PRESS RELEASES

Jul 23, 2002

Ecolab's Second Quarter Beats Forecasted Range; Double-Digit EPS Gain From Ongoing Operations Expected For Full Year

ST. PAUL, Minn., Jul 23, 2002 (BUSINESS WIRE) -- Ecolab, Inc.(NYSE:ECL):

2002 SECOND QUARTER HIGHLIGHTS:

-- Diluted earnings per share from ongoing operations of $0.46, +10% over last year and above the company's previous $0.41-$0.44 projection

-- Diluted net income per share +8% to $0.40, after special charges

-- Sales of $839 million, +4% when compared with last year's pro forma sales (including Europe joint venture)

-- Domestic and international ongoing operations show continued improvement from fourth quarter 2001

-- 2002 full year diluted EPS from ongoing operations expected to rise to $1.80-$1.83 range compared with 2001's $1.63; net income to $1.54-$1.61

	Second Quarter and Six Months Ended June 30			
	Second Quarter		Six Months	
	2002	2001	2002	2001
(Diluted earnings per share)				
Pro forma income from ongoing operations	$0.46	$0.42	$0.83	$0.79
Pro forma adjustments:				
Acquisition of Europe joint venture	--	(0.01)	--	(0.01)
Adoption of FAS 142 - to eliminate goodwill amortization	--	(0.04)	--	(0.07)
Adoption of FAS 142 - transitional impairment charge(a)	--	--	(0.03)	--
One-time gain from benefit plan change	--	--	0.03	--
Special charges	(0.07)	--	(0.18)	--
Discontinued operations	--	--	0.01	--
Net income, as reported	$0.40	$0.37	$0.66	$0.71

(a) Retroactive to January 1, 2002

Per share amounts do not necessarily sum due to changes in shares outstanding and rounding.

Continued improving trends in key world markets along with tight cost controls led Ecolab's second quarter as diluted earnings per share from ongoing operations exceeded the Company's forecasted range for the quarter ended June 30, 2002.

Net income per share as reported of $0.40 for the second quarter included restructuring and integration costs. Excluding these special charges, income from ongoing operations totaled $0.46 per diluted share. Comparison of the second quarter 2002 results to those of a year ago is affected by the adoption of FAS 142, Goodwill and Other Intangible Assets (the elimination of goodwill amortization), and the acquisition and consolidation of the former European joint venture at the end of last year. Pro forma earnings per share from ongoing operations for the second quarter of 2001 were $0.42 per share after adjustment for these changes; net income per share was $0.37. The Company has published certain historic unaudited pro forma financial information for 2001 on its website at www.ecolab.com/investor/proforma.asp to assist investors in understanding the pro forma effects of the adoption of FAS No. 142, and the acquisition of the former joint venture as well as the effects of certain reclassifying adjustments.

Net income for the first six months of 2002 includes a $0.03 transitional goodwill impairment charge. Under adoption rules of FAS 142, the goodwill in Ecolab's Africa/Export

operations was determined to be impaired and, as required, was retroactively charged to the first quarter 2002. Additional information is included on the last page of this release.

Commenting on the quarter, Allan L. Schuman, Ecolab's Chairman, President and Chief Executive Officer said, "The very strong second quarter showed the results of our hard work as we leveraged recovering markets to post better sales and profit growth. Focused sales efforts on new and existing markets, excellent cost control and savings from restructuring initiatives combined to produce the higher than expected earnings. Moreover, we showed encouraging results from our core businesses and geographic regions in the quarter, made good competitive gains and enhanced our service levels.

"We expect improved growth to continue as 2002 progresses, with full year earnings from ongoing operations to show double-digit growth. We will build on the positive market trends through a focus on our unmatched customer service, continue to improve our strong value proposition and breadth of customer solutions, and maintain our vigorous sales efforts. Around the clock, around the world, Ecolab continues to be the leader in premium cleaning and sanitizing products and services to our customers, and we are determined to build on and aggressively grow our business franchise."

