3M CO
Form DEF 14A
March 28, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
ý	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

Minnesota Mining and Manufacturing Company
(Name of Registrant as Specified In Its Charter)

N/A
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W. James McNerney, Jr.
Chairman of the Board and
Chief Executive Officer

March 28, 2005

Dear Stockholder:

I am pleased to invite you to attend 3M s Annual Meeting of Stockholders, which will be held on Tuesday, May 10, 2005, at 10 a.m., at the RiverCentre, 175 West Kellogg Boulevard, St. Paul, Minnesota.

Details regarding admission to the meeting and the business to be conducted are more fully described in the accompanying Notice of Annual Meeting and Proxy Statement. I will report on Company operations and discuss our plans for growth. We also will leave time for your questions and comments.

The fine attendance of our stockholders at Annual Meetings over the years has been very helpful in maintaining good communication. We sincerely hope you will be able to join us. **Your attendance cards to the Annual Meeting are located on the back cover of this proxy statement.**

Your vote is important. Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. You may vote on the Internet, by telephone, or by completing and mailing a traditional proxy card. Please review the instructions on the proxy card regarding each of these voting options.

Thank you for your ongoing support of 3M.

Sincerely,

2005 ANNUAL MEETING OF STOCKHOLDERS

NOTICE OF ANNUAL MEETING AND PROXY STATEMENT

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3M COMPANY
3M Center, St. Paul, Minnesota 55144

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TIME AND DATE	10:00 a.m. on Tuesday, May 10, 2005
PLACE	RiverCentre 175 West Kellogg Boulevard St. Paul, Minnesota
ITEMS OF BUSINESS	(1) To elect directors to a 3-year term. (2) To ratify the appointment of PricewaterhouseCoopers LLP as 3M s independent registered public accounting firm. (3) To approve the adoption of the 2005 Management Stock Ownership Program. (4) To vote on two stockholder proposals if properly presented at the meeting. (5) To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement.
RECORD DATE	You are entitled to vote if you were a stockholder of record at the close of business on Friday, March 11, 2005.
ANNUAL REPORT	Our 2004 Annual Report, which is not part of the proxy soliciting materials, is enclosed.
MEETING ADMISSION	Two cutout admission tickets are included on the back cover of this proxy statement.
PROXY VOTING	Please submit a proxy as soon as possible so that your shares can be voted at the meeting in accordance with your instructions. You may submit your proxy (1) Over the Internet, (2) by telephone, or (3) by mail. For specific instructions, please refer to the section entitled Voting Methods on page 3 of this proxy statement and the voting instructions on the proxy card.

By Order of the Board of Directors

GREGG M. LARSON

Associate General Counsel and Secretary

THIS PROXY STATEMENT AND PROXY CARD ARE BEING DISTRIBUTED ON OR ABOUT MARCH 28, 2005.

PROXY STATEMENT

The Board of Directors (the Board) of 3M Company (3M or the Company) is soliciting proxies for the Annual Meeting of Stockholders. You are receiving a proxy statement because you own shares of 3M common stock that entitle you to vote at the meeting. By use of a proxy, you can vote whether or not you attend the meeting. The proxy statement describes the matters we would like you to vote on and provides information on those matters so you can make an informed decision.

The information included in this proxy statement relates to proposals to be voted on at the meeting (if properly presented), voting process, compensation of directors and our most highly paid officers, and other required information.

Purpose of the Annual Meeting

The purpose of the Annual Meeting is to elect directors and to conduct the business described in the Notice of Annual Meeting.

Annual Meeting Admission

Only stockholders are invited to attend the meeting. An admission ticket or proof of ownership of 3M stock, along with personal identification, must be presented in order to be admitted to the Annual Meeting. If you are a stockholder of record, your admission ticket is on the back of this proxy statement. If your shares are held in the name of a bank, broker or other holder of record, you must bring a brokerage statement or other proof of ownership with you to the Annual Meeting, or obtain an admission ticket in advance. Tickets are also available on the Internet voting site www.eproxy.com/mmm.

No cameras, recording equipment, electronic devices, large bags, briefcases, or packages will be permitted in the Annual Meeting.

Quorum

A quorum is the minimum number of shares required to hold a meeting. Under 3M s Bylaws, a quorum requires that a majority of the outstanding shares of stock entitled to vote at the meeting must be represented in person or by proxy at the meeting. Both abstentions and broker non-votes are counted as present for determining the presence of a quorum. Broker non-votes, however, are not counted as shares present and entitled to be voted with respect to the matter on which the broker has not voted. Thus, broker non-votes will not affect the outcome of any of the matters to be voted on at the Annual Meeting. Generally, broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because (1) the broker has not received voting instructions from the beneficial owner and (2) the broker lacks discretionary voting power to vote such shares.

Stockholders Entitled to Vote

Each share of our common stock outstanding as of the close of business on March 11, 2005, the record date, is entitled to one vote at the Annual Meeting on each matter properly brought before the meeting. As of that date, there were 772,204,170 shares of common stock issued and outstanding.

Most 3M stockholders hold their shares through a stockbroker, bank, trustee, or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially:

- STOCKHOLDER OF RECORD If your shares are registered directly in your name with 3M s Transfer Agent, Wells Fargo Bank, N.A., you are considered the stockholder of record of those

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shares and these proxy materials are being sent directly to you by 3M. As the stockholder of record, you have the right to grant your voting proxy directly to 3M or to vote in person at the meeting.

- BENEFICIAL OWNER If your shares are held in a stock brokerage account, by a bank, trustee, or other nominee, you are considered the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by your broker, trustee, or nominee who is considered the stockholder of record of those shares. As the beneficial owner, you have the right to direct your broker, trustee or nominee on how to vote and are also invited to attend the meeting. However, since you are not the stockholder of record, you may not vote these shares in person at the meeting. Your broker, trustee, or nominee is obligated to provide you with a voting instruction card for you to use.

- If your shares are held in your account in the 3M Voluntary Investment Plan and Employee Stock Ownership Plan or the 3M Savings Plan, you are considered the beneficial owner of these shares and the trustee of the plans is the stockholder of record. Participants in 3M s Voluntary Investment Plan and Employee Stock Ownership Plan or the 3M Savings Plan may direct the trustee how to vote the shares allocated to their account by following the voting instructions contained on the proxy card. Participants in 3M s Voluntary Investment Plan and Employee Stock Ownership Plan may also direct the trustee how to vote a proportionate number of allocated shares of common stock for which it has not received direction, and shares not allocated to individual participant accounts by following the same voting instructions. If you fail to direct the trustee how to vote your shares by following these voting instructions, the trustee will vote your shares as described in the voting instructions.

Proposals You Are Asked to Vote On and the Board s Voting Recommendations

The following proposals are scheduled to be voted on at the meeting. 3M s Board recommends that you vote your shares as indicated below.

Proposals:	**The Board s Voting Recommendations:**
1. The election of directors for a 3-year term.	FOR each nominee to the Board
2. The ratification of the appointment of PricewaterhouseCoopers LLP as 3M s independent registered public accounting firm.	FOR
3. Approve the adoption of the 2005 Management Stock Ownership Program.	FOR
4. Consideration of a stockholder proposal regarding animal testing.	AGAINST
5. Consideration of a stockholder proposal regarding 3M s business operations in China.	AGAINST

Other than the proposals described in this proxy statement, the Board is not aware of any other matters to be presented for a vote at the Annual Meeting. If you grant a proxy by telephone, Internet, or by signing and returning your proxy card, any of the persons named as proxy holders W. James McNerney, Jr., 3M s Chairman and CEO, Edward A. Brennan, and Rozanne L. Ridgway –– will have the discretion to vote your shares on any additional matters properly presented for a vote at the

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meeting. If any of our nominees is unavailable as a candidate for director, the above-named proxy holders will vote your proxy for another candidate or candidates as may be nominated by the Board of Directors.

Required Vote

Director Nominees The nominees for election as directors at the Annual Meeting will be elected by a plurality of the votes cast at the meeting. This means that the director nominee with the most votes for a particular slot is elected for that slot. Votes withheld from one or more director nominees will have no effect on the election of any director from whom votes are withheld.

All other proposals require the affirmative FOR vote of a majority of those shares present in person or represented by proxy at the meeting and entitled to vote on the matter. If you are a beneficial owner and do not provide the stockholder of record with voting instructions, your shares may constitute broker non-votes, as described in the section above entitled Quorum. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal. The stockholder proposals are presented as a request to the Board to take action. Affirmative votes for these proposals will inform the Board about the level of support for these proposals.

Voting Methods

If you hold shares directly as the stockholder of record, you may vote by granting a proxy or, if you hold shares beneficially in street name, by submitting voting instructions to your broker or nominee. If you own shares beneficially as a participant in the 3M Voluntary Investment Plan and Employee Stock Ownership Plan or the 3M Savings Plan, you may vote by submitting voting instructions to the trustee. In most instances, you will be able to do this over the Internet, by telephone, or by mail. Please refer to the summary instructions below and those included on your proxy card or, for shares held in street name, the voting instruction card included by your broker or nominee.

The Internet and telephone voting procedures are designed to authenticate stockholders by use of a control number and to allow you to confirm that your instructions have been properly recorded. If you vote by telephone or on the Internet, you do not need to return your proxy card. Telephone and Internet voting for stockholders of record will be available 24 hours a day, and will close at 12:00 p.m. (Central Time) on the day before the Annual Meeting. Participants in 3M s Voluntary Investment Plan and Employee Stock Ownership Plan and the 3M Savings Plan may instruct the trustee how to vote their shares via the Internet, by telephone, or by signing and returning the proxy card by 5:00 p.m. (Central Time) on May 5, 2005.

- VOTE BY INTERNET www.eproxy.com/mmm If you have Internet access, you may submit your proxy from any location in the world 24 hours a day, 7 days a week. Have your proxy card and the last four digits of your Social Security Number in hand when you access the Web site. When prompted, enter the last four digits of your Social Security Number, your 3-digit company number and the 7-digit number from the upper right corner of the proxy card to create an electronic ballot.

- VOTE BY TELEPHONE 1-800-560-1965 If you live in the United States, you may use any touch-tone telephone to vote your proxy toll-free 24 hours a day, 7 days a week. Have your proxy card in hand when you call. When prompted, enter the 3-digit company number and the 7-digit number from the upper right corner of the proxy card. Follow the recorded instructions.

- VOTE BY MAIL You may do this by signing your proxy card or, for shares held in street name, the voting instruction card included by your broker or nominee and mailing it. If you provide specific voting instructions, your shares will be voted as you instruct. If you sign, but do not provide instructions, your shares will be voted as the Board recommends. Mark, sign, and date your proxy card and return it in the postage-paid envelope provided so that it is received by May 9, 2005.

All shares that have been properly voted and not revoked will be voted at the Annual Meeting.

Changing Your Vote

You may change your proxy instructions at any time prior to the vote at the Annual Meeting. For shares held directly in your name, you may accomplish this by granting a new proxy or by voting in person at the Annual Meeting. For shares held beneficially by you, you may change your vote by submitting new voting instructions to your broker or nominee.

Counting the Vote

In the election of directors, you may vote FOR all of the nominees or your vote may be WITHHELD from one or more of the nominees. For the other proposals, you may vote FOR, AGAINST, or ABSTAIN. If you ABSTAIN, it has the same effect as a vote AGAINST. If you sign yo proxy card or broker voting instruction card with no further instructions, your shares will be voted in accordance with the recommendations of the Board. Shares held in your account in the 3M Voluntary Investment Plan and Employee Stock Ownership Plan or the 3M Savings Plan will be voted by the trustee as described in Stockholders Entitled to Vote on page 1.

Representatives of Wells Fargo Bank, N.A., 3M s transfer agent, will tabulate the votes and act as the inspectors of election.

Confidentiality

The Company s Board of Directors has a policy that all stockholder proxies, ballots, and tabulations that identify stockholders are to be maintained in confidence. No such document will be available for examination, and the identity and vote of any stockholder will not be disclosed, except as necessary to meet legal requirements and allow the inspectors of election to certify the results of the stockholder vote. The policy also provides that inspectors of election for stockholder votes must be independent and cannot be employees of the Company. Occasionally, stockholders provide written comments on their proxy card that may be forwarded to 3M management.

Results of the Vote

We will announce preliminary voting results at the meeting and publish final results in our Quarterly Report on Form 10-Q for the quarter ending June 30, 2005. A news release with voting results will be available on our Web site www.3M.com/profile/pressbox/index.jhtml.

Delivery of Proxy Materials

Securities and Exchange Commission rules now allow us to deliver a single copy of an annual report and proxy statement to any household at which two or more stockholders reside, if we believe the stockholders are members of the same family. This rule benefits both you and the Company. We believe it eliminates irritating duplicate mailings that stockholders living at the same address receive and it reduces our printing and mailing costs. This rule applies to any annual reports, proxy statements, proxy statements combined with a prospectus, or information statements. Each stockholder will continue to receive a separate proxy card or voting instruction card.

Your household may have received a single set of proxy materials this year. If you prefer to receive your own copy now or in future years, please request a duplicate set by contacting our transfer agent, Wells Fargo Bank, N.A. at 1-800-401-1952 (U.S.), 651-450-4064 (outside the U.S.), www.wellsfargo.com/shareownerservices, or in writing to 161 North Concord Exchange, South St. Paul, MN 55075.

