

DESCRIPTION OF BUSINESS >

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, foodservice, institutional and industrial markets. Founded in 1923 and headquartered in St. Paul, Minn., Ecolab reaches customers in North America, Europe, Asia Pacific, Latin America, the Middle East and Africa, employing more than 20,000 associates worldwide. Customers include hotels and restaurants; healthcare and educational facilities; quickservice (fast-food and convenience stores) units; grocery stores; commercial and institutional laundries; light industry; dairy plants and farms; food and beverage processors; pharmaceutical and cosmetic facilities; and the vehicle wash industry. Products and services are marketed by the industry's largest and best-trained direct sales-and-service force, numbering more than 11,000 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 under the symbol ECL. Ecolab news releases and other selected investor information are available on the Internet at www.ecolab.com.

FORWARD-LOOKING STATEMENTS AND RISK FACTORS

We refer readers to the company's disclosure, entitled "Forward-Looking Statements and Risk Factors," which is located on page 30 of this Annual Report.

FINANCIAL HIGHLIGHTS >

(thousands, except per share)	Percent Change				
	2003	2002	2001	2003	2002
Net Sales	\$3,761,819	\$3,403,585	\$2,320,710	11%	47%
Net Income	277,348	209,770	188,170	32	11
Percent of Sales	7.4%	6.2%	8.1%		
Diluted Net Income Per Common Share	1.06	0.80	0.72	33	11
Diluted Weighted-Average Common Shares Outstanding	262,737	261,574	259,855	-	1
Cash Dividends Declared Per Common Share	0.2975	0.2750	0.2625	8	5
Cash Provided by Operating Activities	529,199	423,326	364,481	25	16
Capital Expenditures	212,035	212,757	157,937	-	35
Shareholders' Equity	1,295,426	1,099,751	880,352	18	25
Return on Beginning Equity	25.2%	23.8%	24.9%		
Total Debt	674,644	699,842	745,673	(4)	(6)
Total Debt to Capitalization	34.2%	38.9%	45.9%		
Total Assets	\$3,228,918	\$2,865,907	\$2,525,000	13%	14%

NET SALES >

(DOLLARS IN MILLIONS)



NET INCOME >

(DOLLARS IN MILLIONS)



DILUTED NET INCOME PER SHARE >

(DOLLARS)



DIVIDENDS DECLARED PER SHARE >

(DOLLARS)

