these actions). These charges are discussed in the Notes to Consolidated Financial Statements.

In connection with its restructuring plan, the company expects to eliminate a total of about 6,000 positions, with most of these reductions occurring by June 30, 2002. Through December 31, 2001, the company had eliminated about 3,500 positions. These positions represent a wide range of functions throughout the company. Of the 6,000 employment reduction for the total plan, about 40 percent will occur in the United States, 35 percent in Europe, and the balance in other international areas. All business segments will be impacted directly and also indirectly through reduced allocations of corporate staff service costs. The impact of the total restructuring, including the allocated portion of restructured staff services, is estimated by segment as follows:
Industrial, 35 percent; Electro and Communications, 20 percent; Transportation, Graphics and Safety, 20 percent; Health Care, 10 percent; Consumer and Office, 10 percent; and Specialty Material, 5 percent. These estimates are provided only as a frame of reference as to the order of magnitude by segment. The restructuring costs have not been recorded in the individual business segments, which enhances comparability and reflects management focus on ongoing results.

In 2002, the company expects to take additional charges of about $200 million. The remaining charges will include accelerated depreciation related to consolidating or downsizing certain manufacturing operations, employee severance and benefit costs, and other incremental restructuring-related exit costs. Related to this restructuring plan, the company estimates it saved $80 million in the second half of 2001. The company expects additional savings of approximately $300 million in 2002, with a somewhat greater rate of savings in the second half than in the first half of the year. The vast majority of the savings will be reduced employee costs. The 2001 savings were most prominent in SG&A, with cost of sales benefits occurring in late 2001 and into 2002. Numerous factors may create offsets to these savings, such as the potential for continued weakness in sales volumes, normal increases in compensation and benefits, and other inflationary pressures. The company has not discontinued any major product lines as a result of this restructuring.

Employee severance and benefit charges totaling $472 million were taken during 2001. These charges were taken in the quarter when management approved the plans and after severance benefits had been communicated to the employees. While the majority of employee severance already has been accrued, additional communications to affected international employees will occur in the first half of 2002, resulting in additional charges.

Of the company's remaining current liability at December 31, 2001, $185 million is classified in current liabilities (payroll) and $13 million is classified in other current liabilities on the Consolidated Balance Sheet. The company classified $124 million of the current year's charges as long-term liabilities. Special termination pension and medical benefits, aggregating $62 million, were offered to eligible employees. These benefits will generally be paid over their life expectancies. In addition, the company estimates that $62 million of deferred separation pay will be paid in 2003 and beyond. The company also recorded $8 million of non-cash stock option expense due to the reclassification of certain employees age 50 and older to retiree status, resulting in a modification of their original stock option awards for accounting purposes. The current liabilities and a portion of the non-current liabilities will be funded through cash provided by operations, with additional funding for non-current liabilities provided through established pension and postretirement trust funds.

Selected information related to these 2001 charges follows.

(Millions)	Employee Severance and Benefits	Accelerated Depreciation	Other	Total
2001 charges				
Second quarter	$386	$--	$11	$397
Third quarter	27	39	3	69
Fourth quarter	59	41	3	103
Total charges	$472	$80	$17	$569
Cash payments	(155)		(4)	(159)
Non-cash	(8)	(80)	--	(88)
Long-term portion of liability	(124)		--	(124)
Current liability at December 31, 2001	$185		$13	$198

Selected information related to the company's 1998 restructuring program follows.

(Millions)	Employee Severance and Benefits	Write-down of Property, Plant and Equipment	Other	Total
1998 charges	$271	$143	$79	$493
1999 changes in estimates	4	(31)	(1)	(28)
Total charges	$275	$112	$78	$465
December 31, 1998 liability	$232		$32	$264
1999 cash payments	(205)		(23)	(228)
1999 changes in estimates	4		(1)	3
December 31, 1999 liability	$ 31		$ 8	$ 39
2000 cash payments	(24)		(4)	(28)
December 31, 2000 liability	$ 7		$ 4	$ 11
2001 cash payments	(3)		(2)	(5)
December 31, 2001 liability	$ 4		$ 2	$ 6

Goodwill and other intangible assets:

The Financial Accounting Standards Board (FASB) recently issued Statement No. 142, "Goodwill and Other Intangible Assets," which will be adopted by the company effective January 1, 2002. Goodwill and intangible assets acquired after June 30, 2001, are subject immediately to the non-amortization and amortization provisions of this statement, while existing goodwill and other indefinite-lived assets will no longer be amortized beginning January 1, 2002. Goodwill will be subject to an impairment test at least annually. A preliminary review indicated that no impairment existed at December 31, 2001. Additional information regarding recent accounting pronouncements of the FASB, including Statement No. 142, is included under "Significant Accounting Policies - New Accounting Pronouncements", in the Notes to Consolidated Financial Statements. Goodwill and indefinite-lived tradename amortization totaled 12 cents per diluted share in 2001 and 9 cents per diluted share in 2000. The impact of Statement No. 142 on previously reported results, and the impact by business segment, follow.

Goodwill and Indefinite-Lived Tradenames
Supplemental Consolidated Statement of Income Information
Years ended December 31

(Amounts in millions, except per-share amounts)	2001	2000
Reported net income	$1,430	$1,782
Add back: Goodwill and indefinite-lived tradename amortization - net	51	32
Adjusted net income	$1,481	$1,814
Earnings per share - basic		
Reported net income	$ 3.63	$ 4.50
Goodwill and indefinite-lived tradename amortization - net	.13	.08
Adjusted net income	$ 3.76	$ 4.58
Earnings per share - diluted		
Reported net income	$ 3.58	$ 4.45
Goodwill and indefinite-lived tradename amortization - net	.12	.09
Adjusted net income	$ 3.70	$ 4.54

Goodwill and Indefinite-Lived Tradenames
Supplemental Business Segment Information

	Asset balance at December 31		Amortization	
(Millions)	2001	2000	Year 2001	Year 2000
Transportation, Graphics and Safety	$ 169	$ 90	$ 13	$ 5
Health Care	344	136	22	15
Industrial	17	14	1	3
Consumer and Office	19	27	2	2
Electro and Communications	361	296	23	14
Specialty Material	126	118	6	5
Total Company	$1,036	$ 681	$ 67	$ 44
Income taxes			(12)	(12)
Minority interest			(4)	--
Amortization - net of income taxes and minority interest			$ 51	$ 32

Other new accounting pronouncements:
In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations". SFAS No. 141 applies to all business combinations with a closing date after June 30, 2001. The most significant changes made by SFAS No. 141 are: 1) requiring that the purchase method of accounting be used for all business combinations initiated after June 30, 2001, and 2) establishing specific criteria for the recognition of intangible assets separately from goodwill.

In June 2001, the Financial Accounting Standards Board also issued Statement of Financial Accounting Standards (SFAS) No. 143, "Accounting for Asset Retirement Obligations", which must be adopted no later than January 1, 2003. This statement establishes accounting standards for recognition and measurement of a liability for an asset retirement obligation and the associated asset retirement cost. The company is reviewing the requirements of this standard. Although the company expects that this standard will not materially affect its financial position or results of operations, it has not yet finalized its determination of the impact of this standard on its consolidated financial statements.

In August 2001, the Financial Accounting Standards Board issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets, which will be adopted by the company on January 1, 2002. The company does not expect this standard to have a material impact on its consolidated financial statements. This standard broadens the presentation of discontinued operations to include more disposal transactions, thus the recognition of discontinued operations is expected to become more common under this new standard.

The company will adopt Emerging Issues Task Force Issue No. 00-25, "Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products" effective January 1, 2002. This statement addresses whether certain consideration from a vendor to a reseller of the vendor's products is an adjustment to selling prices or a cost. It is estimated that this statement will result in Consumer and Office segment annual net sales and advertising cost (included in selling, general and administrative expenses) being reduced by approximately $25 million annually for years 1999 through 2001. This statement would have no effect on the company's net income or its financial position.

Performance by Business Segment
Disclosures relating to 3M's business segments are provided in this Annual Report on Form 10-K, Item 1, Business Segments. Financial information and other disclosures, including discussion of non-recurring items, are provided in the Notes to Consolidated Financial Statements.

Transportation, Graphics and Safety Markets (22 percent of consolidated sales):
This market provides products for transportation safety, commercial graphics, respiratory protection, optical display, automotive and personal safety. Sales in 2001 totaled $3.526 billion, up slightly from 2000. Operating income decreased about 10 percent in 2001, excluding $7 million of non-recurring acquisition costs in 2001. This segment increased volume about 7 percent (about 3 percent excluding acquisitions). Growth was strong in the optical films business and occupational health and environmental safety business. 3M's optical films business broadened its product offerings with the acquisition of two touch screen companies in 2000 and early 2001. Operating income margins declined due to soft overall sales and due to lower margins in acquired businesses.

Health Care Markets (21 percent of consolidated sales):
This market provides innovative products that improve people's health and well-being, including dental, medical supplies, pharmaceuticals and health information systems. Sales totaled $3.419 billion, up about 9 percent from 2000 (up about 4 percent adjusted for acquisitions). Growth was led by pharmaceuticals, dental and orthodontic products, and health information systems. In early 2001, 3M combined its German dental business with ESPE Dental AG, a leading German supplier of crowns, bridges, and other dental products. As controlling shareholder (the minority shareholders have no participating rights), 3M consolidates this company into its results. Health Care operating income was up about 23 percent in 2001, excluding a $50 million pre-tax benefit in 2000 from the termination of a product distribution agreement and excluding $10 million of non-recurring acquisition costs in 2001. Factory productivity and lower SG&A spending both contributed to this operating income improvement.

In September 2001, the pharmaceutical division signed an agreement with Eli Lilly and Company to collaborate on resiquimod, a potential breakthrough treatment for genital herpes. Resiquimod is currently in Phase 3 clinical trials, and moving toward an anticipated 2004 submission date to the FDA. 3M received $100 million in the fourth quarter of 2001 from Eli Lilly in consideration for research and development efforts. The majority of the $100 million is expected to be recognized as revenue in 2002 through 2004, as the majority of the future research and development expenditures are expected to be incurred during this period.

Industrial Markets (20 percent of consolidated sales):
This market provides tapes, coated and nonwoven abrasives, and specialty adhesives. Sales totaled $3.199 billion, down about 9 percent from 2000. Volume declined about 7.5 percent, reflecting weakness in most manufacturing sectors of the economy in 2001. Operating income decreased about 19 percent to $518 million. Aggressive cost controls helped minimize the effect of lower sales volumes on profit margins. This market has implemented structural changes to improve its competitive position. For example, this market consolidated and shifted manufacturing operations globally to shorten cycle times, serve customers better and employ capital more efficiently.

Consumer and Office Markets (17 percent of consolidated sales):
This market supplies products that help keep homes cleaner, offices organized and buildings maintained. Sales totaled $2.724 billion, down about 4 percent from 2000. Despite a volume decline of about 3 percent related to difficult market conditions, this segment was able to increase its operating income by about 3 percent through cost-improvement actions. This segment experienced excellent growth in the construction and home improvement business. Overall growth was held back by softness in most other areas.

Electro and Communications Markets (14 percent of consolidated sales):
This market supplies connecting, splicing, insulating and protective products for the electronics, communications and electrical industries. Sales totaled $2.171 billion, down 12 percent from 2000 (down about 18 percent after adjusting for acquisitions). This segment experienced the effects of sharply lower global activity in the electronics and communications industries, and was also penalized by strong negative currency impacts. Operating income for this market decreased 46 percent, negatively impacted by declining sales and acquisition impacts. In 2000, 3M acquired 91 percent (subsequently increased to 93 percent) of Quante AG, a German-based telecommunications supplier, and purchased the multi-layer integrated circuit packaging line of W. L. Gore and Associates. In early 2001, 3M also completed the acquisition of Robinson Nugent, Inc., a U.S.-based manufacturer of electronic interconnects.

Specialty Material Markets (6 percent of consolidated sales):
This market provides high-value materials for demanding applications in chemical processing, automotive, electronics, telecommunications and other industries. Sales totaled $1.022 billion, down 15 percent from 2000. In May 2000, 3M announced its intent to substantially phase-out production by the end of 2000 of the perfluorooctanyl-based chemistry used to produce certain repellents and surfactant products. The affected product lines represented about $300 million in annual sales with an operating income margin around 20 percent. Overall sales were affected by this phase-out. The company has introduced alternatives for some applications and industry segments, including carpet protection. Operating income in 2000 includes non-recurring costs of $168 million related to the company's decision to phase-out the perfluorooctanyl-based chemistry products. Excluding these non-recurring items in 2000, operating income declined 37 percent in 2001, primarily impacted by the 13.5 percent volume decline.

Performance by Geographic Area
Financial information, including discussion of non-recurring items, related to 3M operations in various geographic areas is provided in the Notes to Consolidated Financial Statements. Non-recurring pre-tax losses of $504 million in 2001, primarily related to the restructuring, are included in Eliminations and Other (not assigned to a specific geographic area).

United States (47 percent of consolidated sales):
Sales in the United States totaled $7.546 billion, down about 4 percent from 2000. U.S. core volume declined 6.8 percent. Operating income was down about 11.5 percent, impacted by volume declines. In 2000, good volume growth and productivity gains helped results, while increased new product investments held back overall profit growth. Operating income was 13.6 percent of sales in 2001, down from 14.8 percent in 2000.

Europe and Middle East (25 percent of consolidated sales):
Sales in Europe and the Middle East totaled $3.960 billion, up slightly from 2000. Local-currency sales increased about 3.5 percent on a reported basis and decreased about 2 percent excluding acquisitions. Currency translation reduced sales by about 3 percent. Despite significant unfavorable currency effects, operating income decreased by only 3 percent. Operating income was 14.4 percent of sales, compared with 14.9 percent of sales in 2000.

Asia Pacific (19 percent of consolidated sales):
Sales in Asia Pacific totaled $3.043 billion, down about 8.6 percent from 2000. Volume in the Asia Pacific area increased 2.4 percent in 2001. Selling prices decreased 1.7 percent, while currency translation decreased sales by 9.3 percent. Operating income was 26.5 percent of sales, down from 28.9 percent in 2001, affected by a significant slowdown in the electronics businesses and unfavorable currency effects. In Japan, home of 3M's largest international company, volume increased about 1.5 percent. Volume in Asia outside Japan increased 3.3 percent in 2001.

Latin America, Canada and Africa (9 percent of consolidated sales):
Sales in Latin America, Canada and Africa combined totaled $1.496 billion, down about 4.4 percent from 2000. In Latin America, local-currency sales increased 3.4 percent. Currency reduced Latin America sales by about 8.3 percent. The peso devaluation in Argentina did not have a material impact on the company. In Canada, local-currency sales increased 1.6 percent. Operating income for Latin America, Canada and Africa was 24.1 percent of sales, essentially unchanged from 2000.

Financial Condition and Liquidity

3M's financial condition remained strong in 2001. The company's key inventory index was 3.1 months, down from 3.4 months at year-end 2000. The accounts receivable index was 59 days, down one day from 2000. The current ratio was 1.4, up from 1.3 at the end of 2000. Various assets and liabilities, including cash and short-term debt, can fluctuate significantly from month to month depending on short-term liquidity needs.