If a broker or other nominee holds your shares, you may continue to receive some duplicate mailings. Certain brokers will eliminate duplicate account mailings by allowing stockholders to consent to such elimination, or through implied consent if a stockholder does not request continuation of duplicate mailings. Since not all brokers and nominees may offer stockholders the opportunity this year to eliminate duplicate mailings, you may need to contact your broker or nominee directly to discontinue duplicate mailings to your household.

List of Stockholders

The names of stockholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the meeting for any purpose germane to the meeting, between the hours of 7:45 a.m. and 4:30 p.m. (Central Time), at our principal executive offices at 3M Center, St. Paul, Minnesota, by contacting the Secretary of the Company.

Electronic Delivery of Proxy Materials and Annual Report

We are able to distribute the Annual Report and proxy statement to 3M stockholders in a fast and efficient manner via the Internet. This reduces the amount of paper delivered to a stockholder s address and eliminates the cost of sending these documents by mail. Stockholders may elect to view all future annual reports and proxy statements on the Internet instead of receiving them by mail. If you choose to view these materials online, you will continue to receive a proxy card in the mail. You may make this election when voting your proxy this year: simply follow the instructions to vote via the Internet or go directly to www.econsent.com/mmm to register your consent. Have your account number (found above your name and address on your dividend check stub) and your Social Security Number (if you have one) available. Your election to view proxy materials online continues until you revoke it. Future proxy cards will contain the Internet Web site address and instructions to view the materials. You will continue to have the option to vote your shares by telephone, mail, or via the Internet.

Cost of Proxy Solicitation

3M will pay for the cost of preparing, assembling, printing, mailing, and distributing these proxy materials. You will need to obtain your own Internet access if you choose to access the proxy materials and/or vote over the Internet. In addition to mailing these proxy materials, the solicitation of proxies or votes may be made in person, by telephone, or electronic communication by our directors, officers, and employees, who do not receive any additional compensation for these solicitation activities. We have hired Georgeson Shareholder Communications, Inc. to assist us in the distribution of proxy materials and the solicitation of votes. We will pay Georgeson Shareholder Communications, Inc., a fee of $20,000 plus expenses for these services. We will also reimburse brokerage houses and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to beneficial owners of stock.

Transfer Agent

Our Transfer Agent is Wells Fargo Bank, N.A. All communications concerning stockholders of record accounts, including address changes, name changes, common stock transfer requirements, and similar issues can be handled by contacting Wells Fargo Bank, N.A. at 1-800-401-1952 (U.S.), 651-450-4064 (outside the U.S.), www.wellsfargo.com/shareownerservices, or in writing, 161 North Concord Exchange, South St. Paul, MN 55075.

GOVERNANCE OF THE COMPANY

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines that, along with the charters of the Board committees, provide the framework for the governance of the Company. The Board s Nominating and Governance Committee is responsible for overseeing and reviewing the Guidelines at least annually, and recommending any proposed changes to the Board for approval. The Corporate Governance Guidelines are available on our Web site at www.3M.com, under Investor Relations Corporate Governance. The Guidelines and charters of the Board committees are also attached to this proxy statement as Appendices A-E.

Executive Sessions

Independent directors regularly meet in executive sessions without the Chairman/CEO or other members of management present to review the criteria upon which the performance of the Chairman and CEO is based, the performance of the Chairman and CEO against that criteria, to ratify the compensation of the Chairman and CEO as approved by the Compensation Committee and to discuss any other relevant matters.

Presiding Director

The chairs of the Audit, Compensation, Nominating and Governance, and Public Issues Committees of the Board may chair executive sessions of the independent directors at which the principal items to be considered are within the scope of the committee chair s authority. The Board believes that this practice ensures leadership at all executive sessions of the independent directors.

Communication with Directors

The Board of Directors has adopted the following process for stockholders to send communications to members of the Board. Stockholders may communicate with the chairs of the Audit, Compensation, Nominating and Governance, and Public Issues Committees of the Board, or with any of our other independent directors, by sending a letter to the following address: 3M Company, c/o Corporate Secretary, 3M Center, Building 0220-13-W-39, St. Paul, MN 55144-1000.

Director Independence

The Board believes in having a substantial majority of independent directors on the 3M Board. A director is independent if the Board affirmatively determines that the director has no material relationship with 3M (including its consolidated subsidiaries) directly or as a partner, shareholder or officer of an organization that has a relationship with 3M. The Board has established the following guidelines to assist it in determining director independence that conform to, or are more exacting than the independence requirements in the New York Stock Exchange listing standards (NYSE Rules). In addition to applying these guidelines, the Board will consider all relevant facts and circumstances in making an independence determination not only from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation.

1. In no event will a director be considered independent if:

a. *Employment Relationship* A director is, or has been within the last three years, an employee of 3M, or whose immediate family member[1], is or has been within the last three years, an executive officer of 3M;

b. *Payments >$100,000* A director who received, or whose immediate family member received, more than $100,000 per year in direct compensation from 3M (other than director fees) within the last three years;

c. *Auditor Relationships*. (i) A director, or whose immediate family member, is a current partner of 3M s internal or external auditor; (ii) a director is a current employee of such a firm; (iii) a director has an immediate family member who is a current employee of such a firm and who participates in the firm s audit, assurance or tax compliance (but not tax planning) practice; or (iv) a director, or whose immediate family member, was within the last three years (but is no longer) a partner or employee of such a firm who personally worked on 3M s audit within that time;

d. *Compensation Committee Interlock* A 3M executive officer is on the compensation committee of the board of directors of a company which employs the 3M director or an immediate family member as an executive officer;

e. *Commercial Relationships* A director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, 3M for property or services in an amount which, in of the last three years, exceeds the greater of $1 million, or two percent of the director s company s consolidated gross revenues.

2. Audit Committee members may not accept any consulting, advisory, or other compensatory fee from 3M, other than directors fees.

3. The following commercial relationships will not be considered to be material relationships that would impair a director s independence:

a. If a 3M director is an executive officer or employee, or if an immediate family member is an executive officer, of another company that does business with 3M and the sales by that company to 3M or purchases by that company from 3M, in any single year within the last three years, are less than or equal to one percent of the annual consolidated gross revenues of that company; or

b. If a 3M director is an executive officer or employee, or if an immediate family member is an executive officer, of another company which is indebted to 3M, or to which 3M is indebted, and the total amount of either company s indebtedness to the other, in any single year within the last three years, is less than or equal to one percent of the other company s total consolidated assets.

4. Charitable relationships will not be considered to be material relationships that would impair a director s independence if a 3M director or immediate family member serves as an officer, director or trustee of a charitable organization, and 3M s discretionary charitable contributions to the organization are less than or equal to one percent of that organization s consolidated annual gross revenues.

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(1) New York Stock Exchange Rule 303A(2)(b) defines "immediate family" to include a person's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, *and* anyone (other than employees) who share such person's home.

5. The Board will annually make and publicly disclose its independence determination for each director. The Board may determine that a director who has a relationship that exceeds the limits described in paragraphs 3 (provided that such a relationship would not constitute a bar to independence under the NYSE Rules) or 4 is nonetheless independent. The Company will explain in the next proxy statement the basis for any Board determination that a relationship is immaterial despite the fact that it does not meet the categorical independence guidelines. For example, if a director is the CEO of a company that purchases products and services from 3M that are more than one percent of that company s annual revenues, the independent directors could determine, after considering all of the relevant circumstances, that such a relationship was immaterial, and that the director would be considered independent under the NYSE Rules.

6. The Company will not make any personal loans or extensions of credit to directors. All directors are required to deal at arm s length with 3M and its subsidiaries and to disclose circumstances material to the director that might be perceived as a conflict of interest.

The Board of Directors has determined that the following directors are independent under these guidelines: Linda G. Alvarado, Edward A. Brennan, Vance D. Coffman, Michael L. Eskew, Edward M. Liddy, Robert S. Morrison, Aulana L. Peters, Rozanne L. Ridgway, Kevin W. Sharer, and Louis W. Sullivan. The Board has also determined that no members of the Audit Committee received any compensation from the Company other than directors fees.

3M Business Conduct Policies

More than a century of operating with honesty and integrity has earned 3M trust from our customers, credibility with our communities, and dedication from our employees. All of our employees, including our Chief Executive Officer, Chief Financial Officer, and Principal Accounting Officer, are required to abide by 3M s business conduct policies to ensure that our business is conducted in a consistently legal and ethical manner. These policies form the foundation of a comprehensive process that includes compliance with corporate policies and procedures and a companywide focus on uncompromising honesty and integrity in every aspect of our operations. Our business conduct policies cover many topics, including antitrust and competition law, conflicts of interest, financial reporting, protection of confidential information, and compliance with all laws and regulations applicable to the conduct of our business.

Employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of the business conduct policies. The Audit Committee has adopted procedures to receive, retain, and treat complaints received regarding accounting, internal accounting controls, or auditing matters, and to allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

The Board of Directors adopted a Code of Business Conduct and Ethics for directors of the Company. This Code incorporates long-standing principles of conduct the Company and the Board follow to ensure the Company s business and the activities of the Board are conducted with integrity, adherence to the highest ethical standards, and in compliance with the law.

The Company s Business Conduct Policies for employees and the Code of Business Conduct and Ethics for Directors are available on our web site at www.3M.com under Investor Relations Corporate Governance.

BOARD STRUCTURE AND COMMITTEE MEMBERSHIP

The Board is divided into three classes serving staggered three-year terms. The Board has eleven directors and the following four Committees: Audit, Compensation, Nominating and Governance, and Public Issues. The membership during 2004 and the function of each Committee are described below.

During 2004, the Board of Directors held five regular meetings. The Audit, Compensation, Nominating and Governance, and Public Issues Committees held eight (three of which were telephonic meetings), five, four, and three regularly scheduled meetings, respectively, during 2004. All of our directors attended all of the regularly scheduled meetings of the Board and Board Committees on which they serve, except for one director who, because of jury duty, was unable to attend one regularly scheduled Board meeting and two Board Committee meetings on which the director serves.

The Board and each Committee conducted an evaluation of their performance in 2004.

Name of Director	Audit	Compensation	Nominating and Governance	Public Issues
Nonemployee Directors:				
Linda G. Alvarado	X			X
Edward A. Brennan		X *	X	
Vance D. Coffman	X		X	
Michael L. Eskew	X			X
Edward M. Liddy	X *		X	
Robert S. Morrison		X	X	
Aulana L. Peters	X			X *
Rozanne L. Ridgway		X	X *	
Kevin W. Sharer		X		X
Louis W. Sullivan		X		X

X = Committee Member; * = Chair

Audit Committee

The Audit Committee assists the Board in its oversight of the integrity of the Company s financial statements, compliance with legal and regulatory requirements, the qualifications, independence, and performance of the Company s independent registered public accounting firm (the Independent Accounting Firm), and the performance of the Company s internal auditing department. In addition, the Committee:

- Reviews the annual audited and quarterly consolidated financial statements;
- Reviews the Company s financial reporting process and disclosure and internal controls and procedures, including major issues regarding accounting principles and financial statement presentation, and critical accounting policies to be used in the consolidated financial statements;
- Reviews and discusses with management and the Independent Accounting Firm the Company s internal controls report and the Independent Accounting Firm s attestation of the report;
- By delegation to the Chair, reviews earnings press releases prior to issuance;
- Appoints, oversees, and approves compensation of the Independent Accounting Firm;

- Reviews with the Independent Accounting Firm the scope of the annual audit, including fees and staffing, and approves all audit and permitted non-audit services provided by the Independent Accounting Firm;

- Reviews findings and recommendations of the Independent Accounting Firm and management s response to the recommendations of the Independent Accounting Firm;

- Discusses policies with respect to risk assessment and risk management, the Company s major risk exposures, and the steps management has taken to monitor and mitigate such exposures; and

- Reviews compliance with the Company s business conduct policies.

The Board of Directors has determined that all of the Audit Committee members are independent, financially literate, and have accounting or related financial management expertise under the New York Stock Exchange listing standards. The Board has also determined that all of the Audit Committee members Edward M. Liddy (chair), Linda G. Alvarado, Vance D. Coffman, Michael L. Eskew, and Aulana L. Peters are audit committee financial experts as that term is defined by applicable SEC regulations. In addition, the Board has determined that service on more than three other audit committees by Aulana L. Peters does not impair her ability to serve effectively on the Company s Audit Committee because Ms. Peters is retired and has the time to devote to her responsibilities and has considerable expertise in audit committee matters. The charter of the Audit Committee is available at www.3M.com under Investor Relations Corporate Governance Committee Composition and attached as Appendix B to this proxy statement.

Compensation Committee

The Compensation Committee reviews the Company s compensation practices and policies, annually reviews and approves (subject to ratification by the independent directors of the Board) the compensation for the CEO, annually reviews and approves the compensation for the other senior executives, evaluates CEO performance, and annually prepares a report on executive compensation for inclusion in the Company s proxy statement. In addition, the Committee:

- Approves, subject to ratification by the independent directors of the Board, employment agreements and severance arrangements for the CEO, as appropriate;

- Approves for the senior executives of the Company (other than the CEO) employment agreements and severance arrangements, as appropriate; and

- Interprets and supervises the administration of the Company s stock and long-term incentive compensation programs, and determines the employees who receive awards and the size of their awards under such programs.

The Board of Directors has determined that all Compensation Committee members are independent under the New York Stock Exchange listing standards. The Board has also determined that each Compensation Committee member qualifies as a Non-Employee Director under Rule 16b-3 of the Securities Exchange Act of 1934 and as an Outside Director under Section 162(m) of the Internal Revenue Code. The charter of the Compensation Committee is available at www.3M.com under Investor Relations Corporate Governance Committee Composition and attached as Appendix C to this proxy statement.

