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, 1996 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, 1996, there were 417,992,867 shares of the Registrant's common stock outstanding.

This document contains 26 pages.
The exhibit index is set forth on page 22.

MINNESOTA MINING AND MANUFACTURING COMPANY AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

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

	Three months ended September 30		Nine months ended September 30	
	1996	1995	1996	1995
Net Sales	$3,623	$3,370	$10,613	$10,155
Operating Expenses				
Cost of goods sold	2,069	1,942	6,045	5,777
Selling, general and administrative expenses	916	855	2,706	2,604
Total	2,985	2,797	8,751	8,381
Operating Income	638	573	1,862	1,774
Other Income and Expense				
Interest expense	22	26	54	79
Investment and other income - net	(17)	(5)	(54)	(40)
Total	5	21	--	39
Income From Continuing Operations Before Income Taxes and Minority Interest	633	552	1,862	1,735
Provision for Income Taxes	221	197	670	636

Minority Interest	14	16	51	59
Income From Continuing Operations	398	339	1,141	1,040
Discontinued Operations, Net of Income Taxes	--	5	--	33
Net Income	$ 398	$ 344	$1,141	$1,073
Average Shares Outstanding	418.3	419.9	418.5	419.9
Per-Share Amounts:				
Continuing Operations	$ .95	$ .81	$ 2.73	$ 2.48
Discontinued Operations	--	.01	--	.08
Net Income	$ .95	$ .82	$ 2.73	$ 2.56
Cash dividends declared and paid	$ .49	$ .47	$ 1.43	$ 1.41

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

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

ASSETS	September 30, 1996 (Unaudited)	December 31, 1995
Current Assets		
Cash and cash equivalents	$ 584	$ 485
Other securities	201	287
Accounts receivable - net	2,741	2,398
Inventories		
Finished goods	1,175	1,164
Work in process	610	565
Raw materials and supplies	471	477
Total inventories	2,256	2,206
Other current assets	1,262	1,019
Total current assets	7,044	6,395
Investments	590	565
Property, Plant and Equipment	11,873	11,234
Less accumulated depreciation	(7,120)	(6,596)
Property, plant and equipment - net	4,753	4,638
Other Assets	1,249	1,177
Net Assets of Discontinued Operations	53	1,408
Total	$13,689	$14,183
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 971	$ 762
Payroll	374	298
Income taxes	248	214
Short-term debt	1,305	822
Other current liabilities	1,453	1,628
Total current liabilities	4,351	3,724
Other Liabilities	2,352	2,372
Long-Term Debt	691	1,203
Stockholders' Equity		
Common stock, no par, 472,016,528 shares issued	296	296
Retained earnings	8,620	9,164
Unearned compensation - ESOP	(399)	(437)
Cumulative translation - net	(142)	(102)
Net unrealized gains - debt & equity securities	17	16
Less cost of treasury stock - September 30, 1996, 54,023,661 shares; December 31, 1995, 53,313,774 shares	(2,097)	(2,053)
Stockholders' Equity - net	6,295	6,884
Total	$13,689	$14,183

The accompanying Notes to Consolidated 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 1996	1995
Cash Flows from Operating Activities:		
Net income	$1,141	$1,073
Less income from discontinued operations	--	33
Income from continuing operations	1,141	1,040
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Implant litigation - net	(209)	(77)
Depreciation and amortization	659	637
Working capital and other changes	(350)	(249)
Net cash provided by continuing operations	1,241	1,351
Net cash provided by discontinued operations	156	150
Net cash provided by operating activities	1,397	1,501
Cash Flows from Investing Activities:		
Capital expenditures	(759)	(808)
Other changes	(15)	19
Discontinued operations - net	(17)	(152)
Net cash used in investing activities	(791)	(941)
Cash Flows from Financing Activities:		
Net change in short-term debt	117	64
Repayment of long-term debt	(9)	(155)
Proceeds from long-term debt	2	222
Purchases of treasury stock	(329)	(196)
Reissuances of treasury stock	211	141
Payment of dividends	(599)	(592)
Discontinued operations	81	--
Net cash used in financing activities	(526)	(516)
Effect of exchange rate changes on cash	19	3
Net increase in cash and cash equivalents	99	47
Cash and cash equivalents at beginning of year	485	297
Cash and cash equivalents at end of period	$ 584	$ 344

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

MINNESOTA MINING AND MANUFACTURING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED 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 the periods presented. These adjustments consist of normal, recurring items. The results of operations for any interim period are not necessarily indicative of results for the full year. The condensed consolidated financial statements and notes are presented as permitted by the requirements for 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 its 1995 Annual Report on Form 10-K.

