

ECOLAB INC
Form S-4/A
June 29, 2004

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As filed with the Securities and Exchange Commission on June 29, 2004

Registration No. 333-114869

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

**AMENDMENT NO. 3 TO
FORM S-4**

**REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933**

ECOLAB INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

2840

(Primary Standard Industrial
Classification Code Number)

**370 Wabasha Street North
St. Paul, Minnesota 55102**

(651) 293-2233

41-0231510

(I.R.S. Employer
Identification Number)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Lawrence T. Bell, Esq.

Senior Vice President, General Counsel and Secretary

Ecolab Inc.

**370 Wabasha Street North
St. Paul, Minnesota 55102**

(651) 293-2981

(Name and address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Timothy Scallen, Esq.
Oppenheimer Wolff & Donnelly LLP
Plaza VII, Suite 3300
45 South Seventh Street
Minneapolis, Minnesota 55402
(612) 607-7000

James Lisbakken, Esq.
Eric DeJong, Esq.
Perkins Coie LLP
1201 Third Avenue Suite 4800
Seattle, Washington 98101
(206) 359-8000

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this registration statement and all other conditions to the merger of a wholly-owned subsidiary of Ecolab Inc. into Alcide Corporation have been satisfied or waived.

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If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common stock, par value \$1.00 per share	N/A	N/A	\$63,880,110	\$8,093.61(4)
Rights to purchase Series A Junior Participating Preferred Stock(3)	N/A	N/A	N/A	N/A

(1) Omitted in reliance on Rule 457(o).

(2) Calculated as the product of (i) \$21.00 and (ii) 3,041,910, which is the maximum possible number of shares of Alcide common stock to be cancelled pursuant to the merger and assumes that all outstanding options to purchase Alcide common stock are fully exercised.

(3) One quarter of one preferred share purchase right will attach to and trade with each common share. Those rights are also covered by this registration statement and the value attributed to them, if any, is reflected in the market price of Ecolab Inc. common stock.

(4) The registrant previously paid the registration fee in full upon the filing of its Registration Statement on Form S-4 on April 26, 2004.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Alcide Corporation

Ecolab Inc.

Proxy Statement/Prospectus

Ecolab Inc. and Alcide Corporation have entered into an agreement under which Ecolab will acquire Alcide in a stock-for-stock transaction. The transaction is structured as a merger in which Alcide will become a wholly-owned subsidiary of Ecolab. Both Ecolab and Alcide believe that the merger will enhance shareholder value by providing Alcide stockholders with historically well performing and liquid Ecolab common stock in exchange for their Alcide shares in a transaction that is intended to be tax-free, and an opportunity to participate in the potential growth and future value of Ecolab.

We cannot complete the merger unless Alcide stockholders adopt and approve the merger agreement and the merger, and a special meeting of Alcide stockholders has been called for that purpose. The stockholders meeting will be held on July 30, 2004, at 9:00 a.m., local time, at Alcide's offices located at 8561 154th Avenue N.E., Redmond, Washington. This proxy statement/prospectus provides you with detailed information about the proposed merger and the special meeting. **Please read this entire document carefully and pay particular attention to the section entitled "Risk Factors," beginning on page 18.**

Your vote is very important, regardless of the number of shares you own. Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card to us. If you abstain, do not vote or do not instruct your broker how to vote any shares your broker holds for you in its name, the effect will be a vote against approval and adoption of the merger agreement and the merger. Returning your proxy card will not affect your right to vote in person if you choose to attend the special meeting. **The Alcide board of directors has unanimously approved the merger agreement and the merger and recommends that you vote FOR the proposal to adopt and approve the merger agreement and the merger.**

If we complete the merger, you will receive in exchange for each share of Alcide common stock you hold, \$21.00 in Ecolab common stock based on the average closing price per share of Ecolab common stock on the New York Stock Exchange for each of the ten consecutive trading days ending on the fifth trading day prior to the closing of the merger. We expect to close the merger on the same day as the Alcide special meeting, in which case we would issue a press release announcing the anticipated exchange ratio on the fourth trading day prior to the meeting. However, the closing could be delayed for a number of reasons, such as the failure of a condition to closing or logistical issues associated with filing the documents that implement the merger. As a result, because the pricing formula is tied to the actual closing of the merger, Alcide stockholders will not know the precise exchange ratio, and hence the number of Ecolab shares they will receive, at the time of the Alcide special meeting.