Second quarter sales for Ecolab's United States Cleaning & Sanitizing operations rose 2% over the second quarter of 2001 to $402 million, as gains in Institutional and Kay operations were partially offset by lower sales in Professional Products. Ecolab's United States Cleaning & Sanitizing operating income rose 12% to $69 million, reflecting the adoption of FAS 142, new products, aggressive sales efforts and tight cost control. Excluding FAS 142, operating income increased 7%.

United States Other Services sales increased 14% to $79 million in the second quarter; excluding acquisitions, sales rose 2%. Operating income in the second quarter of 2002 grew 12% to $9 million due to improved results in Pest Elimination and the benefits of adopting FAS 142. Excluding FAS 142 and acquisitions, operating income rose 2%.

Sales of Ecolab's International Cleaning & Sanitizing operations include the results of operations in Europe (formerly the Henkel-Ecolab joint venture, which was acquired at the end of 2001). Reported International sales rose just over 200% in the second quarter when measured at fixed currency rates. Excluding acquisitions, sales rose 3% at fixed rates, led by good gains in Latin America, while Canada, Europe and Asia Pacific sales grew more modestly. Fixed currency operating income tripled to $34 million. Excluding FAS 142 and acquisitions, International operating income rose 14% with gains from productivity improvements and cost controls in Asia Pacific, Latin America and Canada offset by poor Africa/Export results. Currency had a slightly negative effect on results.

Second quarter results include special charges related to plans management announced earlier in the year to undertake restructuring and cost saving actions during 2002. Actions taken in the second quarter included workforce reductions, product discontinuations and asset write-downs totaling $12.5 million. Non-recurring merger integration costs incurred in the second quarter totaled $1.3 million. Further actions and expenses are anticipated during the remainder of 2002.

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 consolidated sales (in fixed currencies and adjusted for acquisitions) to increase 5%-6% in the third quarter 2002 over pro forma sales for the third quarter 2001. Gross margins are expected to be around 51%, reflecting a reclassification of certain Selling, General and Administrative (SG&A) expenses to Cost of Sales. Excluding the impact of the reclassification, and the component of the restructuring charges to be included in Cost of Sales, gross margins should be similar to 2001's third quarter. Conversely, SG&A expenses are expected to decline to around 36% of sales, reflecting the effects of the same reclassification. Excluding the impact of the reclassification, the SG&A expense ratio will likely be similar to the third quarter of 2001. Interest expense is likely to be approximately $12 million for the third quarter, reflecting the additional debt incurred in the purchase of Henkel-Ecolab. Currency is expected to be a slightly favorable influence.

Pro forma diluted earnings per share from ongoing operations for the third quarter of 2002 are expected to be in the $0.52-$0.55 range compared to $0.50 per share in the third quarter 2001. Net income per share is expected in the $0.47-$0.52 range.

For the full year ended December 31, 2002, Ecolab expects pro forma diluted earnings per share from ongoing operations to be in the $1.80-$1.83 range compared with pro forma earnings of $1.63 in 2001. Net income per share is expected to be in the $1.54-$1.61 range.

The following table presents a summary of the outlooks for the third quarter and full year 2002:

EARNINGS PER SHARE OUTLOOK

	Third Quarter		Full Year	
(Diluted earnings per share)	2002E	2001	2002E	2001
Pro forma income from ongoing operations	$0.52-$0.55	$0.50	$1.80-$1.83	$1.63
Pro forma adjustments:				
Acquisition of Europe joint venture		(0.02)		(0.03)
Adoption of FAS 142				
Goodwill amortization		(0.04)		(0.15)
Transitional impairment charge			(0.03)	
One-time gain from benefit plan change			0.03	
Special charges	(0.03)-(0.05)		(0.23)-(0.27)	
Discontinued operations			0.01	
Net income, as reported	$0.47-$0.52	$0.44	$1.54-$1.61	$1.45

With worldwide sales exceeding $3 billion, 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.

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.

