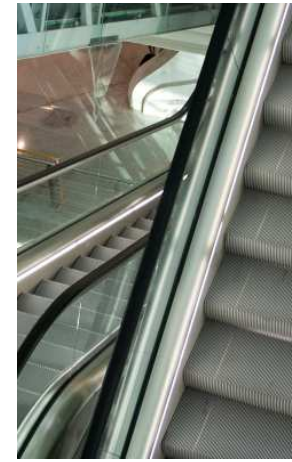


# Ecolab

Cleaner. Safer. Healthier.

Second Quarter  
2008  
Earnings  
Teleconference  
Supplemental  
Data



# Cautionary Statement

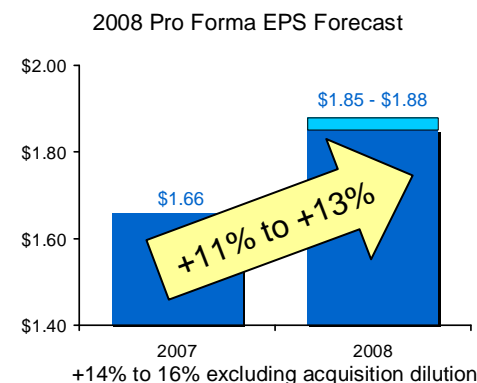
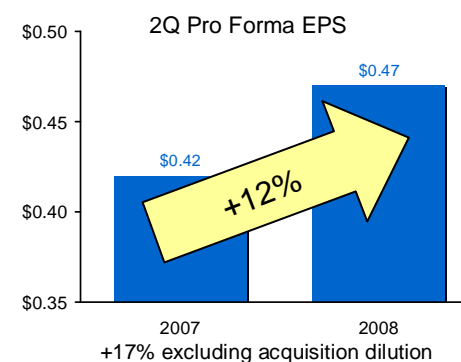
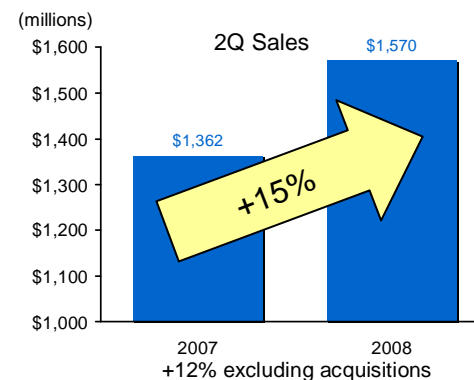
This presentation contains various “Forward-Looking Statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which represent Ecolab’s expectations or beliefs concerning various future events, are based on current expectations that involve a number of risks and uncertainties that could cause actual results to differ materially from those of such Forward-Looking Statements. Undue reliance should not be placed on Forward-Looking Statements, which speak only as of the date made. Risks and uncertainties that may affect operating results and business performance are set forth under Item 1A of our most recent Form 10-K and include the vitality of the foodservice, hospitality, travel, health care and food processing industries; our ability to develop competitive advantages through technological innovations; restraints on pricing flexibility due to contractual obligations; pressure on operations from consolidation of customers or vendors; changes in oil or raw material prices or unavailability of adequate and reasonably priced raw materials or substitutes therefore; the effect of future acquisitions or divestitures or other corporate transactions; the impact of investments to develop business systems and optimize our business structure; the costs and effects of complying with: (i) laws and regulations relating to the environment and to the manufacture, storage, distribution, sale and use of our products, (ii) changes in tax, fiscal, governmental and other regulatory policies and (iii) changes in accounting standards, including the impact of FIN 48, which could increase the volatility of our quarterly tax rate; economic factors such as the worldwide economy, interest rates and currency movements including, in particular, our exposure to foreign currency risk; the occurrence of (a) litigation or claims, such as antitrust, patent infringement and wage/hour lawsuits, (b) the loss or insolvency of a major customer or distributor, (c) war (including acts of terrorism or hostilities which impact our markets), (d) natural or manmade disasters, or (e) severe weather conditions or public health epidemics affecting the foodservice, hospitality and travel industries; our ability to attract and retain high caliber management talent; and other uncertainties or risks reported from time to time in our reports to the Securities and Exchange Commission.