Nominating and Governance Committee

The Nominating and Governance Committee establishes Board membership criteria, assists the Board by identifying individuals qualified to become Board members, recommends to the Board matters of corporate governance, facilitates the annual review of the performance of the Board and its Committees, and periodically reviews CEO and management succession plans. In addition, the Committee:

- Selects and recommends candidates to the Board of Directors to be submitted for election at the Annual Meeting and candidates to fill any vacancies on the Board, including stockholder nominees for director (submitted in accordance with the Company s Bylaws). The Committee considers all candidates in light of the Board membership criteria adopted by the Board of Directors;

- Reviews and makes recommendations to the Board of Directors concerning the composition and size of the Board and its Committees, Board membership criteria, frequency of meetings, and directors fees;

- Reviews the Company s Corporate Governance Guidelines at least annually, and recommends any proposed changes to the Board for approval;

- Develops and recommends to the Board standards to be applied in making determinations on the types of relationships that constitute material relationships between the Company and a director for purposes of determining director independence;

- Develops and recommends to the Board for its approval an annual self-assessment process of the Board and its Committees and oversees the process; and

- Reviews periodically with the Chairman/CEO succession plans relating to positions held by elected corporate officers, and makes recommendations to the Board with respect to the selection of individuals to occupy these positions.

The Board of Directors has determined that all Nominating and Governance Committee members are independent under the New York Stock Exchange listing standards. The charter of the Nominating and Governance Committee is available at www.3M.com under Investor Relations Corporate Governance Committee Composition and attached as Appendix D to this proxy statement.

Public Issues Committee

The Public Issues Committee reviews public policy issues and trends affecting the Company, reviews and advises with respect to the Company s environmental, health and safety programs and compliance, human resources, the corporate contribution program and the 3M Foundation, and reviews and approves the Company s response to stockholder proposals relating to public policy issues. In addition, the Committee:

- Monitors the Company s corporate citizenship activities; and

- Offers advice, insights, and makes recommendations regarding policies, programs, actions, and procedures which will enable this Company to continue to respond appropriately to its social responsibilities and the public interest in its business affairs, including such activities as those related to the environment, human resources, labor, and community relations.

The Board of Directors has determined that all Public Issues Committee members are independent under the New York Stock Exchange listing standards. The charter of the Public Issues Committee is available at www.3M.com under Investor Relations Corporate Governance Committee Composition and attached as Appendix E to this proxy statement.

NOMINATION PROCESS

Role of the Nominating and Governance Committee

The Nominating and Governance Committee (Committee) identifies individuals that the Committee believes are qualified to become Board members in accordance with the Board Membership Criteria set forth below, and recommends selected individuals to the Board for nomination to stand for election at the next meeting of stockholders of the Company in which directors will be elected. In the event there is a vacancy on the Board between meetings of stockholders, the Committee identifies individuals that the Committee believes are qualified to become Board members in accordance with the Board Membership Criteria set forth below, and recommends one or more of such individuals for appointment to the Board.

Nominees Proposed by Stockholders for Consideration by the Committee

The Committee has a policy to consider properly submitted stockholder nominees for candidates for membership on the Board of Directors. Stockholders proposing individuals for consideration by the Committee must include at least the following information about the proposed nominee: the proposed nominee s name, age, business or residence address, principal occupation or employment, and whether such person has given written consent to being named in the proxy statement as a nominee and to serving as a director if elected. Stockholders should send the required information about the nominee to:

Corporate Secretary
3M Company
3M Center
Building 0220-13-W-39
St. Paul, MN 55144-1000.

In order for an individual proposed by a stockholder to be considered by the Committee for recommendation as a Board nominee, the Corporate Secretary must receive the proposal no later than 5 p.m. Central Time on November 28, 2005. Such proposals must be sent via registered, certified, or express mail (or other means that allows the stockholder to determine when the proposal was received by the Company). The Corporate Secretary will send properly submitted stockholder proposed nominations to the Committee Chair for consideration at a future Committee meeting. Individuals proposed by stockholders in accordance with these procedures will receive the same consideration that individuals identified to the Committee through other means receive.

Stockholder Nominations

In addition, 3M s Bylaws permit stockholders to nominate directors at an annual meeting of stockholders or at a special meeting at which directors are to be elected in accordance with the notice of meeting. Stockholders intending to nominate a person for election as a director must comply with the requirements set forth in the Company s Bylaws. Our Bylaws require, among other things, that the Corporate Secretary receive written notice from the record stockholder no earlier than January 9, 2006 and no later than February 8, 2006. The notice must contain the information required by the Bylaws, a copy of which is available upon request to the Corporate Secretary. Nominations received after February 8, 2006, will not be acted upon at the Annual Meeting.

Director Qualifications

The Committee periodically reviews with the Board the requisite skills and characteristics of its members. 3M s Corporate Governance Guidelines contain Board Membership Criteria that apply to nominees for a position on 3M s Board. The Committee periodically reviews with the Board the appropriate skills and characteristics required of Board members given the current Board composition. It is the intent of the Board that the Board, itself, will be a high performance organization creating competitive advantage for the Company. To perform as such, the Board will be comprised of individuals who have distinguished records of leadership and success in their arena of activity and who will make substantial contributions to Board operations and effectively represent the interests of all stockholders. The Committee s and the Board s assessment of Board candidates includes, but is not limited to, consideration of:

(i) Roles and contributions valuable to the business community;

(ii) Personal qualities of leadership, character, judgment, and whether the candidate possesses and maintains throughout service on the Board a reputation in the community at large of integrity, trust, respect, competence, and adherence to the highest ethical standards;

(iii) Relevant knowledge and diversity of background and experience in such things as business, manufacturing, technology, finance and accounting, marketing, international business, government, and the like; or

(iv) Whether the candidate is free of conflicts and has the time required for preparation, participation, and attendance at all meetings.

In addition to these minimum requirements, the Committee will also evaluate whether the nominee s skills are complementary to the existing Board members skills, the Board s needs for particular expertise in fields such as business, manufacturing, technology, financial, marketing, international, governmental, or other areas of expertise, and assess the nominees impact on Board dynamics and effectiveness.

Identification, Evaluation, and Selection of Nominees

The Committee periodically reviews the appropriate size and composition of the Board and anticipates future vacancies and needs of the Board. In the event the Committee recommends an increase in the size of the Board or a vacancy occurs, the Committee considers qualified nominees from several sources, including current Board members and nominees recommended by stockholders and other persons.

The Committee may from time to time retain a director search firm to help the Committee identify qualified director nominees for consideration by the Committee.

The Committee evaluates qualified director nominees at regular or special Committee meetings against the current Board Membership Criteria described above and reviews qualified director nominees with the Board. The Committee and the Chairman of the Board interview candidates that meet the Board Membership Criteria and the Committee selects nominees that best suit the Board s current needs and recommends one or more of such individuals for election to the Board.

DIRECTOR COMPENSATION AND STOCK OWNERSHIP GUIDELINES

The following table provides information on 3M s compensation and reimbursement practices during 2004 for nonemployee directors.

	Current
Annual Director Retainer	$ 150,000
Minimum Percentage of Annual Retainer to be paid in 3M Stock	63 %
Board Meeting Attendance Fees per Meeting	0
Committee Meeting Attendance Fees per Meeting	0
Additional Retainer for Committee Chair	$ 7,000
Reimbursement for Expenses Attendant to Board Membership	Yes

Nonemployee directors received $95,000 of the total annual retainer of $150,000 in common stock of the Company pursuant to the terms of the Company s 1992 Directors Stock Ownership Program. Nonemployee directors may elect to defer payment of all or a portion of the foregoing retainers payable in cash through a deferred cash or common stock equivalents account, and retainers payable in stock through a deferred common stock equivalents account. The nonemployee directors also may elect to receive common stock of the Company at current fair market value, in lieu of cash retainer. Information regarding accumulated deferred stock is set forth in the section entitled Common Stock Ownership of Directors and Executive Officers. Currently, 91 percent of director compensation is paid in 3M stock.

Stock Ownership Guidelines The Board also approved stock ownership guidelines that provide that each director should attain over her or his three-year term an investment position in 3M s stock (including deferred stock) equal to two times the annual retainer. All directors currently meet these stock ownership guidelines.

Matching Gift Program The nonemployee directors are eligible to participate in the matching gift program on the same terms as 3M employees. Under this program, the 3M Foundation will match up to a total of $5,000 a year in contributions by the director to eligible institutions of higher education or public broadcasting organizations.

DIRECTOR ATTENDANCE AT ANNUAL MEETINGS OF STOCKHOLDERS

The Company has a long-standing policy that directors are expected to attend the Annual Meeting of Stockholders unless extenuating circumstances prevent them from attending. All directors attended last year s Annual Meeting of Stockholders.

PROPOSALS TO BE VOTED ON

PROPOSAL NO. 1
ELECTION OF DIRECTORS

The Board is divided into three classes serving staggered three-year terms. Directors for each class are elected at the Annual Meeting of Stockholders held in the year in which the term for their class expires.

The terms of three directors will expire at the 2005 Annual Meeting. Directors elected at the 2005 Annual Meeting will hold office for a three-year term expiring at the Annual Meeting in 2008 (or until their respective successors are elected and qualified, or until their earlier death, resignation, or removal). There are no family relationships among the Company s executive officers and directors.

The persons named as proxies intend to vote the proxies for the election of the nominees to the Board of Directors. If any of the nominees should be unavailable to serve as a director, an event which is not anticipated, the persons named as proxies reserve full discretion to vote for any other persons who may be nominated.

Nominees for Terms to Expire at the 2008 Annual Meeting:

Vance D. Coffman, 60, *Chairman of the Board, Lockheed Martin Corporation, a high technology aerospace and defense company*. Dr. Coffman served in various executive capacities at Lockheed Martin Corporation before becoming Chairman and Chief Executive Officer in 1998. He retired as Chief Executive Officer in 2004. Dr. Coffman is on the board of the following public companies in addition to 3M and Lockheed Martin Corporation: Bristol-Myers Squibb Company and Deere & Company.

Director since 2002.

Rozanne L. Ridgway, 69, *Former Assistant Secretary of State for Europe and Canada*. Ambassador Ridgway served in the U.S. Foreign Service from 1957 to 1989, including assignments as Ambassador for Oceans and Fisheries Affairs, Ambassador to Finland and to the German Democratic Republic, and from 1985 and until her retirement in 1989, Assistant Secretary of State for European and Canadian Affairs. Ambassador Ridgway served as President until 1993 and Co-Chair until mid-1996 of the Atlantic Council of the United States, an association to promote better understanding of major foreign policy issues. Ambassador Ridgway is on the boards of the following public companies in addition to 3M: The Boeing Company, Emerson Electric Co., Manpower Inc., and Sara Lee Corporation. She is also a director in three funds in the American Funds complex.

Director since 1989.

Louis W. Sullivan, 71, *President Emeritus, Morehouse School of Medicine, Atlanta, Georgia*. Since completion of his medical training, Dr. Sullivan has held both professional and administrative positions in health care facilities and medical training institutions. He joined Morehouse College as Professor of Biology and Medicine in 1975 and was the founding dean and director of the Medical Education Program at the college. He was named President of Morehouse School of Medicine in 1981. He served as Secretary, United States Department of Health and Human Services, from 1989 to 1993. He returned to Morehouse School of Medicine in 1993. Dr. Sullivan retired as President in 2002. Dr. Sullivan is on the boards of the following public companies in addition to 3M: Bio-Sante Pharmaceuticals, Bristol-Myers Squibb Company, CIGNA Corporation, Georgia-Pacific Corporation, Henry Schein, Inc., Inhibitex, Inc., and United Therapeutics Corporation. Dr. Sullivan will retire from the Board of Directors at the May 2006 Annual Meeting of Stockholders in accordance with the Board s retirement policy described in the Corporate Governance Guidelines in Appendix A. Dr. Sullivan also informed the Company that he will retire from the boards of several other public companies in 2006.

Director since 1993.

The Board of Directors recommends a vote FOR the election to the Board of each of the foregoing nominees. Proxies solicited by the Board of Directors will be voted FOR each of the nominees unless a contrary vote is specified.

The Company s directors listed below whose terms are not expiring this year will continue in office for the remainder of their terms or earlier in accordance with the Company s Bylaws. Information regarding the business experience of the incumbent directors is provided below.

Directors Whose Terms Expire at the 2006 Annual Meeting:

Linda G. Alvarado, 52, *President and Chief Executive Officer, Alvarado Construction, Inc*. In 1976, Ms. Alvarado founded Alvarado Construction, Inc. and has overseen the growth of that enterprise as a commercial general contracting firm. Ms. Alvarado is on the boards of the following public companies in addition to 3M: Lennox International Inc., Pitney Bowes, Inc., The Pepsi Bottling Group, Inc., and QWEST Communications International, Inc.

Director since 2000.

Edward M. Liddy, 59, *Chairman, President and Chief Executive Officer of The Allstate Corporation, the parent of Allstate Insurance Company, a personal lines insurance company, since 1999*. He served as President and Chief Operating Officer of The Allstate Corporation from 1994 to 1998. Before joining Allstate, Mr. Liddy was Senior Vice President and Chief Financial Officer of Sears, Roebuck and Co., where he held a variety of senior operating and financial positions since 1988. Mr. Liddy is on the boards of the following public companies in addition to 3M and The Allstate Corporation: Goldman Sachs Group, Inc., and The Kroger Co.

Director since 2000.