Ecolab will host a live webcast to review the second quarter earnings announcement today at 1:00 p.m. Eastern Daylight Time. The webcast will be available to the public on Ecolab's website at http://www.ecolab.com/investor/. A replay of the webcast will be available at that site through August 2, 2002.

Listening to the webcast requires Internet access, a soundcard and the Windows Media Player or other compatible streaming media player. If you do not have the Windows Media client installed on your PC, you may download a free version, Media Player 7.1, at http://www.microsoft.com/windows/windowsmedia/players.asp. Supplementary information regarding historical pro forma earnings may be found on Ecolab's web site at http://www.ecolab.com/investor/proforma.asp.

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 2002 third 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: the vitality of the hospitality and travel industries; restraints on pricing flexibility due to competitive factors and customer consolidations; 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; the effect of future acquisitions or divestitures or other corporate transactions; the company's ability to achieve plans for past acquisitions; the possibility that the company's actual costs for its previously announced restructuring and integration activities will differ from current estimates set forth herein; the costs and effects of complying with: (i) laws and regulations relating to the environment and to the manufacture, storage, distribution, efficacy and labeling of the company's products and (ii) changes in tax, fiscal, governmental and other regulatory policies; economic factors such as the worldwide economy, interest rates and currency movements, including, in particular, the company's greater exposure to foreign currency risk due to the recent acquisition of Henkel-Ecolab; the occurrence of (i) litigation or claims, (ii) the loss or insolvency of a major customer or distributor, (iii) natural or manmade disasters (including material acts of terrorism or hostilities which impact the company's markets) and, (iv) severe weather conditions affecting the food service and the hospitality industries; 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. In addition, the company notes that its stock price can be affected by fluctuations in quarterly earnings. There can be no assurances that the company's earnings levels will meet investors' expectations. Ecolab undertakes no duty to update its Forward-Looking Statements.

ECOLAB INC.
CONSOLIDATED STATEMENT OF INCOME
SECOND QUARTER AND SIX MONTHS ENDED JUNE 30
(unaudited)

	Second Quarter		Six Months	
(thousands, except per share)	2002	2001	2002	2001
Net Sales	$839,230	$586,982	$1,625,339	$1,158,381
Cost of Sales(a)	413,425	282,598	809,370	555,409
Selling, General and Administrative Expenses	315,363	224,332	620,308	445,539
Special Charges	11,818	(192)	24,114	(192)
Operating Income	98,624	80,244	171,547	157,625
Interest Expense, Net	11,955	6,816	22,467	13,484
Income from Continuing Operations Before Income Taxes and Equity in Earning of Henkel-Ecolab	86,669	73,428	149,080	144,141
Provision for Income Taxes	35,008	29,737	60,378	58,376
Equity in Earnings of Henkel-Ecolab	--	4,502	--	6,842
Income From Continuing Operations Before Cumulative Effect of Change in Accounting	51,661	48,193	88,702	92,607
Change in Accounting for Goodwill and Other Intangible Assets	--	--	(4,002)	--
Gain from Discontinued Operations	--	--	1,882	--
Net Income	$ 51,661	$ 48,193	$ 86,582	$ 92,607
Diluted income per common share				
Income from continuing operations	$ 0.40	$ 0.37	$ 0.68	$ 0.71
Change in accounting	--	--	(0.03)	--
Gain from discontinued operations	--	--	0.01	--

Net Income	$ 0.40	$ 0.37	$ 0.66	$ 0.71
Weighted-Average Common Shares Outstanding				
Basic	128,905	127,233	128,655	127,147
Diluted	130,613	130,068	130,459	130,199

(a) Cost of sales includes special charges of $1,908 for the second quarter and $7,092 for the six months ended June 30, 2002.

The results for the first six months of 2002 include the adoption of SFAS No. 142 retroactive to the first quarter of 2002 of $4,002 for the change in accounting for goodwill and other intangible assets.

Certain reclassifications have been made in prior years' financial statements to conform to classifications used in the current year. These reclassifications had no impact on previously reported net income or net income per share.

ECOLAB INC.

