PRESS RELEASES

Oct 18, 2001

Ecolab Reports Third Quarter EPS Off 4%

ST. PAUL, Minn.--(BUSINESS WIRE)--Oct. 18, 2001--Ecolab, Inc.(NYSE:ECL):

THIRD QUARTER 2001 HIGHLIGHTS:

- Diluted earnings per share -4% to $0.44
- Sales +3% to $616 million
- Unprecedented declines in hospitality and travel markets affect third quarter results and full year outlook
- Multiple initiatives underway to offset market slowdown and enhance Ecolab's leadership position for the future

	2001			
(Millions, except per share)	Third Quarter	% Increase	Nine Months	% Increase
Net Sales	$ 616	3 %	$ 1,793	6 %
Operating Income	$ 94	(4)%	$ 252	1 %
Pretax Income	$ 87	(4)%	$ 231	- %
Taxes	35	(3)	94	-
Earnings from Henkel-Ecolab	5	1	12	(8)
Net Income	$ 57	(5)%	$ 150	(1)%
Diluted Net Income Per Share	$ 0.44	(4)%	$ 1.15	1 %
Diluted Average Shares Outstanding	129.8	(1)%	130.1	(2)%

September's sharp and broad-based decline in the travel and hospitality industries accentuated an already weak economy to slow results at the end of Ecolab Inc.'s third quarter ended September 30, 2001. Diluted earnings per share for the period were $0.44, a 4% decline from last year and in line with the company's recently stated expectations.

Ecolab's consolidated sales increased 3% to $616 million in the third quarter. Net income fell 5% to $57 million, reflecting the effects of the lower unit volume growth on earnings, a less favorable sales mix, currency effects and cost increases.

Commenting on the quarter, Allan L. Schuman, Ecolab's Chairman and Chief Executive Officer said, "The third quarter's weak economy, exacerbated by the unprecedented sharp declines in the travel and hospitality industries following the September 11 terrorist attacks, resulted in a slowdown of orders from our affected customers. We partially offset this slowdown through aggressive actions in the marketplace, including new account sales, new products, more programs to solve customer cleaning problems, increased promotional activity and incentives for our sales people, and actions to reduce our costs and offset conditions in the marketplace. We are proud of our people and the strong manner in which they responded to the events, showing the qualities and character for which Ecolab is so well known.

"Ecolab is committed to its customers and to improving shareholder value. We are confident our current actions will boost our long-term results in line with our aggressive financial objectives. However, we continue to expect the short-term impact of the present and unusually difficult conditions in the marketplace and the current general economic weakness worldwide will cause earnings for the fourth quarter ending December 31, 2001 to fall below last year. We believe the actions underway, along with improvement in our major markets, will enable our businesses to deliver earnings growth in 2002."

Third quarter sales for Ecolab's United States Cleaning & Sanitizing operations rose 2% over the third quarter of 2000 to $416 million, benefiting from new products and services, as well as aggressive sales efforts and programs. Excluding business acquisitions, sales rose 1%. Results were led by steady gains in Ecolab's Kay operations and modestly higher Institutional sales. Reported operating income for the United States Cleaning & Sanitizing business fell 7% to $71 million reflecting a less favorable sales mix and the slower markets.

United States Other Services sales increased 3% to $69 million in the third quarter as Pest Elimination and GCS each recorded good growth. Excluding acquisitions and a divestiture, sales rose 5%. Operating income rose 7% to $9 million, reflecting operational improvements at GCS and solid growth in the Pest Elimination business.

Sales of Ecolab's International Cleaning & Sanitizing operations rose 14% in the third quarter when measured at fixed currency rates. Excluding acquisitions, International sales increased 9%. Latin America and Canada were very strong and led the increase, while Asia Pacific also achieved improved sales and profits. Fixed currency operating income rose 18% to $16 million due to the higher sales volumes and cost controls, more than offsetting the negative effects of currency exchange.

Earnings of the Henkel-Ecolab joint venture are included in the financial statements using the equity method of accounting. When measured in euros, Henkel-Ecolab sales increased 7% for the third quarter. When translated into U.S. dollars, Henkel-Ecolab sales were unchanged from last year at $221 million. Ecolab's equity income from Henkel-Ecolab earnings increased 1% to $5.4 million.

Ecolab reacquired 268,000 shares of its common stock during the third quarter and 621,700 shares of its common stock during the first nine months of 2001.

Business Outlook

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially. Except for the previously announced acquisition of the remaining 50% of the Henkel-Ecolab joint venture Ecolab does not own, 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. The Business Outlook section should be read in conjunction with the information on "Forward Looking Statements" at the end of this release.

Ecolab expects fourth quarter diluted earnings per share to be in a $0.30-$0.35 range compared with $0.36 from ongoing operations last year, with the full year 2001 expected to be in the $1.45-$1.50 range. Ecolab earned $1.50 per diluted share in 2000 from ongoing operations.