Discontinued Operations:
In November 1995, the Board of Directors approved a plan to launch the company's data storage and imaging systems businesses as an independent, publicly owned company, and also approved the discontinuance of 3M's audio and video tape business. In June 1996, the Board of Directors approved the distribution by 3M of the common stock of Imation Corp. (hereinafter referred to as Imation or Imation Corp., the newly formed company to which 3M contributed the net assets of its data storage and imaging systems businesses) to shareholders pursuant to a Transfer and Distribution Agreement, dated as of June 18, 1996. The tax-free distribution was effected in early July 1996, as a special dividend of one share of Imation common stock for every 10 shares of outstanding 3M common stock held of record as of the close of business on June 28, 1996. The company recorded the special dividend of Imation common stock to its stockholders as of the record date by reducing retained earnings by $1.075 billion at June 30, 1996, which represented the estimated carrying value of the net assets underlying the common stock distributed. The amount of the special dividend was adjusted based on additional information developed in the third quarter of 1996 to $1.012 billion; additional adjustments are possible, but are not expected to be significant. In connection with the distribution and capitalization of Imation Corp., the company recorded cash proceeds of $81 million, primarily related

to the sale of international assets to Imation. Imation Corp. also paid off $65 million of short-term debt related to its businesses as of June 30, 1996.

As a result of the plans to spin off Imation and to discontinue the audio and video tape business, the company's consolidated financial statements and notes report these businesses for all periods presented as discontinued operations. Net sales of the discontinued businesses for the first nine months of 1995 were $2.136 billion. Results of operations of the discontinued businesses for the first nine months of 1996 are not reflected in 3M's income statement because the expected income from these operations through the estimated date of spin-off or closure was reflected in the loss on disposal of discontinued operations recorded in the fourth quarter of 1995.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

Restructuring:
Related to the spin-off of Imation and the phase-out of the audio and video tape business, the company recorded a restructuring charge of $79 million in the fourth quarter of 1995. Major components of this charge included $50 million of employee severance costs and $17 million related to the write-down of certain assets to their net realizable value. The company expects to reduce approximately 1,000 positions by the end of 1996, mainly in corporate service functions supporting 3M businesses in the United States and Europe. As of September 30, 1996, more than half of these positions had been eliminated. An additional 500 people in continuing operations have committed to leave toward the end of this year. About $16 million in cash payments related to employee separations have been made through September 30, 1996. The remaining liability of $34 million for employee separations is included in other current liabilities.

Debt:
On October 15, 1996, the company completed a five year DM 250,000,000 5 percent Euronote Offering. After giving effect to currency and interest rate swaps effected on the same date for the same term as the Euronotes, the company will have an obligation of approximately $165 million U.S. dollars with interest based on an all-in borrowing cost of the 6 month LIBOR rate less 26 basis points.

Retirement and Other Postretirement Benefit Plans:
3M has elected to retain under its United States pension plan the benefit obligations (and related plan assets) applicable to service provided to 3M by U.S. Imation employees prior to the date of distribution of Imation Corp. common stock to 3M's stockholders. The funded status of 3M's United States pension plan reported at year-end 1995 was not affected by this final determination, as it included amounts applicable to U.S. Imation employees. In addition, 3M has agreed to provide other postretirement benefits to certain U.S. Imation employees based on defined eligibility criteria. As a result of the distribution, 3M's United States pension and postretirement benefit plans were revalued as of July 1, 1996, to reflect certain plan changes, the effects of the restructuring and discontinued operations and a change in the discount rate to 7.75 percent. The effects of these changes are not material.

Other:
Discussion of legal matters is cross-referenced to this Form 10-Q, Part II, Item 1, Legal Proceedings, and should be considered an integral part of the Consolidated Financial Statements and Notes.

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.

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, 1996, and the related condensed consolidated statements of income for the three-month and nine-month periods ended September 30, 1996 and 1995, and cash flows for the nine-month periods ended September 30, 1996 and 1995. 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 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 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, 1995, and the related consolidated statements of income and cash flows for the year then ended (not presented herein); and in our report dated February 12, 1996, 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, 1995, 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 25, 1996

MINNESOTA MINING AND MANUFACTURING COMPANY AND SUBSIDIARIES

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

RESULTS OF OPERATIONS

Discontinued Operations

On November 14, 1995, 3M announced the launch of its data storage and imaging systems businesses as an independent, publicly owned company, named Imation Corp. This launch took place on July 1, 1996. 3M also announced that it would discontinue its audio and video tape business.

As discussed in the Notes to Consolidated Financial Statements essentially all activity related to the distribution and capitalization of Imation Corp. had been reflected in the financial statements as of June 30, 1996. The data storage, imaging systems, and audio and video tape businesses are presented as discontinued operations within the financial statements and notes for all periods presented. The following discussion is on a continuing operations basis.

Third Quarter

Worldwide sales for the third quarter totaled $3.623 billion, an increase of 7.5 percent from $3.370 billion in the third quarter last year. Excluding changes in currency exchange rates, sales rose about 11 percent. Unit sales increased about 10 percent, while selling prices were up about 1 percent.

