

PRESS RELEASES

Feb 14, 2001

Ecolab Reports 15% EPS Gain, Record Results for Full Year 2000; Fourth quarter also sets record as earnings per share rise 13%

ST. PAUL, Minn.--(BUSINESS WIRE)--Feb. 14, 2001--Ecolab Inc. (NYSE:ECL): FOURTH QUARTER 2000 HIGHLIGHTS:

- Record diluted earnings per share +13% to \$0.36, excluding the net \$0.06 per share gain from unusual items
- Record net sales +10% to \$567 million
- 24th consecutive quarter of double-digit EPS growth

FULL YEAR 2000 HIGHLIGHTS:

- Record diluted earnings per share +15% to \$1.50, excluding unusual fourth quarter items
- Record net sales +9% to \$2.3 billion
- Record cash flow from operations +7% to \$315 million
- Eighth consecutive year of double-digit EPS growth

December 31, 2000

(Millions, except per share)	Fourth Quarter	% Increase	Full Year	% Increase
Net Sales	\$ 567	10%	\$2,264	9%
Operating Income	\$ 94	38%	\$ 343	18%
Pretax Income	\$ 87	39%	\$ 319	19%
Taxes	(36)	38	(130)	18
Earnings from Henkel-Ecolab	6	5	19	7
Change in accounting - Revenue Recognition	(2)	-	(2)	-
Net Income	\$ 55	29%	\$ 206	17%
Diluted Net Income Per Share	\$ 0.42	31%	\$ 1.56	19%
Income Per Share Excluding Unusual Items	\$ 0.36	13%	\$ 1.50	15%
Diluted Average Shares Outstanding	130.3	(3)%	131.9	(2)%

Strong growth from its domestic and international operations led Ecolab results for the fourth quarter ended December 31, 2000, completing the eighth consecutive year of double-digit earnings per share growth for the company.

Ecolab's fourth quarter sales grew 10% to a \$567 million. Earnings rose 29% to \$55 million, or \$0.42 per diluted share. Fourth quarter earnings included several unusual items that had the net effect of increasing earnings by \$8.2 million net of tax, or \$0.06 per share. Excluding these unusual items, earnings grew 10% to \$47 million and diluted earnings per share increased 13% to \$0.36 per share.

Sales for the full year 2000 rose 9% to nearly \$2.3 billion, with earnings up 17% to \$206 million. Earnings per share rose 19% to \$1.56 per diluted share. Excluding the fourth quarter's unusual items, earnings per share increased 15% to \$1.50.

Allan L. Schuman, Ecolab's Chairman and Chief Executive Officer, stated, "Earnings per share for 2000 were actually slightly better than our original forecast. Continued good results from our domestic Institutional, Kay and Pest Elimination businesses, along with strong profit gains from International, drove our results. Henkel-Ecolab also enjoyed good gains in local currencies, though the stronger dollar diluted their reported contribution.

"Most of our key businesses performed well in 2000 and we made important progress in many areas of our operations. We continued to lead the industry in growth, new accounts, new products and new services. Further, we made major progress in the development of our global businesses, including expansion of the GCS commercial kitchen equipment parts and repair business, strategic investments in new opportunities such as FreshLoc wireless remote monitoring and the Facilitec grease management business, and, most significantly, our agreement to purchase the remaining 50% of the Henkel-Ecolab joint venture. We are proud of our performance in 2000, as our associates worked hard to achieve the excellent results reported today.

As we outlined in our recent press release discussing the 2001 earnings outlook, we are well-positioned for continued growth and expansion of our business. We believe we have the tools and people in place to achieve our goals in 2001, and expect another year of record performance. Many investors have concerns regarding the economy this year, and while there are signs of a slowdown in certain customer markets and unfavorable exchange rates, we are confident that the stable nature of our markets and their ongoing and fundamental needs for premium sanitation products and services will enable us to outperform our industry and produce attractive results for our shareholders once again in 2001. Because of this, we continue to project diluted earnings per share for 2001 in a \$1.67-\$1.71 range."

The company's fourth quarter results included several unusual items. The company previously announced the fourth quarter \$26 million pretax gain on the sale of the non-core Jackson business, which was partially offset by a \$7 million pretax restructuring charge related to office closures, terminations and other management actions focused on improving Ecolab's long-term efficiency and competitiveness. These two items are included in corporate operating income in both the fourth quarter and full year 2000 results. Ecolab also recorded a \$2.4 million aftertax charge to recognize the cumulative effect of the change in accounting relating to the implementation of Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements."

