

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter ended September 30, 1994  
Commission file number: 1-3285

MINNESOTA MINING AND MANUFACTURING COMPANY

State of Incorporation: Delaware  
I.R.S. Employer Identification No. 41-0417775

Executive offices: 3M Center, St. Paul, Minnesota 55144  
Telephone number: (612) 733-1110

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

On September 30, 1994, there were 420,493,643 shares of the Registrant's common stock outstanding.

This document contains 19 pages.

MINNESOTA MINING AND MANUFACTURING COMPANY  
AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF INCOME  
(Amounts in millions, except per-share data)  
(Unaudited)

	Three months ended		Nine months ended	
	September 30		September 30	
	1994	1993	1994	1993
Net Sales	\$3,820	\$3,481	\$11,224	\$10,538
Operating Expenses				
Cost of goods sold	2,282	2,167	6,697	6,410
Selling, general and administrative expenses	964	859	2,834	2,627
Total	3,246	3,026	9,531	9,037
Operating Income	574	455	1,693	1,501
Other Income and Expense				
Interest expense	25	11	63	37
Investment and other income - net	(4)	(60)	(20)	(90)
Implant litigation - net	--	--	35	--
Total	21	(49)	78	(53)
Income Before Income Taxes and Minority Interest	553	504	1,615	1,554
Provision for Income Taxes	199	180	581	552
Minority Interest	13	8	44	25
Net Income	\$ 341	\$ 316	\$ 990	\$ 977
Average Number of Common Shares Outstanding	421.4	432.9	423.8	435.6
Earnings Per Share	\$ .81	\$ .73	\$ 2.34	\$ 2.24
Cash dividends declared and paid per share	\$ .440	\$ .415	\$ 1.320	\$ 1.245

Share and per-share data reflect the two-for-one stock split effective March 15, 1994.

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

MINNESOTA MINING AND MANUFACTURING COMPANY  
AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET  
(Dollars in millions)

	Sept. 30, 1994 (Unaudited)	December 31, 1993
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 304	\$ 274
Other securities	183	382
Accounts receivable - net	2,986	2,610
Inventories		
Finished goods	1,502	1,246
Work in process	672	604
Raw materials and supplies	474	551
Total inventories	2,648	2,401
Other current assets	742	696
Total current assets	6,863	6,363
Investments	537	455
Property, Plant and Equipment	12,418	11,488
Less accumulated depreciation	(7,401)	(6,658)
Property, plant and equipment - net	5,017	4,830
Other Assets	906	549
Total	\$13,323	\$12,197
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable	\$ 884	\$ 878
Income taxes	148	290
Short-term debt	936	697
Other current liabilities	1,598	1,417
Total current liabilities	3,566	3,282
Other Liabilities	2,158	1,607
Long-term Debt	939	796
Stockholders' Equity		
Common stock, no par, 472,016,528 shares issued	296	296
Retained earnings	8,887	8,500
Unearned compensation - ESOP	(464)	(479)
Cumulative translation - net	(112)	(331)
Net unrealized loss - debt and equity securities	(7)	--
Less cost of treasury stock - September 30, 1994, 51,522,885 shares; December 31, 1993, 42,537,890 shares	(1,940)	(1,474)
Stockholders' Equity - net	6,660	6,512
Total	\$13,323	\$12,197

Share data reflect the two-for-one stock split effective March 15, 1994.  
The Notes to Financial Statements are an integral part of this statement.