Cash flows provided by operating activities totaled $3.078 billion in 2001, compared with $2.326 billion in 2000 and $3.081 billion in 1999. In 2001, working capital reductions drove the increase. In 2000, certain working capital increases, partially driven by the 10 percent increase in sales volume, reduced cash provided by operating activities. It is estimated that restructuring-related cash outflows will approximate $300 million in 2002. The current liabilities and a portion of the non-current liabilities related to the restructuring liability will be funded through cash provided by operations, with additional funding for non-current liabilities provided through established pension and postretirement trust funds. As discussed in the "Performance by Business Segment" section of this report, 3M received $100 million from Eli Lilly and Company in the fourth quarter of 2001 relating to a pharmaceutical agreement. The majority of the $100 million is expected to be recognized as revenue in 2002 through 2004, as the majority of the future research and development expenditures are expected to be incurred during this period. In 2001, 3M made cash payments of $159 million related to its 2001 restructuring plan. Related to its 1998 restructuring plan, the company made cash payments of $28 million in 2000 and $228 million in 1999. In 2001, 2000 and 1999, 3M's insurance recoveries, net of claims paid, related to the mammary implant matter totaled $101 million, $49 million and $93 million, respectively. Most of the company's implant liabilities have been paid; accordingly, receipt of related insurance recoveries will increase future cash flows. For a more detailed discussion, refer to Part I, Item 3, Legal Proceedings, of this Annual Report on Form 10-K.

Purchases of property, plant and equipment totaled $980 million, a decrease of about 12 percent from 2000. This followed an increase of about 6 percent in 2000 compared with 1999. These investments are helping to meet product demand and increase manufacturing efficiency. Proceeds from the sale of property, plant and equipment totaled approximately $100 million in each of the last three years.

Cash used for acquisitions of businesses totaled $218 million, $472 million and $374 million in 2001, 2000 and 1999, respectively. There were three notable business combinations in 2001. 3M acquired MicroTouch Systems Inc., a touch screen manufacturer, for $158 million in cash, net of cash acquired. 3M also acquired Robinson Nugent, Inc., a telecommunications supplier, in exchange for 1,124,135 shares of 3M common stock. 3M also combined its German dental business (3M Inter-Unitek GmbH, an existing 3M subsidiary) with ESPE Dental AG, a dental products manufacturer. 3M Inter-Unitek GmbH acquired 100 percent of the outstanding shares of ESPE Dental AG in exchange for 43 percent ownership in 3M Inter-Unitek GmbH and $25 million, net of cash acquired. Acquisition activity in 2001 also included the purchase, for less than $50 million, of five smaller companies that had combined annual sales of less than $50 million. Acquisitions in 2000 included the purchase of 91 percent (subsequently increased to 93 percent) of Quante AG (a telecommunications supplier); the purchase of the multi-layer integrated circuit packaging line of W.L. Gore and Associates; and the acquisition of seven smaller businesses. These seven smaller businesses had a combined purchase price of less than $125 million and combined annual sales of less than $75 million. In 1999, 3M completed one notable business combination, with a purchase price of about $340 million, that related to the acquisition of the outstanding minority interest in Dyneon LLC. In

addition, seven other acquisitions had a combined purchase price of less than $50 million and had combined annual sales of less than $50 million.

Cash proceeds from the sale of businesses totaled $11 million, $1 million and $249 million in 2001, 2000 and 1999, respectively. Cash proceeds in 1999 principally related to divestitures of Eastern Heights Bank, the cardiovascular systems business and other health care businesses.

Purchases of investments totaled $12 million in both 2001 and 2000, and $56 million in 1999. These purchases include patents and equity investments.

In 2001, the decrease in net short-term debt of $20 million includes the portion of short-term debt with original maturities of three months or less. Repayment of debt of $1.564 billion includes $948 million of commercial paper having original maturities greater than three months. Proceeds from debt of $1.693 billion includes $1.081 billion of commercial paper having original maturities greater than three months.

Total debt at December 31, 2001, was $2.893 billion, up from $2.837 billion at year-end 2000. Total debt was 32 percent of total capital, compared with 30 percent at year-end 2000. In December 2000, the company issued approximately $350 million of debt securities, remarketable annually (with a final maturity date of December 2010), which is classified as short-term debt. In October 2000, the company filed a shelf registration with the Securities and Exchange Commission relating to the potential offering of debt securities of up to $1.5 billion. After the shelf registration became effective, the company, in May 2001, established under the shelf a medium-term notes program through which up to $1.4 billion of medium-term notes may be offered. 3M plans to use the net proceeds from future issuances of debt securities under these registrations for general corporate purposes, including the repayment of debt or the financing of possible acquisitions. As of December 31, 2001, $550 million of medium-term notes had been issued under the medium-term note program and another $56 million of debt securities had been issued directly from the shelf, aggregating $606 million debt securities offered for 2001 under the shelf. The company expects to issue three-year notes of approximately $400 million under its medium-term note program in March 2002.

The company's liquidity position remains strong. Primary short-term liquidity needs are provided through U.S. commercial paper and euro commercial paper issuances. At year-end 2001, outstanding total commercial paper issued totaled $876 million and averaged approximately $1 billion during 2001. Medium-term note shelf borrowing capacity, as discussed previously, totaled $850 million at year-end 2001. Credit support for outstanding commercial paper is provided by a $565 million, 364-day credit agreement among a group of primary relationship banks. The facility provides for up to $65 million in letters of credit ($59 million of which was outstanding at December 31, 2001). An additional letter of credit of $266 million is dedicated to the reacquisition of 3M Inter-Unitek GmbH shares issued in connection with the ESPE Dental AG business combination, with the shares subject to put options exercisable by the former shareholders of ESPE Dental AG from the date of acquisition until January 10, 2003. Committed credit facilities of $93 million are in place across several international subsidiary locations. The company also has uncommitted lines of credit totaling $125 million. The company expects to renew the committed lines of credit facilities in 2002. The company believes it is unlikely that its access to the commercial paper market will be restricted. Cash and cash equivalents and certain other current assets could provide additional liquidity to meet near term obligations, if necessary.

Certain debt agreements ($565 million of short-term lines of credit, $350 million of dealer remarketable securities, and the $303 million of ESOP debt)

have ratings triggers (BBB-/Baa3 or lower) that would require repayment of debt. The company currently has an AA/Aa1 rating.

3M entered into put/call option agreements with former shareholders of ESPE Dental AG. Under the put agreements, 3M would be required to purchase the 43 percent minority interest in 3M Inter-Unitek GmbH from former shareholders in ESPE Dental AG for cash of approximately $266 million. This aggregate put option amount is expected to approximate the recorded minority interest liability at the date of exercise. These put options became exercisable on the acquisition date and expire on January 10, 2003. The call options, if exercised, would require the minority shareholders to sell their 3M Inter-Unitek GmbH shares to 3M, based upon a formula set forth in the agreement. These call options become exercisable on December 20, 2003, and expire on June 30, 2004.

A summary of the company's significant contractual obligations follows. Capital lease obligations, unconditional purchase obligations, and other contractual obligations are not significant. The ESOP debt guarantee is included in long-term debt.

Contractual Obligations (Millions)	Payments due by year				
	Total	2002	2003-2004	2005-2006	After 2006
Long-term debt (including current portion)	$1,557	$ 37	$716	$ 76	$ 728
Leases	339	79	115	48	97
Total contractual cash obligations	$1,896	$116	$831	$124	$ 825

Repurchases of 3M common stock totaled $1.322 billion in 2001, compared with $814 million in 2000 and $825 million in 1999. Repurchases were made to support the company's management stock option plan, its general employees' stock purchase plan, and for other corporate purposes. In November 2001, the Board of Directors authorized the repurchase of up to $2.5 billion of the company's common stock. This share repurchase authorization is effective from January 1, 2002, through December 31, 2003. In 2001, under preceding authorizations, the company purchased about 12 million shares.

In 2000 and 1999, a reduction in annual weighted average diluted shares outstanding (including the effects of repurchases, issuances and dilution) resulted in a benefit of 8 cents per diluted share and 2 cents per diluted share, respectively. There was no impact in 2001.

Cash dividends paid to stockholders in 2001 totaled $948 million, or $2.40 per share. 3M has paid dividends since 1916. In February 2002, the Board of Directors increased the quarterly dividend on 3M common stock to 62 cents per share, equivalent to an annual dividend of $2.48 per share. This marks the 44th consecutive year of dividend increases.

Future Outlook

Despite the near-term economic challenges, 3M is poised for greater success via fundamental changes aimed at accelerating growth, increasing productivity and improving asset turnover. 3M expects to emerge from the current economic situation as both a stronger and leaner enterprise.

3M launched several initiatives in 2001 that minimized the impact of economic challenges. 3M's Indirect-Cost Control initiative saved over $500 million compared with 2000. 3M expects another $150 million of savings from this initiative in 2002. 3M's Sourcing initiative saved over $100 million in 2001, with another $150 million expected in 2002. Other initiatives include eProductivity, where 3M believes it has a significant digitization

opportunity, and expects $50 million of benefits in 2002; 3M Acceleration, where R&D resources are reallocated to larger, more global projects; and Six Sigma, which focuses on higher growth, lower costs and greater cash flow, and from which 3M expects over $200 million of operating income benefits in 2002.

These initiatives, combined with the company's restructuring plan, are expected to lower costs by more than $1 billion during the 2001 to 2002 time period, even recognizing the initiatives' overlapping impact. These benefits have been built into the earnings projections discussed next.

For 2002 in total, earnings per share, excluding non-recurring items, are expected to be within a range of $4.60 to $5.05 per share. The lower end of the range assumes volume declines of 2 percent, while the top end assumes volume increases of 3 percent. The high end of the range assumes some global economic recovery in the second half of the year. However, first quarter 2002 will be a tougher comparison given that our businesses internationally remained quite strong at the beginning of 2001. Earnings for the first quarter of 2002, excluding non-recurring items, are expected to be within a range of $1.05 to $1.20 per share. The lower end of the range assumes volume declines of 6 percent, while the top end assumes volume declines of 3 percent. These ranges assume a positive 12 cent annual impact due to ceasing goodwill and indefinite-lived tradename amortization in accordance with the company's adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," effective January 1, 2002.

Capital expenditures are expected to total less than $1 billion in 2002.

Financial Instruments

The company enters into contractual derivative arrangements in the ordinary course of business to manage foreign currency exposure, interest rate risks and commodity price risks. A financial risk management committee, composed of senior management, provides oversight for risk management and derivative activities. This committee determines the company's financial risk policies and objectives, and provides guidelines for derivative instrument utilization. This committee also establishes procedures for control and valuation, risk analysis, counterparty credit approval, and ongoing monitoring and reporting.

The company enters into foreign exchange forward contracts, options and swaps to hedge against the effect of exchange rate fluctuations on cash flows denominated in foreign currencies and certain intercompany financing transactions. The company manages interest rate risks using a mix of fixed and floating rate debt. To help manage borrowing costs, the company may enter into interest rate swaps. Under these arrangements, the company agrees to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount. The company manages commodity price risks through negotiated supply contracts, price protection swaps and forward physical contracts.

A variance/co-variance statistical modeling technique was used to test the company's exposure to changes in currency and interest rates and assess the risk of loss in after-tax earnings of financial instruments, derivatives and underlying exposures outstanding at December 31, 2001. The model (third-party bank dataset) used a 95 percent confidence level over a 12-month time horizon. Based on this analysis of the interest rate risks, possible changes in interest rates would not adversely impact after-tax earnings by a material amount ($6 million at December 31, 2001). Based on this analysis of the primary foreign exchange risks, possible changes in exchange rates could adversely impact after-tax earnings by $57 million. This model analyzed more than 20 different currencies, but does not purport to represent what actually will be experienced by the company. This model does not include certain hedge transactions, because the company believes their inclusion would not materially impact the results. The company used a different modeling dataset in 2001, but still used the variance/co-variance technique and used a 12-month

time horizon (versus the one-month time horizon used in 2000). The company does not believe a statistical modeling comparison to 2000 is beneficial, as the company increased both the amount and duration of its foreign currency hedges in 2001. The company also believes it is impracticable (considering cost-benefit criteria) to perform a comparable calculation for 2000.

The company is increasingly striving to move costs outside the United States to naturally protect 3M from currency fluctuations. In 2001, the company increased the amount and duration of its foreign currency hedges to help lessen year-over-year impacts and to improve the predictability of future earnings. However, this hedging program will not make 3M immune to currency impacts.

Sensitivity analysis was used to assess commodity risks. The sensitivity analysis technique used evaluates the effect that changes in the market value of commodities will have on the company's commodity derivative instruments. At year-end 2001 and 2000, the potential change in fair value of commodity derivative instruments, assuming a 10 percent adverse change in the underlying commodity price, was not material ($4 million after tax at December 31, 2001).

The global exposures related to purchased components and materials are such that a one percent price change would result in a pre-tax cost or savings of approximately $40 million per year. Derivative instruments are used to hedge about one percent of this purchased components and materials exposure. The global energy exposure is such that a 10 percent price change would result in a pre-tax cost or savings of approximately $25 million per year. Derivative instruments are used to hedge about 10 percent of this energy exposure.

The Euro Conversion

In February 1997, the company created a European Monetary Union (EMU) Steering Committee and project teams. The objective of these teams was to ensure a smooth transition to EMU for the company. The scope of the teams' efforts included (i) assessing the euro's impact on the company's business and pricing strategies for customers and suppliers, and (ii) ensuring that the company's business processes and information technology (IT) systems could process transactions in euros and local currencies during the transition period and would be converted to the euro by December 31, 2001, in the participating countries.

During 2001, all the business processes for all the euroland companies were converted successfully to the euro; all transactions are now denominated in the euro as the base currency, and records are maintained in euros. The company anticipates that the complete conversion activity, including residual activities in 2002, will cost approximately $30 million.

The Europe and Middle East area contributed 25 percent of consolidated sales and 21 percent of consolidated operating income (excluding non-recurring items) in 2001. The participating countries accounted for 68 percent of the company's sales in the Europe and Middle East area in 2001. The company believes that the euro will, over time, increase price competition for the company's products across Europe due to cross-border price transparency. The company also believes that the adverse effects of increased price competition will be offset somewhat by new business opportunities and efficiencies. The company, however, is not able to estimate the net long-term impact of the euro introduction on the company.

The euro introduction has not had a material impact on the company's overall currency risk. The company anticipates the euro will simplify financial issues related to cross-border trade in the European Union and reduce the transaction costs and administrative time necessary to manage this trade and related risks. The company believes that the associated savings will not be material to corporate results.

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of words like "plan," "expect," "aim," "believe," "project," "anticipate," "intend," "estimate," "will," "should," "could" and other expressions that indicate future events and trends. All statements that address expectations or projections about the future, including statements about the company's strategy for growth, product development, market position, expenditures and financial results, are forward- looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events that are subject to risks and uncertainties. Actual future results and trends may differ materially from historical results or those projected in any such forward-looking statements depending on a variety of factors, including but not limited to the following:

* The effects of, and changes in, worldwide economic conditions. The company operates in more than 60 countries and derives more than half of its revenues from outside the United States. The company's business may be affected by factors in the United States and other countries that are beyond its control, such as downturns in economic activity in a specific country or region; social, political or labor conditions in a specific country or region; or potential adverse foreign tax consequences.

* Foreign currency exchange rates and fluctuations in those rates may affect the company's ability to realize projected growth rates in its sales and net earnings and its results of operations. Because the company derives more than half its revenues from outside the United States, its ability to realize projected growth rates in sales and net earnings and results of operations could be adversely affected if the United States dollar strengthens significantly against foreign currencies.

* The company's growth objectives are largely dependent on the timing and market acceptance of its new product offerings, including its ability to renew its pipeline of new products and to bring those products to market. This ability may be adversely affected by difficulties or delays in product development, such as the inability to: identify viable new products; successfully complete clinical trials and obtain regulatory approvals; obtain adequate intellectual property protection; or gain market acceptance of new products.