In the United States, sales were up about 8 percent to $1.747 billion. Volume rose about 7 percent, outpacing the growth of the markets 3M serves. Selling prices in the United States were up about 1 percent, mainly reflecting the carryover of price increases implemented during the past few quarters.

In the Life Sciences Sector, United States sales increased about 2 percent, all due to volume. Pacing this revenue growth were drug-delivery systems, commercial graphics, and dental products. This sector's growth was tempered by consolidation in the health care industry. Life Sciences' overall growth was also affected by the divestiture of the hearing aid and infusion therapy businesses.

In the Industrial and Consumer Sector, United States sales were up more than 11 percent. Volume was up nearly 10 percent, well above the growth of industrial and consumer markets. Selling prices rose about 1.5 percent. Good sales gains were achieved throughout this sector, with gains particularly strong in the automotive and chemical markets, and in the electro and communications markets. Effective

August 1, 1996, 3M together with Hoechst AG, of Frankfurt, Germany, contributed certain fluoropolymer assets to a new venture called Dyneon L.L.C. This company will produce and market chemical additives for rubber hoses and seals used in automobiles, among other things. 3M, as 54 percent majority owner, has consolidated Dyneon's financial results as part of this sector.

Internationally, volume increased about 12 percent and selling prices were up about 1 percent. The two business sectors contributed about equally to the international local currency sales gain for the quarter. Currency translation reduced international sales by about 6 percent.

In Japan, 3M's largest international company, unit sales rose about 15 percent. This gain was driven by an exceptionally strong flow of new products tailored for the Japanese market and a pickup in the Japanese economy. In Asia outside Japan, volume was up about 18 percent. In Latin America, unit sales increased about 30 percent. The company continued to see a good rebound in business in Mexico, as well as strong volume gains in most other Latin American countries. In Europe, volume increased more than 7 percent, an acceleration from the growth in the first half of this year. In Canada, volume increased about 11 percent.

Cost of goods sold, which includes manufacturing, research and development, and engineering, was 57.1 percent of sales, down half a percentage point from the third quarter last year. Cost of goods sold as a percent of sales benefited from volume, pricing, productivity and from raw materials. Changes in currency exchange rates reduced gross margins by about seven-tenths of a percentage point. This effect relates to the purchases made by the international companies from 3M in the United States.

Selling, general and administrative spending was 25.3 percent of sales, down one-tenth of a point from the same quarter last year.

Operating income was $638 million, up more than 11 percent from the third quarter last year. Currency reduced operating income by $40 million, or about 7 percent. In the United States, operating income was 18.5 percent of sales, up eight-tenths of a percentage point from the same quarter last year, and up more than 2.5 percentage points from the first half of this year. The company leveraged the gain in the U.S. sales very well, with domestic profits increasing more than 13 percent from the third quarter last year. Internationally, operating income was 16.7 percent of sales, up slightly from the same quarter last year. International profits rose more than 9 percent in dollars and about 23 percent in local currencies. Worldwide operating income was 17.6 percent of sales, up six-tenths of a point from the third quarter last year. Profit growth and margin improvement was led by the Industrial and Consumer Sector.

Third quarter interest expense of $22 million was down $4 million from the same quarter last year. Interest expense declined due to several factors, including lower interest rates. Net investment and other income was $17 million, up $12 million from the third quarter last year. This improvement reflected a positive swing on currency transactions, as well as increased investment income due to higher balances of cash and securities.

The worldwide effective income tax rate was 35 percent in the third quarter of 1996. This reduction reflects increased benefits from our international tax credits.

Income from continuing operations totaled $398 million, or $.95 per share, with per-share income up 17.3 percent from the third quarter of 1995. The company estimates that changes in the value of the U.S. dollar decreased earnings for the quarter by about 5 cents per share compared to the third quarter of 1995. This estimate includes the effect of translating profits from local currencies into United States 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 $10.613 billion, an increase of 4.5 percent from $10.155 billion in the first nine months of last year. Excluding changes in currency exchange rates, sales rose about 8 percent. Unit sales increased about 7 percent, while selling prices were up about 1 percent.

In the United States, sales were up about 6 percent to $4.965 billion. Volume rose about 4 percent, while selling prices were up about 2 percent, continuing a positive trend. In the Life Sciences Sector, sales increased 3 percent, largely due to volume. Prices were up slightly. In the Industrial and Consumer Sector, sales were up 7 percent. Volume was up about 5 percent, while selling prices rose over 2 percent.

Internationally, sales volume increased about 8 percent and selling prices were up about 1 percent. The two business sectors contributed about equally to the international local currency sales gain. Currency translation reduced international sales by about 6 percent.

Cost of goods sold, which includes manufacturing, research and development, and engineering, was 57.0 percent of sales, up two-tenths of a percentage point from the first nine months of last year. Cost of goods sold as a percent of sales benefited from volume, pricing, and productivity, but was penalized by the effect of currency exchange rates on gross margins. Research and development spending was 6.7 percent of sales, up two-tenths of a point from the first nine months of last year.