MINNESOTA MINING AND MANUFACTURING COMPANY  
AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(Dollars in millions)  
(Unaudited)

	Nine months ended September 30	
	1994	1993
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 990	\$ 977
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	802	779
Working capital and other changes	(356)	(156)
Net cash provided by operating activities	1,436	1,600
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	(797)	(806)
Proceeds from sale of property, plant and equipment	33	50
Other	(56)	(11)

Net cash used in investing activities	(820)	(767)
Cash Flows from Financing Activities:		
Net change in short-term debt	237	94
Repayment of long-term debt	(57)	(63)
Proceeds from long-term debt	303	20
Purchases of treasury stock	(617)	(546)
Reissuances of treasury stock	109	143
Payment of dividends	(559)	(543)
Net cash used in financing activities	(584)	(895)
Effect of exchange rate changes on cash	(2)	(2)
Net increase (decrease) in cash and cash equivalents	30	(64)
Cash and cash equivalents at beginning of year	274	382
Cash and cash equivalents at end of period	\$ 304	\$ 318

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

MINNESOTA MINING AND MANUFACTURING COMPANY  
AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS  
(Unaudited)

The interim financial statements are unaudited but, in the opinion of management, reflect all adjustments necessary for a fair presentation of financial position, results of operations and cash flows for such periods. These adjustments consist of normal, recurring items. The results of operations for any interim period are not necessarily indicative of results for the full year. The condensed consolidated financial statements and notes are presented as permitted by Form 10-Q and do not contain certain information included in the company's annual consolidated financial statements and notes. This Form 10-Q should be read in conjunction with the company's consolidated financial statements and notes included in the 1993 Annual Report on Form 10-K.

The share and per-share data contained in this Form 10-Q reflect the two-for-one common stock split effective March 15, 1994.

Effective January 1, 1994, the company adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." This adoption will have no impact on the company's results of operations. The net unrealized gains and losses for available-for-sale debt and equity securities are separately disclosed as a component of stockholders' equity. The following accounting policies are updated from the 1993 Form 10-K:

**Other Securities:** Other securities consist of marketable securities and interest-bearing bank deposits with varied maturity dates. These securities are employed in the company's banking, captive insurance and cash management operations. Other securities classified as available-for-sale are reported at fair value and held-to-maturity securities are reported at amortized cost.

**Investments:** Investments primarily include assets from captive insurance and banking operations and from venture capital investments. Investments classified as available-for-sale are reported at fair value and held-to-maturity investments are reported at amortized cost. Other investments are stated at cost, which approximates fair value.

Also effective January 1, 1994, the company adopted FASB Interpretation Number (FIN) 39 which requires gross reporting for environmental and other liabilities, and any related insurance receivable assets. The presentation of liabilities net of claims for recovery is no longer appropriate. The impact of this adoption was to increase primarily "Other Assets" and "Other Liabilities" from year-end 1993 balances.

Earnings for the first nine months ended September 30, 1994, were negatively impacted by a first quarter net pre-tax charge of \$35 million related to mammary implant litigation. The company in the first quarter of 1994 accrued a liability having a net present value of \$308 million to cover probable liabilities and expenses, and also recorded a receivable, primarily on the "Other Assets" line of the Consolidated Balance Sheet, having a nominal value of \$273 million, for probable insurance recoveries. The result of these accounting actions

was a net pre-tax charge to first quarter 1994 earnings of \$35 million (\$22 million after taxes, or 5 cents per share). See Part II, Item 1, Legal Proceedings, for additional information on this topic.

On June 16, 1994, the company issued a three-year, \$200 million 6.375% Euronote. This was swapped to yield an all-in cost of 6-month average LIBOR less 36.5 basis points. On March 29, 1994, the company issued a \$100 million medium-term note at the 5-year treasury rate plus 25 basis points (6.25%), and put it on a cancelable swap to average LIBOR floating. On an all-in basis, the rate will average LIBOR less 27 basis points for two years, or for five years, if the swap is not canceled. If the swap is canceled, the company will pay 6.18 percent fixed for the final three years.

On October 3, 1994, subsequent to the end of the third quarter, the company issued a two and one-half year Swiss Franc note with a settlement date of November 17, 1994. After a currency and interest rate swap, this will result in approximately \$97.5 million at an all-in cost of the 30-day commercial paper rate less 30 basis points.