Ecolab's common stock is traded on the New York Stock Exchange under the symbol "ECL." As of June 11, 2004, the most recent closing sale price of Ecolab common stock was \$31.38. If this price were used to calculate the exchange ratio, Ecolab would issue 0.6692 shares of Ecolab common stock for each share of Alcide common stock, resulting in an aggregate issuance of approximately 1,807,757 shares of Ecolab common stock to holders of Alcide common stock. Following completion of the merger, and assuming Ecolab does not issue any additional shares of its common stock, Alcide stockholders would own approximately 0.7% of the issued and outstanding shares of Ecolab common stock.

Sincerely,

/s/ JOSEPH A. SASENICK
Joseph A. Sasenick
Chairman and Chief Executive Officer
Alcide Corporation

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger or the Ecolab common stock to be issued in the merger or determined if this proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated June 30, 2004, and was first mailed to Alcide stockholders on or about June 30, 2004.

Alcide Corporation
8561 154th Avenue N.E.
Redmond, Washington 98052

**Notice of Special Meeting of Stockholders
To Be Held on July 30, 2004**

To our stockholders:

We will hold a special meeting of the stockholders of Alcide Corporation at 9:00 a.m., local time, on July 30, 2004, at Alcide's offices located at 8561 154th Avenue N.E., Redmond, Washington. The purposes of the special meeting are as follows:

1. To consider and vote on a proposal to adopt and approve the Agreement and Plan of Merger, dated as of March 11, 2004, by and among Ecolab Inc., Bessy Acquisition Inc., a wholly-owned subsidiary of Ecolab, and Alcide, and the merger of Bessy Acquisition Inc. into Alcide;
2. To consider and vote on a proposal to adjourn the special meeting, if necessary, to pursue satisfaction of the conditions to completing the merger as set forth in the merger agreement, including for the purpose of soliciting proxies to vote in favor of adoption of the merger agreement and the merger; and
3. To transact such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

Proposals 1 and 2 are more fully described in the attached proxy statement/prospectus, which you should read carefully. The merger agreement is included with the proxy statement/prospectus as Appendix A.

We have fixed the close of business on June 11, 2004, as the record date for determining which of our stockholders are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of the special meeting. Only holders of record of Alcide common stock at the close of business on June 11, 2004, are entitled to vote at the special meeting or any adjournment or postponement of the special meeting. We cannot complete the merger unless the holders of a majority of the Alcide common stock outstanding as of the record date vote to approve the merger and the merger agreement.

After careful consideration, your board of directors unanimously recommends that you vote **FOR** adoption and approval of the merger agreement and the merger and **FOR** the proposal regarding adjournment of the special meeting. We are not aware of any other business to come before the special meeting.

Please complete, sign and promptly return the proxy card in the enclosed preaddressed envelope, whether or not you expect to attend the special meeting. You can revoke your proxy at any time before it has been voted at the special meeting. Returning your proxy card will not affect your right to vote in person if you choose to attend the special meeting. If you fail to vote by proxy card or at the special meeting, or fail to instruct your broker how to vote any shares your broker holds for you in its name, or if you abstain, it will have the same effect as voting against the approval and adoption of the merger agreement and the merger. You can revoke your proxy in the manner described in this proxy statement/prospectus at any time before it has been voted at the special meeting.

Please **do not** send Alcide stock certificates with your proxy card. After we complete the merger, the exchange agent will send you written instructions for exchanging Alcide stock for Ecolab stock.

By order of the Board of Directors,

/s/ JOHN P. RICHARDS

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John P. Richards
President and Secretary
Redmond, Washington
June 30, 2004

REFERENCES TO ADDITIONAL INFORMATION

As permitted under the rules of the Securities and Exchange Commission, this proxy statement/prospectus incorporates important business and financial information about Alcide and Ecolab that is not included in, or delivered with, this proxy statement/prospectus. In accordance with applicable rules of the Securities and Exchange Commission, Alcide's annual report on Form 10-K for the fiscal year ended May 31, 2003, and its quarterly report on Form 10-Q for the quarterly period ended February 29, 2004, both of which contain important business financial information about Alcide and should be read carefully, are delivered with this proxy statement/prospectus.

