

Ecolab overview

With our acquisition of the remaining 50 percent of our European joint venture, we begin 2002 as one united Ecolab around the globe. This transaction enhanced our position as the world leader in premium cleaning, sanitation and service solutions. Combined with our European operations, we serve the needs of hospitality, institutional and industrial customers in nearly 170 countries. True to our Circle the Customer – Circle the Globe strategy, we surround our customers with a comprehensive, ever-expanding array of products, programs and services, around the world. In the United States,

Services/Products

Institutional: Products, programs and services for the foodservice and hospitality industries, including warewashing, on-premise laundry, housekeeping, water filtration and conditioning, specialty kitchen and laundry products, kitchen exhaust cleaning and rooftop grease containment, and pool and spa management.

Pest Elimination: Services and technology for commercial pest elimination and prevention, and grease elimination.

Kay: Cleaning and sanitizing products, services and training programs for the quickservice restaurant, convenience store and food retail markets.

Food & Beverage: Cleaning and sanitizing products, equipment, systems and services for the agribusiness, beverage, brewery, pharmaceutical, dairy and food processing industries.

Professional Products: Janitorial cleaning and infection prevention products, programs and systems for the commercial, industrial and healthcare markets.

GCS Service: Leading independent national provider of repair, parts replacement and customized maintenance for commercial foodservice equipment.

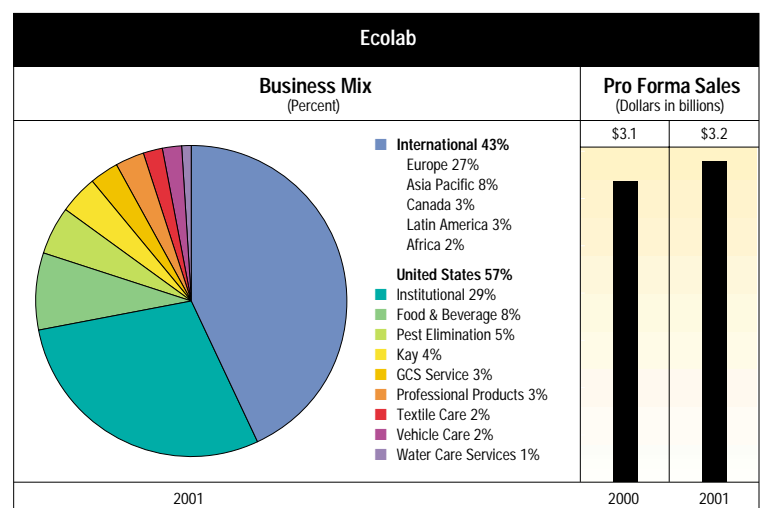
Textile Care: Cleaning and sanitizing products and services that meet the needs of for-profit commercial and shirt laundries.

Vehicle Care: Cleaning and appearance products and programs for vehicle rental, commercial and retail car wash operations.

Water Care Services: Water treatment programs for boilers, cooling water and waste treatment systems.

Sales-and-Service Associates

December 31	1999	2000	2001
Institutional	2,705	2,975	2,985
Pest Elimination	1,380	1,475	1,450
Kay	150	180	235
Food & Beverage	420	410	385
Professional Products	195	195	190
GCS Service	285	415	560
Textile Care	130	125	125
Vehicle Care	100	95	100
Water Care Services	90	90	100
Europe	2,400	2,460	2,570
Canada	280	300	320
Asia Pacific	775	955	1,065
Latin America	310	480	505
Africa/Export	100	125	130
Total	9,320	10,280	10,720



Ecolab operates through nine complementary business units: Institutional, Food & Beverage, Pest Elimination, Kay, Professional Products, GCS Service, Textile Care, Vehicle Care and Water Care Services. Globally, our core institutional and industrial offerings are available in all markets – with additional businesses added as demand dictates. Through direct subsidiaries, export operations, joint ventures, distributors and licensees, we reach customers in Europe, Asia Pacific, Canada, Latin America, the Middle East and Africa, with offerings tailored as necessary to meet unique local and regional needs.

Customer/Markets

Customers

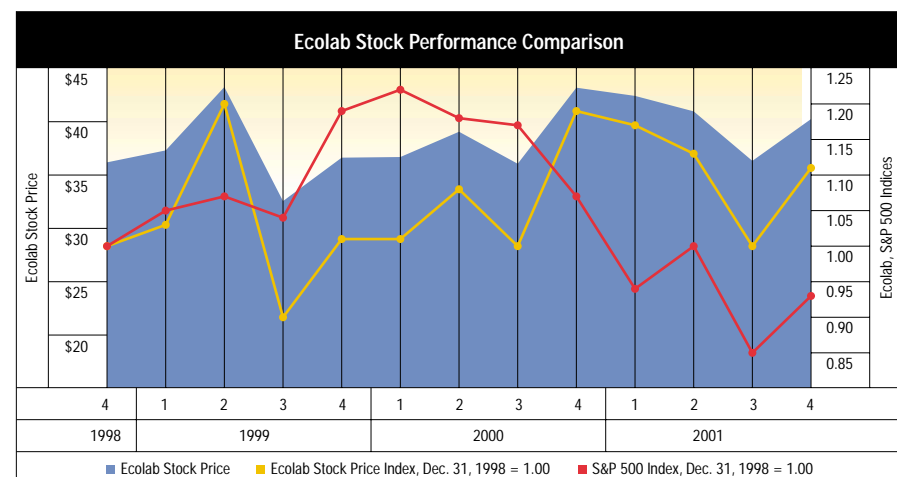
- Restaurants
- Hotels
- Quickservice operations
- Food retail (grocery)
- Schools
- Laundries
- Healthcare facilities
- Dairy farms and plants
- Food, beverage and brewery processing plants
- Pharmaceutical and cosmetic facilities
- Office buildings
- Shopping malls
- Light industry
- Fleet and vehicle wash