Robert S. Morrison, 62, *Retired Vice Chairman of PepsiCo, Inc., a processor of packaged foods and beverages*. Mr. Morrison served as Vice Chairman of PepsiCo, Inc. from 2001 to February 2003. From 1997 until the 2001 merger with PepsiCo, Mr. Morrison was Chairman, President and Chief Executive Officer of The Quaker Oats Company. Mr. Morrison is on the boards of the following public companies in addition to 3M: AON Corporation, Illinois Tool Works, Inc., and the Tribune Company.

Director since 2002.

Aulana L. Peters, 63, *Retired Partner, Gibson, Dunn & Crutcher LLP*. Mrs. Peters is a retired partner of the law firm of Gibson, Dunn & Crutcher where she was a partner from 1980 to 1984 and 1988 to 2000. From 1984 to 1988, she served as a Commissioner of the Securities and Exchange Commission. From January 2001 to April 2002, Mrs. Peters served as a member of the Public Oversight Board (POB) of the American Institute of Certified Public Accountants. Mrs. Peters has also served as a member of the Steering Committee for Financial Accounting Standards Board s Financial Reporting Project and a member of the POB s Blue Ribbon Panel on Audit Effectiveness. Currently, Mrs. Peters serves on the U.S. Comptroller General s Accountability Advisory Panel and is a member of an international public oversight board which will oversee the standard setting processes of the International Federation of Accountants in the areas of audit performance, quality control, assurance, independence and ethical standards for auditors. Mrs. Peters is on the boards of the following public companies in addition to 3M: Deere & Company, Merrill Lynch & Co., Inc., and Northrop Grumman Corporation.

Director since 1990.

Directors Whose Terms Expire at the 2007 Annual Meeting:

Edward A. Brennan, 71, *Retired Chairman of the Board, President, and Chief Executive Officer, Sears, Roebuck and Co., a merchandising company.* Mr. Brennan retired from Sears in 1995. Mr. Brennan is on the boards of the following public companies in addition to 3M: AMR Corporation, The Allstate Corporation, Exelon Corporation, McDonald s Corporation, and Morgan Stanley.

Director since 1986.

Michael L. Eskew, 55, *Chairman of the Board and Chief Executive Officer, United Parcel Service, Inc., since 2002*. Mr. Eskew was appointed Executive Vice President in 1999 and Vice Chairman in 2000 before becoming Chairman and Chief Executive Officer in January 2002. Mr. Eskew is on the board of the following public company in addition to 3M and United Parcel Service: International Business Machines Corp.

Director since 2003.

W. James McNerney, Jr., 55, *Chairman of the Board and Chief Executive Officer since 2001*. Before joining 3M in 2001, Mr. McNerney was President and Chief Executive Officer, GE Aircraft Engines from 1997-2000, and served in numerous executive capacities at General Electric Company from 1982 to 1997. Mr. McNerney is on the boards of the following public companies in addition to 3M: The Boeing Company and the Procter & Gamble Company.

Director since 2001.

Kevin W. Sharer, 57, *Chairman of the Board and Chief Executive Officer, Amgen Inc., a biotechnology company, since 2000*. Mr. Sharer joined Amgen in 1992 as its President and Chief Operating Officer and served in that capacity until elected Amgen s Chairman and Chief Executive Officer in 2000. Mr. Sharer is on the boards of the following public companies in addition to 3M and Amgen: Northrop Grumman Corporation and Unocal Corporation.

Director since 2001.

PROPOSAL NO. 2

RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed PricewaterhouseCoopers LLP as the independent registered public accounting firm to audit the Company s consolidated financial statements for the year ending December 31, 2005. If the stockholders do not ratify the selection of PricewaterhouseCoopers LLP, the Audit Committee will reconsider the selection.

During 2004, PricewaterhouseCoopers LLP served as the Company s independent registered public accounting firm and also provided certain tax and other audit-related services. For a description of those services and the fees paid, see section entitled Fees of Independent Registered Public Accounting Firm.

Representatives of PricewaterhouseCoopers LLP are expected to attend the Annual Meeting where they will be available to respond to questions and, if they desire, to make a statement.

Recommendation of the Board

The Board of Directors recommends a vote FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm. Proxies solicited by the Board of Directors will be voted FOR ratification unless a contrary vote is specified.

PROPOSAL NO. 3

APPROVE THE ADOPTION OF THE

2005 MANAGEMENT STOCK OWNERSHIP PROGRAM

On February 14, 2005, the Compensation Committee recommended and the Board of Directors adopted the 2005 Management Stock Ownership Program (the 2005 Program), subject to stockholder approval. The 2005 Program is intended to be a successor to the Company s 2002 Management Stock Ownership Program, which will expire immediately prior to the 2005 Annual Meeting. With minor exceptions, the 2005 Program is similar to previous management stock plans approved by the Company s stockholders.

Vote Required

Approval of the adoption of the 2005 Program requires the affirmative vote of a majority of the shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting.

Summary of the 2005 Program

The following is only a summary of the 2005 Program and is subject, in all respects, to the full text of the 2005 Program, a copy of which is attached to this proxy statement as Appendix F.

1. What is the Purpose of the 2005 Program?

The purpose of this 2005 Program is to help the Company attract and retain outstanding employees, and to promote the growth and success of the Company s business by aligning the financial interests of these employees with the other stockholders of the Company. It has been the policy of the Company to encourage employee participation as stockholders and the Company believes that employee stock ownership has been an important factor contributing to the Company s growth and progress.

2. Who is Eligible to Participate in the 2005 Program?

Participation in the 2005 Program is limited to employees of the Company and those of its subsidiaries and affiliates designated by the Board of Directors. Eligibility criteria, the number of Participants, and the size of all awards to individual employees will be determined by the Compensation Committee (or by the officers of the Company to whom it delegates such authority). It is anticipated that approximately 12,000 employees will participate, including all of the Named Executive Officers referenced in the Summary Compensation Table (with the exception of Dr. Reich, who has retired). No individual employee may be granted Awards under the 2005 Program with respect to more than 3,000,000 shares of the Company s common stock.

3. How Many Shares Are Available for Awards?

The number of shares of the Company s common stock that may be issued or delivered as a result of stock options, restricted stock, restricted stock units or other stock awards granted during the term of the 2005 Program, or made subject to stock appreciation rights granted during the term of the 2005 Program, will not exceed 36,750,000. Any shares issued or delivered as a result of awards granted during the term of the 2005 Program other than stock options or stock appreciation rights settled exclusively in common stock will be counted against the 36,750,000 share limit as 2.45 shares for every one share issued in connection with such award or by which the award is valued by reference. The necessary shares will be made available at the discretion of the Board of Directors from authorized but unissued shares, treasury shares, or shares reacquired by the Company under corporate repurchase programs.

4. Who Administers the 2005 Program?

The Compensation Committee will administer the 2005 Program. The Committee has full power and authority to select the Participants, interpret the Program, continue, accelerate, or suspend the exercisability or vesting of an Award, and adopt such rules and procedures for operating the Program as it may deem necessary or appropriate. Its power and authority shall include, but not be limited to, making any amendments to or modifications of the 2005 Program which may be required or necessary to make such Program comply with the provisions of any laws or regulations of any country or unit thereof in which the Company operates.

The Company has retained E*TRADE Business Solutions Group, Inc. to perform day-to-day administrative services with respect to the 2005 Program.

5. What Types of Awards May Be Granted Under the 2005 Program?

(a) *Incentive Stock Options* Incentive stock options are options to purchase shares of the Company s common stock that qualify for favorable income tax treatment under U.S. income tax laws. Each incentive stock option granted under the 2005 Program will have a purchase price equal to 100 percent of the fair market value of a share of common stock on the date the option is granted. Each incentive stock option granted under the 2005 Program will have a term of 10 years, and will become exercisable at the time or times established by the Compensation Committee.

(b) *Nonqualified Stock Options* Nonqualified stock options are options to purchase shares of the Company s common stock that do not qualify for favorable tax treatment under U.S. income tax laws. Each nonqualified stock option granted under the 2005 Program will have a purchase price equal to no less than 100 percent of the fair market value of a share of common stock on the date the option is granted. Nonqualified stock options granted under the 2005 Program will become exercisable and will expire at such time or times as shall be established by the Compensation Committee. However, no nonqualified stock option will expire later than 10 years after the grant date (except that the Committee may extend the exercise period for nonqualified stock options granted to Participants in any country or countries for an additional period of up to one year if and to the extent necessary to prevent adverse tax consequences to such Participants under the laws of such country).

(c) *Progressive Stock Options* Progressive stock options are additional nonqualified stock options that the Compensation Committee may grant to certain Participants who exercise other 3M nonqualified stock options granted under the 2002 Management Stock Ownership Program or its predecessors, and who make payment of all or part of the purchase price and withholding taxes, if any, in shares of the Company s common stock. The number of shares subject to each progressive stock option would be equal to the number of shares of common stock utilized by the Participant to effect payment of the purchase price and withholding taxes, if any, for such other nonqualified stock option. Each progressive stock option granted under the 2005 Program will have a purchase price equal to 100 percent of the fair market value of a share of common stock on the date of exercise of the other nonqualified stock option, which will be the grant date of such progressive stock option. Each progressive stock option granted under the 2005 Program will become exercisable six months after the grant date, and will expire at the same time the other nonqualified stock option exercised by the Participant would have expired. Progressive stock options will not be granted with respect to the exercise of nonqualified stock options granted under the 2005 Program.

(d) *Stock Appreciation Rights* A stock appreciation right means the right of a Participant to receive a payment in cash or shares of the Company s common stock based on the increase in value of shares of the Company s common stock between the date the right is granted and the date it is exercised by the Participant. A stock appreciation right will be exercisable during the period determined by the Compensation Committee, but in no event will this period be longer than 10 years from the date of grant. Each stock appreciation right will become exercisable at the time or times determined by the Compensation Committee. A Participant will not be required to make any payment in order to exercise a stock appreciation right, except for any applicable withholding taxes.

(e) *Restricted Stock* Restricted stock is actual shares of the Company s common stock granted to a Participant subject to certain conditions established by the Compensation Committee. Until these conditions are satisfied by the Participant or waived by the Committee, (1) the Participant may not transfer or dispose of the restricted stock, (2) the shares are held in custody by the Company for the Participant s account, (3) the participant has the rights and privileges of a stockholder, including the right to vote the shares, and (4) dividends on the shares may either be paid to the Participant or withheld and credited to the Participant s account (with interest), as determined by the Compensation Committee. One of these conditions will be a requirement that the Participant remain employed by the Company until the restricted stock becomes vested. If the Participant s employment with the Company ends before the restricted stock has vested (or before any of the other conditions have been satisfied), the shares are forfeited. Once the conditions have been satisfied or waived and the restricted stock has vested, the Participant will become entitled to receive the shares of common stock free from any restrictions on transfer or sale.

(f) *Restricted Stock Units* Restricted stock units are units granted to a Participant having a value equal to a share of the Company s common stock, and subject to certain conditions established by the Compensation Committee. Unlike restricted stock, no actual shares of the Company s common stock are created or set aside for a Participant upon the grant of restricted stock units and the Participant generally does not have the rights and privileges of a stockholder. However, dividend equivalents on the restricted stock units may either be paid to the Participant or withheld and reinvested in additional restricted stock units, as determined by the Compensation Committee. One of the conditions applicable to each restricted stock unit will be a requirement that the Participant remain employed by the Company until the restricted stock unit becomes vested. If the Participant s employment with the Company ends before the restricted stock unit has vested (or before any of the other conditions have been satisfied), the units are forfeited. Once the conditions have been satisfied or waived and the restricted stock units have vested, the Participant will be entitled to receive shares of the Company s common stock having a value equal to the value of the restricted stock units and free from any restrictions on their transfer or sale.

(g) *Other Stock Awards* The 2005 Program authorizes the Compensation Committee to make additional awards of the Company s common stock besides those described above, subject to such terms and conditions as it may determine in its sole discretion.

6. How Do Participants Make Payment for Awards?

Payment of the purchase price for shares of the Company s common stock subject to an option granted under the 2005 Program may be made in the form of cash or shares of the Company s common stock. If payment is made in shares of common stock, such shares will be valued at 100 percent of their fair market value on the day the Participant exercised his or her option or, as regards a withholding tax, such other date when the tax withholding obligation becomes due. A Participant making payment in shares of the Company s common stock need not actually surrender such shares, but may instead receive the net number of shares receivable upon the exercise of an option after paying the purchase price and any applicable withholding taxes by giving satisfactory evidence of ownership.

7. Are There Any Restrictions on Transferring Awards?

With a limited exception described below, the 2005 Program prohibits the transfer, assignment or pledge of any award granted under the Program. However, in the event of the death of a Participant who holds unexercised options or stock appreciation rights, the 2005 Program permits such options or rights to be exercised within two years following the date of death (but not beyond the original expiration date) by the Participant s estate or by a person who acquired the right to exercise such options or rights by reason of the death of the Participant.

The 2005 Program authorizes the Compensation Committee, in its sole discretion, to permit certain Participants to transfer ownership of all or any portion of the nonqualified stock options granted to them under the 2005 Program to their immediate family members, a trust for the exclusive benefit of such immediate family members, or a partnership in which immediate family members are the only partners. Individuals who elect to transfer ownership of such nonqualified stock options may not receive any consideration for making such transfer, and they remain responsible for the payment of all withholding taxes due upon exercise of the transferred options. Following transfer, any such options remain subject to the same terms and conditions as were applicable immediately prior to transfer.