Coopers & Lybrand L.L.P., the company's independent accountants, have performed a review of the unaudited interim financial statements included herein and their report thereon accompanies this filing.

MINNESOTA MINING AND MANUFACTURING COMPANY  
AND SUBSIDIARIES

Management's Discussion and Analysis of  
Financial Condition and Results of Operations

RESULTS OF OPERATIONS

This Quarter

All share and per-share data reflect the two-for-one stock split effective March 15, 1994.

Worldwide sales for the third quarter totaled \$3.820 billion, an increase of 9.7 percent from \$3.481 billion in the third quarter last year. Worldwide unit sales rose about 10 percent.

In the United States, the company's unit sales rose about 9 percent compared with the third quarter last year, with all three sectors showing strong growth. The Information, Imaging and Electronic Sector had strong gains in its memory technologies and electro-telecommunications businesses. The Industrial and Consumer Sector posted solid growth across the board, from tapes, abrasives and specialty chemicals, to office supplies, consumer products and automotive systems. Life Sciences Sector volume growth was led by medical products and the traffic and personal safety businesses.

Internationally, unit volume increased about 11 percent, with all three sectors showing growth. Volume rose about 6 percent in Europe, with all major companies contributing to this increase. In the Asia Pacific area, volume was up about 13 percent. Volume in Japan was up about 3 percent, while volume growth in the rest of Asia rose more than 35 percent. In Latin America, volume was up more than 30 percent. In Canada, volume increased about 7 percent.

Worldwide selling prices declined about 2 percent compared to the third quarter of 1993, mainly because of competition in the memory technologies market. Prices declined about 2 percent in both the United States and internationally. Currency translation increased international sales by about 4 percent and worldwide sales by about 2 percent.

Cost of goods sold, which includes manufacturing, research and development, and engineering, was 59.8 percent of sales, down 2.4 percentage points from the third quarter last year. In the third quarter last year the company incurred charges of about \$35 million for international plant rationalizations and voluntary separations. Third quarter 1994 U.S. voluntary separations resulted in about \$10 million in charges. These costs are primarily in cost of goods sold. Cost of goods sold improved by about one-and-a-half percentage points after adjusting for these items.

Cost of goods sold was also helped by the 10 percent volume gain, cost-control efforts and lower raw material costs. Research and development costs and depreciation costs were both four-tenths of a percentage

point lower than in the third quarter of 1993. These benefits were partially offset by lower selling prices.

Selling, general and administrative spending of \$964 million was 25.2 percent of sales. This was the same as the average for 1993 as a whole and down slightly from the second quarter of this year. SG&A spending included investments to sustain rapid growth in Asia and Latin America. This contributed to a one-half percentage point increase from the same quarter last year.

Worldwide operating income was \$574 million in the third quarter, up 26.2 percent from the same quarter last year. Adjusting for the costs of plant rationalizations and voluntary separations in cost of goods sold, operating income rose nearly 20 percent from the third quarter last year, with a margin improvement of more than one percentage point. On an adjusted basis, U.S. profits increased about 25 percent from the same quarter last year, while international profits increased about 13 percent.

Third quarter 1994 interest expense of \$25 million was \$14 million higher than in the same quarter last year. This increase was mainly due to a planned increase in debt along with higher interest rates.

Investment and other income declined \$56 million from the third quarter last year. The third quarter of 1993 contained about \$45 million of non-recurring items, including \$30 million of interest income stemming from the resolution of several income tax claims. The additional \$11 million difference was mainly due to a swing in currency transactions from a benefit of about \$5 million dollars in the third quarter last year to a cost of about \$5 million this quarter.

The third-quarter 1994 worldwide effective tax rate was 36.0 percent, up one-half of a point from the third-quarter rate last year, and up seven-tenths of a point from the rate for 1993 overall. The higher tax rate in 1994 is due to a lower level of foreign tax credits and the accounting benefit in 1993 of revaluing deferred tax assets and liabilities for the higher 1993 U.S. statutory tax rate.