Selling, general and administrative spending was 25.5 percent of sales, down two-tenths of a point from the first nine months of last year.

Operating income was $1.862 billion, up nearly 5 percent from the first nine months of last year. In the United States, profits increased about 7 percent. Internationally, profits showed a solid increase in local currencies, but were only up 3 percent as reported in dollars. Currency reduced international operating income by nearly $95 million , or about 10 percent. Both business sectors contributed to the worldwide increase in profits.

Interest expense of $54 million was down $25 million from the first nine months of last year. Interest expense declined due to several factors, including lower interest rates, and a reduction in debt. Net investment and other income was $54 million, up $14 million from the first nine months of last year, with most of this benefit coming in the third quarter of 1996.

The worldwide effective income tax rate was 36.0 percent. The company continued to effectively utilize its international tax credits.

Income from continuing operations totaled $1.141 billion, or $2.73 per share, with per-share income up 10.1 percent from the first nine months of 1995. The company estimates that changes in the value of the U.S. dollar decreased earnings for the first nine months by about 11 cents per share compared to the same period of 1995. This estimate includes the effect of translating profits from local currencies into United States 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.

As discussed in this Form 10-Q, Part II, Item 1, Legal Proceedings, mammary implant litigation resulted in a pre-tax charge of $35 million ($22 million after tax) in the first quarter of 1994. There can be no certainty that the company may not ultimately incur charges, whether for governmental proceedings and claims, products liability claims, environmental proceedings or other actions, in excess of presently established accruals. While such future charges could have a material adverse impact on the company's net income in the quarterly period in which they are recorded, the company believes that such additional charges, if any, will not have a material adverse effect on the consolidated financial position or annual results of operations of the company.

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As a result of the restructuring, 3M will be better positioned for profitable growth. 3M expects solid sales and earnings growth in the fourth quarter of 1996, despite strengthening of the U.S. dollar. The company expects to benefit from new products, intensified customer-satisfaction efforts, and on-going productivity improvement.

While volume, productivity and selling prices are expected to help 1996 results, currency effects will moderate profit growth. Based on current exchange rates, currency effects in the last quarter could reduce earnings by an estimated 4 cents a share. Raw material costs are expected to be down slightly for 1996 as a whole.

For the year 1996, capital spending is expected to total more than one billion dollars, and is expected to be at approximately the same dollar level as total year 1995.

FINANCIAL CONDITION AND LIQUIDITY

The company's financial condition and liquidity remain strong.

Working capital increased $22 million to $2.693 billion from $2.671 billion as of December 31, 1995. The accounts receivable average days' sales outstanding was 61 days, down three days from year-end 1995. The company's key inventory index was down slightly from year-end, and is now at 3.8, which represents the number of months of inventory. The company's current ratio was 1.6, virtually unchanged from year-end.

Total debt decreased $29 million from year-end 1995 to $1.996 billion. Long-term debt decreased more than $500 million from year-end 1995 due to the reclassification to short-term debt of certain Eurobond and other debt due in 1997. Current maturities of long-term debt are anticipated to be funded through new debt issuances. On October 15, 1996, subsequent to the end of the third quarter, the company completed a five year DM 250,000,000 5 percent Euronote Offering. After giving effect to currency and interest rate swaps effected on the same date for the same term as the Euronotes, the company will have an obligation of approximately $165 million U.S. dollars with interest based on an all-in borrowing cost of the 6 month LIBOR rate less 26 basis points.

The company's borrowings continue to maintain AAA long-term ratings. As of September 30, 1996, total debt was 24 percent of total capital. Stockholders' equity at June 30, 1996, was reduced by about $1 billion due to the Imation spin-off, essentially representing the distribution of the net assets of Imation.

Return on average stockholders' equity for the first nine months was 24.5 percent, meeting the company's goal of 20 to 25 percent. Return on capital employed for the first nine months was 25.0 percent, up from 24.2 percent in the comparable 1995 period. The company's goal is 27 percent or better.

Net cash provided by operating activities from continuing operations totaled $1.241 billion in the first nine months of the year, down $110 million from the same period last year. This decrease was primarily due to an incremental $132 million net cash outflow related to mammary implant litigation over 1995. Net cash provided by operating activities from discontinued operations was $156 million in the first nine months compared with $150 million in the same period last year.

Timing differences between payment of implant liabilities and receipt of related insurance recoveries could affect the cash flows of future periods. The amount and timing of prospective payments and receipts cannot be determined with precision at this time. In January 1996, the company paid $130 million into a court administered fund as an initial reserve against costs of claims payable by the company under the "Revised Settlement Program," which is discussed in the legal proceedings section in Part II, Item 1, of this Form 10-Q. As a result of actions associated with discontinued operations and restructuring, the company will have unusually high severance payments in future periods. 3M believes that these timing differences and higher severance payments will not have a material adverse effect on the consolidated financial position or liquidity of the company.