Ecolab is the leading global developer and marketer of premium cleaning, sanitizing, pest elimination, maintenance and repair products and services for the hospitality, institutional and industrial markets. For the year ended December 31, 2000, Ecolab reported sales of $2.3 billion; including European joint venture sales, Ecolab's global sales coverage was $3.1 billion.

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 fourth quarter and full year earnings per share prospects as well as a projection for 2002 earnings growth in the businesses. 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 the vitality of the hospitality and travel industries; restraints on pricing flexibility due to competitive factors and customer consolidations; cost changes in oil or raw material 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, (iv) the occurrence, or lack of, significant political or military reaction to the terrorist attacks on September 11, 2001, or the occurrence of additional terrorist incidents, (v) severe weather conditions affecting the food service and the hospitality industry and (vi) unanticipated issues relating to the European conversion from national currencies to the Euro; loss of, or changes in, executive management; the Company's ability to continue product introductions and technological innovations; and in connection with the expectation for 2002 earnings growth in the businesses, the effect of any special charges such as those associated with the purchase of Henkel-Ecolab, or other management actions, as well as 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 its Forward-Looking Statements.

ECOLAB INC.
CONSOLIDATED STATEMENT OF INCOME
THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2001
(unaudited)

	Third Quarter		Nine Months	
(thousands, except per share)	2001	2000	2001	2000
Net Sales	$616,231	$600,666	$1,792,946	$1,697,637
Cost of Sales	280,748	266,951	820,794	762,817
Selling, General and Administrative Expenses	241,420	235,987	720,656	685,771
Restructuring Expenses - Other	(53)	--	(245)	--
Operating Income	94,116	97,728	251,741	249,049
Interest Expense, Net	7,010	6,528	20,494	17,130
Income Before Income Taxes and Equity in Earnings of Henkel-Ecolab	87,106	91,200	231,247	231,919
Provision for Income Taxes	35,279	36,232	93,655	93,927
Equity in Earnings of Henkel-Ecolab	5,434	5,370	12,276	13,367
Net Income	$ 57,261	$ 60,338	$ 149,868	$ 151,359
Net Income Per Common Share				
Basic	$ 0.45	$ 0.47	$ 1.18	$ 1.18
Diluted	$ 0.44	$ 0.46	$ 1.15	$ 1.14
Weighted-Average Common				

Shares Outstanding				
Basic	127,675	127,112	127,323	128,134
Diluted	129,809	131,167	130,096	132,534

ECOLAB INC.

OPERATING SEGMENT INFORMATION

THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2001

(unaudited)

	Third Quarter		Nine Months	
(thousands)	2001	2000	2001	2000
Net Sales				
United States				
Cleaning & Sanitizing	$416,142	$407,521	$1,217,124	$1,156,351
Other Services	69,296	67,596	200,857	183,918
Total	485,438	475,117	1,417,981	1,340,269
International Cleaning & Sanitizing	137,710	121,096	389,229	339,140
Effect of Foreign Currency Translation	(6,917)	4,453	(14,264)	18,228
Consolidated	$616,231	$600,666	$1,792,946	$1,697,637
Operating Income				
United States				
Cleaning & Sanitizing	$ 71,129	$ 76,091	$ 193,710	$ 190,651
Other Services	8,875	8,317	22,682	20,898
Total	80,004	84,408	216,392	211,549
International Cleaning & Sanitizing	15,802	13,444	40,261	34,211
Corporate	(685)	(786)	(2,819)	625
Effect of Foreign Currency Translation	(1,005)	662	(2,093)	2,664
Consolidated	$ 94,116	$ 97,728	$ 251,741	$ 249,049

ECOLAB INC.

CONSOLIDATED BALANCE SHEET

(thousands)	Sept. 30 2001	Dec. 31 2000	Sept. 30 2000
	(unaudited)		(unaudited)
Assets			
Current assets			
Cash and cash equivalents	$ 89,845	$ 43,965	$ 45,075
Accounts receivable, net	382,720	326,937	358,100
Inventories	171,700	168,220	183,487
Deferred income taxes	49,591	50,709	43,717
Other current assets	12,153	10,737	14,229
Total current assets	706,009	600,568	644,608
Property, plant and equipment, net	523,465	501,640	482,916
Investment in Henkel-Ecolab	204,073	199,642	198,359
Other assets	426,370	412,161	398,496
Total assets	$1,859,917	$1,714,011	$1,724,379
Liabilities and Shareholders' Equity			
Current liabilities			
Short-term debt	$ 133,143	$ 136,592	$ 234,310
Accounts payable	136,136	146,428	139,434
Compensation and benefits	88,586	88,330	86,829

Other current liabilities	191,982	160,684	174,164
Total current liabilities	549,847	532,034	634,737
Long-term debt	246,706	234,377	161,717
Postretirement health care and pension benefits	127,418	117,790	108,866
Other Liabilities	73,379	72,803	73,847
Shareholders' equity	862,567	757,007	745,212
Total liabilities and shareholders' equity	$1,859,917	$1,714,011	$1,724,379

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