

ECOLAB INC
Form 10-Q
October 31, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 1-9328

ECOLAB INC.

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(Exact name of registrant as specified in its charter)

Delaware	41-0231510
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

370 Wabasha Street N., St. Paul, Minnesota 55102

(Address of principal executive offices) (Zip Code)

1-800-232-6522

(Registrant's telephone number, including area code)

(Not Applicable)

(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of September 30, 2008.

247,836,093 shares of common stock, par value \$1.00 per share.

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Report of Independent Registered Public Accounting Firm

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

ECOLAB INC.

CONSOLIDATED STATEMENT OF INCOME

(millions, except per share)	2008	Third Quarter Ended September 30 (unaudited)	2007
Net sales	\$	1,626.3	\$ 1,413.2
Cost of sales		834.3	690.1
Selling, general and administrative expenses		578.5	523.7
Special charges		11.8	27.8
Operating income		201.7	171.6
Interest expense, net		16.0	12.8
Income before income taxes		185.7	158.8
Provision for income taxes		59.5	44.8
Net income	\$	126.2	\$ 114.0
Net income per common share			
Basic	\$	0.51	\$ 0.46
Diluted	\$	0.50	\$ 0.46
Dividends declared per common share	\$	0.1300	\$ 0.1150
Weighted-average common shares outstanding			
Basic		247.5	245.2
Diluted		251.8	249.7

The accompanying notes are an integral part of the consolidated financial information.

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ECOLAB INC.

CONSOLIDATED STATEMENT OF INCOME

(millions, except per share)	Nine Months Ended September 30 (unaudited)	
	2008	2007
Net sales	\$ 4,654.2	\$ 4,029.8
Cost of sales	2,371.4	1,975.3
Selling, general and administrative expenses	1,715.7	1,533.7
Special (gains) and charges	(5.6)	27.8
Operating income	572.7	493.0
Interest expense, net	46.1	37.9