8. Under What Circumstances Are Awards Terminated?

(a) *Stock Options and Stock Appreciation Rights* All stock options and stock appreciation rights granted under the 2005 Program terminate 90 days after the termination of a Participant s employment with the Company for any reason other than retirement, death, disability or a disqualifying termination. All stock options and stock appreciation rights granted under the 2005 Program terminate immediately upon the disqualifying termination of a Participant s employment with the Company. If a Participant dies before exercising all of his or her stock options and stock appreciation rights, the remaining options and rights may be exercised within the two years following the date of death (but not beyond the original expiration date) by the Participant s estate or by a person who acquired the right to exercise such options and rights by reason of the death of the Participant.

(b) *Restricted Stock and Restricted Stock Units* Unless the Compensation Committee in its discretion waives all conditions for the vesting of a Participant s restricted stock or restricted stock units, all shares of restricted stock and all restricted stock units granted to a Participant under the 2005 Program that have not already vested shall be forfeited upon the termination of such Participant s employment with the Company. However, all conditions for the vesting of a Participant s restricted stock or restricted stock units automatically lapse upon the death of such Participant, and a certificate for such shares shall be delivered to the Participant s estate, representative or beneficiary.

(c) *Exceptions* Notwithstanding the previous rules, if a Participant s employment with the Company is terminated before he or she has fully exercised a stock option or stock appreciation right under circumstances which the Compensation Committee believes to warrant special consideration, the Committee may permit such Participant to exercise the option or right (including any portion thereof not already exercisable at the time of termination) within two years following his or her termination of employment (but not beyond the expiration date of such option or right).

9. What are the Tax Consequences of the Awards?

The following discussion is intended to provide only a general outline of the federal income tax consequences of participation in the 2005 Program and the receipt of awards thereunder by Participants subject to U.S. taxes. It does not address any other taxes imposed by the United States or any state or political subdivision thereof, or the tax consequences applicable to Participants who are not subject to U.S. taxes.

(a) *Incentive Stock Options* Although the Compensation Committee does not intend to use such authority at the present time, the 2005 Program does authorize the granting of incentive stock options (ISO) that meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended. A Participant who exercises an ISO does not recognize ordinary income at the time of exercise, and the Company is not entitled to a tax deduction. Upon the sale of shares obtained by exercising an ISO after the shares have been held more than one year, the excess of the sale price over the purchase price is taxed as long-term capital gain. If the shares are sold within one year of the date of exercise, the excess of the fair market value of the shares on the date of exercise (or sale proceeds if less) over the purchase price is taxed as ordinary income, and the Company gets a tax deduction for this amount. The remaining gain, if any, is taxed as short-term capital gain. Unless the shares obtained by exercising an ISO are sold within the same calendar year as they are purchased, the exercise of such option will increase the participant s income for purposes of the alternative minimum tax. The amount of income will equal the amount by which the fair market value of the shares purchased as of the date of exercise exceeds the purchase price paid for such shares. If a Participant is required to pay alternative minimum tax as a result of exercising an ISO, the amount paid can be carried over and credited against the Participant s regular income tax liability in subsequent years.

(b) *Nonqualified Stock Options* A Participant who exercises a nonqualified stock option recognizes taxable ordinary income in the year the option is exercised in an amount equal to the excess of the fair market value of the shares purchased on the exercise date over the purchase price. The Company is entitled to a tax deduction in an amount equal to the ordinary income recognized by the participant. The excess of the proceeds from any subsequent sale of the shares purchased over the fair market value on the date of exercise is taxed as long-term capital gain if the shares are held more than one year and as short-term capital gain if held one year or less.

(c) *Restricted Stock and Restricted Stock Units* A Participant normally will not recognize taxable income and the Company will not be entitled to a deduction upon the grant of shares of restricted stock or restricted stock units. When the shares or units vest, the Participant will recognize

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taxable ordinary income in an amount equal to the fair market value of the shares at that time less the amount, if any, paid for the shares, and the Company will be entitled at that time to a deduction in the same amount. However, a Participant may elect to recognize taxable ordinary income in the year the shares of restricted stock or restricted stock units are granted in an amount equal to the excess of their fair market value at the grant date, determined without regard to the restrictions, over the amount, if any, paid for the shares. In that event, the Company will be entitled to a deduction in such year in the same amount, and any gain or loss realized by the Participant upon the subsequent disposition of the shares will be taxed as short- or long-term capital gain but will not result in any further deduction for the Company.

10. What Happens if There is a Change in Control?

(a) The 2005 Program provides for the acceleration of vesting and other rights in and to awards under the 2005 Program in the event of a change in control. The 2005 Program defines a change in control to have occurred in either of the following events:

i. when any individual or entity shall have accumulated or own beneficially 20 percent or more of the combined voting power of the Company s then outstanding securities in any capacity other than as a trustee or fiduciary of an employee benefit plan of the Company, unless a majority of the Continuing Directors (as defined in Article Thirteenth of the Company s Certificate of Incorporation) determine in their sole discretion that a change in control has not occurred; or

ii. when the Continuing Directors shall fail to constitute a majority of the Company s Board of Directors.

(b) In the case of stock options and stock appreciation rights, a change in control shall result in the options and rights becoming immediately exercisable in full and remaining so for at least a minimum period of six months following the change in control, but in no event beyond the original expiration dates.

(c) In the case of restricted stock, restricted stock units or other awards, a change in control shall result in the immediate vesting of all shares of restricted stock and all restricted stock units and any conditions originally established by the Compensation Committee with respect to other awards lapsing and becoming void, and stock certificates for the number of shares represented by such awards under the 2005 Program shall be immediately deliverable to the Participants.

11. How Long Will the 2005 Program Remain in Effect, and May it be Changed?

The 2005 Program will become effective on the date it is approved by the requisite vote of stockholders and expires on the third anniversary of the effective date (unless it is terminated before then). The Board of Directors may at any time terminate or amend the 2005 Program, except that no amendment may be made without the prior approval of 3M stockholders that would either (1) authorize the issuance or delivery of (or the granting of stock appreciation rights with respect to) more than 36,750,000 shares of the Company s common stock, or (2) permit the granting of awards with purchase prices lower than those described in Q&A 5 above. No amendment or termination of the 2005 Program will adversely affect awards previously granted.

Equity Compensation Plan Information

The following table shows the number of options or other awards currently outstanding, as well as the number of shares remaining available for grant under the 2002 Management Stock Ownership

Program, the 1997 General Employees Stock Purchase Plan (GESPP), and the 1992 Directors Stock Ownership Program as of December 31, 2004.

Plan Category	A Number of securities to be issued upon exercise of outstanding options, warrants and rights		B Weighted-average exercise price of outstanding options, warrants and rights		C Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A)	
Equity compensation plans approved by security holders						
MSOP	78,293,754	*	$58.70	*	7,869,168	*
GESPP					13,751,060	
Non-employee directors					560,733	*
Subtotal	78,293,754		$58.70		22,180,961	
Equity compensation plans not approved by security holders						
Total	78,293,754		$58.70		22,180,961	

* As of February 28, 2005, there were 76,234,375 options outstanding under the MSOP, with a weighted-average exercise price of $59.19 and a weighted-average term to expiration of 6.03 years. As of February 28, 2005, the number of securities available for issuance under the MSOP and Directors Stock Ownership Program were 7,866,992 and 559,412, respectively.

Recommendation of the Board

The Board of Directors recommends a vote FOR the proposal to approve the adoption of the 2005 Management Stock Ownership Program. Proxies solicited by the Board of Directors will be voted FOR this proposal unless a contrary vote is specified.

PROPOSAL NO. 4

STOCKHOLDER PROPOSAL

3M has received a stockholder proposal from Patience Pierce, Dorothy Goldberg, David Goldberg, Patricia Berman, and Marlis Shaffer (the Proponents). The Proponents have requested the Company to include the following proposal and supporting statement in its proxy statement for the Annual Meeting of Stockholders. The proposal may be voted on at the Annual Meeting only if properly presented by the Proponent or the Proponent s qualified representative.

Proponent s Proposal:

This Proposal is submitted by a collective of concerned shareholders.[1]

WHEREAS, statistics published by research oversight bodies in North America and Europe document that the vast majority of painful and distressing animal experiments are conducted to satisfy outdated, government-mandated testing requirements[2] and that such testing is on the rise;[3] and

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1 The proponents of this Resolution are Patience Pierce, Dorothy Goldberg, David Goldberg, Patricia Berman, and Marlis Shaffer.

2 CCAC Animal Use Survey - 2001: http://www.ccac.ca/english/FACTS/Facframeaus2001.htm

3 Statistics of Scientific Procedures on Living Animals - Great Britain - 2002. http://www.official-documents.co.uk/document/cm58/5886/5886.htm

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WHEREAS, nearly 60% of animals used in regulatory testing suffer pain ranging from moderate to severe, all the way to pain near, at, or above the pain tolerance threshold,[4] generally without any pain relief; and

WHEREAS, non-animal test methods are generally less expensive,[5] more rapid, and always more humane, than animal-based tests; and

WHEREAS, unlike animal tests, non-animal methods have been scientifically validated and/or accepted as total replacements for the following five toxicity endpoints: skin corrosion (irreversible tissue damage), skin irritation (milder and reversible damage), skin absorption (the rate of chemical penetration), phototoxicity (an inflammatory reaction caused by the interaction of a chemical with sunlight), and pyrogencity (a fever-like reaction that can occur when certain intravenous drugs interact with the immune system);

NOW THEREFORE BE IT RESOLVED, that the shareholders request that the Board:

1. Commit specifically to using only non-animal methods for assessing skin corrosion, irritation, absorption, phototoxicity and pyrogenicity.

2. Confirm that it is in the Company s best interest to commit to replacing animal-based tests with non-animal methods.

3. Petition the relevant regulatory agencies requiring safety testing for the Company s products to accept as total replacements for animal-based methods, those approved non-animal methods described above, along with any others currently used and accepted by the Organization for Economic Cooperation and Development (OECD) and other developed countries.

Supporting Statement: This Resolution is designed to harmonize the interests of sound science with the elimination of animal-based test methods where non-animal methodologies exist. It seeks to encourage the relevant regulatory agencies to join their peers in accepting validated *in vitro* and other non-animal test methods. It will not compromise consumer safety or violate applicable statutes and regulations.

Further, this Resolution commits the Company to end animal testing for five specific endpoints in favor of valid non-animal methods. These include the 3T3 Neutral Red Uptake Phototoxicity Test, human skin equivalent tests for corrosivity, and a human blood-based test for pyrogenicity, all of which have been successfully validated through the European Centre for the Validation of Alternative Methods.[6] Several non-animal methods have also been adopted as Test Guidelines by the OECD[7] (an alliance of 30 member countries including the US, EU, Japan, Canada and Australia). Regulatory agencies in OECD member countries are not at liberty to reject data from non-animal tests for skin corrosion, skin absorption and phototoxicity where such data have been generated in accordance with an OECD Test Guideline.

We urge shareholders to support this Resolution.

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4 CCAC Animal Use Survey - 2001

5 Derelanko MJ and Hollinger MA (Eds.). (2002). *Handbook of Toxicology, Second Ed*, 1414 pp. Washington, DC: CRC Press.

6 ECVAM website: http://ecvam,jrc.it

7 OECD test guidelines:

http://www.oecd.org/document/22/0,2340,en_2649_34377_1916054_1_1_1_1,00.html

Board s Statement Opposing the Proposal

3M is supportive of the principle of protecting the comfort and welfare of animals that underlies the proposal, but must oppose the proposal for two reasons. First, 3M is already doing what it can to minimize the use of animal testing, and second, existing technology and regulatory requirements do not permit 3M to use the proposed non-animal alternatives for all of its products.

3M is obligated to ensure that its products are effective and safe. At present, this requires the judicious use of laboratory animals in research and development of some products. 3M looks forward to the day when science has developed to the point where the use of animals no longer is required to establish the efficacy and safety of its products. Until then, 3M is committed to the use of alternatives to animals when feasible and subscribes to the recognized principles of replacement, reduction and refinement.* When animal studies are deemed necessary, animals are treated humanely, ethically, and in accord with accepted veterinary practices to promote their comfort and well-being; their use is scientifically justified; and their care and treatment are carefully scrutinized by an effective institutional animal care and use review process. Facilities in which animals are used must meet or exceed all applicable standards and regulations governing animal care and use.

3M uses state-of-the-art technologies to minimize its reliance on animal testing and to reduce the number of animals used in individual projects. Over the past five years, 3M has significantly reduced its use of regulated laboratory animals through rigorous reviews of scientific literature and other available data. Efforts are made to make sure that research proposals do not duplicate earlier work and to discover if relevant data have already been published.

3M also has demonstrated its commitment to replacing animal-based tests with non-animal methods through its funding of research of alternatives to animal testing. 3M has contributed for more than 10 years to the Johns Hopkins Center for Alternatives to Animal Testing and 3M s management actively participates in the Center s activities through board representation.

The proposal disregards the breadth of 3M s products and operations. 3M is a diversified technology company with subsidiaries in more than 60 countries that manufactures and sells more than 50,000 products in nearly 200 countries. For some of 3M s products, government agencies, such as the Food and Drug Administration and the Environmental Protection Agency expressly require that laboratory animal tests be conducted. Selected non-animal tests that may be acceptable in one country or by one regulatory agency for one type of product or use of that product are often not acceptable in another country or by another regulatory agency for that same product or use.

A requirement to petition applicable regulatory agencies that require safety testing to accept non-animal alternatives as total replacements for animal-based methods misses the point where alternatives are not effective for all of our products.