Cash used in investing activities was $791 million in the first nine months of the year, down $150 million from the same period last year. Capital expenditures for the first nine months of 1996 for continuing operations were $759 million, a decrease of about 6 percent compared with the same period last year. Discontinued operations required $17 million in cash this year versus $152 million last year. This reduction of $135 million primarily relates to a decline in capital expenditures.

Financing activities in both short-term and long-term debt had net cash inflows of $110 million, compared to inflows of $131 million in the first nine months of last year. Treasury stock repurchases were $329 million, compared with repurchases in the same period last year of $196 million.

The company repurchased about 5.0 million shares of treasury stock in the first nine months of this year, compared with 3.5 million shares in the same period last year. On February 12, 1996, the Board of Directors authorized the repurchase of up to 6 million shares of 3M common stock through February 10, 1997. As of September 30, 1996, 1.8 million shares remained authorized for repurchase. Stock repurchases are made to support employee stock purchase plans and for other corporate purposes.

Dividends paid remained virtually unchanged at $599 million in the first nine months of this year as compared to $592 million in the same period last year. The dividend was increased from 47 cents a share to 49 cents a share, effective with the third-quarter dividend. Dividends paid in the third quarter increased to $205 million, compared with $197 million in the same period last year.

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, 1996, $402 million of the shelf registration was available for future financial needs. The company expects cash generated by operating activities will support its primary growth initiatives, with ample borrowing capacity and lines of credit available to supplement cash flows from operations.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

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

There can be no certainty that the company may not ultimately incur charges, whether for governmental proceedings and claims, products liability claims, environmental proceedings or other actions, in excess of presently established accruals. While such future charges could have a material adverse impact on the company's net income in the quarterly period in which they are recorded, the company believes that such additional charges, if any, will not have a material adverse effect on the consolidated financial position or annual results of operations of the company.

Breast Implant Litigation

As of September 30, 1996, the company had been named as a defendant, often with multiple co-defendants, in 6,643 claims and lawsuits in various courts, all seeking damages for personal injuries from allegedly defective breast implants. These claims and lawsuits purport to represent approximately 20,450 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 of manufacturing breast implants in 1977 by purchasing McGhan Medical Corporation. In 1984, the company sold the business to a corporation that was also named McGhan Medical Corporation.

The typical claim or lawsuit alleges that the individual's breast implants caused one or more of a wide variety of ailments, including, but not limited to, non-specific autoimmune disease, scleroderma, lupus, rheumatoid arthritis, fibromyalgia, mixed connective tissue disease, Sjogren's Syndrome, dermatomyositis, polymyositis, and chronic fatigue.

Plaintiffs in these cases typically seek monetary damages, often in unspecified amounts, and also seek certain types of equitable relief, including requiring the company to fund the costs associated with removal of the breast implants, to fund medical research into the ailments allegedly caused by silicone gel breast implants and to fund periodic medical checkups.

A number of breast implant claims and lawsuits seek to impose liability on the company under various theories for personal injuries allegedly caused by breast implants manufactured and sold by manufacturers other than the company, including, but not limited to, McGhan Medical Corporation and manufacturers that are no longer in business or that are insolvent, whose breast implants may or may not have been used in conjunction with implants manufactured and sold by the company. These claims raise many difficult and complex factual and legal issues that are subject to many uncertainties, including the facts and circumstances of each particular claim, the jurisdiction in which each suit is brought, differences in applicable law and insurance coverage.

A number of breast implant lawsuits seek to recover punitive damages. Any such punitive damages that may be awarded against the company may or may not be covered by some insurance policies depending on the language of the insurance policy, applicable law and agreements with insurers.

In addition to the individual suits against the company, a class action on behalf of all women with breast implants filed against all manufacturers of such implants has been conditionally certified and is pending in the United States District Court for the Northern District of Alabama (the "Court")(DANTE, ET AL., V. DOW CORNING, ET AL., U.S.D.C., N. Dist., Ala., 92-2589; part of IN RE: SILICONE GEL BREAST IMPLANT PRODUCT LIABILITY LITIGATION, U.S.D.C., N. Dist. Ala., MDL 926, U.S.D.C., N. Dist. Ala., CV 92-P-10000-S; now held in abeyance pending settlement proceedings in the settlement class action LINDSEY, ET AL., V. DOW CORNING CORPORATION, ET AL., U.S.D.C., N. Dist., Ala., CV 94-P-11558-S). Class actions, some of which have been certified, are pending in various state courts, including, among others, Louisiana, Florida and Illinois, and in the British Columbia courts in Canada.

The company has also been served with a purported class action brought on behalf of children allegedly exposed to silicone in utero and through breast milk. (FEUER, ET AL., V. MCGHAN, ET AL., U.S.D.C., E. Dist. NY, 93-0146.) The suit names all breast implant manufacturers as defendants and seeks to establish a medical monitoring fund.