* The company's future results are subject to fluctuations in the costs of purchased components and materials due to market demand, currency exchange risks, shortages and other factors. The company depends on various components and materials for the manufacturing of its products. Although the company has not experienced any difficulty in obtaining components and materials, it is possible that any of its supplier relationships could be terminated in the future. Any sustained interruption in the company's receipt of adequate supplies could have a material adverse effect on the company. In addition, while the company has a process to minimize volatility in component and material pricing, no assurance can be given that the company will be able to successfully manage price fluctuations due to market demand, currency risks, or shortages, or that future price fluctuations will not have a material adverse effect on the company.

* The possibility that acquisitions, divestitures and strategic alliances may not meet sales and/or profit expectations. As part of the company's strategy for growth, the company has made and may continue to make acquisitions,

divestitures and strategic alliances. However, there can be no assurance that these will be completed or beneficial to the company.

* The company is the subject of various legal proceedings. The current estimates of the potential impact on the company's consolidated financial position, results of operations and cash flows for its legal proceedings and claims are predictions made by the company about the future and should be considered forward-looking statements. These estimates could change in the future. For a more detailed discussion of the legal proceedings involving the company, see the discussion of "Legal Proceedings" in Part I, Item 3 of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The company discusses risk management in various places throughout this document, including discussions in Item 7 concerning Financial Condition and Liquidity, and Financial Instruments, and in the Notes to Consolidated Financial Statements (Debt, Other Financial Instruments, and the Derivatives and Hedging Activities accounting policy. All derivative activity is governed by written policies, and a value-at-risk analysis is provided for these derivatives. The company does not have leveraged derivative positions.

Item 8. Financial Statements and Supplementary Data.

Index to Financial Statements

Report of Independent Auditors

To the Stockholders and Board of Directors of Minnesota Mining and Manufacturing Company:

In our opinion, the consolidated financial statements listed in Item 8 of this Form 10-K present fairly, in all material respects, the consolidated financial position of Minnesota Mining and Manufacturing Company and Subsidiaries at December 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Minneapolis, Minnesota
February 11, 2002

Consolidated Statement of Income
Minnesota Mining and Manufacturing Company and Subsidiaries
Years ended December 31

(Amounts in millions, except per-share amounts)	2001	2000	1999
Net sales	$16,079	$16,724	$15,748
Operating expenses			
Cost of sales	8,749	8,787	8,126
Selling, general and administrative expenses	4,061	3,963	3,712
Research, development and related expenses	1,084	1,101	1,056
Other expense (income)	(88)	(185)	(102)
Total	13,806	13,666	12,792
Operating income	2,273	3,058	2,956
Interest expense and income			
Interest expense	124	111	109
Interest income	(37)	(27)	(33)
Total	87	84	76
Income before income taxes, minority interest and cumulative effect of accounting change	2,186	2,974	2,880
Provision for income taxes	702	1,025	1,032
Minority interest	54	92	85
Income before cumulative effect of accounting change	1,430	1,857	1,763
Cumulative effect of accounting change	--	(75)	--
Net income	$ 1,430	$ 1,782	$ 1,763
Weighted average common shares outstanding - basic	394.3	395.7	402.0
Earnings per share - basic			
Income before cumulative effect of accounting change	$ 3.63	$ 4.69	$ 4.39
Cumulative effect of accounting change	--	(.19)	--
Net income	$ 3.63	$ 4.50	$ 4.39
Weighted average common shares outstanding - diluted	399.9	399.9	406.5
Earnings per share - diluted			
Income before cumulative effect of accounting change	$ 3.58	$ 4.64	$ 4.34
Cumulative effect of accounting change	--	(.19)	--
Net income	$ 3.58	$ 4.45	$ 4.34

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

Consolidated Balance Sheet
Minnesota Mining and Manufacturing Company and Subsidiaries
At December 31

(Dollars in millions)	2001	2000
Assets		
Current assets		
Cash and cash equivalents	$ 616	$ 302
Accounts receivable - net	2,482	2,891
Inventories	2,091	2,312
Other current assets	1,107	874
Total current assets	6,296	6,379
Investments	275	310
Property, plant and equipment - net	5,615	5,823
Other assets	2,420	2,010
Total assets	$14,606	$14,522
Liabilities and Stockholders' Equity		
Current liabilities		
Short-term debt	$ 1,373	$ 1,866
Accounts payable	753	932
Payroll	539	382
Income taxes	596	462
Other current liabilities	1,248	1,112
Total current liabilities	4,509	4,754
Long-term debt	1,520	971
Other liabilities	2,491	2,266
Total liabilities	8,520	7,991
Stockholders' equity		
Common stock, par value $.01 per share	5	5
Shares outstanding - 2001: 391,303,636		
2000: 396,085,348		
Capital in excess of par value	291	291
Retained earnings	11,914	11,517
Treasury stock	(4,633)	(4,065)
Unearned compensation	(286)	(303)
Accumulated other comprehensive income (loss)	(1,205)	(914)
Stockholders' equity - net	6,086	6,531
Total liabilities and stockholder's equity	$14,606	$14,522

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

Consolidated Statement of Changes in
Stockholders' Equity and Comprehensive Income
Minnesota Mining and Manufacturing Company and Subsidiaries

(Dollars in millions, except per-share amounts)	Total	Common Stock and Capital in Excess of Par	Retained Earnings	Treasury Stock	Unearned Compen-sation	Accumulated Other Compre-hensive Income (Loss)
Balance at December 31, 1998	$5,936	$296	$ 9,980	$(3,482)	$(350)	$(508)
Net income	1,763		1,763			
Cumulative translation adjustment - net of $2 million tax benefit	(176)					(176)
Minimum pension liability adjustment - net of $36 million tax benefit	(30)					(30)
Debt and equity securities, unrealized gain - net of $77 million tax provision	126					126
Total comprehensive income	1,683					
Dividends paid ($2.24 per share)	(901)		(901)			
Amortization of unearned compensation	23				23	
Reacquired stock (9.0 million shares)	(825)			(825)		
Issuances pursuant to stock option and benefit plans (5.7 million shares)	373		(101)	474		
Balance at December 31, 1999	$6,289	$296	$10,741	$(3,833)	$(327)	$(588)
Net income	1,782		1,782			
Cumulative translation adjustment - net of $5 million tax provision	(191)					(191)
Minimum pension liability adjustment - net of $37 million tax benefit	(28)					(28)
Debt and equity securities, unrealized loss - net of $65 million tax benefit	(107)					(107)
Total comprehensive income	1,456					
Dividends paid ($2.32 per share)	(918)		(918)			
Amortization of unearned compensation	24				24	
Reacquired stock (9.1 million shares)	(814)			(814)		
Issuances pursuant to stock option and benefit plans (6.3 million shares)	483		(88)	571		
Issuances pursuant to acquisitions (129 thousand shares)	11			11		
Balance at December 31, 2000	$6,531	$296	$11,517	$(4,065)	$(303)	$(914)
Net income	1,430		1,430			
Cumulative translation adjustment - net of $14 million tax provision	(267)					(267)
Minimum pension liability adjustment - net of $15 million tax benefit	(16)					(16)
Debt and equity securities, unrealized loss - net of $11 million tax benefit	(17)					(17)
Derivative financial instruments - unrealized gain - net of $5 million tax provision	9					9
Total comprehensive income	1,139					
Dividends paid ($2.40 per share)	(948)		(948)			
Amortization of unearned compensation	17				17	
Reacquired stock (12.0 million shares)	(1,322)			(1,322)		
Issuances pursuant to stock option and benefit plans (6.1 million shares)	543		(85)	628		
Issuances pursuant to acquisitions, net of returns of $1 million from escrow (net 1.1 million shares issued)	126			126		
Balance at December 31, 2001	$6,086	$296	$11,914	$(4,633)	$(286)	$(1,205)

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

Consolidated Statement of Cash Flows
Minnesota Mining and Manufacturing Company and Subsidiaries

Years ended December 31 (Dollars in millions)	2001	2000	1999
Cash Flows from Operating Activities			
Net income	$ 1,430	$1,782	$1,763
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	1,089	1,025	900
Deferred income tax provision	1	89	95
Changes in assets and liabilities			
Accounts receivable	345	(171)	(186)
Inventories	194	(261)	96
Other current assets	(97)	(69)	(11)
Other assets - net of amortization	(13)	(145)	119
Income taxes payable	148	27	196
Accounts payable and other current liabilities	(62)	65	(63)
Other liabilities	(27)	(92)	173
Other - net	70	76	(1)
Net cash provided by operating activities	3,078	2,326	3,081
Cash Flows from Investing Activities			
Purchases of property, plant and equipment	(980)	(1,115)	(1,050)
Proceeds from sale of property, plant and equipment	102	104	108
Acquisitions of businesses	(218)	(472)	(374)
Proceeds from sale of businesses	11	1	249
Purchases of investments	(12)	(12)	(56)
Proceeds from sale of investments	47	121	9
Net cash used in investing activities	(1,050)	(1,373)	(1,114)
Cash Flows from Financing Activities			
Change in short-term debt - net	(20)	(236)	(164)
Repayment of debt (maturities greater than 90 days)	(1,564)	(23)	(179)
Proceeds from debt (maturities greater than 90 days)	1,693	495	2
Purchases of treasury stock	(1,322)	(814)	(825)
Reissuances of treasury stock	462	425	347
Dividends paid to stockholders	(948)	(918)	(901)
Distributions to minority interests	(17)	(60)	(51)
Net cash used in financing activities	(1,716)	(1,131)	(1,771)
Effect of exchange rate changes on cash	2	93	(20)
Net increase (decrease) in cash and cash equivalents	314	(85)	176
Cash and cash equivalents at beginning of year	302	387	211
Cash and cash equivalents at end of year	$ 616	$ 302	$ 387

<F1>
The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

Notes to Consolidated Financial Statements

Significant Accounting Policies
Consolidation: All significant subsidiaries are consolidated. All significant intercompany transactions are eliminated. As used herein, the term "3M" or "company" refers to Minnesota Mining and Manufacturing Company and subsidiaries unless the context indicates otherwise.

Foreign currency translation: Local currencies generally are considered the functional currencies outside the United States, except in countries treated as highly inflationary. Assets and liabilities for operations in local- currency environments are translated at year-end exchange rates. Income and expense items are translated at average rates of exchange prevailing during the year. Cumulative translation adjustments are recorded as a component of accumulated other comprehensive income in stockholders' equity.

For operations in countries treated as highly inflationary, certain financial statement amounts are translated at historical exchange rates, with all other assets and liabilities translated at year-end exchange rates. These translation adjustments are reflected in income and are not material.

Reclassifications: Certain prior period balance sheet amounts have been reclassified to conform with the current year presentation.

Use of estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents: Cash and cash equivalents consist of cash and temporary investments with maturities of three months or less when purchased.

Investments: Investments primarily include the cash surrender value of life insurance policies and real estate and venture capital investments. Unrealized gains and losses relating to investments classified as available-for-sale are recorded as a component of accumulated other comprehensive income in stockholders' equity.

Inventories: Inventories are stated at lower of cost or market, with cost generally determined on a first-in, first-out basis.

Property, plant and equipment: Property, plant and equipment are recorded at cost, including capitalized interest and internal engineering cost. Depreciation of property, plant and equipment generally is computed using the straight-line method based on estimated useful lives of the assets. Buildings and improvements estimated useful lives primarily range from 10 to 40 years, with the majority in the 20- to 40-year range. Machinery and equipment estimated useful lives primarily range from 3 to 15 years, with the majority in the 5- to 10-year range. Fully depreciated assets are retained in property and accumulated depreciation accounts until removed from service. Upon disposal, assets and related accumulated depreciation are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to operations.

Other assets: Goodwill is amortized on a straight-line basis over the periods benefited, ranging from 5 to 40 years Other intangible assets are amortized on a straight-line basis over their estimated economic lives. Refer to "New accounting pronouncements" that follows for information about the cessation of

goodwill and other indefinite-lived intangible asset amortization effective January 1, 2002.

Impairment of long-lived assets: Long-lived assets, including identifiable intangibles and goodwill, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when the carrying amount of an asset exceeds the estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss to be recorded is calculated by the excess of the assets carrying value over its fair value. Fair value is determined using a discounted cash flow analysis.

Revenue recognition: Revenue is recognized when the risks and rewards of ownership have substantively transferred to customers, regardless of whether legal title has transferred. This condition is normally met when the product has been delivered or upon performance of services. The company sells a wide range of products to a diversified base of customers around the world and, therefore, believes there is no material concentration of credit risk. Prior to 2000, the company recognized revenue upon shipment of goods to customers and upon performance of services (refer to "Cumulative Effect of Accounting Change" that follows).

Advertising and merchandising: These costs are charged to operations in the year incurred.

Internal-use software: The company capitalizes direct costs of materials and services used in the development of internal-use software. Amounts capitalized are amortized on a straight-line basis over a period of 3 to 5 years and are reported as a component of machinery and equipment within property, plant and equipment.

Environmental: Environmental expenditures relating to existing conditions caused by past operations that do not contribute to current or future revenues are expensed. Liabilities for remediation costs are recorded 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.

Accounting for stock-based compensation: The company uses the intrinsic value method for its Management Stock Ownership Program (MSOP). The General Employees' Stock Purchase Plan is considered non-compensatory.

Comprehensive income: Total comprehensive income and the components of accumulated other comprehensive income are presented in the Consolidated Statement of Changes in Stockholders' Equity and Comprehensive Income. Accumulated other comprehensive income is composed of foreign currency translation effects (including hedges of net investments in international companies), minimum pension liability adjustments, unrealized gains and losses on available-for-sale debt and equity securities, and unrealized gains and losses on cash flow hedging instruments.

Earnings per share: The difference in the weighted average shares outstanding for calculating basic and diluted earnings per share is attributable to the dilution associated with the company's stock-based compensation plans.

Derivatives and hedging activities: Effective January 1, 2001, the company adopted Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138. This new accounting standard requires that all derivative instruments be recorded on the balance sheet at fair value and establishes criteria for designation and

effectiveness of hedging relationships. The effect of adopting this standard was not material to the company's consolidated financial statements.

The company uses interest rate swaps, currency swaps, and forward and option contracts to manage risks generally associated with foreign exchange rate, interest rate and commodity market volatility. All hedging instruments are designated and effective as hedges, in accordance with U.S. generally accepted accounting principles. If the underlying hedged transaction ceases to exist, all changes in fair value of the related derivatives that have not been settled are recognized in current earnings. Instruments that do not qualify for hedge accounting are marked to market with changes recognized in current earnings. The company does not hold or issue derivative financial instruments for trading purposes and is not a party to leveraged derivatives.

New accounting pronouncements: In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations", and No. 142, "Goodwill and Other Intangible Assets." The most significant changes made by SFAS No. 141 are: 1) requiring that the purchase method of accounting be used for all business combinations initiated after June 30, 2001, and 2) establishing specific criteria for the recognition of intangible assets separately from goodwill.

SFAS No. 142 primarily addresses the accounting for acquired goodwill and intangible assets (i.e., the post-acquisition accounting). The provisions of SFAS No. 142 will be effective for fiscal years beginning after December 15, 2001. The most significant changes made by SFAS No. 142 are: 1) goodwill and indefinite-lived intangible assets will no longer be amortized; 2) goodwill and indefinite-lived intangible assets will be tested for impairment at least annually (a preliminary review indicated that no impairment existed at December 31, 2001); and 3) the amortization period of intangible assets with finite lives will no longer be limited to 40 years.