Please see Ecolab’s news release dated July 24, 2008 for additional information.

# 2Q Overview

- ▲ Strong sales and EPS despite challenging markets
- ▲ Driving new accounts, pricing, new products, cost savings
- ▲ Key investments for future growth continue to be made
- ▲ 2008 outlook remains strong
  - Diverse markets/geographies provide balance
  - Customers focused on cost savings – and our products/services deliver them
  - We have multiple programs to drive sales and profits
  - Full year pro forma EPS +11% to +13%; +14% to +16% excluding acquisition dilution



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# 2Q Highlights

## ▲ Solid Organic Earnings Growth

- Organic growth more than offset higher delivered product costs, while FX and tax also benefited earnings. Strength helped fund Europe investments and acquisitions.

## ▲ U.S.: Double-digit Kay and Textile Care sales with strong Food & Beverage and Healthcare sales. Operating margins adjusted for acquisitions expanded.

- U.S. end markets: Full service restaurant markets softened; QSR, Food Retail, F&B processing, healthcare markets remain attractive.

## ▲ International: Latin America sales rose double-digits, Asia Pacific had good gains and Europe reported moderate growth. Operating margins were off due to investments.

- International end markets generally favorable

## ▲ Ecolab focus remains on sales growth, emphasizing products that provide customers with labor, energy, and water savings as well as productivity and efficiency improvements, aggressive cost savings and appropriate pricing.



# 2Q 2008 Income Statement

(millions, except per share)	Second Quarter Ended June 30		% change	<b><u>Sales Growth Components</u></b>
	<b>2008</b>	2007		
Net sales	<b>\$ 1,570.0</b>	\$ 1,362.4	15%	<b><u>Consolidated</u></b>
Cost of sales	<b>798.8</b>	669.5	19%	Volume & Mix
SG&A	<b>580.0</b>	519.9	12%	Pricing
Special (gains) and charges	<b>(19.3)</b>	-		Currency
Operating income	<b>210.5</b>	173.0	22%	M&A
Interest expense, net	<b>15.3</b>	13.4	14%	Total
Pretax income	<b>195.2</b>	159.6	22%	
Provision for income taxes	<b>56.2</b>	49.3	14%	
Net income	<b>\$ 139.0</b>	\$ 110.3	26%	
Net income per share				
Basic	<b>\$ 0.56</b>	\$ 0.45	24%	
Diluted	<b>\$ 0.55</b>	\$ 0.44	25%	
Shares outstanding				
Basic	<b>247.1</b>	246.0	0%	
Diluted	<b>251.4</b>	250.7	0%	



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# 2Q 2008 Sales Growth

## Divisions/Regions

<u>U.S. Cleaning &amp; Sanitizing</u>	<u>% Change</u>	<u>International Regions</u>	<u>% Change</u>
Institutional	3%	<u>Fixed exchange rates</u>	
Kay	17%	EMEA	2%
Textile Care	10%	EMEA ex-acq./div.	4%
HealthCare (includes Microtek)	265%	Asia Pacific	6%
HealthCare (excludes Microtek)	8%	Canada	5%
Food & Beverage (includes Ecovation)	13%	Latin America	15%
Food & Beverage (excludes Ecovation)	7%	Total International	6%
Vehicle Care	-7%	Total International ex-acq./div.	5%
Total U.S.C&S	13%		
Total U.S.C&S ex-acq.	5%		
		<u>International Regions</u>	<u>% Change</u>
<u>U.S. Other Services</u>	<u>% Change</u>	<u>Public exchange rates</u>	
Pest Elimination	7%	EMEA	16%
GCS	5%	EMEA ex-acq./div.	19%
Total U.S.OS	6%	Asia Pacific	17%
		Canada	18%
		Latin America	26%
<u>Total U.S.</u>	<u>% Change</u>	Total International	19%
Total U.S.	12%	Total International ex-acq./div.	19%
Total U.S. ex-acq.	6%		



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# 2Q 2008 Income Statement Margins