On December 22, 1995, the Court approved a revised class action settlement program for resolution of claims seeking damages for personal injuries from allegedly defective breast implants (the "Revised Settlement Program"). The Revised Settlement Program is a revision of a previous settlement pursuant to a Breast Implant Litigation Settlement Agreement (the "Settlement Agreement") reached on April 8, 1994, and approved by the Court on September 1, 1994.

The Court has ordered that, beginning after November 30, 1995, members of the plaintiff class will be able to choose whether they will participate in the Revised Settlement Program or will opt out, which would then allow them to proceed with separate products liability actions.

The Revised Settlement Program includes only domestic class members, and only class members with implants manufactured by certain manufacturer defendants, including the company and McGhan Medical Corporation. The company's obligations under the Revised Settlement Program are limited to eligible claimants with implants manufactured by the company or its predecessors ("3M implants") or manufactured only by McGhan Medical Corporation after its divestiture from the company on August 3, 1984 ("Post 8/84 McGhan implants"). With respect to claimants with only Post 8/84 McGhan implants (or only Post 8/84 McGhan implants plus certain other manufacturers' implants), the benefits are more limited than for claimants with 3M implants. Such benefits are payable by the company, Union Carbide Corporation and McGhan Medical Corporation.

In general, the amounts payable to individual current claimants (as defined in the Court's order) under the Revised Settlement Program, and the company's obligations to make those payments, will not be affected by the number of class members electing to opt out of the Revised Settlement Program or the number of class members making claims under the Revised Settlement Program. The Revised Settlement Program provides for two compensation options, in addition to certain miscellaneous benefits, for current claimants with 3M implants.

Under the first option, denominated as Fixed Amount Benefits, current claimants with 3M implants who satisfy disease criteria established in the prior Settlement Agreement will receive amounts ranging from $5,000 to $100,000, depending on disease severity or disability level, whether the claimant can establish that her implants have ruptured, and whether the claimant also has had implants manufactured by Dow Corning. Under the second option, denominated as Long-Term Benefits, current claimants with 3M implants who satisfy more restrictive disease and severity criteria specified under the Revised Settlement Program can receive benefits ranging from $37,500 to $250,000.

In addition, current claimants with 3M implants are eligible for (a) a one-time payment of $3,000 upon removal of 3M implants during the course of the class settlement, and (b) an advance payment of $5,000 against the above referenced benefits upon proof of having 3M implants and upon waiving or not timely exercising the right to opt out from the Revised Settlement Program. Current claimants with only Post 8/84 McGhan implants (or only Post 8/84 McGhan implants plus certain other manufacturers' implants) are eligible only for benefits ranging from $10,000 to $50,000.

Eligible participants with 3M implants, who did not file current claims but are able to satisfy the more restrictive disease and severity criteria during an ongoing period of 15 years, will be eligible for the Long-Term Benefits, subject to certain funding limitations. Such participants also will be eligible for an advance payment of $1,000 upon proof of having 3M implants and upon waiving or not timely exercising the right to opt out from the Revised Settlement Program. Benefit levels for eligible participants, who are not current claimants, with only Post 8/84 McGhan implants (or only Post 8/84 McGhan implants plus certain other manufacturers' implants) again will range from $10,000 to $50,000.

The company's obligations to fund Long-Term Benefits for eligible claimants with 3M implants are cancelable if certain provisions of the Revised Settlement Program are disapproved on appeal. Pending appeal the company will pay Long-Term Benefits to eligible claimants providing it receives appropriate releases. The company's obligations to fund any benefits for claimants with only Post 8/84 McGhan implants are currently suspended pending appeals and will be canceled if any of certain provisions are disapproved on appeal. In either event, the other benefits provided under the Revised Settlement Program would still be payable to any claimant with 3M implants who elected to participate in the program.

As of the date of this filing it is still uncertain how many plaintiffs will choose to participate in the Revised Settlement Program, what disease criteria they will satisfy, and what options they will choose. As a result, the total amount and timing of the company's prospective payments under the Revised Settlement Program cannot be determined with precision at this time. In January 1996, the company paid $130 million into a court administered fund as an initial reserve against costs of claims payable by the company under the Revised Settlement Program.

In the first quarter of 1994, the company took a pre-tax charge of $35 million ($22 million after tax) in recognition of its then best estimate of its probable liabilities and associated expenses, net of the probable amount of insurance recoverable from its carriers. In the second quarter of 1996, the company increased its estimate of the minimum probable liabilities and associated expenses to approximately $991 million. This amount represents the company's best estimate of the cost and expense of the Revised Settlement Program and the cost and expense of resolving opt out claims. After subtracting payments through September 30, 1996 of $459 million (which includes the January 1996 payment of $130 million under the Revised Settlement Program) for defense costs and settlements with litigants and claimants, the company, as of September 30, 1996, had accrued liabilities of $532 million.