SFAS No. 141 applies to all business combinations with a closing date after June 30, 2001. SFAS No. 142 will be adopted effective January 1, 2002. Goodwill and intangible assets acquired after June 30, 2001, are subject immediately to the non-amortization and amortization provisions of this statement. These standards permit only prospective application of the new accounting; accordingly, adoption of these standards will not affect previously reported 3M financial information. The principal effect of SFAS No. 142 will be the elimination of goodwill amortization. Amortization of goodwill and indefinite-lived intangible assets in 2001 was $67 million (net income impact of $51 million, or 12 cents per diluted share).

In June 2001, the Financial Accounting Standards Board also issued Statement of Financial Accounting Standards (SFAS) No. 143, "Accounting for Asset Retirement Obligations", which must be adopted no later than January 1, 2003. This statement establishes accounting standards for recognition and measurement of a liability for an asset retirement obligation and the associated asset retirement cost. The company is reviewing the requirements of this standard. Although the company expects that this standard will not materially affect its financial position or results of operations, it has not yet finalized its determination of the impact of this standard on its consolidated financial statements.

In August 2001, the Financial Accounting Standards Board issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", which will be adopted by the company on January 1, 2002. The company does not expect this standard to have a material impact on its consolidated financial statements. This standard broadens the presentation of discontinued operations to include more disposal transactions, thus the recognition of discontinued operations is expected to become more common under this new standard.

The company will adopt Emerging Issues Task Force Issue No. 00-25, "Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products", effective January 1, 2002. This statement addresses whether certain consideration from a vendor to a reseller of the vendor's products is an adjustment to selling prices or a cost. It is estimated that this statement will result in Consumer and Office segment annual net sales and advertising cost (included in selling, general and administrative expenses) being reduced by approximately $25 million annually for years 1999 through 2001. This statement would have no effect on the company's net income or its financial position.

Cumulative Effect of Accounting Change
During the fourth quarter of 2000, the company changed its revenue recognition policies. Essentially, the new policies recognize that the risks and rewards of ownership in many transactions do not substantively transfer to customers until the product has been delivered, regardless of whether legal title has transferred. In addition to this change in accounting that affected a substantial portion of its product sales, the company has revised aspects of its accounting for services provided in several of its smaller businesses. These new policies are consistent with the guidance contained in SEC Staff Accounting Bulletin No. 101. The effect of these changes in revenue recognition policies, as of January 1, 2000, is reported as the cumulative effect of an accounting change in 2000. This change did not have a significant effect on previously reported 2000 quarters or on prior years.

Restructuring Charges and Other Non-recurring Items During the first half of 2001, the company developed and announced a restructuring plan that consolidates certain operations and streamlines the organization to increase speed and productivity. In June 2001, the company completed the identification of all significant actions to be taken and obtained final approvals from the appropriate level of management. In the fourth quarter of 2001, the company obtained approvals for certain additional actions. In 2001 the company recorded charges of $569 million ($353 million after tax and minority interest), principally related to the restructuring plan. These charges were classified as a component of cost of sales ($249 million); selling, general and administrative expenses ($300 million); and research, development and related expenses ($20 million). Of the total charges, $472 million related to employee severance and benefits, $80 million related to accelerated depreciation (incremental charges resulting from shortened depreciable lives, primarily related to downsizing or consolidating manufacturing operations), and $17 million related to other exit activities.

The accelerated depreciation (related to assets included in property, plant and equipment) primarily involved specialized 3M manufacturing machinery and equipment. Estimated salvage values were based on estimates of proceeds upon sale of certain affected assets. The charges related to other exit activities include incremental costs and contractual obligations for items such as lease termination payments and other facility exit costs incurred as a direct result of this plan.

In connection with its restructuring plan, the company expects to eliminate a total of about 6,000 positions, with most of these reductions occurring by June 30, 2002. Through December 31, 2001, the company had eliminated about 3,500 positions. These positions represent a wide range of functions throughout the company. Of the 6,000 employment reduction for the total plan, about 40 percent will occur in the United States, 35 percent in Europe, and the balance in other international areas. All business segments were impacted directly and also indirectly through reduced allocations of corporate staff service costs. Employee severance and benefit charges totaling $472 million were taken during 2001. These charges were taken in the quarter when management approved the plans and after severance benefits had been communicated to the employees.

Of the company's remaining current liability at December 31, 2001, $185 million is classified in current liabilities (payroll) and $13 million is classified in other current liabilities on the Consolidated Balance Sheet. The company classified $124 million of the current year's charges as long-term liabilities. Special termination pension and medical benefits, aggregating $62 million, were offered to eligible employees. These benefits will generally be paid over their life expectancies. In addition, the company estimates that $62 million of deferred separation pay will be paid in 2003 and beyond. The company also recorded $8 million of non-cash stock option expense due to the reclassification of certain employees age 50 and older to retiree status, resulting in a modification of their original stock option awards for accounting purposes. The current liabilities and a portion of the non-current liabilities will be funded through cash provided by operations, with additional funding for non-current liabilities provided through established pension and postretirement trust funds.

The restructuring plan includes actions in 25 locations in the United States, 27 in Europe, eight in the Asia Pacific area, 13 in Latin America, and four in Canada. Substantially all actions required by the plan are expected to be completed by June 30, 2002. The company has not discontinued any major product lines as a result of the restructuring plan. The restructuring charges do not include any write-down of goodwill or other intangible assets.

Selected information related to these 2001 charges follows.

(Millions)	Employee Severance and Benefits	Accelerated Depreciation	Other	Total
2001 charges				
Second quarter	$386	$--	$11	$397
Third quarter	27	39	3	69
Fourth quarter	59	41	3	103
Total charges	$472	$80	$17	$569
Cash payments	(155)		(4)	(159)
Non-cash	(8)	(80)	--	(88)
Long-term portion of liability	(124)		--	(124)
Current liability at December 31, 2001	$185		$13	$198

Selected information related to the company's 1998 restructuring program follows.

(Millions)	Employee Severance and Benefits	Write-down of Property, Plant and Equipment	Other	Total
1998 charges	$271	$143	$79	$493
1999 changes in estimates	4	(31)	(1)	(28)
Total charges	$275	$112	$78	$465
December 31, 1998 liability	$232		$32	$264
1999 cash payments	(205)		(23)	(228)
1999 changes in estimates	4		(1)	3
December 31, 1999 liability	$ 31		$ 8	$ 39
2000 cash payments	(24)		(4)	(28)
December 31, 2000 liability	$ 7		$ 4	$ 11
2001 cash payments	(3)		(2)	(5)
December 31, 2001 liability	$ 4		$ 2	$ 6

Acquisitions and Divestitures

General: In 2001, 2000 and 1999, all business combinations completed by the company used the purchase method of accounting. Effective January 1, 2002, with the adoption of SFAS No. 142, goodwill and indefinite-lived intangibles will no longer be amortized.

Year 2001 acquisitions: In 2001, the company completed three notable business combinations, all in the first quarter of the year. 3M acquired MicroTouch Systems, Inc., a touch screen manufacturer, for $158 million in cash, net of cash acquired. 3M also acquired Robinson Nugent, Inc., a telecommunications supplier, in exchange for 1,124,135 shares of 3M common stock that had a fair market value of $127 million as of the acquisition date. 3M also combined its German dental business (3M Inter-Unitek GmbH, an existing 3M subsidiary) with ESPE Dental AG, a dental products manufacturer. 3M Inter-Unitek GmbH acquired 100 percent of the outstanding shares of ESPE Dental AG in exchange for 43 percent ownership in 3M Inter-Unitek GmbH and $25 million, net of cash acquired. Upon completion of this transaction, 3M holds a 57 percent controlling interest in 3M Inter-Unitek GmbH and consolidates it with a provision for the minority interest that does not have participating rights. 3M entered into put/call option agreements with former shareholders of ESPE Dental AG. Under the put agreements, 3M would be required to purchase the 43 percent minority interest in 3M Inter-Unitek GmbH from former shareholders of ESPE Dental AG for cash of approximately $266 million. These put options became exercisable on the acquisition date and expire on January 10, 2003. The call options, if exercised, would require the minority shareholders to sell their 3M Inter-Unitek GmbH shares to 3M, based upon a formula set forth in the agreement. These call options become exercisable on December 20, 2003, and expire on June 30, 2004.

The 2001 purchased intangible assets, including goodwill, through December 31, 2001, are being amortized on a straight-line basis over the periods benefited, ranging from 4 to 40 years. In-process research and development charges associated with these acquisitions were not material. Pro forma information related to these acquisitions is not provided because the impact of these acquisitions on the company's consolidated results of operations is not considered to be significant.

Consolidated balance sheet purchase price allocations: The purchase price allocations and the resulting impact on the consolidated balance sheet relating to all 2001 business combinations, including five small acquisitions not discussed previously, are summarized in the following table. The impact on the consolidated balance sheet for 2000 and 1999 acquisitions (discussed later) are also summarized in the table that follows.

Asset (Liability) (Millions)	2001	2000	1999
Accounts receivable	$ 67	$ 86	$ 5
Inventories	64	112	8
Other current assets	19	13	6
Property, plant and equipment	110	179	14
Purchased intangible assets	473	326	254
Other assets	23	30	15
Accounts payable and other current liabilities	(138)	(93)	--
Interest bearing debt	(16)	(123)	--
Minority interest liability	(243)	--	72
Other long-term liabilities	(14)	(47)	--
Net assets acquired	$345	$483	$374
Cash, net of cash acquired	$218	$472	$374
Non-cash (3M shares at fair value)	127	11	--
Net assets acquired	$345	$483	$374

Year 2000 acquisitions: During 2000, 3M acquired 91 percent (subsequently increased to 93 percent), of Quante AG (a telecommunications supplier), 100 percent of the multi-layer integrated circuit packaging line of W.L. Gore and Associates, and seven smaller businesses for a total purchase price of $472 million in cash (net of cash acquired) plus 128,994 shares of 3M common stock. The stock had a fair market value of $11 million at the acquisition date and was previously held as 3M treasury stock.

The 2000 purchased intangible assets, including goodwill, through December 31, 2001, are being amortized on a straight-line basis over the periods benefited, ranging from 3 to 20 years. In-process research and development charges associated with these acquisitions were not significant. Pro forma information related to these acquisitions is not included because the impact of these acquisitions on the company's consolidated results of operations is not considered to be significant.

Year 1999 acquisition: During 1999, 3M had one notable acquisition and acquired seven smaller businesses. In December 1999, 3M finalized the acquisition of the outstanding 46 percent minority interest in Dyneon LLC from Celanese AG for approximately $340 million in cash, primarily financed by debt. The purchase price exceeded the fair value of the minority interest net assets by approximately $267 million, of which approximately $242 million represents goodwill and other intangible assets that will be amortized over 20 years or less. If this acquisition had occurred at the beginning of 1999, the effect on consolidated results of operations would not have been significant.

Year 1999 divestitures: On June 30, 1999, the company closed the sale of Eastern Heights Bank, a subsidiary banking operation, and the sale of the assets of its cardiovascular systems business. These divestitures generated cash proceeds of $203 million and resulted in a pre-tax gain of $118 million ($69 million after tax) in the second quarter of 1999. 3M also recorded a pre-tax gain of $32 million ($20 million after tax) related to divestitures, mainly in the Health Care segment, in the third quarter of 1999. These pre-tax gains are recorded in the other expense (income) line within operating income. The primary impact of these divestitures on the 1999 Consolidated Balance Sheet was to reduce investments by about $350 million and decrease current and other liabilities by a similar amount.

Supplemental Statement of Income Information

(Millions)	2001	2000	1999
Research, development and related expenses	$1,084	$1,101	$1,056
Advertising and merchandising costs	432	544	484

Research and development expenses, covering basic scientific research and the application of scientific advances to the development of new and improved products and their uses, totaled $745 million, $727 million and $688 million in 2001, 2000 and 1999, respectively. Related expenses primarily include technical support provided by the laboratories for existing products.

Supplemental Balance Sheet Information

(Millions)	2001	2000
Accounts receivable		
Accounts receivable	$ 2,569	$ 2,975
Less allowances	87	84
Accounts receivable - net	$ 2,482	$ 2,891
Inventories		
Finished goods	$ 1,103	$ 1,231
Work in process	611	663
Raw materials	377	418
Total inventories	$ 2,091	$ 2,312
Other current assets		
Product and other insurance receivables	$ 304	$ 267
Deferred income taxes	290	152
Other	513	455
Total other current assets	$ 1,107	$ 874
Investments		
Available-for-sale (fair value)	$ 37	$ 72
Other (cost, which approximates fair value)	238	238
Total investments	$ 275	$ 310

TABLE
Supplemental Balance Sheet Information (continued)

(Millions)	2001	2000
Property, plant and equipment - at cost		
Land	$ 224	$ 249
Buildings and leasehold improvements	3,510	3,477
Machinery and equipment	10,208	9,958
Construction in progress	423	486
	14,365	14,170
Less accumulated depreciation	8,750	8,347
Property, plant and equipment - net	$ 5,615	$ 5,823
Other assets		
Goodwill	$ 984	$ 647
Patents	141	141
Tradenames	52	34
Other intangible assets	36	35
Prepaid pension benefits	537	412
Product and other insurance receivables	481	566
Deferred income taxes	152	143
Other	37	32
Total other assets	$ 2,420	$ 2,010
Other current liabilities		
Employee benefits and withholdings	$ 295	$ 237
Accrued trade payables	267	277
Deferred income	188	132
Property and other taxes	153	137
Product and other claims	119	107
Deferred income taxes	16	8
Other	210	214
Total other current liabilities	$ 1,248	$ 1,112
Other liabilities		
Non-funded pension and postretirement benefits	$ 633	$ 754
Minority interest in subsidiaries	527	346
Deferred income taxes	469	362
Employee benefits	355	289
Product and other claims	335	339
Deferred income	94	12
Other	78	164
Total other liabilities	$ 2,491	$ 2,266

At December 31, 2001 and 2000, respectively, product and other insurance receivables (current and long-term) include $406 million and $519 million related to the breast implant matter, $223 million and $155 million related to respirator/mask/asbestos litigation, and $156 million and $159 million of other insurance receivables. Although at December 31, 2001, receivables for insurance recoveries related to the breast implant matter of $324 million continue to be contested by insurance carriers, management, based on the opinion of counsel, believes such amounts will ultimately be collected. Accounts payable included drafts payable on demand of $83 million at December 31, 2001, and $109 million at December 31, 2000.

Supplemental Stockholders' Equity and Comprehensive Income Information Common stock ($.01 par value per share; $.50 par value at December 31, 1999) of 1.5 billion shares is authorized (1 billion shares at December 31, 1999), with 472,016,528 shares issued in 2001, 2000 and 1999. Common stock and capital in excess of par includes $231 million transferred from common stock to capital in excess of par value during 2000 in connection with the change in par value of the company's common stock from $.50 to $.01 per share. Preferred stock, without par value, of 10 million shares is authorized but unissued.

The following table shows the ending balances of the components of accumulated other comprehensive income (loss).

Accumulated Other Comprehensive Income (Loss) (Millions)	2001	2000	1999
Cumulative translation - net	$(1,152)	$(885)	$(694)
Minimum pension liability adjustments - net	(74)	(58)	(30)
Debt and equity securities, unrealized gain - net	12	29	136
Cash flow hedging instruments, unrealized gain - net	9	--	--
Total accumulated other comprehensive income (loss)	$(1,205)	$(914)	$(588)

Reclassification adjustments are made to avoid double counting in comprehensive income items that are also displayed as part of net income. A summary of these reclassification adjustments follows.