You may obtain copies, without charge, of documents incorporated by reference in this proxy statement/prospectus, by requesting them in writing or by telephone from the appropriate company as follows:

Ecolab Inc. 370 Wabasha Street North St. Paul, Minnesota 55102 Telephone: (651) 293-2233 Attention: Corporate Secretary	Alcide Corporation 8561 154 th Avenue N.E. Redmond, Washington 98052 Telephone: (425) 882-2555 Attention: Investor Relations
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For a more detailed discussion of the information about Ecolab and Alcide incorporated by reference into this proxy statement/prospectus, see "Where You Can Find More Information," beginning on page 75.

In order to receive timely delivery of the documents in advance of the special meeting, you should make your request no later than July 23, 2004, which is five business days prior to the date of the Alcide special meeting.

Ecolab and the Ecolab logo are registered trademarks of Ecolab Inc. Alcide and the Alcide logo are registered trademarks of Alcide Corporation. Other trademarks appearing in this proxy statement/prospectus are the property of their respective holders.

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QUESTIONS AND ANSWERS ABOUT THE PROPOSED MERGER

Q:

Why am I receiving this proxy statement/prospectus?

A:

Ecolab and Alcide have entered into an Agreement and Plan of Merger, dated March 11, 2004. Under the terms of the merger agreement, Bessy Acquisition Inc., a wholly-owned subsidiary of Ecolab, will merge into Alcide with Alcide surviving the merger. As a result, Alcide will become a wholly-owned subsidiary of Ecolab. You are being asked to approve the merger agreement and the merger.

Q:

What stockholder vote is required to approve the merger?

A:

Approval of the merger agreement and the merger will require the affirmative vote of a majority of the shares of Alcide common stock outstanding as of the record date, June 11, 2004, and entitled to vote on the proposal.

Q:

Are there any stockholders already committed to voting in favor of the merger?

A:

Yes. Alcide's officers and directors believe that the merger is in the best interests of Alcide and its stockholders. Accordingly, they and certain of their affiliates have entered into voting agreements requiring them to vote all the shares of Alcide common stock beneficially held by them in favor of adoption of the merger agreement and to vote against other potential acquisition proposals. As of March 11, 2004, the date of the merger agreement, Alcide's officers, directors and affiliates who executed voting agreements held in the aggregate approximately 23.6% of Alcide's outstanding common stock, excluding shares issuable upon exercise or conversion of options and other rights to acquire shares of Alcide common stock which such persons currently hold.

Q:

What will I receive in the merger?

A:

If we complete the merger, you will receive Ecolab common stock in exchange for your shares of Alcide common stock. The number of shares you receive will equal the number of shares of Alcide common stock you hold, multiplied by the quotient of \$21.00 divided by the average Ecolab share price. The average Ecolab share price is defined as the average, rounded to the nearest full cent, of the daily closing price per share of Ecolab common stock on the New York Stock Exchange Composite Tape for each of the 10 consecutive trading days ending on the trading day that is five trading days prior to the merger. If the average Ecolab share price is \$31.38, which was the closing price of Ecolab common stock on the last trading day prior to June 11, 2004, the most recent practicable date prior to the date of this proxy statement/prospectus, then you would receive 0.6692 shares of Ecolab common stock for each share of Alcide common stock you hold.

Q:

Will Ecolab issue fractional shares?

A:

No. Ecolab will not issue fractional shares. In lieu of fractional shares, each holder of Alcide common stock who would otherwise have been entitled to receive a fraction of a share of Ecolab common stock will be paid an amount in cash (without interest), rounded to the nearest cent, equal to the average Ecolab share price multiplied by the fractional interest to which the holder would otherwise be entitled.

Q:

What happens as the market price of Ecolab common stock changes?

A:

The exchange ratio, and therefore the number of shares of Ecolab common stock that you will receive in the merger, is based on the average Ecolab share price over a ten-day period and not on the actual Ecolab share price on the effective date of the merger or on the date on which your Alcide shares are exchanged for Ecolab shares. Therefore, the value of the Ecolab common stock you will receive in the merger in exchange for each share of Alcide common stock you own may

be greater than or less than \$21.00 per share due to changes in the Ecolab share price both during and after the measurement period.

Q:
How will I know what the actual exchange ratio is?