Fourth quarter sales for Ecolab's United States Cleaning & Sanitizing operations rose 9% over the fourth quarter of 1999 to \$376 million, led by the Institutional and Kay operations. Excluding acquisitions, United States Cleaning & Sanitizing sales rose 7%. Ecolab's United States Cleaning & Sanitizing operating income increased 13% to \$59 million reflecting sales gains and cost controls.

United States Other Services sales increased 18% to \$64 million in the fourth quarter. Excluding acquisitions and divestitures, sales rose 9%. Operating income declined 26% to \$5 million. United States Other Services operating income excluding the results of the divested Jackson business fell 15% due to costs related to GCS.

Fourth quarter sales of Ecolab's International Cleaning & Sanitizing operations rose 13% to \$135 million when measured at fixed currency exchange rates. Excluding acquisitions, sale rose 4%. In Asia Pacific, aggressive new account development and new product sales served to more than offset poor general economic conditions. Northern Latin American sales drove results in that region. International operating income measured in fixed currencies rose 21% to \$14 million. The income improvement came from all regions as higher sales volumes and cost controls benefited margins.

Earnings of the Henkel-Ecolab joint venture are included in the financial statements using the equity method of accounting. Henkel-Ecolab sales showed good results across the board in the fourth quarter. When measured in fixed currencies, Henkel-Ecolab sales increased 6%. When translated into U.S. dollars, Henkel-Ecolab sales decreased 12% to \$214 million compared with \$245 million in the fourth quarter of last year. Ecolab's equity in the earnings of Henkel-Ecolab rose 5% to \$6.1 million compared with \$5.8 million in the fourth quarter of last year.

Ecolab reacquired 1,050,000 shares of its common stock during the fourth quarter and 4,781,500 shares of its common stock during 2000. In December 2000, the company announced authorization to repurchase up to 5 million additional shares of Ecolab stock.

Business Outlook

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially. These statements do not include the potential impact of business acquisitions or other material corporate transactions, which may be completed after the date of this release. This Business Outlook section should be read in conjunction with the information on "Forward Looking Statements" at the end of this release.

Ecolab expects sales for both domestic and international operations to increase in the first quarter 2001 over the first quarter 2000. Gross margins are expected to be slightly below last year's 55.1%, and selling, general and administrative expenses are expected to be within the range of last year's 41.3% of sales. Net interest expense is likely to be approximately \$7.5 million, reflecting the use of debt in association with share repurchase activity. The effective tax rate should be lower than last year's first quarter due to improved international profitability, and should be approximately 40.5%. Overall, currency exchange is expected to cost approximately one cent per share in the first quarter. The company expects diluted earnings per share for the first quarter to be approximately \$0.34-\$0.35 compared with \$0.32 per share earned in last year's first quarter, which included a net \$0.01 per share one-time gain. As previously stated, the company expects earnings per share for the full year 2001 to be in a \$1.67-\$1.71 range.

Ecolab shares are traded on the New York Stock Exchange and the Pacific 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. This news release contains various "Forward-Looking Statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These include statements concerning our 2001 first quarter and full year financial and business prospects. These statements, which represent Ecolab's expectations or beliefs concerning various future events, are based on current expectations that involve a number of risks and uncertainties that could cause actual results to differ materially from those of such Forward-Looking Statements. These risks and uncertainties include: restraints on pricing flexibility due to competitive factors and customer consolidations; cost increases due to higher oil prices or unavailability of adequate and reasonably priced raw materials; the occurrence of capacity constraints, or the loss of a key supplier, which in either case limit the production of certain products; the effect of future acquisitions or divestitures or other corporate transactions, as well as our ability to achieve plans for past acquisitions, including difficulties in rationalizing acquired businesses and in realizing related cost savings and other benefits; market or regulatory factors which could affect the Company's ability to reacquire shares; the costs and effects of complying with: (i) the significant environmental laws and regulations which apply to the Company's operations and facilities, (ii) government regulations relating to the manufacture, storage, distribution and labeling of the Company's products and (iii) changes in tax, fiscal, governmental and other regulatory policies; economic factors such as the worldwide economy, interest rates, currency movements, euro conversion and the development of markets; the occurrence of (i) litigation or claims, (ii) the loss or insolvency of a major customer or distributor, (iii) natural or manmade disasters and (iv) severe weather conditions affecting the food service and the hospitality industry; loss of, or changes in, executive management; the Company's ability to continue product introductions and technological innovations; and other uncertainties or risks reported from time to time in the Company's reports to the Securities and Exchange Commission. Ecolab undertakes no duty to update the Forward-Looking Statements.