Because the Company already limits animal testing to the greatest extent feasible, and because some animal testing is needed at this time to comply with regulatory and health requirements, the Company believes this proposal is not feasible and if adopted, would compromise the Company s ability to develop and market useful products that meet necessary human safety and efficacy standards.

Recommendation of the Board

The Board of Directors recommends a vote AGAINST this proposal for the reasons discussed above. Proxies solicited by the Board of Directors will be voted AGAINST this proposal unless a stockholder indicates otherwise in voting the proxy.

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* The Principles of Humane Experimental Techniques , W.M.S. Russell & R.L. Burch, 1959.

PROPOSAL NO. 5

STOCKHOLDER PROPOSAL

3M has received a stockholder proposal from Jane Segal of Harrington Investments, Inc., 1001 2nd Street, Suite 325, Napa, CA 94559 (the Proponent). The Proponent has requested the Company to include the following proposal and supporting statement in its proxy statement for the Annual Meeting of Stockholders. The proposal may be voted on at the Annual Meeting only if properly presented by the Proponent or the Proponent s qualified representative.

Proponent s Proposal:

WHEREAS: our company s business practices in China respect human and labor rights of workers. The first nine principles below were designed to commit a company to a widely accepted and thorough set of human and labor rights standards for China. They were defined by the International Labor Organization and the United Nations Covenants on Economic, Social & Cultural Rights, and Civil & Political Rights.

(1) No goods or products produced within our company s facilities or those of suppliers shall be manufactured by bonded labor, forced labor, within prison camps or as part of reform-through-labor or reeducation-through-labor programs.

(2) Our facilities and suppliers shall adhere to wages that meet workers basic needs, fair and decent working hours, and at a minimum, to the wage and hour guidelines provided by China s national labor laws.

(3) Our facilities and suppliers shall prohibit the use of corporal punishment, any physical, sexual or verbal abuse or harassment of workers.

(4) Our facilities and suppliers shall use production methods that do not negatively affect the worker s occupational safety and health.

(5) Our facilities and suppliers shall not call on police or military to enter their premises to prevent workers from exercising their rights.

(6) We shall undertake to promote the following freedoms among our employees and the employees of our suppliers: freedom of association and assembly, including the rights to form unions and bargain collectively; freedom of expression, and freedom from arbitrary arrest or detention.

(7) Company employees and those of our suppliers shall not face discrimination in hiring, remuneration or promotion based on age, gender, marital status, pregnancy, ethnicity, region of origin, labor, political or religious activity, or on involvement in demonstrations, past records of arrests or internal exile for peaceful protest, or membership in organizations committed to non-violent social or political change.

(8) Our facilities and suppliers shall use environmentally responsible methods of production that have minimum adverse impact on land, air and water quality.

(9) Our facilities and suppliers shall prohibit child labor, at a minimum comply with guidelines on minimum age for employment within China s national labor laws.

(10) We will not sell or provide products or technology in China that can be used to commit human rights violations or labor rights abuse.

(11) We will issue annual statements to the China Working Group detailing our efforts to uphold these principles and to promote these basic freedoms.

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RESOLVED: Stockholders request the Board of Directors to make all possible lawful efforts to implement and/or increase activity on each of the principles named above in the People s Republic of China.

SUPPORTING STATEMENT: As U.S. companies import more goods, consumer and shareholder concern is growing about working conditions in China that fall below basic standards of fair and humane treatment. We hope that our company can prove to be a leader in its industry and embrace these principles.

Board s Statement Opposing the Proposal

3M has long been recognized worldwide as an ethical and law-abiding company. Although the Company has business operations in more than 60 countries, 3M has only one set of business conduct policies and human resource principles that apply globally. These universal standards provide a framework for conducting business the right way legally and ethically everywhere 3M does business, including the People s Republic of China. 3M opposes the proposal because adopting duplicative principles for one country is unnecessary and contrary to the benefits derived from one set of standards applicable to every country where we do business. 3M s universal standards relate to and substantially implement each of the principles described in the proposal and include:

- *Fair Employment and Labor Practices:* Our compensation for our workforce in China significantly exceeds minimum wage requirements. 3M values a diverse workforce and has extensive programs to identify, hire, educate and promote employees with a wide range of skills and attributes. 3M prohibits workplace harassment and respects workers freedom to associate with each other and organize. 3M has adopted strong worker protection principles that apply worldwide that prohibit the use of forced or bonded labor, or the employment of children under the minimum age established by local law.

- *Harassment-free Workplace:* It is 3M policy that employees and others acting on 3M s behalf are entitled to a working environment that is free of inappropriate behavior of all kinds and harassment because of age, disability, marital status, race or color, national origin, religion, sex or sexual orientation.

- *Environmental, Health and Safety:* It is 3M policy to provide a safe and healthful workplace for its employees, and to minimize the impact of our production processes and products on the environment.

- *Supplier Expectations:* We also set specific expectations for our suppliers. These expectations state that a 3M supplier must, among others: (i) ensure that goods produced for 3M have been manufactured and sold in compliance with all applicable laws, rules and regulations; (ii) comply with all local country labor laws, including those related to wages, hours worked, working conditions and child labor; (iii) not use labor which is a result of mental or physical coercion, physical punishment, slavery or other oppressive labor conditions; (iv) comply with applicable country employment discrimination laws; (v) hire and employ workers in compliance with applicable laws; wages, benefits, and working hours are expected to be fair and reasonable in the local labor market; and (vi) provide workers with a safe and healthy work environment that is in compliance with applicable laws.

Each year, 3M publishes on its Web site a sustainability report that looks beyond financial reporting and marketplace performance to present a broader perspective of our Company and our values. This report provides our employees and a broad external audience with an overview of the management systems we apply to the economic, social, workforce and environmental aspects of our business. This report is available not only to the China Working Group referred to in the stockholder proposal, but to everyone. A copy of the report is available at: http://solutions.3m.com/wps/portal/_l/en_US/_s.155/115150/_s.155/113842.

In recognition of our commitment to sustainability, 3M has been selected for inclusion in the 2005 Dow Jones Sustainability Index that tracks the performance of sustainability-driven companies worldwide. This marks the fifth year that we have been included in the index and the fourth year that we have been named the leader in our category of diversified companies.

Our business touches a broad and diverse group of individuals and organizations our employees, stockholders, customers, suppliers, and communities in which we operate. The Company s universal standards effectively support its responsibilities to each of its stakeholders. We believe the Company s global business conduct policies, human resource principles and management systems already address the objectives sought by the Proponent.

Recommendation of the Board

The Board of Directors recommends a vote AGAINST this proposal for the reasons discussed above. Proxies solicited by the Board of Directors will be voted AGAINST this proposal unless a stockholder indicates otherwise in voting the proxy.

COMMON STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information concerning beneficial ownership of the Company s common stock as of February 28, 2005, for: (a) each director and the nominees for director; (b) Named Executive Officers set forth in the Summary Compensation Table; and (c) the directors and executive officers as a group. Unless otherwise indicated, each person has sole investment and voting power (or shares such powers with his or her spouse) with respect to the shares set forth in the following table.

The number of shares beneficially owned by each director or executive officer is determined under the rules of the Securities and Exchange Commission, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has the sole or shared voting power or investment power and also any shares that the individual has the right to acquire as of April 28, 2005 (60 days after February 28, 2005), through the exercise of any stock option or other right. Options exercisable within 60 days after February 28, 2005, are shown separately.

Beneficial Ownership Table

Name and Principal Position	Common Stock Beneficially Owned (1)		Options Exercisable (2)	Shares Held as Deferred Stock (3)	Total
Linda G. Alvarado, Director	4,899			3,986	8,885
Edward A. Brennan, Director	252			35,671	35,923
Vance D. Coffman, Director	0			6,336	6,336
Michael L. Eskew, Director	0			4,235	4,235
Edward M. Liddy, Director	0			10,610	10,610
Robert S. Morrison, Director	3,934			3,328	7,262
Aulana L. Peters, Director	2,443			30,456	32,899
Rozanne L. Ridgway, Director	2,576			39,889	42,465
Kevin W. Sharer, Director	878			5,938	6,816
Louis W. Sullivan, Director	1,689			17,431	19,120
W. James McNerney, Jr., Director, Chairman of the Board and Chief Executive Officer	230,279	(4)	2,232,352	0	2,462,631
Harold J. Wiens, Executive Vice President	57,361		318,095	0	375,456
Richard F. Ziegler Senior Vice President	16,616	(5)	45,444	0	62,060
Patrick D. Campbell Chief Financial Officer	18,085	(6)	125,367	0	143,452
Charles Reich, Executive Vice President (7)	64,281		302,040	0	366,321
All Directors and Executive Officers as a Group (29 persons) (8)	802,604		4,467,384	157,880	5,427,868

FOOTNOTES TO BENEFICIAL OWNERSHIP TABLE

(1) Common Stock Beneficially Owned includes (a) stock held in joint tenancy, (b) stock owned as tenants in common, (c) stock owned or held by spouse or other members of the nominee s household, (d) stock in which the nominee either has or shares voting and/or investment power, even though the nominee disclaims any beneficial interest in such stock, and (e) shares of profit sharing stock held by the Company and subject to forfeiture, as more fully described in footnotes 1 and 3 to the Summary Compensation Table. Options exercisable within 60 days after February 28, 2005, are shown separately.

(2) Option prices for these shares range from $28.6348 to $86.6508 per share.

(3) Shares Held as Deferred Stock by nonemployee directors represent the number of shares of the Company s common stock, as of February 28, 2005, which the directors will receive upon termination of membership on the Board of Directors for any reason. These shares result from the voluntary election by the nonemployee directors to defer the payment of directors fees. No shares of common stock have as yet been issued, and the directors have neither voting nor investment powers in these shares of deferred stock.

(4) Includes restricted shares that generally vest in increments of 10 percent over a ten-year period if the executive remains continuously employed by the Company and are subject to forfeiture under certain circumstances.

(5) Includes restricted shares that generally vest in increments of one-third over a seven-year period if the executive remains continuously employed by the Company and are subject to forfeiture under certain circumstances.

(6) Includes restricted shares that generally vest in increments of one-third over a three-year period if the executive remains continuously employed by the Company and are subject to forfeiture under certain circumstances.

(7) Holdings reported through September 30, 2004, date insider status ended.

(8) All directors and executive officers as a group owned beneficially less than one percent of the outstanding common stock of the Company.

SECURITY OWNERSHIP OF MORE THAN 5 PERCENT STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of more than 5 percent of the outstanding 3M stock as of December 31, 2004.

Name/Address	Shares Beneficially Owned	Percent of Stock Outstanding
State Street Bank and Trust Company (State Street) (1) 225 Franklin Street Boston, MA 02110	62,033,807	7.97
Barclays Global Investors, NA (2) 45 Fremont Street San Francisco, CA 94105	46,705,056	6.01

(1) State Street holds 7.97 percent of our outstanding common stock as trustee for certain 3M savings plans, including the Company s Voluntary Investment Plan and Employee Stock Ownership Plan, a 401(k) retirement savings plan. Under the terms of the plans, State Street is required to vote shares allocated to the accounts of the participants in accordance with instructions received from such participants. Information is based on a Schedule 13G/A filed with the SEC on February 22, 2005. State Street disclaims beneficial ownership of all of the shares listed above.

(2) The address and number of shares of 3M common stock beneficially owned by Barclays Global Investors, NA is based on the Schedule 13G filed by Barclays Global Investors, NA with the SEC on February 14, 2005.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers to file with the Securities Exchange Commission reports regarding their ownership and changes in ownership of our stock. 3M believes that during 2004, its directors and executive officers complied with all Section 16(a) filing requirements. In making this statement, 3M has relied upon examination of the copies of Forms 3, 4, and 5 and the written representations of its directors and executive officers.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth certain compensation information for the chief executive officer and the four other executive officers of 3M who, based on their salary and bonus compensation, were the most highly compensated for 2004 (the Named Executive Officers). All information set forth in this table reflects compensation earned by these individuals for services in 2004, as well as their compensation in 2003 and 2002.

		Annual Compensation			Long-Term Compensation Awards		Payouts	
Name and Principal Position	**Year**	**Salary ($)**	**Profit Sharing (Bonus) ($)(1)**	**Other Annual Compensation ($)(2)**	**Restricted Stock Awards ($)(3)**	**Options Granted #-Number of Shares (4)**	**Performance Unit Plan (LTIP) Payouts ($)**	**All Other Compensation ($)(5)**
W. James McNerney, Jr.	2004	1,624,333	3,522,149	467,233	0	436,247	0	318,418
Chairman of the Board	2003	1,540,000	3,222,459	163,157	0	462,432	0	51,745
and Chief Executive Officer	2002	1,400,000	3,310,830	167,721	0	430,000	0	142,762
Harold J. Wiens	2004	641,191	828,512	83,832	0	109,581	434,906	94,404
Executive Vice	2003	618,512	406,147	61,190	0	92,636	0	8,807
President	2002	566,419	472,791	21,394	0	94,952	505,575	4,778
Richard F. Ziegler	2004	636,000	823,473	4,927	0	50,201	0	87,010
Senior Vice President, Legal Affairs and General Counsel	2003	600,000	775,311	29,705	760,500	46,000	0	19,054
Patrick D. Campbell	2004	590,850	501,092	0	0	72,162	0	68,941
Senior Vice President	2003	540,111	442,392	6,677	0	44,000	0	26,517
and Chief Financial Officer	2002	412,500	392,579	115,403	339,810	88,000	0	7,110
Charles Reich	2004	608,269	483,283	255	0	137,216	437,520	59,821
Executive Vice	2003	579,304	458,419	2,339	0	105,782	543,366	8,807
President (Retired effective January 1, 2005)	2002	495,430	468,284	9,704	0	97,098	432,895	4,778

Footnotes to Summary Compensation Table

(1) Generally, profit sharing is paid in cash; however, the Named Executive Officers have in the past, and may in the future, receive a portion of their profit sharing in restricted shares of the Company s common stock as determined by the Compensation Committee. The restricted shares vest at the end of three years or at age 65, whichever occurs first, or upon death or permanent disability. For Mr. Ziegler, in 2004 Bonus includes $283,333 of a signing bonus payable to him in accordance with his employment agreement with the Company.