Net income increased 7.7 percent to \$341 million, or \$.81 per share, compared with \$316 million, or \$.73 per share, in the same quarter last year. Adjusting for the costs of plant rationalizations and voluntary separations in cost of goods sold and the non-recurring 1993 items in investment and other income, net income increased about 12 percent and earnings per share increased about 15 percent from the same quarter last year.

The company estimates that changes in the value of the U.S. dollar had a minimal impact on net income in the third quarter compared to the corresponding quarter of 1993. This estimate includes the effect of translating sales and profits from local currencies into U.S. dollars, the costs in local currencies of transferring goods between the parent company in the United States and international companies, and transaction gains and losses in countries not considered to be highly inflationary.

#### Year-to-date

On a year-to-date basis, worldwide sales totaled \$11.224 billion, an increase of 6.5 percent from \$10.538 billion in the first nine months of last year.

Volume growth for the first nine months of 1994 was 8 percent in the United States and 9 percent internationally. Prices declined about 2 percent in both the United States and internationally. Currency translation increased international sales by almost 1 percent and worldwide sales by less than half a percent.

Cost of goods sold was 59.7 percent of sales, down 1.2 percentage points from the same period last year. The factors that influenced gross margins for the third quarter were the same factors that affected year-to-date results.

Selling, general and administrative spending of \$2.834 billion for the first nine months was 25.2 percent of sales, the same as the average for 1993 as a whole. This was up three-tenths of a point from the same period last year.

Worldwide operating income increased 12.8 percent to \$1.693 billion, up from \$1.501 billion in the same period of 1993. Operating income in the United States was up about 14 percent and margins improved by 1.1 percentage points. International operating income was up about 12 percent and margins were up six-tenths of a percentage point. Worldwide employment levels declined by more than 930 compared with September 30, 1993.

Interest expense was \$63 million, up from \$37 million in the first nine

months of 1993. This increase was mainly due to a planned increase in debt along with higher interest rates. Investment and other income was \$20 million in the first nine months of 1994, a decline of \$70 million compared to the same period last year. The first nine months of 1993 included a \$30 million benefit from tax settlements, gains from investments, and other items, many of which were of a non-recurring nature.

As discussed in the Notes to Financial Statements, mammary implant litigation resulted in a net pre-tax charge of \$35 million in the first quarter of 1994 (\$22 million after taxes). Although there can be no certainty that the company may not ultimately incur charges in excess of presently established reserves, the company believes that such additional charges, if any, will not pose a material risk to the financial position of the company or its results of operations.

Year-to-date net income was \$990 million, or \$2.34 per share (\$1.012 billion, or \$2.39 per share, excluding the first quarter after-tax charge of \$22 million relating to mammary-implant litigation). This compared with \$977 million, or \$2.24 per share, in the first nine months of 1993.

Looking ahead, the company expects good earnings growth to continue in the fourth quarter. The company expects to benefit from a strong flow of new products, a sharp focus on customer satisfaction, continuous productivity improvement, and continued strengthening of the European economies.

Volume growth, productivity improvements and favorable raw material costs should benefit full-year 1994 results. Raw material prices are increasing. The company expects to absorb future increases in raw material costs through price increases and productivity improvements.

The company expects to accelerate the flow of new products in order to meet its goal of 30 percent of sales coming from products introduced in the last four years, while also reducing research and development costs as a percentage of sales. The company continues to aggressively explore cost-reduction and rationalization opportunities around the world. Worldwide employment at the end of this year is expected to be around 85,000 people, a decline of about 4,500 people over four years.

Capital spending has declined in each of the past two years and is expected to be flat for total year 1994. As a result, depreciation expense as a percent of sales should contribute to margin improvement during the next few years.

#### FINANCIAL CONDITION AND LIQUIDITY

The company's financial condition and liquidity remain strong.