The company has substantial primary and excess products liability occurrence insurance coverage and claims-made products liability insurance coverage, which it believes provide coverage for substantially all of its current exposure for breast implant claims and defense costs. Most insurers have alleged reservations of rights to deny all or part of the coverage for differing reasons, including each insurer's obligations in relation to the other insurers (i.e. allocation) and which claims trigger both the various occurrence and claims-made insurance policies. Some insurers have resolved and paid or committed to their policy obligations. The company believes that the failure of many insurers to voluntarily perform as promised subjects them to the company's claims for excess liability and damages for breach of the insurers' obligation of good faith.

On September 22, 1994, three excess coverage occurrence 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 allocation among insurers. On December 9, 1994, the company initiated an action against its occurrence insurers in the Texas State Court in and for Harrison County, seeking a determination of responsibility among the company's various occurrence insurers having applicable coverages. Texas is the state with the most implant claims. This action has since been removed to the U.S. District Court, Eastern District of Texas, and stayed pending resolution of the litigation in the Minnesota courts.

The insurers that are parties to these actions generally acknowledge that they issued products liability insurance to the company and that breast implant claims are products liability claims. The trial in Minnesota to resolve the company's insurance coverage and the financial responsibility of occurrence insurers for breast implant claims and defense costs began on June 4, 1996 and is currently in recess.

The occurrence insurers that are parties to the litigation in Minnesota filed more than thirty motions for summary judgment or partial summary judgment in mid-October 1995. The insurers, through these motions, attempt to shift all or a portion of the responsibility for those claims that the company believes fall within the period of occurrence-based coverage (before 1986) into the period of claims-made coverage (from and after 1986). The trial court denied the insurers' motions, ruling that the key issues of "trigger" and allocation raised in these motions would be resolved at trial. In the first phase of the trial, the court granted 3M partial declaratory judgment on the question of when insurance coverage is "triggered". The court also granted the insurers' motion for partial declaratory judgment on the question of allocation method to be applied in the case. Trial will continuewith further developments expected on the allocation issue, including the specific application of the court selected method of allocation to particular policies. If the occurrence insurers ultimately prevail in this insurance litigation, the company could be effectively deprived of significant insurance coverage, the amount of which is not presently determinable, for breast implant claims. (See discussion of the accrued receivables for insurance recoveries below).

The company believes it will ultimately prevail in this insurance litigation. The company's belief is based on an analysis of its insurance policies, court decisions on similar issues, reimbursement by insurers for these types of claims and consultation with outside counsel expert in insurance coverage matters.

The company had accrued receivables for insurance recoveries of $864 million as of September 30, 1996. There are various factors that could affect the timing and amount of proceeds to be received under the company's various insurance policies, including (i) the timing of payments made in settlement of claims, (ii) the outcome of occurrence insurance litigation in the courts of Minnesota (as discussed above) and Texas, (iii) potential arbitration with claims-made insurers, and (iv) delays in payment by insurers. There can be no absolute assurance that the company will collect all amounts accrued as being probable of recovery from its insurers.

The company's current estimate of the probable liabilities, associated expenses and probable insurance recoveries related to the breast implant claims is based on the facts and circumstances existing at this time. New developments may occur that could affect the company's estimates of probable liabilities (including associated expenses) and the probable amount of insurance recoveries. These developments include, but are not limited to, (i) the number of plaintiffs who elect to opt out and pursue individual claims against the company, (ii) the success of and costs to the company in defending such individual claims, including claims involving breast implants not manufactured or sold by the company,

(iii) the outcome of the occurrence insurance litigation in the courts of Minnesota and Texas, (iv) the outcome of potential arbitration with claims-made insurers, and (v) the availability of coverage with respect to certain of the types of claims or remedies to which the company may be subject.

The company cannot determine the impact of these potential developments on the current estimate of probable liabilities (including associated expenses) and the probable amount of insurance recoveries. Accordingly, the company is not able to estimate its potential future liabilities beyond the current estimate of probable liabilities. As new developments occur, the estimates may be revised, or additional charges may be necessary to reflect the impact of these developments on the costs to the company of resolving breast implant litigation and claims. While such revisions or additional future charges could have a material adverse impact on the company's net income in the quarterly period in which they are recorded, the company believes that such revisions or additional charges, if any, will not have a material adverse effect on the consolidated financial position or annual results of operations of the company.

The company conducts ongoing reviews, assisted by outside counsel, to determine the adequacy and extent of insurance coverage provided by its occurrence and claims-made insurers. The company believes, based on these ongoing reviews and the bases described in the fourth preceding paragraph, that the collectible coverage provided by its applicable insurance policies is sufficient to cover substantially all of its current exposure for breast implant claims and defense costs. Based on the availability of this insurance coverage, the company believes that its uninsured financial exposure has not materially changed since the first quarter of 1994, and therefore, no recognition of additional charges has been made.