OPERATING SEGMENT INFORMATION

SECOND QUARTER AND SIX MONTHS ENDED JUNE 30

(unaudited)

	Second Quarter		Six Months	
(thousands)	2002	2001	2002	2001
Net Sales				
United States				
Cleaning & Sanitizing	$ 402,113	$ 393,621	$ 794,462	$ 782,648
Other Services	78,824	69,284	149,314	131,561
Total	480,937	462,905	943,776	914,209
International Cleaning & Sanitizing	355,524	117,755	680,292	227,115
Effect of Foreign Currency Translation	2,769	6,322	1,271	17,057
Consolidated	$ 839,230	$ 586,982	$ 1,625,339	$ 1,158,381
Operating Income				
United States				
Cleaning & Sanitizing	$ 68,979	$ 61,788	$ 133,919	$ 122,581
Other Services	9,224	8,205	14,486	13,807
Total	78,203	69,993	148,405	136,388
International Cleaning & Sanitizing	33,675	10,425	53,748	21,245
Corporate Expense(a)	(13,726)	(908)	(31,206)	(2,134)
Effect of Foreign Currency Translation	472	734	600	2,126
Consolidated	$ 98,624	$ 80,244	$ 171,547	$ 157,625

(a) Corporate expense includes special charges of $13,726 and $36,997 for the second quarter and six months ended June 30, 2002, respectively. Corporate expense also includes the curtailment gain of $5,791 for the six months ended June 30, 2002.

ECOLAB INC.

CONSOLIDATED BALANCE SHEET

(thousands)	June 30 2002	December 31 2001	June 30 2001
	(unaudited)		(unaudited)
Assets			
Current assets			

Cash and cash equivalents	$ 50,792	$ 41,793	$ 53,145
Accounts receivable, net	554,781	514,074	364,246
Inventories	288,043	279,785	172,956
Deferred income taxes	58,192	53,781	49,558
Other current assets	44,263	40,150	14,890
Total current assets	996,071	929,583	654,795
Property, plant and equipment, net	650,062	644,323	518,870
Investment in Henkel-Ecolab	--	--	187,044
Goodwill, net	636,034	596,925	243,102
Other intangible assets, net	172,042	178,951	53,958
Other assets	197,425	175,218	120,001
Total assets	$2,651,634	$2,525,000	$1,777,770
Liabilities and Shareholders' Equity			
Current liabilities			
Short-term debt	$ 174,555	$ 233,393	$ 134,971
Accounts payable	195,159	199,772	129,359
Compensation and benefits	139,111	132,720	83,621
Income taxes	21,316	18,887	--
Other current liabilities	309,991	243,180	178,767
Total current liabilities	840,132	827,952	526,718
Long-term debt	525,251	512,280	245,888
Postretirement health care and pension benefits	194,753	183,281	120,374
Other liabilities	119,517	121,135	68,104
Shareholders' equity	971,981	880,352	816,686
Total liabilities and shareholders' equity	$2,651,634	$2,525,000	$1,777,770

The balance sheet as of December 31, 2001 and June 30, 2002 includes the assets and liabilities of Henkel-Ecolab.

ECOLAB INC.

RETROACTIVE ADJUSTMENT FOR FAS 142 TRANSITION ADJUSTMENT

FOR THE QUARTER ENDED MARCH 31, 2002

During the second quarter of 2002, Ecolab finalized its impairment assessment related to the adoption of FAS 142. In connection with this assessment, the Company recorded an impairment charge of approximately $4.0 million. As required under FAS 142 this charge was recorded retroactively to January 1, 2002 and as such the Company's first quarter 2002 results have been modified to reflect this charge as follows:

(thousands, except per share)	For the First Quarter Ended March 31, 2002
Net income as originally reported	$38,923
Change in accounting	(4,002)
Net income as restated	$34,921

Per share amounts:

	Basic	Diluted
Net income as originally reported	$0.30	$0.30
Change in accounting	(0.03)	(0.03)
Net income as restated	$0.27	$0.27

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