A:
Prior to the special meeting, we will issue a press release and file a Current Report on Form 8-K with the SEC disclosing the exchange ratio under the assumption that the closing of the merger occurs on the same day as the special meeting. The exchange ratio formula is based on the ten trading days ending on the fifth trading day prior to the closing of the merger. Therefore, we intend to issue the press release and file the Form 8-K on the fourth trading day prior to the special meeting. If the closing of the merger is delayed for any reason, then the announced exchange ratio could change. Additionally, you can call Georgeson Shareholder, the proxy solicitor, to receive hypothetical information about the exchange ratio updated as of the Friday immediately preceding the week of your call. You may continue to call Georgeson Shareholder after the meeting to obtain exchange ratio updates in the event the merger is delayed and the exchange ratio changes from what is announced.

If you desire to change your vote after announcement of the exchange ratio, you may quickly do so prior to the special meeting by Internet or telephone, as well as by the more traditional methods of voting in person at the special meeting or delivering a proxy revocation or a later dated proxy card. For a more detailed explanation of how to change your vote or revoke your proxy, see "The Alcide Special Meeting Revocability of Proxies" on page 23.

Q:
Are there risks involved in undertaking the transaction?

A:
Yes. In evaluating the transaction, you should carefully consider the factors discussed in the section entitled "Risk Factors," beginning on page 18.

Q:
What do I need to do now?

A:
After carefully reviewing and considering this proxy statement/prospectus, you should submit your proxy by mail before the special meeting so that your shares are represented at the special meeting. Even if you submit your proxy, you may also attend the special meeting scheduled to take place on July 30, 2004. Alcide's board of directors unanimously recommends voting **FOR** the adoption and approval of the merger agreement and the merger.

Q:
Why is my vote important?

A:
The merger agreement must be approved by holders of at least a majority of the outstanding shares of Alcide common stock. If you do not vote it will have the same effect as a vote against the approval of the merger agreement.

Q:
How can I vote my shares without attending the special meeting?

A:
You may vote your shares without attending the special meeting by granting a proxy to us. You can do this by mail, by telephone or by Internet, as follows:

By Mail: Please complete, sign and date the enclosed proxy card and mail it using the enclosed pre-addressed envelope.

By Telephone: Please follow the vote by telephone instructions that accompany your proxy card. If you vote by telephone, you do not have to mail in your proxy card.

By Internet: Please follow the vote by Internet instructions that accompany your proxy card. If you vote by Internet, you do not have to mail in your proxy card.

Q: If my Alcide shares are held in "street name" by my broker, will my broker vote my shares for me?

A: No. Your broker will only vote your shares if you timely provide instructions on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. If you do not provide instructions to your broker on how to vote your shares, they will not be voted. This will have the same effect as voting against the adoption and approval of the merger agreement and the merger.

Q: What if I do not vote by proxy or at the special meeting, or if I abstain?

A: If you fail to vote by proxy or at the special meeting or abstain from voting, it will have the same effect as a vote against the adoption and approval of the merger agreement and the merger.

Q: Can I change my vote after I have mailed a signed proxy card?

A: Yes. If you are a stockholder of record, you may revoke a previously-granted proxy and change your vote at any time before your proxy is voted at the special meeting in one of the following ways:

by delivering a written notice bearing a date later than the date of your proxy card to Computershare Trust Company, Inc., Alcide's vote tabulator, stating you would like to revoke your proxy;

by delivering to Computershare Trust Company a later-dated proxy card, including a proxy given by telephone or Internet;

submitting a subsequent vote over the Internet or by telephone; or

by attending the special meeting and voting in person by ballot (merely attending the special meeting will not revoke your previously-granted proxy and change your vote you must cast a ballot at the special meeting).

For shares held in the name of a bank, broker or other fiduciary, you may change your vote by timely submitting new voting instructions to the bank, broker or other fiduciary. Please send any notice of revocation, request for additional proxy cards, or your completed new proxy card, as the case may be, to the institution named on your proxy card.

Stockholders of record may send any notice of revocation, requests for additional proxy cards or your completed new proxy card, as the case may be, to Computershare Trust Company at the following address:

ComputershareTrust Company, Inc.
350 Indiana Street, Suite 800
Golden, CO 80401
Attention: Client Support Services
(303) 262-0600 ext. 4737

Q: What if I receive more than one proxy card?