Environmental Matters

The company is also 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.

Item 5. Other Information

The company filed a final Form 10 registration statement, dated June 21, 1996, with the Securities and Exchange Commission (SEC), relating to the new company, named Imation Corp., that was spun-off effective July 1, 1996. This statement was furnished in connection with the distribution of Imation common shares by 3M to holders of record of 3M common stock at the close of business on June 28, 1996. Refer to the Form 8-K filing referred to in this Form 10-Q under Item 6.(b) for additional information.

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 24.

(12) A statement regarding the calculation of ratio of earnings to fixed charges. Page 25.

(15) A letter from the company's independent accountants regarding unaudited interim financial statements. Page 26.

(27) Financial data schedule (EDGAR filing only).

(b) The company filed a report on Form 8-K dated July 24, 1996, in connection with the distribution of the stock of Imation Corp.

Item 5, Other Events, reporting the distribution by

3M of the common stock of Imation Corp. to the Registrant's shareholders pursuant to a Transfer and Distribution Agreement, dated as of June 18, 1996. The Distribution was effected as a special dividend of one share of Imation common stock for every ten shares of common stock of the Registrant held of record as of the close of business on June 28, 1996. Certificates for Imation common stock were mailed to holders of the Registrant's common stock on or about July 15, 1996.

Item 7, Pro Forma Financial Information and Exhibits. A pro forma consolidated balance sheet as of March 31, 1996, and proforma consolidated income statements for the three month period ended March 31, 1996 and for the year ended December 31, 1995 will not be filed since the transaction described in Item 5 is fully reflected in the Registrant's consolidated balance sheet as of June 30, 1996, and previously issued statements of income already reflect the disposition. Exhibits include the Transfer and Distribution Agreement, dated as of June 18, 1996; Imation Corp. Information Statement, dated June 21, 1996; and Press Release, dated June 19, 1996.

None of the other items contained in Part II of this Form 10-Q are applicable to the company for the quarter ended September 30, 1996.

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: October 25, 1996

/s/ Giulio Agostini

Giulio Agostini, Senior Vice President and
Chief Financial Officer

(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
(Unaudited)

	Three months ended September 30 1996	Three months ended September 30 1995	Nine months ended September 30 1996	Nine months ended September 30 1995
(Millions)				
Income from continuing operations	$398	$339	$1,141	$1,040
Discontinued operations	--	5	--	33
Net income	$398	$344	$1,141	$1,073
Primary earnings per share:				
Continuing operations	$.95	$.81	$2.73	$2.48
Discontinued operations	--	.01	--	.08
Net Income	$.95	$.82	$2.73	$2.56
Weighted average number of common shares outstanding	418,329,485	419,922,978	418,513,444	419,947,878
Fully diluted earnings per share: (1)				
Continuing operations	$.93	$.80	$2.68	$2.45
Discontinued operations	--	.01	--	.08
Net Income	$.93	$.81	$2.68	$2.53
Weighted average number of common shares outstanding	418,329,485	419,922,978	418,513,444	419,947,878
Common equivalent shares	7,714,743	3,908,123	7,714,743	3,960,898
Average number of common and common equivalent shares outstanding	426,044,228	423,831,101	426,228,187	423,908,776

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)
(Unaudited)

	Nine Months Ended September 30, 1996	Year 1995	Year 1994	Year 1993	Year 1992	Year 1991
EARNINGS						
Income from continuing operations before income taxes and minority interest	$1,862	$2,168	$2,011	$1,851	$1,779	$1,620
Add:						
Interest on debt	54	102	70	39	61	78
Interest component of the ESOP benefit expense	26	37	39	41	42	44
Portion of rent under operating leases representative of the interest component	34	51	46	44	44	44
Less:						
Equity in undistributed income of 20-50% owned companies	--	1	2	--	(1)	(6)
TOTAL EARNINGS AVAILABLE FOR FIXED CHARGES	$1,976	$2,357	$2,164	$1,975	$1,927	$1,792
FIXED CHARGES						
Interest on debt	54	102	70	39	61	78
Interest component of the ESOP benefit expense	26	37	39	41	42	44
Portion of rent under operating leases representative of the interest component	34	51	46	44	44	44
TOTAL FIXED CHARGES	$ 114	$ 190	$ 155	$ 124	$ 147	$ 166
RATIO OF EARNINGS TO FIXED CHARGES	17.33	12.41	13.96	15.93	13.11	10.80

EXHIBIT 15

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

We are aware that our report dated October 25, 1996 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, 1996 and 1995, and included in the Company's Form 10-Q for the quarter ended September 30, 1996, is incorporated by reference in the Company's registration statements on Form S-8 (Registration Nos. 2-78422, 33-14791, 33-48690, 33-49842, 33-58763 and 33-58767), 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
October 25, 1996

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