Working capital increased \$216 million to \$3.297 billion from \$3.081 billion as of December 31, 1993. The accounts receivable average days sales outstanding was 67 days, up one day from year-end. The company's key inventory index, which represents the number of months of inventory, was 4.0 months, and the company's current ratio was 1.9, both unchanged from year-end.

The adoption of FIN 39 and the mammary implant litigation (refer to the Notes to Financial Statements) were the primary contributors to the increase in the "Other Assets" and "Other Liabilities" components of the Consolidated Balance Sheet compared to year-end 1993 balances.

Total debt increased \$382 million from year-end 1993 to \$1.875 billion. As of September 30, 1994, total debt was 28 percent of stockholders' equity, up from 23 percent at year-end 1993. The company's borrowings continue to maintain AAA long-term ratings.

Return on average stockholders' equity for the quarter was at 20.6 percent, up from 19.2 percent a year earlier, meeting the company's goal of 20 to 25 percent. Return on capital employed for the quarter was 20.8 percent, up from 17.6 percent in the comparable 1993 period. The company's goal is 27 percent or better.

Net cash provided by operating activities totaled \$1.436 billion in the first nine months of the year, down \$164 million from the same period last year. This decrease was mainly due to the receipt of a large legal settlement in 1993 of \$129 million. Mammary implant litigation

could result in timing differences in the cash flows of future periods. The company believes that these differences, if any, will not pose a material risk to the financial position of the company.

Cash used in investing activities was \$820 million, up \$53 million from the same period last year. Capital expenditures for the first nine months of 1994 were \$797 million, a decrease of about 1 percent compared with the same period last year.

Financing activities in both short-term and long-term debt provided net cash inflows of \$483 million, compared to inflows in the same period last year of \$51 million. Treasury stock repurchases were \$617 million, compared to repurchases in the same period last year of \$546 million.

The company repurchased about 11.8 million shares of treasury stock in the first nine months of this year, compared to 10.1 million shares in the same period last year. The Board of Directors authorized the repurchase of up to 24 million shares of 3M common stock between February 14, 1994, and February 10, 1995. Of this number, 15.0 million shares remained authorized for repurchase as of September 30, 1994. Stock repurchases are made to support employee stock purchase plans and for other corporate purposes.

Dividends paid increased 3.0 percent to \$559 million in the first nine months of this year. The dividend payout ratio decreased to 56.5 percent in the first nine months from 57.1 percent for the entire year in 1993.

The company expects cash generated by normal operations will support its primary growth initiatives, with ample borrowing capacity to supplement cash flows from operations. 3M maintains a shelf registration with the Securities and Exchange Commission that provides the means to offer medium-term notes not to exceed \$601 million. As of September 30, 1994, \$402 million was available for future financial needs.

MINNESOTA MINING AND MANUFACTURING COMPANY  
AND SUBSIDIARIES

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The company and certain of its subsidiaries are named defendants in a number of actions, governmental proceedings and claims, including product liability claims involving products now or formerly manufactured and sold by the company, many of which relate to silicone gel mammary implants, and some of which claims are purported or tentatively certified class actions. Mammary implant cases and claims are discussed separately below. In some actions, the claimants seek damages as well as other relief which, if granted, would require substantial expenditures.

The company is involved in a number of environmental proceedings by governmental agencies asserting liability for past waste disposal and other alleged environmental damage. The company conducts ongoing investigations, assisted by environmental consultants, to determine accruals for the probable, estimable costs of remediation. The remediation accruals are reviewed each quarter and changes are made as appropriate.

Some of these matters raise difficult and complex factual and legal issues and are subject to many uncertainties, including, but not limited to, the facts and circumstances of each particular action, the jurisdiction and forum in which each action is proceeding, and differences in applicable law. Accordingly, the company is not always able to estimate the nature and precise amount of future liabilities with respect to such matters.