Reclassification Adjustments to Comprehensive Income (Millions)	2001	2000	1999
Gains on sale or donation of equity securities, net of tax provision of $9 million, $39 million and $16 million, respectively, for 2001, 2000 and 1999	$ 14	$ 62	$ 25
Write-down of equity securities, net of tax benefit of $3 million	(5)	--	--
Cash flow hedging instruments, gains - net of tax provision of $8 million	13	--	--

In 1999, the equity security gains related to appreciated equity securities donated to the 3M Foundation. In 2001, 2000 and 1999, other reclassification adjustments were not material. No tax provision has been made for the translation of foreign currency financial statements into U.S. dollars.

Supplemental Cash Flow Information (Millions)	2001	2000	1999
Cash income tax payments	$ 520	$ 852	$ 653
Cash interest payments	137	104	114
Capitalized interest	26	31	26
Depreciation	916	915	822
Amortization of software	74	45	39
Amortization of goodwill and indefinite-lived tradenames	67	44	24
Amortization of patents and other identifiable intangibles	32	21	15

Individual amounts on the Consolidated Statement of Cash Flows exclude the effects of acquisitions, divestitures and exchange rate impacts, which are presented separately. In 2000, the net impact of cumulative effect of accounting changes is recorded in "Other - net" within operating activities.

Non-cash transactions occurring during 2001 included:
*3M acquired Robinson Nugent, Inc. in exchange for shares of 3M common stock that had a fair market value of $127 million.
*The company exchanged 43 percent ownership in 3M Inter-Unitek GmbH, previously a wholly owned subsidiary, for 87 percent of ESPE Dental AG. The value of this transaction is estimated at approximately $245 million. *Dividends declared, but not paid at December 31, 2001, of $40 million were payable to minority interests in consolidated subsidiaries.

In 1999, 3M exchanged assets used in the business, but not held for sale, with a fair market value of $61 million plus cash of $12 million, for similar assets having a fair market value of $73 million. No gain was recognized on this nonmonetary exchange of productive assets. Also in 1999, 3M donated to the 3M Foundation appreciated equity securities with a market value of $66 million, resulting in $8 million of pre-tax expense, which represented the company's cost of the securities.

Debt

Short-Term Debt (Millions)	Effective Interest Rate*	2001	2000
U.S. dollar commercial paper	2.60%	$ 731	$ 655
Non-U.S. dollar commercial paper	3.92%	145	--
5.6523% dealer remarketable securities	5.65%	350	352
Long-term debt - current portion	8.94%	5	616
Long-term debt - current portion - ESOP debt guarantee	5.62%	32	30
Other borrowings	7.25%	110	213
Total short-term debt		$1,373	$1,866

Long-Term Debt (Millions)	Currency/ Fixed vs. Floating	Effective Interest Rate*	Maturity Date	2001	2000
U.S. dollar (USD) 6.375% note	USD Fixed	6.38%	2028	$ 330	$ 330
ESOP debt guarantee	USD Fixed	5.62%	2003-2009	271	303
4.25% medium-term note	USD Floating	1.76%	2004	200	--
4.90% medium-term note	USD Floating	1.87%	2004	150	--
Japanese Yen (JPY) 1% Eurobond	JPY Fixed	1.00%	2003	122	139
4.57% medium-term note	USD Fixed	4.57%	2003	100	--
Dec. 2041 floating rate note	USD Floating	1.67%	2041	100	--
Sumitomo 3M Limited 0.795% note	JPY Fixed	0.80%	2003	76	87
Other borrowings	Various	2.25%	2003-2040	171	112
Total long-term debt				$1,520	$ 971

Weighted-Average Effective Interest Rate*

At December 31	Total 2001	Total 2000	Excluding ESOP debt 2001	Excluding ESOP debt 2000
Short-Term	3.98%	6.29%	3.94%	6.30%
Long-Term	3.60%	4.84%	3.15%	4.48%

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*Reflects the effects of interest rate and currency swaps at December 31.

In December 2001, the company's dealer remarketable securities were remarketed for one year. They were reissued with a fixed coupon rate of 5.6523 percent. The remarketable securities can be remarketed annually, at the option of the dealer, for a year each time, with a final maturity date of December 2010.

In October 2000, the company filed a shelf registration with the Securities and Exchange Commission relating to the potential offering of debt securities of up to $1.5 billion. After the shelf registration became effective, the company in May 2001 established under the shelf a medium-term notes program through which up to $1.4 billion of medium-term notes may be offered. As of December 31, 2001, $550 million of medium-term notes had been issued under the medium term note program and another $56 million of debt securities had been issued directly from the shelf, aggregating $606 million debt securities offered for 2001 under the shelf.

The ESOP debt is serviced by dividends on stock held by the ESOP and by company contributions. These contributions are not reported as interest expense, but are reported as an employee benefit expense in the Consolidated Statement of Income. Other borrowings includes debt held by 3M's international companies, and floating rate notes and industrial bond issues in the United States, with the long-term portion of this debt primarily comprised of U.S. Dollar floating rate debt.

Maturities of long-term debt for the next five years are: 2002, $37 million; 2003, $331 million; 2004, $385 million; 2005, $37 million; and 2006, $39 million.

At year-end 2001, available short-term lines of credit totaled about $658 million, of which $59 million was outstanding. An additional letter of credit of $266 million is dedicated to the reacquisition of 3M Inter-Unitek shares issued in connection with the ESPE Dental AG business combination, with the shares subject to put options exercisable by former shareholders of ESPE Dental AG from the date of acquisition until January 10, 2003. The company also has uncommitted lines of credit totaling $125 million. Debt covenants do not restrict the payment of dividends.

Other Financial Instruments

Foreign Currency Forward and Option Contracts: The company enters into foreign exchange forward contracts, options and swaps to hedge against the effect of exchange rate fluctuations on cash flows denominated in foreign currencies and certain intercompany financing transactions. These transactions are designated as cash flow hedges. At December 31, 2001, the company had various open foreign exchange forward and option contracts, the majority of which had maturities of one year or less. The amounts at risk are not material because the company has the ability to generate offsetting foreign currency cash flows.

For foreign currency cash flow hedges, the net realized gain recorded in cost of sales for the year 2001 totaled $37 million, with the impact largely offset by underlying hedged items. The settlement or extension of these derivatives will result in reclassifications to earnings in the period during which the hedged transactions affect earnings (from other comprehensive income). If exchange rates are unchanged within the next 12 months, the company expects to reclassify to after-tax earnings a majority of the $17 million of unrealized net gains included in cash flow hedging instruments within other comprehensive income at December 31, 2001, with the impact largely offset by underlying hedged items. The maximum length of time over which 3M is hedging its exposure to the variability in future cash flows for a majority of the forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments, is 12 months. No foreign currency cash-flow hedges were discontinued during 2001. Hedge ineffectiveness was not material for the year 2001.

Interest Rate & Currency Swaps: The company manages interest expense using a mix of fixed and floating rate debt. To help manage borrowing costs, the company may enter into interest rate swaps. Under these arrangements, the company agrees to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount. The company uses interest rate and currency swaps to manage interest rate risk related to borrowings.

At December 31, 2001, the company had interest rate swaps with a fair value of $7 million designated as fair value hedges of underlying fixed rate obligations. The mark-to-market of these fair value hedges is recorded as gains or losses in interest expense and is offset by the gain or loss on the underlying debt instrument that is also recorded in interest expense. All existing fair value hedges are 100 percent effective and thus, there is no impact to earnings due to hedge ineffectiveness.

From time to time, the company also uses cross-currency interest rate swaps to hedge foreign currency and interest rates. There were no cross-currency interest rate swaps outstanding at December 31, 2001.

Net Investment Hedging: From time to time, the company uses foreign currency debt and forwards to hedge portions of the company's net investments in foreign operations. For hedges that meet the effectiveness requirements, the net gains or losses are recorded in cumulative translation within other comprehensive income, with any ineffectiveness recorded in cost of sales. In 2001, an unrealized after-tax gain of $23 million was recorded in cumulative translation. Hedge ineffectiveness resulted in after-tax realized gains totaling $4 million in 2001.

Commodity Price Management: The company manages commodity price risks through negotiated supply contracts, price protection swaps and forward physical contracts. The company uses commodity price swaps as cash flow hedges of forecasted transactions to manage price volatility. The related mark-to- market gain or loss on qualifying hedges is included in other comprehensive income to the extent effective (typically 100 percent effective), and reclassified into cost of sales in the period during which the hedged transaction affects earnings. For total year 2001, an unrealized after-tax loss of $8 million was recorded in cash flow hedging instruments within other comprehensive income, with the majority expected to be reclassified to earnings beyond 12 months and expected to be largely offset by underlying hedged items. 3M has hedged its exposure to the variability of future cash flows for certain forecasted transactions through 2005. No commodity cash flow hedges were discontinued during the 12 months ended December 31, 2001.

Credit risk: The company is exposed to credit loss in the event of nonperformance by counterparties in interest rate swaps, currency swaps, and option and foreign exchange 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. The company does not anticipate nonperformance by any of these counterparties.

Fair value of financial instruments: At December 31, 2001 and 2000, the company's financial instruments included cash and cash equivalents, accounts receivable, investments, accounts payable, borrowing, and derivative contracts. The fair values of cash and cash equivalents, accounts receivable, accounts payable, and short-term debt (except the $350 million dealer remarketable security) approximated carrying values because of the short-term nature of these instruments. Available-for-sale investments and year-end 2001 derivative contracts are reported at fair values. Fair values for investments held at cost are not readily available, but are believed to approximate fair value. The carrying amounts and estimated fair values of other financial instruments based on third-party quotes follow.

Financial Instruments Carrying Amounts and Estimated Fair Values

	December 31, 2001		December 31, 2000	
(Millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short-term debt - dealer remarketable securities	$ 350	$ 366	$352	$362
Long-term debt	1,520	1,494	971	950

Income Taxes

At December 31, 2001, about $3.3 billion of retained earnings attributable to international companies were considered to be indefinitely invested. No provision has been made for taxes that might be payable if these earnings were remitted to the United States. It is not practical to determine the amount of incremental taxes that might arise were these earnings to be remitted.

In 2000, the company recorded a cumulative effect of accounting change, reducing earnings by $75 million net of tax. The provision for income taxes excludes a $42 million tax benefit related to this cumulative effect.

Income before Income Taxes, Minority Interest and Cumulative Effect of Accounting Change (Millions)	2001	2000	1999
United States	$1,368	$1,798	$2,020
International	818	1,176	860
Total	$2,186	$2,974	$2,880

Provision for Income Taxes (Millions)	2001	2000	1999
Currently payable			
Federal	$ 376	$ 471	$ 543
State	47	64	72
International	278	401	322
Deferred			
Federal	(7)	92	100
State	6	7	9
International	2	(10)	(14)
Total	$ 702	$1,025	$1,032

Components of Deferred Tax Assets and Liabilities (Millions)	2001	2000
Accruals currently not deductible		
Employee benefit costs	$225	$278
Product and other claims	173	170
Severance and other restructuring costs	73	--
Product and other insurance receivables	(286)	(308)
Accelerated depreciation	(464)	(436)
Other	236	221
Net deferred tax asset (liability)	$(43)	$(75)

Reconciliation of Effective Income Tax Rate	2001	2000	1999
Statutory U.S. tax rate	35.0%	35.0%	35.0%
State income taxes - net of federal benefit	1.6	1.6	1.8
International income taxes - net	(.7)	(.8)	.2
Tax benefit of foreign sales corporation	(2.2)	(.9)	(.9)
All other - net	(1.6)	(.4)	(.3)
Effective worldwide tax rate	32.1%	34.5%	35.8%

Business Segments

3M's businesses are organized, managed and internally reported as six operating segments based on differences in products, technologies and services. These segments are Transportation, Graphics and Safety; Health Care; Industrial; Consumer and Office; Electro and Communications; and Specialty Material. These segments have worldwide responsibility for virtually all of the company's product lines. 3M is not dependent on any single product or market.

Transactions among reportable segments are recorded at cost. 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 and other financial information shown. The allocations resulting from the shared utilization of assets are not necessarily indicative of the underlying activity for segment assets, depreciation and amortization, and capital expenditures.

Operating income in 2001 included non-recurring charges of $504 million. Non- recurring charges, principally related to the company's restructuring plan, totaled $569 million (recorded in Corporate and Unallocated). Acquisition- related costs totaled $23 million ($10 million recorded in Health Care; $7 million in Transportation, Graphics and Safety; and $6 million in Electro and Communications). Additional items recorded in Corporate and Unallocated included a reversal of a 1999 litigation accrual of $73 million, and a gain of $15 million related to the net impact of the sale and write-down of available- for-sale equity securities. Depreciation and amortization of $1.089 billion included accelerated depreciation (shortened lives) related to the restructuring of $80 million (recorded in Corporate and Unallocated).

Operating income in 2000 included a non-recurring net loss of $23 million. Non-recurring costs included $168 million in the Specialty Material segment related to the company's phase-out of perfluorooctanyl-based chemistry products. This $168 million included $56 million of accelerated depreciation (included in the Specialty Material segment depreciation and amortization), $48 million of impairment losses, and severance and other costs. Other non-recurring costs included a $20 million write-down of corporate and unallocated assets, and $20 million of other non-recurring expenses ($13 million related to acquisitions in the Electro and Communications segment). Non-recurring operating income gains in 2000 of $135 million were largely related to corporate and unallocated asset dispositions, principally the sale of available-for-sale equity securities. Operating income in 2000 also included a $50 million gain from the termination of a product distribution agreement in the Health Care segment.

Operating income in 1999 included a non-recurring net gain of $100 million. This related to divestitures of certain health care businesses and Eastern Heights Bank, litigation expense, an investment valuation adjustment, and a change in estimate that reduced 1998 restructuring charges. Of this $100 million net gain, $62 million was recorded in Health Care and $38 million in Corporate and Unallocated.

Business segments (continued):

Business Segment Products

Business Segment	Major Products
Transportation, Graphics and Safety	Reflective sheeting, commercial graphics systems, respirators, automotive components, safety and security products, and optical films
Health Care	Medical and surgical supplies, skin health and infection prevention products, pharmaceuticals, drug delivery systems, dental and orthondontic products, health information systems, microbiology products, and closures for disposable diapers
Industrial	Tapes, coated and nonwoven abrasives, and specialty adhesives
Consumer and Office	Sponges, scouring pads, high performance cloths, consumer and office tapes, repositionable notes, carpet and fabric protectors, energy control products, home improvement products, floor matting and commercial cleaning products, and visual systems
Electro and Communications	Packaging and interconnection devices, insulating and splicing solutions for the electronics, telecommunications and electrical industries
Specialty Material	Specialty materials for automotive, electronics, telecommunications, textile and other industries, and roofing granules

Business segments (continued):

Business Segment Information

(Millions)		Net Sales	Operating Income	Assets**	Depr. and Amort.	Capital Expendi-tures
Transportation, Graphics and Safety	2001	$ 3,526	$ 695	$ 2,621	$ 238	$ 208
	2000	3,518	783	2,741	186	239
	1999	3,234	675	2,673	140	199
Health Care	2001	3,419	760	2,264	193	179
	2000	3,135	675	2,025	188	189
	1999	3,138	680	2,076	203	189
Industrial	2001	3,199	518	2,134	185	191
	2000	3,525	641	2,392	213	214
	1999	3,409	612	2,357	220	202
Consumer and Office	2001	2,724	447	1,514	121	106
	2000	2,848	434	1,711	101	134
	1999	2,705	401	1,589	118	123
Electro and Communications	2001	2,171	218	1,807	157	132
	2000	2,467	404	1,961	158	208
	1999	2,017	402	1,359	130	194
Specialty Material	2001	1,022	141	1,208	97	136
	2000	1,197	57	1,230	144	131
	1999	1,194	185	1,323	79	143
Corporate and Unallocated*	2001	18	(506)	3,058	98	28
	2000	34	64	2,462	35	--
	1999	51	1	2,519	10	--
Total Company	2001	$16,079	$2,273	$14,606	$1,089	$ 980
	2000	16,724	3,058	14,522	1,025	1,115
	1999	15,748	2,956	13,896	900	1,050

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*Corporate and Unallocated operating income principally includes corporate investment gains and losses, certain derivative gains and losses, insurance-related gains and losses, banking operating results (divested June 30, 1999), certain litigation expenses, restructuring charges and other miscellaneous items. Because this category includes a variety of miscellaneous items, it is subject to fluctuation on a quarterly and annual basis.