(millions)	<b>2008</b>	<b>% sales</b>	<b>2007</b>	<b>% sales</b>	<b>% increase</b>	<b>Comments</b>
Gross Margin	<b>\$771.2</b>	<b>49.1%</b>	\$ 692.9	50.9%	11%	Gross Margin ratio -180 bp: Pricing and costs savings actions did not offset acquisitions and delivered product costs
SG&A	<b>580.0</b>	<b>36.9%</b>	519.9	38.2%	12%	SG&A ratio -130bp: Sales leverage, cost controls and acquisitions impact exceeded investments in business efficiency, IT, R&D
<b>Operating Income</b>						
U.S. Cleaning & Sanitizing	<b>107.5</b>	<b>16.2%</b>	99.8	16.9%	8%	Volume, pricing, and improved cost efficiencies offset higher delivered product costs and investments; 2008 17.8% w/o acq.
U.S. Other Services	<b>13.0</b>	<b>10.8%</b>	11.0	9.6%	19%	Adjusted income +5%; Pest gains and flat GCS drove results
Total U.S.	<b>\$120.5</b>	<b>15.4%</b>	\$ 110.8	15.8%	9%	Adjusted for acquisitions, margins were 16.6% in 2008 vs. 15.8% in 2007
International	<b>73.7</b>	<b>10.0%</b>	72.4	10.3%	2%	Sales increase offset by higher delivered product costs and investments
Corporate						
Special Gains/Ch.	<b>19.3</b>		--			Primarily special gain on plant sale
Corp. Expense	<b>(9.4)</b>		(4.3)			Europe systems and ongoing Zurich HQ costs
	<b>9.9</b>		(4.3)			
FX	<b>6.4</b>		(5.9)			
Consolidated Op. Inc.	<b>\$210.5</b>	<b>13.4%</b>	\$ 173.0	12.7%	22%	



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# Earnings Forecast

- ▲ **3Q 2008 pro forma EPS growth 8% to 12%;  
excluding dilution, +12% to 16%**
- ▲ **FY2008 pro forma EPS growth 11% to 13%;  
excluding dilution, +14% to 16%**

	<b><u>3Q 2008</u></b>	<b><u>FY2008</u></b>
<b>Pro forma EPS</b>	<b>\$0.53-\$0.55</b>	<b>\$1.85-\$1.88</b>
Microtek & Ecovation dilution	<u>\$0.02</u>	<u>\$0.04</u>
Pro Forma EPS excluding dilution	<b>\$0.55-\$0.57</b>	<b>\$1.89-\$1.92</b>
	<b><u>3Q 2007</u></b>	<b><u>FY2007</u></b>
<b>Pro forma EPS</b>	<b>\$0.49</b>	<b>\$1.66</b>

Pro forma EPS exclude special gains and charges and discrete tax items



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# Henkel Update

- ▲ Henkel owns 73M Ecolab shares
- ▲ Henkel has stated its intent to sell part or all of its Ecolab shares
- ▲ No final decision by Henkel as to the size, timing and method of any such sale
- ▲ Henkel designated directors have resigned stating they do not want the information available to Ecolab directors to interfere with Henkel's process of deciding when and how to dispose of any Ecolab shares
- ▲ Ecolab has right of first refusal and shares cannot be distributed to anyone that would own >2% of Ecolab's outstanding shares without prior Ecolab permission
- ▲ Until Henkel discloses the size, timing and method of the sale, Ecolab has nothing on which to comment regarding its potential participation in the transaction



# Summary

- ▲ **Solid 2Q performance**
  - **Steady gains across regions; Latin America continues strong**
  - **Solid organic growth offsets higher delivered product costs**
- ▲ **2008 outlook remains strong against tough market conditions**
- ▲ **Ecolab leveraging its diverse markets, strong positions, innovative products along with cost reductions and pricing while funding key investments for future growth**
- ▲ **Full year 2008 pro forma EPS forecast +11% to 13% (excluding dilution, +14% to 16%)**
- ▲ **3Q 2008 pro forma EPS forecast +8% to 12% (excluding dilution, +12% to 16%)**