Mammary Implant Litigation

As of September 30, 1994, the company had been named as a defendant, often with multiple co-defendants, in 5,883 claims and lawsuits in various courts, all seeking damages for personal injuries from allegedly defective breast implants. These claims and lawsuits purport to represent 14,720 individual claimants. It is not yet certain how many of these lawsuits and claims involve products manufactured and sold by the company, as opposed to other manufacturers. The company entered the business in 1977 by purchasing McGhan Medical and then sold that business in 1984.

On April 8, 1994, the company and other defendants concluded provisional agreements with a plaintiffs' negotiating committee regarding their contributions to a "global settlement" in the amount of \$4.75 billion, previously

announced by the committee and three major defendants in these claims and lawsuits. The company has agreed that its

maximum commitment of \$325 million will be paid into a court-administered fund within 3 years from the date that the final order ratifying the global settlement is entered and after appeals, if any, have been exhausted. On September 1, 1994 the global settlement was approved as fair, reasonable and adequate by the U.S. District Court, Northern District of Alabama, which has had jurisdiction over this matter. This ruling has subsequently been appealed by several third parties. Plaintiff claims processing continues, and until the claims processing is complete, the company's unilateral right of withdrawal continues.

In the first quarter of 1994, the company took a pre-tax charge of \$35 million (\$22 million after tax) in recognition of its best estimate of the probable liabilities for claims and associated expenses net of the probable amount of insurance recoverable from its carriers. The company continues to assess its exposures to litigants and claimants electing to remove themselves from the global settlement. Although a number of out-of-court settlements have been reached and discussions continue with litigants and claimants, the company's current estimate of its uninsured financial exposure has not materially changed.

On September 22, 1994 three excess coverage insurers initiated in the courts of the State of Minnesota a declaratory judgment action against the company and numerous insurance carriers seeking adjudication of certain coverage issues and a determination concerning allocation amongst insurers for coverage under the terms of the various insurance policies with possible application. No insurer has denied coverage, and the company believes that it has insurance coverage adequate to recover any liabilities and expenses that may arise from this litigation.

Although there can be no certainty that the company may not ultimately incur charges in excess of presently established reserves, the company believes that such additional charges, if any, will not pose a material risk to the financial position of the company or its results of operations.

Item 6. Exhibits and Reports on Form 8-K

(a) The following documents are filed as exhibits to this Report.

- (11) A statement regarding the computation of per share earnings. Page 17.
- (12) A statement regarding the calculation of ratio of earnings to fixed charges. Page 18.
- (15) A letter from the company's independent accountants regarding unaudited interim financial statements. Page 19.

None of the other items contained in Part II of Form 10-Q is applicable to the company for the quarter ended September 30, 1994.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders of Minnesota Mining and Manufacturing Company:

We have reviewed the accompanying condensed consolidated balance sheet of Minnesota Mining and Manufacturing Company and subsidiaries as of September 30, 1994, and the related condensed consolidated statements of income for the three-month and nine-month periods ended September 30, 1994 and 1993, and cash flows for the nine-month periods ended September 30, 1994 and 1993. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying



analytical review procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1993, and the related consolidated statements of income and cash flows for the year then ended (not presented herein); and in our report dated February 14, 1994, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1993, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ COOPERS & LYBRAND L.L.P.

COOPERS & LYBRAND L.L.P.

St. Paul, Minnesota  
October 24, 1994

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MINNESOTA MINING AND MANUFACTURING COMPANY  
(Registrant)

Date: November 10, 1994

/s/ Giulio Agostini  
Giulio Agostini, Senior Vice President,  
Finance and Office Administration

(Mr. Agostini is the Principal Financial and Accounting Officer and has been duly authorized to sign on behalf of the registrant.)