Markets

- United States
- Europe
- Asia Pacific
- Canada
- Latin America
- Africa

Ecolab Stock Performance

Quarter	1999		2000		2001	
	High	Low	High	Low	High	Low
First	\$41.25	\$34.63	\$40.75	\$28.00	\$44.19	\$37.88
Second	44.44	34.69	41.25	34.94	43.20	36.35
Third	43.88	31.69	40.00	33.25	42.00	28.50
Fourth	39.25	32.50	45.69	34.06	41.05	34.20



Description of Business

Founded in 1923, Ecolab is the leading global developer and marketer of premium cleaning, sanitizing, pest elimination, maintenance and repair products and services for the world's hospitality, institutional and industrial markets.

Headquartered in St. Paul, Minn., Ecolab reaches customers in North America, Europe, Asia Pacific, Latin America, the Middle East and Africa, employing more than 19,000 associates worldwide. Customers include hotels and restaurants; foodservice, healthcare and educational facilities; quickservice (fast food) units; commercial laundries; light industry; dairy plants and farms; and food and beverage processors. Products and services are marketed by the industry's largest and best-trained direct sales-and-service force, numbering more than 10,000 associates who advise and assist customers in meeting a full range of cleaning, sanitation and service needs.

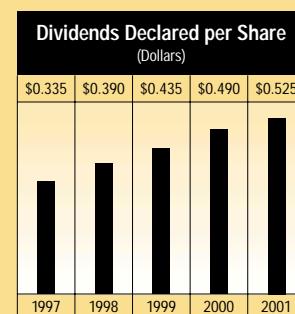
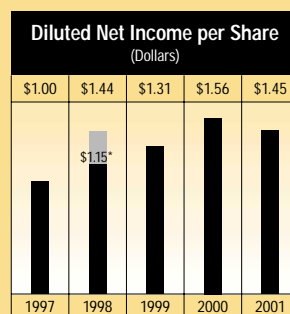
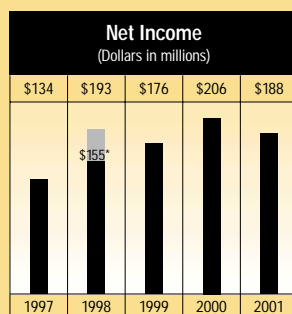
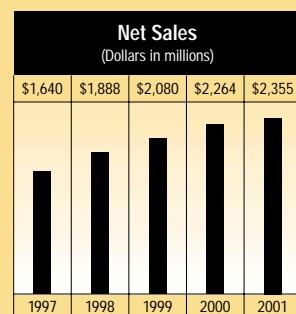
Ecolab common stock is traded on the New York Stock Exchange and the Pacific Exchange under the symbol ECL. Ecolab news releases and other selected investor information are available on the Internet at www.ecolab.com or by calling 1-800-FACT-ECL (1-800-322-8325).

Forward-Looking Statements

We refer readers to the Company's disclosure, entitled "Forward-Looking Statements," which is located on page 20 of this Annual Report.

Financial Highlights

(thousands, except per share)	Percent Change				
	2001	2000	1999	2001	2000
Net Sales	\$2,354,723	\$2,264,313	\$2,080,012	4%	9%
Net Income	188,170	206,127	175,786	(9)	17
Percent of Sales	8.0%	9.1%	8.5%		
Diluted Net Income Per Common Share	1.45	1.56	1.31	(7)	19
Diluted Weighted-Average Common Shares Outstanding	129,928	131,946	134,419	(2)	(2)
Cash Dividends Declared per Common Share	0.525	0.490	0.435	7	13
Cash Provided by Operating Activities	364,481	315,486	293,494	16	7
Capital Expenditures	157,937	150,009	145,622	5	3
Shareholders' Equity	880,352	757,007	762,016	16	(1)
Return on Beginning Equity	24.9%	27.1%	25.5%		
Total Debt	745,673	370,969	281,074	101	32
Total Debt to Capitalization	45.9%	32.9%	26.9%		
Total Assets	\$2,525,000	\$1,714,011	\$1,585,946	47%	8%



*Income from continuing operations. Excludes gain from discontinued operations of \$38 million, or \$0.28 per diluted share, which was included in net income for 1998.