PRESS RELEASES

Feb 24, 1997

Ecolab Reports 21% Earnings Per Share Gain, Record Results For Fourth Quarter

FOURTH QUARTER 1996 HIGHLIGHTS:

- **Record earnings per share +21% to $0.47**
- **Record earnings +21% to $30 million**
- **Record sales +12% to $391 million**
- **Double-digit domestic sales and income growth**

FULL YEAR 1996 HIGHLIGHTS:

- **Record earnings per share +17% to $1.75**
- **Record earnings +14% to $113 million**
- **Record sales +11% to $1.5 billion**
- **Record cash flow from continuing operations +56% to $254 million**
- **Record return on beginning equity 24.8%**
- **Increased annual dividend rate +14% to $0.64 per share**

	1996			
($ Millions, except per share)	Fourth Quarter	% Increase	Full Year	% Increase
Net Sales	$ 391	12%	$1,490	11%
Operating Income	50	19	185	14
Pretax Income	47	21		
Taxes	20	33	71	19
Earnings from the joint venture	3	183	13	69
Net Income	$ 30	21%	$ 113	14%
Net Income Per Share	$ 0.47	21%	$ 1.75	17%
Average Shares Outstanding (000)	64,720	--	64,496	(2)%

ST. PAUL, Minn., February 24, 1997: Strong domestic sales and income growth along with improved equity income from the joint venture led results as Ecolab reported a 21% earnings per share gain for its fourth quarter. This culminated an excellent year in which double-digit domestic and international sales and earnings growth combined with a rebound in joint venture earnings to fuel a 17% earnings per share increase for the full year ended December 31, 1996.

Ecolab's fourth quarter sales grew 12% to $391 million. Earnings rose at an even greater rate of 21% to a record $30 million, or $0.47 per share, in the final quarter of 1996. Fourth quarter earnings reflected double-digit sales and operating income growth from the company's domestic business and very strong improvement in equity earnings from the Henkel-Ecolab joint venture. These gains served to more than offset modest International income growth and a higher effective tax rate.

Sales for the full year 1996 rose 11% to nearly $1.5 billion, with earnings up 14% to $113 million. Strong sales growth and new products, combined with tight cost controls, enabled Ecolab to post double-digit operating income gains in both its domestic and international operations, despite higher raw material costs and a tight pricing environment. In addition, aggressive cost reductions and a modest sales increase enabled equity income from the Henkel-Ecolab joint venture to post a good gain over last year's weak results. Earnings per share reflected the income gain and the benefits from share repurchase activity to rise 17% to $1.75.

Allan L. Schuman, Ecolab's President and Chief Executive Officer, stated "We are extremely pleased with our performance in 1996. All of our operations -- domestic, international and the joint venture -- turned in strong performances. In addition, we significantly increased our industry-leading sales-and-service force, advanced our innovative product technology and received industry recognition for our service quality and leadership. We also made major strategic progress, completing important acquisitions which added to our domestic Professional Products and Food & Beverage businesses. Further, we met or exceeded each of our financial objectives, with earnings per share growth of 17%, return on beginning equity of 25% and the continued investment-grade rating of our balance sheet. We increased our cash dividend 14% to an annualized rate of $0.64 per share and we saw our stock price rise by 25% during the year. By any definition, it was an outstanding year.

"Ecolab's global operations will utilize the same key elements in 1997 that led to our success in 1996. These factors, which include an adherence to our focused Circle the Customer - Circle the Globe strategies; a continued emphasis on unmatched premium service for our customers; aggressive selling in the world marketplace; and ongoing investments in both people and technology -- combined with our strong culture -- should lead to yet another successful year of growth and enable Ecolab to once again post record results in 1997."

Fourth quarter sales for Ecolab's domestic operations rose 13% over last year to $301 million, led by the Pest Elimination division which recorded double-digit growth.

Institutional and Kay also showed good gains, and sales growth for the Food & Beverage and Professional Products divisions was bolstered by acquisitions. Domestic operating income rose 20% to $45 million reflecting the higher sales, new products and close attention to costs.

Ecolab's international sales rose 8% to $90 million in the fourth quarter. When measured in local currencies, the gain was 11% and showed good strength in all major regions. International operating income increased 6% to $6 million. Strong income gains were achieved in Latin America and Canada resulting from the higher sales, improved product mix and cost controls. Asia Pacific's operating income was negatively affected by currency translation and one-time costs, resulting in a flat comparison to last year's fourth quarter.

Joint venture operations are included in the financial statements using the equity method of accounting. Sales continued to reflect challenging conditions in Europe's foodservice and hospitality markets, particularly in Germany. When measured in deutsche marks, sales for the fourth quarter grew 3%. When translated into U.S. dollars, joint venture sales comparisons were hurt by the strengthening U.S. dollar and decreased 3% to $228 million in the fourth quarter of 1996, compared with $235 million last year. Ecolab's equity in the earnings of the Henkel-Ecolab joint venture was $3 million for the fourth quarter compared with weak results of $1 million last year. Aggressive cost reductions and a modest sales gain benefited earnings.

Despite record capital spending and several acquisitions made during the year, net interest expense for the fourth quarter declined slightly from $3 million last year. The decrease reflects good operating cash flow and debt repayments in the fourth quarter which more than offset cash used for acquisitions made during the year.

In May 1995, Ecolab announced a six million share repurchase program. As part of that program, Ecolab purchased 3.5 million shares in June 1995 under a "Dutch auction" self-tender offer. At December 31, 1996 there were approximately 2.4 million shares remaining under the existing repurchase authorization. In addition, consistent with its long-standing practice, Ecolab has acquired shares under its systematic repurchase program to fund employee benefit plans. During the fourth quarter of 1996, 27,300 shares were purchased under the systematic program. For the full year, purchases totaled 630,200 shares under both programs. The company intends to continue making purchases from time to time in open market and privately negotiated transactions.

Ecolab is the leading global developer and marketer of premium cleaning, sanitizing and maintenance products and services for the hospitality, institutional and industrial markets. Ecolab shares are traded on the New York Stock Exchange and the Pacific Stock Exchange under the symbol ECL.

Ecolab news releases and other investor information are available on the Internet at http://www.ecolab.com; and by telephone at 1-800-FACT-ECL.

ECOLAB INC
CONSOLIDATED STATEMENT OF INCOME
FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 1996

(thousands, except per share)	Fourth Quarter		Year	
	1996	1995	1996	1995
	(unaudited)			
Net Sales				
United States	$300,658	$265,651	$1,148,778	$1,030,126
International	90,370	83,737	341,231	310,755
Total	391,028	349,388	1,490,009	1,340,881
Cost of Sales	176,276	158,630	674,953	603,167
Selling, General and Administrative Expenses	164,881	148,767	629,739	575,028
Operating Income				
United States	44,924	37,452	164,886	147,330
International	5,980	5,653	23,871	19,580
Corporate	(1,033)	(1,114)	(3,440)	(4,224)
Total	49,871	41,991	185,317	162,686
Interest Expense, Net	2,756	3,052	14,372	11,505
Income Before Income Taxes and Equity in Earnings of Joint Venture	47,115	38,939	170,945	151,181
Provision for Income Taxes	19,991	15,022	70,771	59,694
Equity in Earnings of Henkel-Ecolab Joint Venture	3,290	1,162	13,011	7,702
Net Income	$ 30,414	$ 25,079	$ 113,185	$ 99,189
Net Income Per Common Share	$ 0.47	$ 0.39	$ 1.75	$ 1.50
Average Common Shares Outstanding	64,720	64,664	64,496	66,097

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