(2) Other Annual Compensation includes perquisites or other personal benefits received by the named individuals to the extent that the aggregate amount thereof exceeds $50,000, amounts reimbursed to individuals during the year for payment of taxes and that portion of interest above market rates (as determined by the SEC) paid on that compensation voluntarily deferred by the individuals. For 2004, Mr. McNerney s Other Annual Compensation includes $124,659 for the incremental cost of Company-required personal use of corporate aircraft and $126,627 for improvements to the security system at Mr. McNerney s personal residence. For 2003 and 2002, Mr. McNerney s Other Annual Compensation included $107,833 and $114,300, respectively, for the incremental cost of Company-required personal use of corporate aircraft.

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(3) Value as of the date of grant. As of December 31, 2004, Mr. McNerney held 154,000 shares of restricted stock that had a value of $12,638,780. These shares resulted from a grant of 220,000 shares of restricted stock made to Mr. McNerney in accordance with his employment agreement with the Company. These shares vest in increments of 10 percent on the 1st of January in the years 2002 through 2011 if he remains continuously employed by the Company. As of December 31, 2004, Mr. Ziegler held 12,000 shares of restricted stock that had a value of $984,840. These shares resulted from a grant of 12,000 shares of restricted stock made to Mr. Ziegler in accordance with his employment agreement with the Company. These shares vest in increments of 33-1/3 percent on the 1st of January in the years 2006, 2008, and 2010 if he remains continuously employed by the Company. As of December 31, 2004, Mr. Campbell held 2,000 shares of restricted stock that had a value of $164,140. These shares resulted from a grant of 6,000 shares of restricted stock made to Mr. Campbell in accordance with his employment agreement with the Company. These shares vest in increments of 33-1/3 percent on the 1st of February in the years 2003 through 2005 if he remains continuously employed by the Company. Dividends are paid on this restricted stock to the same extent and at the same time the Company pays dividends on its common stock. (For more information about this restricted stock, see the section entitled Employment Contracts, Termination of Employment, and Change-in-Control Arrangements). In addition, as of December 31, 2004, each of the Named Executive Officers held the following shares of restricted stock having the following values as a result of profit sharing compensation earned in years prior to 2002: Mr. McNerney, 6,832 shares having a value of $560,702; Mr. Wiens, 124 shares having a value of $10,177; and Dr. Reich, 110 shares having a value of $9,028.

(4) The number of stock options shown in this column includes both annual grants of incentive and nonqualified stock options and Progressive Stock Options, which are described more fully in footnote 1 to the Option Grants in Last Fiscal Year Table.

(5) All Other Compensation includes: (a) for years prior to 2003, the dollar value of premiums paid on behalf of the individual for the term portion of life insurance under the Company s Senior Executive Split Dollar Plan, and that amount deemed to be compensation to the individuals under the Company s Senior Executive Split Dollar Plan in accordance with rules developed by the SEC; (b) for 2003, the dollar value of premiums paid on behalf of the individual for term life insurance coverage provided in lieu of coverage under the Company s Senior Executive Split Dollar Plan, or to reimburse the individual for premiums paid for life insurance under the Executive Life Insurance Plan; (c) for 2004, the dollar value of premiums paid on behalf of the individual under the whole life or universal life insurance policies issued to them under the Executive Life Insurance Plan; and (d) all amounts contributed by the Company to the account of each named executive under the Company s 401(k) plans. For 2004, the dollar value of the premiums paid on behalf of the Named Executive Officers under the whole life or universal life insurance policies issued to them under the Executive Life Insurance Plan were $262,937 for Mr. McNerney, $85,492 for Mr. Wiens, $67,474 for Mr. Ziegler, $50,179 for Mr. Campbell, and $50,909 for Dr. Reich. During 2004 the amounts contributed by the Company to the accounts of the Named Executive Officers under the Company s 401(k) plans were $55,480 for Mr. McNerney, $8,912 for Mr. Wiens, $19,536 for Mr. Ziegler, $18,762 for Mr. Campbell, and $8,912 for Dr. Reich.

Option Grants in Last Fiscal Year

The following table shows all grants of options to acquire shares of 3M common stock granted in 2004 to the Named Executive Officers.

Name	Individual Grants Options/ SARs Granted (#)(1)	% of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)(2)	Expiration Date(3)	Grant Date Present Value ($)(4)
W. J. McNerney, Jr.	375,000	2.800 %	$ 84.400	5/11/2014	$ 7,612,500
	61,247	0.457 %	$ 82.600	12/4/2010	$ 738,639
H. J. Wiens	67,426	0.503 %	$ 84.400	5/11/2014	$ 1,368,748
	3,421	0.026 %	$ 84.800	5/9/2005	$ 44,165
	519	0.004 %	$ 84.800	5/14/2006	$ 6,700
	3,797	0.028 %	$ 84.800	5/14/2006	$ 49,019
	369	0.003 %	$ 84.800	5/13/2007	$ 4,764
	370	0.003 %	$ 84.800	5/13/2007	$ 4,777
	3,340	0.025 %	$ 84.800	5/12/2008	$ 43,119
	30,339	0.227 %	$ 84.800	5/11/2009	$ 391,676
R. F. Ziegler	46,932	0.350 %	$ 84.400	5/11/2014	$ 952,720
	3,269	0.024 %	$ 78.850	5/13/2013	$ 39,424
P. D. Campbell	64,873	0.484 %	$ 84.400	5/11/2014	$ 1,319,517
	7,289	0.054 %	$ 80.950	5/8/2011	$ 84,042
C. Reich	81,621	0.609 %	$ 84.400	5/11/2014	$ 1,656,906
	18,949	0.141 %	$ 82.250	5/9/2010	$ 254,675
	36,646	0.274 %	$ 82.250	5/8/2011	$ 492,522
All Optionees	13,391,850		$ 84.310		$ 264,765,122

Footnotes to Option Grants in Last Fiscal Year Table

(1) The Company did not grant any stock appreciation rights (SARs) during 2004. The options shown for each individual include both annual grants of nonqualified stock options and grants of Progressive Stock Options (PSOs). Nonqualified options granted to certain participants are subject to a reload feature when exercised with the payment of the option price in the form of previously owned shares of the Company s common stock. Such an exercise results in further grants of PSOs. The first grant shown for each individual is the annual grant. The remaining lines are PSOs. The PSO grants for each individual were made on a single date, but are, pursuant to SEC rules, shown in multiple lines because of different expiration dates.

PSO grants were made to participants who exercised nonqualified stock options and who paid the purchase price using shares of previously owned Company common stock. The PSO grant is for the number of shares equal to the shares utilized in payment of the purchase price and tax withholding, if any. The option price for the PSO is equal to 100 percent of the market value of the Company s common stock on the date of the exercise of the primary option. The option period is equal to the remaining period of the options exercised.

The participant must have owned Company common stock used for payment for at least six months, and only one exercise of nonqualified options per participant per calendar year will be eligible for PSO grants by the Compensation Committee.

The presence of PSOs encourages early exercise of nonqualified stock options, without foregoing the opportunity for further appreciation, and promotes retention of the Company stock acquired.

In any event, a participant receiving an annual grant of nonqualified stock options can never acquire more shares of Company common stock through successive exercises of the primary option and subsequent PSO grants than the number of shares covered by the primary annual option grant from the Committee.

(2) All options granted during the period were granted at the market value on the date of grant, as calculated from the average of the high and low prices reported on the New York Stock Exchange Composite Index. The option price shown for the All Optionees line is $84.310 and represents the weighted-average exercise price of the options granted in 2004.

(3) The expiration date for the All Optionees line is shown as May 9, 2014, since that is the applicable date for the vast majority of options granted during 2004.

(4) Pursuant to the rules of the SEC, the Company has elected to provide a grant date present value for these option grants determined by a modified Black-Scholes pricing model. The Company s use of this model should not be construed as an endorsement of its accuracy at valuing options. All stock option valuation models, including the Black-Scholes model, require a prediction about the future movement of the stock price. Among key assumptions utilized in this pricing model were: (i) that the time of exercise of stock options would be 73 months (39 months for PSOs) into the term of the option, which could be for terms as long as ten years, in recognition of the historical exercise patterns at the Company for these types of options; (ii) expected volatility of 23.8 percent (21.6 percent for PSOs); (iii) risk-free rate of return of 4.1 percent (2.7 percent for PSOs); and (iv) dividend yield rate of 2.2 percent. No adjustments for non-transferability or risk of forfeiture have been made. The Company expresses no opinion that the present value will, in fact, be realized and expressly disclaims any representation to that effect.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

The following table provides information on option exercises during 2004 and the value of unexercised options at the end of 2004 for the Named Executive Officers.

Aggregated Option Exercises in Last Fiscal Year, and FY-End Option/SAR Value

Name	Shares Acquired on Exercise (#)	Value Realized ($)(1)	Number Of Unexercised Options at FY-End (#)		Value of Unexercised In-the-Money Options/SARs At FY-End ($)(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
W.J. McNerney, Jr.	81,999	$ 2,546,068.95	2,011,105	756,247	$ 48,265,561.42	$ 9,774,400.00
H. J. Wiens	70,966	$ 2,595,228.75	318,095	67,426	$ 5,556,987.70	$ 0.00
R. F. Ziegler	3,825	$ 65,005.88	42,175	50,201	$ 852,778.50	$ 10,526.18
P. D. Campbell	12,699	$ 322,230.05	103,301	88,162	$ 2,096,139.59	$ 425,683.68
C. Reich	83,095	$ 2,448,274.58	377,547	0	$ 4,827,063.79	$ 0.00
Total	252,584	$ 7,976,808.21	2,852,223	962,036	$ 61,598,531.00	$ 10,210,609.86

(1) The Value Realized or the unrealized Value of Unexercised In-the-Money Options at FY-End represents the aggregate difference between the market value on the date of exercise or at December 31, 2004, in the case of the unrealized values, and the applicable exercise prices. These differences accumulate over what may be, in many cases, several years. These stock options all have option periods of 10 years when first granted, and Progressive Stock Options have option periods equal to the remaining option period of the primary nonqualified options resulting in Progressive Stock Options.

Long-Term Incentive Plan Awards Table

The following table shows information on awards during 2004 under the Company s Performance Unit Plan for the Named Executive Officers.

Long-Term Incentive Plan Awards in Last Fiscal Year

Name	Number of Shares, Units or Other Rights (#)(1)	Performance or Other Period Until Maturation or Payout (2)	Estimated Future Payouts Under Non-Stock Price Based Plans Threshold ($)	Target ($)	Maximum ($)
W. J. McNerney, Jr.	18,800	3 years	$ 0	$ 2,256,000	$ 6,768,000
H. J. Wiens	2,400	3 years	$ 0	$ 288,000	$ 864,000
R. F. Ziegler	2,400	3 years	$ 0	$ 288,000	$ 864,000
P. D. Campbell	2,400	3 years	$ 0	$ 288,000	$ 864,000
C. Reich	2,400	3 years	$ 0	$ 288,000	$ 864,000

Footnotes to Long-Term Incentive Plan Awards Table

(1) The Company s Performance Unit Plan (the Plan) provides long-term compensation to approximately 115 key management personnel based upon the Company s attainment of long-term performance and growth criteria.

The Compensation Committee administers the Plan. The Committee has sole discretion in the selection of participants, performance criteria, size of awards, performance period, and the timing and form of payment, as well as all other conditions regarding awards.

Awards made in 2004 under the Performance Unit Plan are based on performance criteria that focus management attention on three key factors that create stockholder value: Economic Profit Growth, Sales Growth and Improvement in Net Working Capital Turns. The payout can vary from $0 to $360 per unit. More detail about current performance goals is available in the Report of the Compensation Committee.

The right to receive payment is contingent upon continued employment to the payment date, and is subject to forfeiture prior to the payment date in the event of termination of employment for any reason other than retirement under a pension plan of the Company, death, or physical or mental disability. Participants receiving awards during 2004, including the Named Executive Officers, will receive payment in 2006, provided that such individuals continue employment with the Company until such payment date (except in the event of death, retirement, or disability). Payment under the Plan may be made in cash, shares of the Company s common stock, or any combination of cash and stock, at the discretion of the Compensation Committee. In the past, payment has been made only in cash.

(2) The value of awards granted for 2004 will be determined by the Company s attainment of Economic Profit Growth, Sales Growth and Improvement in Net Working Capital Turns performance criteria during a three-year performance period of 2004, 2005, and 2006. More detail about current performance goals is available in the Report of the Compensation Committee.

Employment Contracts, Termination of Employment, and Change-In-Control Arrangements

Chief Executive Officer

3M has entered into an employment agreement with W. James McNerney, Jr. providing for his employment as Chief Executive Officer of the Company and for his election as Chairman of the Board of 3M. The initial term of the agreement ends on January 1, 2004, but, beginning on January 1, 2002, the term automatically extends so that the remaining term is always two years. The agreement provides for an initial base salary of $1,300,000 per year and for annual profit sharing initially designed to pay $2,200,000 per year, depending on the Company s performance. The agreement also recognizes that Mr. McNerney will be entitled to participate in the same retirement and welfare benefit programs that the Company provides to other senior executives.