ECOLAB INC.				
CONSOLIDATED STATEMENT OF INCOME				
FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2000				
	Fourth Quarter		Year	
	2000	1999	2000	1999
(thousands, except per share)				
	(unaudited)			
Net Sales	\$566,676	\$515,781	\$2,264,313	\$2,080,012
Cost of Sales (Including \$1,948 of Restructuring in 2000)	263,089	234,843	1,025,906	937,612
Selling, General and				

Administrative Expenses	230,233	212,847	916,004	852,449
Gain on Sale of Jackson Business	(25,925)	--	(25,925)	--
Restructuring Expenses - Other	5,189	--	5,189	--
Operating Income	94,090	68,091	343,139	289,951
Interest Expense, Net	7,475	5,894	24,605	22,713
Income Before Income Taxes and Equity in Earnings of Henkel-Ecolab	86,615	62,197	318,534	267,238
Provision for Income Taxes	35,568	25,687	129,495	109,769
Equity in Earnings of Henkel-Ecolab	6,149	5,833	19,516	18,317
Income Before Cumulative Effect of Change in Accounting	57,196	42,343	208,555	175,786
Cumulative Effect of Change in Accounting for Revenue Recognition	2,428	--	2,428	--
Net Income	\$54,768	\$42,343	\$206,127	\$175,786
Diluted Net Income Per Common Share	\$0.42	\$0.32	\$1.56	\$1.31
Diluted Weighted-Average Common Share Outstanding	130,331	133,981	131,946	134,419

ECOLAB INC.

OPERATING SEGMENT INFORMATION

FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2000

	Fourth Quarter		Year	
(thousands)	2000	1999	2000	1999
	(unaudited)			
Net Sales				
United States				
Cleaning & Sanitizing	\$375,682	\$343,435	\$1,532,033	\$1,424,037
Other Services	64,399	54,454	248,317	211,562
Total	440,081	397,889	1,780,350	1,635,599
International Cleaning & Sanitizing	135,298	119,327	500,322	452,892
Effect of Foreign Currency Translation	(8,703)	(1,435)	(16,359)	(8,479)
Consolidated	\$566,676	\$515,781	\$2,264,313	\$2,080,012
Operating Income				
United States				
Cleaning & Sanitizing	\$58,531	\$51,620	\$249,182	\$230,520
Other Services	4,617	6,207	25,515	25,114
Total	63,148	57,827	274,697	255,634
International Cleaning & Sanitizing	14,139	11,661	51,978	40,422
Corporate	17,866	(1,126)	18,491	(4,570)
Effect of Foreign Currency Translation	(1,063)	(271)	(2,027)	(1,535)
Consolidated	\$94,090	\$68,091	\$343,139	\$289,951

ECOLAB INC.

CONSOLIDATED BALANCE SHEET

December 31, 2000

(thousands)	December 31 2000	December 31 1999
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Assets		
Current assets		
Cash and cash equivalents	\$43,965	\$47,748
Accounts receivable, net	326,937	299,751
Inventories	168,220	176,369
Deferred income taxes	50,709	41,701
Other current assets	10,737	11,752
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Total current assets	600,568	577,321
Property, plant and equipment, net	501,640	448,116
Investment in Henkel-Ecolab	199,642	219,003
Other assets	412,161	341,506
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Total assets	\$1,714,011	\$1,585,946
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Liabilities and Shareholders' Equity		
Current liabilities		
Short-term debt	\$136,592	\$112,060
Accounts payable	146,428	122,701
Compensation and benefits	88,330	90,618
Income taxes	--	5,743
Other current liabilities	160,684	139,552
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Total current liabilities	532,034	470,674
Long-term debt	234,377	169,014
Postretirement health care and pension benefits	117,790	97,527
Other liabilities	72,803	86,715
Shareholders' equity	757,007	762,016
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Total liabilities and shareholders' equity	\$1,714,011	\$1,585,946
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