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**Segment assets primarily include accounts receivable; inventory; property, plant and equipment - net; and other miscellaneous assets. Assets included in Corporate and Unallocated principally are cash and cash equivalents; insurance receivables; deferred income taxes; certain investments and other assets; and certain unallocated property, plant and equipment.

Geographic Areas

Information in the table below is presented on the basis the company uses to manage its businesses. Export sales and certain income and expense items are reported within the geographic area where the final sales to customers are made. Prior year amounts have been retroactively restated to conform to the current-year presentation.

In 2001, operating income for eliminations and other includes non-recurring net losses totaling $504 million, primarily related to the restructuring. Also included were a reversal of a 1999 litigation accrual, acquisition related costs, and a net gain on the sale and write-down of available-for-sale equity securities. In 1999, operating income for eliminations and other includes a $100 million non-recurring net benefit related to gains on divestitures, litigation expense, an investment valuation adjustment, and a change in estimate that reduced 1998 restructuring charges.

Geographic Area Information

(Millions)		United States	Europe and Middle East	Asia Pacific	Latin America, Africa and Canada	Elimina-tions and Other	Total Company
Net sales to customers	2001	$7,546	$3,960	$3,043	$1,496	$ 34	$16,079
	2000	7,858	3,946	3,329	1,564	27	16,724
	1999	7,559	3,808	2,887	1,467	27	15,748
Operating Income	2001	$1,028	$ 571	$ 807	$ 360	$ (493)	$ 2,273
	2000	1,160	589	961	376	(28)	3,058
	1999	1,198	574	768	348	68	2,956
Property, plant and equipment - net	2001	$3,675	$ 974	$ 634	$ 332	$ --	$ 5,615
	2000	3,699	1,046	711	367	--	5,823
	1999	3,647	1,017	757	355	--	5,776

Pension and Postretirement Benefit Plans 3M has various company-sponsored retirement plans covering substantially all U.S. employees and many employees outside the United States. Pension benefits are based principally on an employee's years of service and compensation near retirement. In addition to providing pension benefits, the company provides certain postretirement health care and life insurance benefits for substantially all of its U.S. employees who reach retirement age while employed by the company. Most international employees and retirees are covered by government health care programs. The cost of company-provided health care plans for these international employees is not material.

The company's pension funding policy is to deposit with independent trustees amounts at least equal to accrued liabilities, to the extent allowed by law. Trust funds and deposits with insurance companies are maintained to provide pension benefits to plan participants and their beneficiaries. In addition, the company has set aside funds for its U.S. postretirement plan with an independent trustee and makes periodic contributions to the plan.

During 2001, the company adopted a change in the measurement date of its U.S. employee benefit plans (qualified and nonqualified pension benefit plans and its U.S. postretirement benefit plan) from December 31 to September 30. Information presented in the tables for 2001 reflects a measurement date of September 30, 2001, and December 31 for prior periods. This change did not have a material impact on the determination of periodic pension cost or pension obligations. Management believes this change is preferable to the method previously employed, as it facilitates the benefit cost planning and forecasting process.

The company's U.S. non-qualified pension plan had an unfunded accumulated benefit obligation of $196 million at September 30, 2001, and $187 million at December 31, 2000. There are no plan assets in the non-qualified plan due to its nature.

Certain international pension plans were underfunded as of year-end 2001 and 2000. The accumulated benefit obligations of these plans were $534 million in 2001 and $499 million in 2000. The assets of these plans were $287 million in 2001 and $300 million in 2000. The net underfunded amounts are included in current and other liabilities on the Consolidated Balance Sheet.

Benefit Plan Information	Qualified and Non-qualified Pension Benefits				Postretirement Benefits	
	United States		International			
(Millions)	2001	2000	2001	2000	2001	2000
Reconciliation of benefit obligation						
Beginning balance	$5,905	$5,597	$2,368	$2,234	$1,166	$1,016
Service cost	123	125	91	83	39	39
Interest cost	449	416	118	98	90	82
Participant contributions	-	-	8	6	10	11
Foreign exchange rate changes	-	-	23	(199)	-	-
Plan amendments	1	1	7	-	1	-
Actuarial(gain)loss	305	117	(90)	199	74	109
Benefit payments	(279)	(351)	(75)	(53)	(76)	(91)
Settlements, curtailments, special termination benefits	49	-	(5)	-	-	-
Ending balance	$6,553	$5,905	$2,445	$2,368	$1,304	$1,166
Reconciliation of plan assets at fair value						
Beginning balance	$6,954	$6,813	$2,011	$2,155	$ 601	$ 537
Actual return on plan assets	(726)	384	(99)	5	(117)	4
Company contributions	104	90	53	60	135	139
Participant contributions	-	-	8	6	10	11
Foreign exchange rate changes	-	-	60	(157)	-	-
Benefit payments	(279)	(333)	(73)	(58)	(75)	(90)
Settlements, curtailments	-	-	(5)	-	-	-
Ending balance	$6,053	$6,954	$1,955	$2,011	$ 554	$ 601
Funded status of plans						
Plan assets at fair value less benefit obligation	$ (500)	$1,049	$ (490)	$ (357)	$ (750)	$ (565)
Unrecognized transition (asset) obligation	-	-	-	16	-	-
Unrecognized prior service cost	117	129	32	25	(15)	(26)
Unrecognized (gain) loss	643	(1,012)	459	311	406	160
Fourth quarter contribution	3	-	-	-	89	-
Net amount recognized	$ 263	$ 166	$ 1	$ (5)	$ (270)	$ (431)
Amounts recognized in the Consolidated Balance Sheet consist of:						
Prepaid assets	$ 424	$ 319	$ 102	$ 80	-	-
Accrued liabilities	(196)	(187)	(277)	(229)	$ (270)	$ (431)
Intangible assets	5	5	6	8	-	-
Accumulated other comprehensive income - pre-tax	30	29	170	136	-	-
Net amount recognized	$ 263	$ 166	$ 1	$ (5)	$ (270)	$ (431)

Benefit Plan Information	Qualified and Non-qualified Pension Benefits						Postretirement Benefits		
	United States			International					
(Millions)	2001	2000	1999	2001	2000	1999	2001	2000	1999
Components of net periodic benefit cost									
Service cost	$123	$125	$150	$ 91	$ 83	$ 88	$ 39	$ 39	$ 42
Interest cost	449	416	387	118	98	98	90	82	69
Expected return on assets	(615)	(565)	(501)	(142)	(117)	(108)	(53)	(47)	(34)
Amortization of transition (asset)obligation	-	-	(37)	1	2	2	-	-	-
Amortization of prior service cost or benefit	13	13	45	8	8	8	(11)	(11)	(11)
Recognized net actuarial (gain) loss	(9)	(14)	14	11	7	2	10	3	-
Net periodic benefit cost	$(39)	$(25)	$ 58	$ 87	$ 81	$ 90	$ 75	$ 66	$ 66
Curtailment, settlements and special termination benefits	49	-	-	1	-	-	12	-	-
Net periodic benefit cost after curtailments and settlements	$ 10	$(25)	$ 58	$ 88	$ 81	$ 90	$ 87	$ 66	$ 66
Weighted average assumptions									
Discount rate	7.25%	7.50%	7.50%	5.23%	5.40%	5.67%	7.25%	7.50%	7.50%
Expected return on assets	9.00%	9.00%	9.00%	7.42%	7.14%	6.69%	9.50%	8.19%	8.19%
Compensation rate increase	4.60%	4.65%	4.65%	4.02%	4.28%	4.12%	4.60%	4.65%	4.65%

The company expects its health care cost trend rate for postretirement benefits to slow from 8.5 percent in 2002 to 5.0 percent in 2006, after which the rate is expected to stabilize. A one-percentage point change in the assumed health care cost trend rates would have the effects shown in the following table.

Health Care Cost (Millions)	One Percentage Point Increase	One Percentage Point Decrease
Effect on current year's service and interest cost	$ 16	$(13)
Effect on benefit obligation	132	(113)

Leases

Rental expense under operating leases was $119 million in both 2001 and 2000, and $113 million in 1999. The table below shows minimum payments under operating leases with non-cancelable terms in excess of one year, as of December 31, 2001.

(Millions)	2002	2003	2004	2005	2006	After 2006	Total
Minimum lease payments	$79	$75	$40	$28	$20	$97	$339

Employee Savings and Stock Ownership Plans The company sponsors employee savings plans under Section 401(k) of the Internal Revenue Code. These plans are offered to substantially all regular U.S. employees. Employee contributions of up to 6 percent of compensation are matched at rates ranging from 25 to 50 percent, with additional company contributions depending upon company performance. Only the company match is invested in 3M stock, with employee funds invested in a number of investment options. Vested employees may sell up to 50 percent of their 3M shares and diversify into other investment options.

The company maintains an Employee Stock Ownership Plan (ESOP). This plan was established in 1989 as a cost-effective way of funding the majority of the company's contributions under 401(k) employee savings plans. Total ESOP shares are considered to be shares outstanding for earnings per share calculations.

Dividends on shares held by the ESOP are paid to the ESOP trust and, together with company contributions, are used by the ESOP to repay principal and interest on the outstanding notes. Over the life of the notes, shares are released for allocation to participants based on the ratio of the current year's debt service to the remaining debt service prior to the current payment.

The ESOP has been the primary funding source for the company's employee savings plans. Expenses related to the ESOP include total debt service on the notes, less dividends. The company contributes treasury shares, accounted for at fair value, to employee savings plans to cover obligations not funded by the ESOP. These amounts are reported as an employee benefit expense. Unearned compensation, shown as a reduction of stockholders' equity, is reduced symmetrically as the ESOP makes principal payments on the debt.

Employee Savings and Stock Ownership Plans (Millions)	2001	2000	1999
Dividends on shares held by the ESOP	$ 31	$ 31	$ 31
Company contributions to the ESOP	17	15	7
Interest incurred on ESOP notes	18	19	21
Expenses related to ESOP debt service	14	12	14
Expenses related to treasury shares	3	35	50

ESOP Debt Shares	2001	2000	1999
Allocated	7,241,681	6,898,666	6,596,898
Committed to be released	49,135	194,187	280,615
Unreleased	5,549,275	6,116,961	6,709,549
Total ESOP debt shares	12,840,091	13,209,814	13,587,062

General Employees' Stock Purchase Plan

In May 1997, shareholders approved 15 million shares for issuance under the company's General Employees' Stock Purchase Plan (GESPP). Substantially all employees are eligible to participate in the plan. Participants are granted options at 85 percent of market value at the date of grant. There are no GESPP shares under option at the beginning or end of each year because options are granted on the first business day and exercised on the last business day of the same month.

General Employees' Stock Purchase Plan	2001		2000		1999	
	Shares	Exercise Price*	Shares	Exercise Price*	Shares	Exercise Price*
Options granted	998,276	$93.85	1,206,262	$77.40	1,210,189	$72.25
Options exercised	(998,276)	93.85	(1,206,262)	77.40	(1,210,189)	72.25
Shares available for grant - Dec. 31	9,565,450		10,563,726		11,769,988	

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*Weighted average

The weighted average fair value per option granted during 2001, 2000 and 1999 was $16.56, $13.65 and $12.75, respectively. The fair value of GESPP options was based on the 15 percent purchase discount.

Management Stock Ownership Program

In May 1997, shareholders approved 35 million shares for issuance under the Management Stock Ownership Program (MSOP). Management stock options are granted at market value at the date of grant. These options generally are exercisable one year after the date of grant and expire 10 years from the date of grant. Thus, outstanding shares under option include grants from previous plans. In May 2001, at the time of the last major grant, there were 11,784 participants in the plan.

Management Stock Ownership Program	2001		2000		1999	
	Shares	Exercise Price*	Shares	Exercise Price*	Shares	Exercise Price*
Under option-						
Jan. 1	32,347,256	$79.34	30,702,415	$74.67	29,330,549	$67.72
Granted						
Annual	6,541,299	117.25	6,040,196	88.33	5,194,766	95.00
Progressive (Reload)	671,285	115.45	572,511	98.33	502,567	87.33
Exercised	(4,826,135)	71.41	(4,684,779)	62.19	(4,201,886)	52.50
Canceled	(183,517)	117.24	(283,087)	86.77	(123,581)	93.35
Dec. 31	34,550,188	$88.12	32,347,256	$79.34	30,702,415	$74.67
Options exercisable-						
Dec. 31	27,536,534	$80.98	26,159,345	$77.02	25,213,683	$70.27
Shares available for grant - Dec. 31	4,501,427		11,738,624		18,088,285	

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*Weighted average

Management Stock Ownership Program (continued)

MSOP Options Outstanding and Exercisable at December 31, 2001

Range of Exercise Prices	Options Outstanding Shares	Remaining Contractual Life (months)*	Exercise Price*	Options Exercisable Shares	Exercise Price*
$46.01-63.10	8,397,652	42	$55.97	8,397,652	$55.97
80.24-96.87	18,638,304	87	91.59	18,638,304	91.59
103.05-122.90	7,514,232	117	115.79	500,578	110.78

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*Weighted average

For annual and progressive (reload) options the weighted average fair value at date of grant was calculated utilizing the Black-Scholes option-pricing model and the assumptions that follow.

	Annual			Progressive (Reload)		
MSOP Assumptions	2001	2000	1999	2001	2000	1999
Exercise price	$117.25	$88.33	$95.00	$115.45	$98.33	$87.33
Risk-free interest rate	4.8%	6.7%	5.4%	3.8%	6.3%	5.4%
Dividend growth rate	4.6%	4.3%	5.0%	4.6%	4.3%	5.0%
Volatility	24.1%	22.3%	22.3%	23.7%	25.4%	28.8%
Expected life (months)	67	68	66	28	28	26
Black-Scholes fair value	$ 29.41	$22.45	$22.86	$ 17.62	$17.18	$16.00

The MSOP options, if exercised, would have had the following dilutive effect on shares outstanding for the year ended 2001, 2000 and 1999, respectively:
5.6 million, 4.2 million and 4.5 million shares. Certain MSOP average options outstanding during the years 2001, 2000 and 1999 (4.2, 11.5 and 8.7 million shares, respectively) were not included in the computation of diluted earnings per share because they would not have had a dilutive effect.

Stock-Based Compensation
Generally no compensation cost is recognized for either the General Employees' Stock Purchase Plan (GESPP) or the Management Stock Ownership Program (MSOP). Pro forma amounts based on the options' estimated fair value, net of tax, at the grant dates for awards under the GESPP and MSOP are presented below.