The agreement also required 3M to grant Mr. McNerney the following stock options, restricted stock, and performance units under the Performance Unit Plan:

Stock Options Effective December 4, 2000, Mr. McNerney was granted options to purchase 1,200,000 shares of 3M common stock at $51.525 per share. A portion of these options was designed to compensate Mr. McNerney for the restricted stock and stock options he forfeited upon leaving his prior employer. 800,000 of these options become exercisable in increments of 20 percent on the 1st of January in the years 2002 through 2006, and the remaining 400,000 of these options become exercisable in increments of one-third on the 1st of January in the years 2002 through 2004, in each case assuming he remains employed by the Company. All 1,200,000 options will become exercisable in full immediately upon termination of Mr. McNerney s employment by reason of death or disability, termination without cause, a termination for good reason, or a change in control of the Company.

Restricted Stock In order to compensate Mr. McNerney for the restricted stock and stock options he forfeited upon leaving his prior employer, the Company also granted Mr. McNerney 220,000 shares of restricted stock. These shares of restricted stock vest in increments of 10 percent on the 1st of January in the years 2002 through 2011, assuming he remains employed by the Company, although such vesting accelerates in the event of the termination of Mr. McNerney s employment by reason of death or disability, termination without cause, a termination for good reason, or a change in control of the Company.

Performance Units The Company granted Mr. McNerney 10,000 performance units for the performance period commencing January 1, 2001, and ending December 31, 2003, subject to the terms of the Company s Performance Unit Plan. The value of these units and the amount paid to Mr. McNerney will depend on the performance of the Company, but in no event will the value be less than $100 per unit nor more than $200 per unit.

The agreement also requires 3M to provide Mr. McNerney supplemental retirement benefits. If he remains employed by 3M for at least ten years, the supplemental benefits will be equal in value to an annuity payable for his lifetime commencing at age 62 and based on 50 percent of his highest average annual compensation over a three-year period. If Mr. McNerney is employed by 3M for less than ten years, the amount of these supplemental retirement benefits will be prorated accordingly. The amount of such benefits will be reduced by the amount of his benefits under 3M s pension plans or the pension plans of his prior employer. These supplemental retirement benefits vest after five years of employment with the Company, although they vest immediately in the event of the termination of his employment by reason of death or disability, termination without cause, a termination for good reason, or a change in control of the Company.

In the event that Mr. McNerney s employment is terminated by the Company other than for cause, or if Mr. McNerney terminates his employment for good reason, then he will receive a lump-sum cash payment equal to three times his annual base salary and profit sharing. As a condition to receiving such payment, Mr. McNerney would be required to sign a release of all claims against the Company.

Chief Financial Officer

3M has also entered into an employment agreement with Patrick D. Campbell providing for his employment as Senior Vice President and Chief Financial Officer of the Company. The term of this agreement began on February 1, 2002, and ends on February 1, 2005. If Mr. Campbell s employment with the Company continues beyond February 1, 2005, his employment would be governed by the same terms and conditions that apply to other similar executives of the Company. The agreement provides for an initial base salary of $450,000 per year and for annual profit sharing initially designed to pay $300,000 per year, depending on the Company s performance. The agreement also recognizes that Mr. Campbell will be entitled to participate in certain retirement and welfare benefit programs that the Company provides to other senior executives, and will be entitled to reimbursement of his reasonable relocation expenses. For purposes of 3M s postretirement medical program, Mr. Campbell will be credited with an opening retiree medical credit balance as if he had completed 12 years of service with the Company.

The agreement also required 3M to grant Mr. Campbell the following stock options, restricted stock, and performance units under the Performance Unit Plan:

Stock Options Effective February 1, 2002, Mr. Campbell was granted options to purchase 48,000 shares of 3M common stock at $55.965 per share. These options become exercisable in increments of one-third on the 1st of February in the years 2003 through 2005, assuming he remains employed by the Company. All 48,000 options will become exercisable in full immediately upon termination of Mr. Campbell s employment by reason of death or disability, termination without cause, or termination for good reason, and in that event such options shall remain exercisable for up to two years following Mr. Campbell s death, the termination of his employment due to disability, termination without cause, or termination for good reason. In addition, any portion of these 48,000 options that have already become exercisable may be exercised by Mr. Campbell within 90 days following his resignation from the Company without good reason.

In May 2002, Mr. Campbell was granted options to purchase 40,000 shares of 3M common stock at $64.50 per share. All 40,000 options will become exercisable in full immediately upon termination of Mr. Campbell s employment by reason of death or disability, termination without cause, or termination for good reason, and in that event such options shall remain exercisable for up to two years following Mr. Campbell s death, the termination of his employment due to disability, termination without cause, or termination for good reason. In addition, any portion of these 40,000 options that have already become exercisable may be exercised by Mr. Campbell within 90 days following his resignation from the Company without good reason.

Restricted Stock The Company also granted Mr. Campbell 6,000 shares of restricted stock. These shares vest in increments of one-third on the 1st of February in the years 2003 through 2005, assuming he remains employed by the Company, although such vesting accelerates in the event of termination of Mr. Campbell s employment by reason of death or disability, termination without cause, or termination for good reason.

Performance Units The Company granted Mr. Campbell 2,400 performance units for the performance period commencing January 1, 2002, and ending December 31, 2004, subject to the terms of the Company s Performance Unit Plan. These units will vest at the end of such three-year performance period, assuming he remains employed by the Company, although such vesting accelerates in the event of termination of Mr. Campbell s employment by reason of death or disability, termination without cause, or termination for good reason. The value of these units and the amount paid to Mr. Campbell will depend on the performance of the Company, although in the event that the vesting of such units accelerates due to the termination of Mr. Campbell s employment by reason of death or disability, termination without cause, or termination for good reason, the value of such units is limited to their par value ($120 per unit) multiplied by the ratio of the number of days he was employed by the Company to the total number of days between February 1, 2002, and December 31, 2004.

The agreement also requires 3M to provide Mr. Campbell supplemental retirement benefits. If he remains employed by 3M for at least ten years, the supplemental benefits will be payable in the form of an annuity payable for his lifetime commencing at age 60 and based on 45 percent of his highest average annual compensation over a four-year period. If Mr. Campbell is employed by 3M for less than 10 years, the amount of these supplemental retirement benefits will be prorated accordingly. The amount of such benefits will be reduced by the amount of his benefits under 3M s pension plans and the pension plans of his prior employer. Once he has completed two years of employment with 3M, the sum of these supplemental retirement benefits and the benefits payable under 3M s pension plans will not be less than $100,000 per year. These supplemental retirement benefits (other than the $100,000 minimum benefit, which vests after two years of employment with the Company) vest after five years of employment with the Company, although they vest immediately in the event of the termination of his employment by reason of death or disability, termination without cause, or termination for good reason.

In the event that Mr. Campbell s employment is terminated by the Company other than for cause, or if Mr. Campbell terminates his employment for a good reason, then he will receive a lump-sum payment equal to (i) two times his annual base salary and profit sharing if such termination occurs during the first five years following his employment commencement date, or (ii) one times his annual base salary and profit sharing if such termination occurs more than five but no more than 10 years following his employment commencement date. As a condition to receiving such payment, Mr. Campbell would be required to sign a release of all claims against the Company.

Senior Vice President, Legal Affairs and General Counsel

3M has also entered into an employment agreement with Richard F. Ziegler providing for his employment as Senior Vice President, Legal Affairs and General Counsel of the Company. The term of this agreement began on January 1, 2003, and ends on January 1, 2006. If Mr. Ziegler s employment with the Company continues beyond January 1, 2006, his employment would be governed by the same terms and conditions that apply to other similar executives of the Company. The agreement provides for an initial base salary of $600,000 per year and for annual profit sharing initially designed to pay $400,000 per year, depending on the Company s performance. The agreement also recognizes that Mr. Ziegler will be entitled to participate in the same retirement and welfare benefit programs that the Company provides to its other similarly situated executives, and will be entitled to reimbursement of his reasonable relocation expenses. For purposes of 3M s postretirement medical program, Mr. Ziegler will be credited with an opening retiree medical credit balance as if he had completed 13 years of service with the Company.

The agreement also required 3M to pay Mr. Ziegler the following cash bonus and to grant him the following stock options, restricted stock, and performance units under the Performance Unit Plan:

Cash Bonus The agreement provides for a cash-signing bonus in the amount of $850,000, payable in equal installments on the 1st of January in the years 2003 through 2005, assuming Mr. Ziegler remains employed by the Company. Any unpaid installments would become payable in full immediately upon the termination of Mr. Ziegler s employment by reason of death or disability, termination without cause, termination for good reason, or a change in control of the Company.

Stock Options In May 2003, Mr. Ziegler was granted options to purchase 46,000 shares of 3M common stock at $61.85 per share. All 46,000 options will become exercisable in full immediately upon termination of Mr. Ziegler s employment by reason of death or disability, termination without cause, or termination for good reason, and in that event such options shall remain exercisable for up to two years following Mr. Ziegler s death, the termination of his employment due to disability, termination without cause, or termination for good reason. In addition, any portion of these 46,000 options that have already become exercisable may be exercised by Mr. Ziegler within 90 days following his resignation from the Company without good reason.

Restricted Stock The Company also granted Mr. Ziegler 12,000 shares of restricted stock. These shares vest in increments of one-third on the 1st of January in the years 2006, 2008, and 2010, assuming he remains employed by the Company, although such vesting accelerates in the event of termination of Mr. Ziegler s employment by reason of death or disability, termination without cause, termination for good reason, or a change in control of the Company.

Performance Units The Company granted Mr. Ziegler 2,400 performance units for the performance period commencing January 1, 2003, and ending December 31, 2005, subject to the terms of the Company s Performance Unit Plan. These units will vest at the end of such three-year performance period, assuming he remains employed by the Company, although such vesting accelerates in the event of termination of Mr. Ziegler s employment by reason of death or disability, termination without cause, or termination for good reason. The value of these units and the amount paid to Mr. Ziegler will depend on the performance of the Company, although in the event that the vesting of such units accelerates due to the termination of Mr. Ziegler s employment by reason of death or disability, termination without cause, or termination for good reason, the value of such units is limited to their par value ($120 per unit) multiplied by the ratio of the number of days he was employed by the Company to the total number of days between January 1, 2003, and December 31, 2005.

The agreement also requires 3M to provide Mr. Ziegler supplemental retirement benefits. If he remains employed by 3M for at least nine years, the supplemental benefits will be payable in the form of an annuity payable for his lifetime commencing at age 62 and based on 45 percent of his highest average annual compensation over a four-year period. If Mr. Ziegler is employed by 3M for less than nine years, the amount of these supplemental retirement benefits will be prorated accordingly. The amount of such benefits will be reduced by the amount of his benefits under 3M s pension plans. Once he has completed two years of employment with 3M, the sum of these supplemental retirement benefits and the benefits payable under 3M s pension plans will not be less than $300,000 per year. These supplemental retirement benefits (other than the $300,000 minimum benefit, which vests after two years of employment with the Company) vest after five years of employment with the Company, although they vest immediately in the event of the termination of his employment by reason of death or disability, termination without cause, or termination for good reason.

In the event that Mr. Ziegler s employment is terminated by the Company other than for cause, or if Mr. Ziegler terminates his employment for a good reason, then he will receive a lump-sum payment equal to (i) two times his annual base salary and profit sharing if such termination occurs during the first three years following his employment commencement date, or (ii) one times his annual base salary and profit sharing if such termination occurs more than three but no more than ten years following his employment commencement date. As a condition to receiving such payment, Mr. Ziegler would be required to sign a release of all claims against the Company.

Retirement Benefits

The Company maintains a tax-qualified defined benefit pension plan for its eligible employees in the United States. Effective January 1, 2001, the Company amended this plan (the Employee Retirement Income Plan, or the ERIP) to include a pension equity feature for (1) employees hired or rehired on or after January 1, 2001, and (2) employees who voluntarily elected the pension equity feature during the one-time choice election period in 2001. Of the Named Executive Officers, Dr. Reich and Mr. Wiens participate in the non-pension equity portion of the ERIP (the Portfolio I Pension Plan), while Mr. McNerney, Mr. Ziegler, and Mr. Campbell participate in the pension equity portion of the ERIP (the Portfolio II Pension Plan). Retirement benefits under the ERIP are based on an employee s years of service and average annual earnings during the employee s highest four consecutive years of service. Since the Internal Revenue Code limits the amount of benefits that can be paid from the ERIP as well as the amount of compensation upon which such benefits may be earned, the Company also maintains several nonqualified pension plans for eligible employees. The following table shows the estimated annual benefits payable on retirement under both the ERIP and these nonqualified plans to the Company s eligible employees in the United States.

Average Annual Earnings During the Highest Four Consecutive Years of Service (1)	**Annual Portfolio I Retirement Benefits With Years of Service Indicated (2)**						
	10 Years	**15 Years**	**20 Years**	**25 Years**	**30 Years**	**35 Years**	**40 Years**
$ 500,000	$ 73,460	$ 110,190	$ 146,921	$ 183,651	$ 220,381	$ 257,111	$ 285,861
750,000	110,960	166,440	221,921	277,401	332,881	388,361	431,486
1,000,000	148,460	222,690	296,921	371,151	445,381	519,611	577,111
1,250,000	185,960						