A: It may mean that your shares are registered in different ways or are in more than one account. Please provide voting instructions for all proxy cards you receive to ensure that all of your shares are voted at the special meeting.

Q:

Should I send in my Alcide stock certificate now?

A:

No. After we complete the merger, EquiServe Trust Company, N.A., the exchange agent, will send you written instructions for exchanging your Alcide stock certificates for Ecolab common stock. If

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your shares are held in "street name" by your broker, you will receive instructions from your broker as to how to cause your shares to be delivered to EquiServe for exchange.

Q:
When do you expect to complete the merger?

A:
We expect to complete the merger promptly after we receive Alcide stockholder approval at the special meeting and after we receive all necessary regulatory approvals.

Q:
What are the tax consequences to me due to the merger?

A:
Subject to the limitations, qualifications and assumptions described in "The Merger Material United States Federal Income Tax Consequences," beginning on page 48, you will not recognize gain or loss for U.S. federal income tax purposes on the exchange of Alcide common stock for Ecolab common stock, except to the extent you receive cash in lieu of fractional shares. To review the tax consequences to Alcide stockholders in greater detail, see "The Merger Material United States Federal Income Tax Consequences," beginning on page 48. You may consult your own tax advisor concerning the tax consequences to you resulting from the merger in light of your particular circumstances.

Q:
What will happen to Alcide if we do not complete the merger?

A:
If we do not complete the merger, Alcide will remain an independent company and may be required to pay Ecolab a termination fee of \$2.5 million. In addition, Alcide would have to absorb significant merger-related costs associated with the merger, such as legal, accounting and financial advisor fees. Also, the price of Alcide common stock may decline to the extent that its current market price reflects a market assumption that we will complete the merger.

Q:
Who can I call with questions?

A:
If you would like additional copies of this proxy statement/prospectus or any documents incorporated by reference in or furnished with this proxy statement/prospectus, or, if you have questions about the merger, the special meeting, or how to vote by proxy, you should contact one of the following:

Georgeson Shareholder
17 State Street
New York, NY 10004
Telephone: (800) 316-6480

Alcide Corporation
8561 154th Avenue N.E.
Redmond, Washington 98052
Telephone: (425) 882-2555
Fax: (425) 861-0173
Attention: Investor Relations

Ecolab Inc.
370 Wabasha Street North
St. Paul, Minnesota 55102
Telephone: (651) 293-2233
Fax: (651) 293-2573
Attention: Corporate Secretary

SUMMARY

For your convenience, we have provided a brief summary of certain information contained in this proxy statement/prospectus. This summary highlights selected information from this document and does not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the terms of the merger, you should read carefully this entire document and the other documents to which we have referred you. See "Where You Can Find More Information," beginning on page 75. We have included page references parenthetically to direct you to more complete descriptions of the topics presented in the summary.

The Companies

Ecolab Inc.

Ecolab Inc.
370 Wabasha Street North
St. Paul, Minnesota 55102
Phone: (651) 293-2233

Ecolab is engaged in the development and marketing of premium products and services for the hospitality, institutional and industrial markets. Ecolab provides cleaning, sanitizing, pest elimination, maintenance and repair products, systems and services primarily to hotels and restaurants, foodservice, healthcare and educational facilities, quick-service (fast food and other convenience store) units, grocery stores, commercial and institutional laundries, light industry, dairy plants and farms, food and beverage processors, pharmaceutical and cosmetics facilities and the vehicle wash industry. Ecolab is incorporated in Delaware and is headquartered in St. Paul, Minnesota and operates worldwide.

Bessy Acquisition Inc.

Bessy Acquisition Inc.
370 Wabasha Street North
St. Paul, Minnesota 55102
Phone: (651) 293-2233

Bessy Acquisition Inc. is a Delaware corporation and a wholly-owned subsidiary of Ecolab. Bessy was incorporated on February 24, 2004, solely for the purposes of effecting the merger with Alcide. It has not engaged in any activities other than in connection with the merger agreement.

Alcide Corporation

Alcide Corporation
8561 154th Avenue N.E.
Redmond, Washington 98052
Phone: (425) 882-2555

Alcide is engaged in the research, development and commercialization of unique chemical compounds having intense microbicidal activity. Alcide holds substantial worldwide rights to its discoveries through various patents, patent applications, trademarks and other intellectual property, technology, and know-how.