Pro forma Net Income and Earnings Per Share

(Millions)	2001	2000	1999
Net income			
As reported	$1,430	$1,782	$1,763
Pro forma	1,278	1,668	1,652
Earnings per share - basic			
As reported	$ 3.63	$ 4.50	$ 4.39
Pro forma	3.24	4.22	4.11
Earnings per share - diluted			
As reported	$ 3.58	$ 4.45	$ 4.34
Pro forma	3.20	4.17	4.06

Legal Proceedings - Discussion of legal matters is incorporated by reference from the subcaption "General" under Legal Proceedings, Part I, Item 3, of this Annual Report on Form 10-K, and should be considered an integral part of the Consolidated Financial Statements and Notes.

Quarterly Data (Unaudited)

(Millions, except per-share amounts)

	First	Second	Third	Fourth	Year
Net sales					
2001	$ 4,170	$ 4,079	$ 3,967	$ 3,863	$16,079
2000	4,075	4,243	4,270	4,136	16,724
Cost of sales*					
2001	$ 2,196	$ 2,266	$ 2,156	$ 2,131	$ 8,749
2000	2,091	2,181	2,295	2,220	8,787
Income before cumulative effect of accounting change*					
2001	$ 453	$ 202	$ 394	$ 381	$ 1,430
2000	487	470	499	401	1,857
Net income*					
2001	$ 453	$ 202	$ 394	$ 381	$ 1,430
2000	487	470	499	326	1,782
Basic earnings per share - income before cumulative effect*					
2001	$ 1.14	$ .51	$ 1.00	$ .97	$ 3.63
2000	1.22	1.19	1.26	1.02	4.69
Basic earnings per share - net income*					
2001	$ 1.14	$ .51	$ 1.00	$ .97	$ 3.63
2000	1.22	1.19	1.26	.83	4.50
Diluted earnings per share - income before cumulative effect*					
2001	$ 1.13	$ .50	$ .99	$ .96	$ 3.58
2000	1.21	1.18	1.25	1.00	4.64
Diluted earnings per share - net income*					
2001	$ 1.13	$ .50	$ .99	$ .96	$ 3.58
2000	1.21	1.18	1.25	.82	4.45
Stock price comparisons (NYSE composite transactions)					
2001 High	$121.50	$127.00	$117.50	$121.90	$127.00
2001 Low	98.50	97.16	85.86	95.20	85.86
2000 High	103.81	98.31	97.44	122.94	122.94
2000 Low	78.19	80.44	80.50	83.94	78.19

Quarterly Data (continued)
(Unaudited)

*The impact of non-recurring items in 2001 and 2000 by quarter are as follows:

Non-recurring items
(Millions, except per-share amounts)

2001	First	Second	Third	Fourth	Year
Cost of sales	$ 23	$141	$ 47	$ 61	$ 272
Selling, general and administrative expenses	--	242	16	42	300
Research, development and related expenses	--	14	6	--	20
Other expense (income)	--	--	--	(88)	(88)
Operating income (loss)	$ (23)	$(397)	$ (69)	$ (15)	$(504)
Net income (loss)	$ (14)	$(249)	$ (43)	$ (6)	$(312)
Diluted earnings (loss) per share	$(.03)	$(.62)	$(.11)	$(.02)	$(.78)
Operating income (loss) detail:					
Acquisition-related	$ (23)	$ --	$ --	$ --	$ (23)
Restructuring-related	--	(397)	(69)	(103)	(569)
Reversal of a 1999 litigation accrual	--	--	--	73	73
Net gain on sale of equity securities, net of equity securities write-down	--	--	--	15	15

Non-recurring items
(Millions, except per-share amounts)

2000	First	Second	Third	Fourth	Year
Cost of sales	$ --	$ --	$118	$ 90	$ 208
Other expense (income)	(50)	--	(119)	(16)	(185)
Operating income (loss)	$ 50	--	$ 1	$ (74)	$ (23)
Cumulative effect of accounting change (loss)	$ --	$ --	$ --	$ (75)	$ (75)
Net income (loss)	$ 31	$ --	$ --	$(121)	$ (90)
Diluted earnings (loss) per share	$.08	$ --	$ --	$(.30)	$(.23)
Operating income (loss) detail:					
Gain from termination of distribution agreement	$ 50	--	--	--	$ 50
Phase out of certain products	--	--	(106)	(62)	(168)
Gain on sale of equity securities and other	--	--	107	(12)	95

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant. The information
relating to directors and nominees of 3M is set forth under the caption "Proposal No. 1 - Election of Directors" in 3M's proxy statement for its 2002 annual meeting of stockholders ("3M Proxy Statement") and is incorporated by reference herein. Information about executive officers is included in Item 1 of this Annual Report on Form 10-K.

Item 11. Executive Compensation. The information relating to executive
compensation is set forth under the captions "Summary Compensation Table," "Option Grants in Last Fiscal Year," "Option Exercises and Year-End Option Values," "Long-Term Incentive Plan Awards," "Employment Contract, Termination of Employment and Change-in-Control Arrangements," "Retirement Benefits," and "Directors' Compensation" in 3M's Proxy Statement and such information is incorporated by reference herein.

Item 12. Security Ownership of Certain Beneficial Owners and Management. The
information relating to security ownership of certain beneficial owners and management is set forth under the caption "Beneficial Ownership Table" in 3M's Proxy Statement and such information is incorporated by reference herein.

Item 13. Certain Relationships and Related Transactions. No matters require
disclosure here.

The registrant will file with the Commission a definitive proxy statement pursuant to Regulation 14A by April 30, 2002.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a) The consolidated financial statements filed as part of this report are listed in the index to financial statements on page 31.

All financial statement schedules are omitted because of the absence of the conditions under which they are required or because the required information is included in the consolidated financial statements or the notes thereto.

(b) Reports on Form 8-K:

3M filed one Form 8-K on March 5, 2002, and one Form 8-K for the quarter ended December 31, 2001.

The Form 8-K dated March 5, 2002, provided the opinion and consent of general counsel in connection with the offering of $400 million in medium-term notes due in the year 2005.

The Form 8-K dated November 19, 2001, provided the opinion and consent of general counsel in connection with the offering of certain debt securities due in the year 2041.

(c) Exhibits:

Incorporated by Reference:

	Incorporated by Reference in the Report From
(3.1) Certificate of incorporation, as amended as of May 9, 2000.	Form 8-K dated July 27, 2000.
(3.2) Bylaws, as amended as of November 11, 1996.	Form 8-K dated November 20, 1996.

(c) Exhibits (continued):

Incorporated by Reference:

	Incorporated by Reference in the Report From
(4) Instruments defining the rights of security holders, including debentures:	
(4.1) common stock.	Registration No. 333-49830 on Form S-4/A filed on January 11, 2001. Registration No. 333-42660 on Form S-3/A filed on August 18, 2000.
(4.2) debt securities.	Form 8-K dated December 7, 2000 and Registration No. 333-48922 on Form S-3/A filed on January 12, 2001.
(10) Material contracts, management remuneration:	
(10.1) management stock ownership program.	Exhibit 4 of Registration No. 333-30689 on Form S-8 filed on July 2, 1997.
(10.2) profit sharing plan, performance unit plan and other compensation arrangements.	Written description contained in issuer's proxy statement for the 2002 annual shareholders' meeting.
(10.3) director stock ownership program.	Exhibit 4 of Registration Statement No. 333-44692 on Form S-8 filed on August 29, 2000.
(10.4) deferred compensation obligations.	Registration No. 333-73192 on Form S-8 filed on November 13, 2001.

Submitted herewith:		Reference (pages) Form 10-K
(10)	Employment agreement dated January 23, 2002 between Registrant and Patrick D. Campbell	67-72
(12)	Calculation of ratio of earnings to fixed charges.	73
(21)	Subsidiaries of the registrant.	74
(23)	Consent of independent auditors.	75
(24)	Power of attorney.	76

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of l934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MINNESOTA MINING AND MANUFACTURING COMPANY

By /s/ Patrick D. Campbell
Patrick D. Campbell, Senior Vice President
and Chief Financial Officer
(Principal Financial Officer)
March 11, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 11, 2002.

Signature Title

W. James McNerney, Jr.	Chairman of the Board and Chief Executive Officer (Principal Executive Officer and Director)
Linda G. Alvarado	Director
Ronald O. Baukol	Director
Edward A. Brennan	Director
Edward M. Liddy	Director
Aulana L. Peters	Director
Ronald G. Nelson	Vice President and Controller
Rozanne L. Ridgway	Director
Kevin W. Sharer	Director
Frank Shrontz	Director
Louis W. Sullivan	Director

Patrick D. Campbell, by signing his name hereto, does hereby sign this document pursuant to powers of attorney duly executed by the other persons named, filed with the Securities and Exchange Commission on behalf of such other persons, all in the capacities and on the date stated, such persons constituting a majority of the directors of the company.

By /s/ Patrick D. Campbell
Patrick D. Campbell, Attorney-in-Fact

EXHIBIT 10

This EMPLOYMENT AGREEMENT (the "Agreement"), dated as of January 23, 2002, is entered into between Minnesota Mining and Manufacturing Company, a corporation incorporated under the laws of Delaware, with its corporate headquarters in St. Paul, Minnesota (the "Company") and Patrick D. Campbell ("Executive").

WHEREAS, the Company desires to employ Executive to serve as its Senior Vice President and Chief Financial Officer upon the terms and conditions set forth herein, and Executive wishes to accept employment with the Company upon such terms and conditions;

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the Company and Executive hereby agree as follows:

1. TERM OF AGREEMENT.

(a) Employment Period. Subject to the termination provisions of this Agreement, the term of Executive's employment under this Agreement (the "Employment Period") will begin on February 1, 2002 (the "Commencement Date") and end on the third anniversary of such Commencement Date. Except as provided in this Agreement, if Executive remains employed by the Company following the expiration of the Employment Period, his employment will be governed by the same terms and conditions applicable to similar executives of the Company and will not be governed by any provision of this Agreement.

(b) Survival. Upon the expiration or termination of this Agreement for any reason, the provisions of this Agreement that by their terms survive such expiration or termination shall continue in effect and will bind each of the parties according to the terms thereof. Such provisions include, without limitation, Sections 1, 5, 6, 8, 9, 10 and 11 hereof.

2. DUTIES. The Company shall employ Executive during the Employment Period as its Senior Vice President and Chief Financial Officer. During the Employment Period, excluding any periods of short-term disability, vacation or sick leave to which he is entitled, Executive shall perform the duties of such positions and such other duties as may be assigned to him by the Chief Executive Officer of the Company (the "Chief Executive Officer"). In performing such duties, Executive shall devote substantially all of his business time, attention and effort to the affairs of the Company and shall use his reasonable best efforts to promote the interests of the Company. As part of performing such duties, Executive shall comply with all applicable policies generally in effect for employees and senior executives of the Company.

3. BASE SALARY. The Company shall pay Executive in accordance with the normal payroll practices of the Company (but not less frequently than monthly) an annual salary at a rate of $450,000 per year ("Base Salary") beginning on the Commencement Date. During the Employment Period, the Base Salary shall be reviewed at least annually and may be adjusted from time to time as determined by the Compensation Committee of the Company's Board of Directors (the "Committee").

4. PROFIT SHARING. In addition to the Base Salary described in Section 3 above, the Company shall pay to Executive additional variable compensation pursuant to the Company's Executive Profit Sharing Plan. The amount of such additional variable compensation will depend on the future performance of the Company, as defined in such Plan, and is not guaranteed. Subject to the foregoing, the number of plan shares initially assigned to Executive shall be sufficient to produce annual planned compensation of $300,000. The Company shall pay such profit sharing to Executive in the form of cash, restricted

shares of common stock of the Company ("Common Shares") or a combination thereof as determined by the Committee at such times and in such manner as is consistent with the treatment of other senior executives of the Company and with the provisions of such Executive Profit Sharing Plan.

5. SIGNING GRANTS.

(a) Stock Option. The Committee has granted to Executive, effective as of the Commencement Date, an option (the "Initial Option") to purchase 24,000 Common Shares at an exercise price equal to the fair market value of a Common Share on the Commencement Date. The Initial Option will have a term of 10 years from the date of grant, and will become exercisable in increments of one-third on each of the first 3 anniversaries of the Commencement Date, so long as Executive remains continuously employed by the Company. However, the Initial Option will become exercisable in full immediately upon and may be exercised up to two years following the death of the Executive, termination of his employment due to Disability, termination without Cause or termination for Good Reason. In addition, any portion of the Initial Option that has already become exercisable by the date of termination may be exercised up to 90 days following a termination by the Executive without Good Reason. In no event, however, shall the Initial Option be exercisable after the expiration of its 10-year term. The Initial Option shall automatically expire immediately upon a termination for Cause. In all other respects, the Initial Option shall be subject to and governed by the terms of the Company's 1997 Management Stock Ownership Program.

(b) Restricted Stock. The Committee has granted to Executive, effective as of the Commencement Date, 3,000 restricted Common Shares (the "Restricted Shares"). The Restricted Shares will vest in increments of one-third on each of the first 3 anniversaries of the Commencement Date, so long as Executive remains continuously employed by the Company. However, the Restricted Shares will vest immediately upon the death of the Executive or termination of his employment due to Disability. In addition, the vesting percentage of the Restricted Shares will be increased by 33-1/3% upon a termination without Cause or a termination for Good Reason. If the Company terminates Executive's employment for Cause or if Executive terminates his employment (other than by reason of death, Disability or Good Reason) prior to vesting in all the Restricted Shares, the Shares which are not vested shall be automatically forfeited on the date of termination unless the Committee in its sole discretion elects to vest all or any portion of the unvested Shares. In all other respects, the Restricted Shares shall be subject to and governed by the terms of the Company's 1997 Management Stock Ownership Program.

6. STOCK OPTIONS. In May 2002 the Committee shall grant Executive an option (the "2002 Option") to purchase a minimum of 18,000 Common Shares at an exercise price equal to the fair market value of a Common Share on the date of grant. The 2002 Option will have a term of 10 years from the date of grant, and will become exercisable at the time specified by the Committee in accordance with the provisions of the Management Stock Ownership Program in effect at such time. However, the 2002 Option will become exercisable in full immediately upon and may be exercised up to two years following the death of the Executive, termination of his employment due to Disability, termination without Cause or termination for Good Reason. In addition, any portion of the 2002 Option that has already become exercisable by the date of termination may be exercised up to 90 days following a termination by the Executive without Good Reason. In no event, however, shall the 2002 Option be exercisable after the expiration of its 10-year term. The 2002 Option shall automatically expire immediately upon a termination for Cause. In all other respects, the 2002 Option shall be subject to and governed by the terms of the Management Stock Ownership Program in effect on the date of grant. The Committee shall in its sole discretion consider Executive for possible future grants of stock options in accordance with the provisions of the Management Stock Ownership Program in effect at such time.

7. PERFORMANCE UNITS. The Committee has granted to Executive, effective as of the Commencement Date, units under the Company's Performance Unit Plan with a par value equal to $288,000 (the "Initial Performance Units"). These Initial Performance Units will have a 3-year performance period beginning January 1, 2002 and ending December 31, 2004. The ultimate value of the Initial Performance Units will depend on the performance of the Company during the performance period, and is not guaranteed. The Initial Performance Units will vest at the end of the 3-year performance period, so long as Executive remains continuously employed by the Company. However, the Initial Performance Units will vest immediately upon the Executive's death, termination of his employment due to Disability, termination without Cause or a termination for Good Reason prior to the end of the 3-year performance period; provided that in such event, the value of such Units will be limited to their par value multiplied by the ratio of the days the Executive was employed by the Company to the total number of days from the Commencement Date through December 31, 2004. The Committee shall in its sole discretion consider Executive for possible future grants of performance units in accordance with the provisions of the Performance Unit Plan in effect at such time.