## EXHIBIT 11

## MINNESOTA MINING AND MANUFACTURING COMPANY AND SUBSIDIARIES

## EARNINGS PER SHARE OF COMMON STOCK

	Three months ended September 30		Nine months ended September 30	
	1994	1993	1994	1993
Net income (millions)	\$341	\$316	\$990	\$977
-----				
Primary earnings per share:				
Earnings per share	\$.81	\$.73	\$2.34	\$2.24
Weighted average number of common shares outstanding	421,363,545	432,921,164	423,804,773	435,635,970
-----				
Fully diluted earnings per share: (1)				
Earnings per share	\$.79	\$.72	\$2.31	\$2.22
Weighted average number of common shares outstanding	421,363,545	432,921,164	423,804,773	435,635,970
Common equivalent shares	4,441,814	4,178,366	4,441,814	4,266,194
Average number of common shares and equivalents outstanding	425,805,359	437,099,530	428,246,587	439,902,164
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Share and per-share data reflect the two-for-one stock split effective March 15, 1994.

Primary earnings per share is computed by dividing net income by the weighted average number of common shares outstanding for each period. The calculation excludes the effect of common equivalent shares resulting from stock options using the treasury stock method as the effect would not be material.

Fully diluted earnings per share is computed based on the weighted average number of common shares and common equivalent shares outstanding for each period.

(1) This calculation is submitted in accordance with Regulation S-K Item 601(b)(11) although not required by APB Opinion No. 15 because it results in dilution of less than 3%.

## EXHIBIT 12

## MINNESOTA MINING AND MANUFACTURING COMPANY AND SUBSIDIARIES

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

	Nine Months					
	Sept. 30, 1994	Year 1993	Year 1992	Year 1991	Year 1990	Year 1989
<b>EARNINGS</b>	-----	-----	-----	-----	-----	-----
Income Before Income Taxes, Minority Interest and Cumulative Effect of Accounting Changes	\$1,615	\$2,002	\$1,947	\$1,877	\$2,135	\$2,099
<b>Add:</b>						
Interest on debt	63	50	76	97	98	98
Interest component of the ESOP benefit expense	29	41	42	44	45	--
Portion of rent under operating leases representative of the interest component	35	47	47	47	44	35
<b>Less:</b>						
Equity in undistributed income of 20-50% owned companies	2	--	(1)	(6)	1	4
<b>TOTAL EARNINGS AVAILABLE FOR FIXED CHARGES</b>	<b>\$1,740</b>	<b>\$2,140</b>	<b>\$2,113</b>	<b>\$2,071</b>	<b>\$2,321</b>	<b>\$2,228</b>
<b>FIXED CHARGES</b>						
Interest on debt	63	50	76	97	98	98
Interest component of the ESOP benefit expense	29	41	42	44	45	--
Portion of rent under operating leases representative of the interest component	35	47	47	47	44	35
<b>TOTAL FIXED CHARGES</b>	<b>\$127</b>	<b>\$138</b>	<b>\$165</b>	<b>\$188</b>	<b>\$187</b>	<b>\$133</b>
<b>RATIO OF EARNINGS TO FIXED CHARGES</b>	<b>13.70</b>	<b>15.51</b>	<b>12.81</b>	<b>11.02</b>	<b>12.42</b>	<b>16.75</b>

EXHIBIT 15

Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

We are aware that our report dated October 24, 1994, on our reviews of interim condensed consolidated financial information of Minnesota Mining and Manufacturing Company and subsidiaries (the Company) for the three-month and nine-month periods ended September 30, 1994 and 1993, and included in the Company's quarterly report on Form 10-Q for the period ended September 30, 1994, is incorporated by reference in the Company's registration statements on Form S-8 (Registration Nos. 2-78422, 33-14791, 33-48690 and 33-49842), and Form S-3 (Registration No. 33-48089). Pursuant to Rule 436(c), under the Securities Act of 1933, this report should not be considered a part of the registration statements prepared or certified by us within the meaning of Sections 7 and 11 of that Act.

/s/ COOPERS & LYBRAND L.L.P.

COOPERS & LYBRAND L.L.P.

St. Paul, Minnesota  
November 10, 1994

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED STATEMENT OF INCOME AND THE CONSOLIDATED BALANCE SHEET AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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