8. OTHER BENEFITS.

(a) Retiree Medical Benefits. The Company shall establish an opening account balance for Executive under its retiree medical program equal to 36,000 retiree medical credits. In recognition of such opening account balance, Executive will be eligible to earn additional retiree medical credits under such program only for up to an additional ten years of employment with the Company.

(b) Vacation. During his employment, Executive shall be entitled to earn and receive paid vacation benefits in accordance with the Company's vacation plan applicable to other senior executives of the Company; provided that in no event shall Executive earn less than four weeks of vacation benefits per year.

(c) Gross Up for Excise Taxes. In the event that any payment made to Executive pursuant to this Agreement is finally determined to be subject to the excise tax imposed by section 4999 of the Internal Revenue Code of 1986 or any similar tax payable under any federal, state or local law, then the Company shall pay Executive an additional amount sufficient to fully satisfy such excise tax and any additional federal, state and local income taxes payable on the additional amount.

(d) Relocation Expenses. The Company will reimburse Executive for the reasonable expenses of relocating his primary residence to the Minneapolis-St. Paul area in accordance with the Company's relocation policy applicable to senior executives. The Company will also assume any liability incurred by Executive as a direct result of terminating the lease on his rental property in Zurich, Switzerland.

9. SUPPLEMENTAL RETIREMENT BENEFIT.

(a) Amount. The Company will pay Executive additional pension benefits (the "Supplemental Retirement Benefit") to supplement the pension benefits he will be entitled to receive under the Company's and the General Motors pension plans. The formula for this Supplemental Retirement Benefit, which is expressed in the form of an annuity payable over his lifetime beginning when he attains age 60, shall be:

One-twelfth of 45% of his highest average (4 years) annual earnings (base salary plus profit sharing), multiplied by the following fraction, where the numerator is the number of years Executive has been employed by the Company (up to 10) and the denominator is 10,

minus

(ii) the sum of the pension benefits Executive is actually receiving or is entitled to receive under the Company's and the General Motors' qualified and nonqualified defined benefit pension plans, in each case after converting the benefits paid or payable under such plans to an Actuarially Equivalent annuity payable for his lifetime commencing at his age 60.

Once Executive has completed two years of continuous employment with the Company, the sum of the amount determined under the above formula and the pension benefits paid or payable under the Company's pension plans shall not be less than one-twelfth of $100,000.

(b) Vesting. Executive will become fully vested in the Supplemental Retirement Benefit after he has completed five years of continuous employment with the Company. However, the Supplemental Retirement Benefit will vest immediately upon Executive's death, termination of his employment due to Disability, a termination without Cause or a termination for Good Reason. If Executive's employment terminates for any other reason prior to his completion of five years of continuous employment with the Company, he will forfeit and will not receive any portion of the Supplemental Retirement Benefit other than the $100,000 minimum benefit described in the last sentence of paragraph (a) above (which he shall receive only if he has completed at least two years of continuous employment with the Company).

(c) Payment. Payment of the Supplemental Retirement Benefit shall begin at the same time as and shall be made in the same form as Executive receives payment of his monthly benefits from the Company's pension plans; provided, however, that the amount of such monthly Benefit payments shall be Actuarially Adjusted in the event payment begins before Executive has attained age 60 or payment is made in a form other than an annuity payable over his lifetime. In the event Executive will not receive any benefits under the Company's pension plans (due to his death or termination of employment prior to vesting in such benefits), the Company shall pay the Actuarial Equivalent of such Supplemental Retirement Benefit in a single lump sum payment promptly following such event. For purposes of the Supplemental Retirement Benefit, the terms "Actuarially Equivalent" or "Actuarially Adjusted" shall mean making one benefit of equivalent value to another benefit using the interest rate and mortality assumptions then in effect under the Company's pension plans. Payments of the Supplemental Retirement Benefit will be made from the Company's general assets, and not from any trust funding the Company's pension plans.

10. TERMINATION BENEFITS.

(a) Termination without Cause or for Good Reason. The Company may terminate Executive's employment without Cause or Executive may terminate his employment for Good Reason. In such event, the Company shall pay to Executive promptly after the date of termination a lump sum cash amount equal to (a) two times his then current annual Base Salary and annual planned profit sharing if such termination occurs during the first five years following the Commencement Date, or (b) one times his then current annual Base Salary and annual planned profit sharing if such termination occurs more than five but no more than ten years following the Commencement Date. Executive's right to the payment described in the preceding sentence will be contingent upon his execution of a general release of all claims against the Company, in a form mutually acceptable to Executive and the Company.

(b) Termination for Cause, upon Disability or other than for Good Reason. During the Employment Period and thereafter, the Company may terminate Executive's employment for Cause or in the event of Executive's Disability, and Executive may terminate his employment for other than Good Reason. In such event, Executive shall only be entitled to receive the Base Salary,

profit sharing and other benefits he has accrued through the date of termination and Executive shall not be entitled to receive any severance payment.

(c) Termination upon Death. Executive's employment will automatically terminate in the event of his death. In such event, Executive shall only be entitled to receive the Base Salary, profit sharing and other benefits he has accrued through the date of termination and Executive shall not be entitled to receive any severance payment.

(d) Exclusive Remedy. The amounts described in this Section 10 shall be Executive's exclusive remedy for any damages resulting from a termination of his employment for any reason.

(e) Definitions. For purposes of this Agreement:

(i) The term "Cause" means any one of the following:

(A) Executive's indictment on or conviction of any felony or a misdemeanor involving fraud, dishonesty or moral turpitude,

(B) Executive's material breach of this Agreement, provided that such breach will not constitute Cause if Executive cures the breach within 10 days after delivery to the Executive of a written notice from the Chief Executive Officer specifying the breach,

(C) the willful and intentional material misconduct by Executive in the performance of his duties under this Agreement, or

(D) the willful or intentional failure by Executive to materially comply with a specific, written directive of the Chief Executive Officer that is consistent with normal business practice and Executive's responsibilities under this Agreement;

The term "Disability" means a mental or physical illness or injury which renders Executive unable or incompetent to carry out the material job responsibilities or the material duties of Executive's position, with or without reasonable accommodation, and which is expected to last for a duration in excess of six months; and

(iii) The term "Good Reason" means any one of the following events unless Executive otherwise agrees in writing:

(A) the Company reduces Executive's total annual planned compensation (Base Salary plus profit sharing) by more than 15%;

(B) Executive is relocated to a primary work site located outside of a 50-mile radius of his then current work site; or

(C) Executive is reassigned to a position having primary responsibilities which are significantly less than those of his immediately prior position;

provided, however, that none of the above events will constitute Good Reason if the Company cures such event within 10 days after delivery of a written notice from Executive specifying the Good Reason.

11. MISCELLANEOUS.

(a) Employee Agreement. In return for the Company's agreement to employ him and its execution of this Agreement, Executive has agreed to enter into and will on the Commencement Date sign the Employee Agreement provided by the Company.

(b) Confirmation. By signing this Agreement, Executive confirms that he is under no contractual commitments inconsistent with his obligations set forth in this Agreement and that, during the Employment Period, he will not perform services for any other corporation, firm, entity or person that are inconsistent with the provisions of this Agreement.

(c) Enforcement. In the event of a dispute over the amounts payable under this Agreement, the prevailing party will be entitled to reimbursement from the other party for its reasonable attorneys' fees and other expenses incurred in resolving such dispute.

(d) Entire Agreement; Amendment. This Agreement contains the entire agreement of the parties relating to Executive's employment by the Company and the other matters discussed herein, and it supersedes all prior promises, contracts, agreements and understandings of any kind, whether express or implied, oral or written, with respect to such subject matter. The parties hereto have made no agreements, representations or warranties relating to the subject matter of this Agreement that are not set forth herein. This Agreement may not be amended or modified except by a written instrument executed by the parties.

(e) Currency and Taxes. All monetary amounts stated in this Agreement are expressed and shall be payable in United States dollars. The Company shall withhold from any amounts payable pursuant to this Agreement all federal, state and local taxes required by law to be withheld from such payments.

(f) Assignment; Successors. Executive may not assign his rights and obligations under this Agreement without the prior written consent of the Company. This Agreement shall be binding upon and inure to the benefit of Executive, his estate and beneficiaries, the Company and its successors and assignees.

(g) Severability. If all or any part of this Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not serve to invalidate any portion of this Agreement not declared to be unlawful or invalid. Any provision so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such provision to the fullest extent possible while remaining lawful and valid.

(h) Governing Law/Venue. This Agreement is made under and shall be governed by and construed in accordance with the laws of the State of Minnesota without regard to its or any other forum's choice of law principles. The parties agree that any litigation in any way relating to this Agreement or to Executive's employment with the Company, including but not limited to the termination of this Agreement or of Executive's employment, will be venued in the State of Minnesota, Ramsey County District Court, or the United States District Court for the District of Minnesota. Executive and the Company hereby consent to the personal jurisdiction of these courts and waive any objection that such venue is inconvenient or improper.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first written above.

Minnesota Mining and Manufacturing Company Executive

By	*/s/ W. James McNerney, Jr.* *W. James McNerney, Jr.* *Chief Executive Officer*	*/s/ Patrick D. Campbell* *Patrick D. Campbell*

EXHIBIT 12

MINNESOTA MINING AND MANUFACTURING COMPANY
AND SUBSIDIARIES

CALCULATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Dollars in millions)

	2001	2000	1999	1998	1997
EARNINGS					
Income from continuing operations before income taxes, minority interest, extraordinary loss and cumulative effect of accounting change*	$2,186	$2,974	$2,880	$1,952	$3,440
Add:					
Interest expense	143	127	125	139	94
Interest component of the ESOP benefit expense	18	19	21	29	32
Portion of rent under operating leases representative of the interest component	39	39	37	41	41
Less:					
Equity in undistributed income of 20-50 percent owned companies	5	10	4	4	3
TOTAL EARNINGS AVAILABLE FOR FIXED CHARGES	$2,381	$3,149	$3,059	$2,157	$3,604
FIXED CHARGES					
Interest on debt	150	141	135	139	94
Interest component of the ESOP benefit expense	18	19	21	29	32
Portion of rent under operating leases representative of the interest component	39	39	37	41	41
TOTAL FIXED CHARGES	$ 207	$ 199	$ 193	$ 209	$ 167
RATIO OF EARNINGS TO FIXED CHARGES	11.5	15.8	15.8	10.3	21.6

<F1>
* 2001 includes a non-recurring net pre-tax loss of $504 million, primarily related to the restructuring. 2000 includes a non-recurring net pre-tax loss of $23 million. 1999 includes a non-recurring net pre-tax gain of $100 million relating to gains on divestitures, litigation expense, an investment valuation adjustment, and a change in estimate that reduced 1998 restructuring charges. 1998 includes pre-tax restructuring charges of $493 million. 1997 includes a pre-tax gain on the sale of National Advertising Company of $803 million.

EXHIBIT 21

MINNESOTA MINING AND MANUFACTURING COMPANY
AND CONSOLIDATED SUBSIDIARIES
PARENT AND SUBSIDIARIES

Name of Company	Organized Under Laws of	Percentage of Voting Securities Beneficially Owned by Registrant
Registrant:		
Minnesota Mining and Manufacturing Company	Delaware	
Consolidated subsidiaries of the registrant:		
Dyneon LLC	Delaware	100
3M Financial Management Company	Delaware	100
3M Innovative Properties Company	Delaware	100
3M Investment Management Corporation	Delaware	100
3M Unitek Corporation	California	100
3M Touch Systems, Inc.	Massachusetts	100
3M Argentina S.A.C.I.F.I.A.	Argentina	100
3M Australia Pty. Limited	Australia	100
3M Oesterreich GmbH	Austria	100
3M Belgium S.A./N.V.	Belgium	100
Seaside Insurance Limited	Bermuda	100
3M do Brasil Limitada	Brazil	100
3M Canada Company	Canada	100
3M China Limited	China	100
3M A/S	Denmark	100
Suomen 3M Oy	Finland	100
3M France, S.A.	France	100
Dyneon GmbH	Germany	100
Inter-Unitek GmbH	Germany	57
Quante AG	Germany	100
Quante Holding GmbH	Germany	100
3M Deutschland GmbH	Germany	100
3M German Holdings GmbH	Germany	100
3M Hong Kong Limited	Hong Kong	100
3M Italia Finanziaria S.p.A.	Italy	100
Sumitomo 3M Limited	Japan	50
3M Health Care Limited	Japan	75
3M Korea Limited	Korea	100
3M Mexico, S.A. de C.V.	Mexico	100
Corporate Services B.V.	Netherlands	100
3M Nederland B.V.	Netherlands	100
3M (New Zealand) Limited	New Zealand	100
3M Norge A/S	Norway	100
3M Puerto Rico, Inc.	Puerto Rico	100
3M Singapore Private Limited	Singapore	100
3M South Africa (Proprietary) Limited	South Africa	100
3M Espana, S.A.	Spain	100
3M Svenska AB	Sweden	100
3M (East) A.G.	Switzerland	100
3M (Schweiz) A.G.	Switzerland	100
3M Taiwan Limited	Taiwan	100
3M Thailand Limited	Thailand	100
3M Gulf Ltd.	United Arab Emirates	100
3M United Kingdom Holdings P.L.C.	United Kingdom	100
3M Venezuela, S.A.	Venezuela	100

<F1>
NOTE: Subsidiary companies excluded from the above listing, if considered in the aggregate, would not constitute a significant subsidiary.

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statements of Minnesota Mining and Manufacturing Company on Form S-8 (Registration Nos. 33-14791, 33-49842, 33-58767, 333-26957, 333-30689, 333- 30691, 333-44760, 333-44692 and 333-73192), Form S-3 (Registration Nos. 33- 48089, 333-42660 and 333-48922, and Form S-4 (Registration No. 333-49830), of our report dated February 11, 2002, relating to the consolidated financial statements which appears in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Minneapolis, Minnesota
March 11, 2002

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned, being a director or officer of Minnesota Mining and Manufacturing Company, a Delaware corporation (the "Company"), hereby constitutes and appoints W. James McNerney, Jr., Patrick D. Campbell, John J. Ursu, Janet L. Yeomans and Gregg M. Larson, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead in any and all capacities, to sign one or more Annual Reports for the Company's fiscal year ended December 31, 2001, on Form 10-K under the Securities Exchange Act of 1934, as amended, or such other form as any such attorney-in-fact may deem necessary or desirable, any amendments thereto, and all additional amendments thereto, each in such form as they or any one of them may approve, and to file the same with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done so that such Annual Report shall comply with the Securities Exchange Act of 1934, as amended, and the applicable Rules and Regulations adopted or issued pursuant thereto, as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their substitute or resubstitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his or her hand this 11th day of February, 2002.

/s/ W. James McNerney, Jr.
W. James McNerney, Jr.,
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer
and Director)

/s/ Patrick D. Campbell
Patrick D. Campbell,
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

/s/ Linda G. Alvarado
Linda G. Alvarado, Director

/s/ Ronald G. Nelson
Ronald G. Nelson,
Vice President and Controller

/s/ Ronald O. Baukol
Ronald O. Baukol, Director

/s/ Rozanne L. Ridgway
Rozanne L. Ridgway, Director

/s/ Edward A. Brennan
Edward A. Brennan, Director

/s/ Kevin W. Sharer
Kevin W. Sharer, Director

/s/ Edward M. Liddy
Edward M. Liddy, Director

/s/ Frank Shrontz
Frank Shrontz, Director

/s/ Aulana L. Peters
Aulana L. Peters, Director

/s/ Louis W. Sullivan
Louis. W. Sullivan, Director

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