Alcide is a Delaware corporation organized in 1983. Alcide's executive offices and research laboratories are located at 8561 154th Avenue NE, Redmond, Washington 98052.

Recent Developments

On June 18, 2004, Alcide entered into a memorandum of understanding to settle a lawsuit filed against Alcide and its directors in King County Superior Court of the State of Washington shortly following the public announcement of the merger agreement. The complaint, which was filed as a class

action, alleged that Alcide's directors breached their fiduciary duties in connection with their approval of the merger agreement and sought to enjoin the transaction. Under the terms of the proposed settlement, Alcide agreed to include in this proxy statement/prospectus various disclosures requested by plaintiffs' counsel. In addition, the memorandum requires:

the parties to seek court approval of the settlement that will provide for, among other things, a judgment dismissing all claims with prejudice and a release and settlement of all claims against Alcide, the other defendants named in the lawsuit, Ecolab and related parties concerning any matter discussed in this proxy statement/prospectus;

the plaintiffs to pay for the expenses relating to notice of settlement to the class of persons who held Alcide common stock during the relevant time period; and

Alcide and the other defendants named in the lawsuit to pay the sum of \$201,000 to plaintiffs' counsel for their fees and reimbursement of costs and expenses.

The terms of the settlement are conditioned upon court approval, which is not assured, and completion of the merger.

On April 12, 2004, Alcide issued a press release reporting its results of operations for the quarterly period ended February 29, 2004, and filed with the SEC its Form 10-Q for the same period. A copy of Alcide's Form 10-Q for the quarterly period ended February 29, 2004, is being sent to you along with this proxy statement/prospectus.

On May 31, 2004, Ecolab entered the commercial pest elimination market in South Africa, acquiring Elimco (PTY) Ltd., which is based in Cape Town, South Africa. The transaction was structured as an asset purchase and the consideration paid was approximately \$6,500,000. Elimco had 2003 sales of approximately \$4,000,000.

Alcide's Reasons for the Merger (page 31)

In determining to adopt the merger agreement, approve the merger and the transactions contemplated by the merger agreement, and recommend that Alcide's stockholders approve the merger agreement, the Alcide board of directors consulted with Alcide's financial advisor, as well as its legal counsel, and considered, among other things, the following factors:

the opportunity for Alcide stockholders to receive a premium over the market price for shares of Alcide common stock existing before the public announcement of the merger;

the ability of Alcide stockholders to continue to participate in the growth of the business conducted by Ecolab and Alcide following the merger and to benefit from the potential appreciation in value of shares of Ecolab common stock;

the increased market liquidity for Ecolab common stock relative to Alcide common stock;

the belief by Alcide's senior management that setting \$21.00 per share as the basis for the exchange ratio, subject to the fairness opinion of its financial advisor and approval of Alcide's board of directors, provided immediate benefits to Alcide's stockholders that outweighed a floating base price for the exchange ratio that in senior management's reasonable estimation was more likely to result in a loss in value than a significant increase in value to Alcide's stockholders;

the likelihood that the merger would be completed;

the opinion of Duff & Phelps that, as of March 11, 2004, and subject to the considerations set forth in their opinion, the purchase price of \$21.00 of Ecolab common stock for each outstanding share of Alcide common stock was fair to the non-management public stockholders of Alcide from a financial point of view (without giving effect to any impacts of the

proposed transaction to any particular stockholder other than in its capacity as a stockholder);

the prospects of Alcide as an independent company, including, but not limited to, Alcide's more limited product portfolio that is significantly impacted by the volatility of the animal health and food safety markets in which Alcide competes, resulting in volatility in Alcide's operational results and earnings from period to period;

Ecolab's operational and financial stability relative to Alcide due to in part to Ecolab's broader product base and participation in more diverse markets, which Alcide expects will help to offset the volatility experienced in the animal health and food safety markets in which Alcide competes;

Ecolab's more extensive financial, sales, marketing and other resources that may be allocated to support Alcide's ability to introduce new products or to identify and launch new applications for existing products;

the terms and conditions of the merger agreement; and

the potential risks of the merger discussed in the section of this proxy statement/prospectus titled "Risk Factors Risks Relating to the Merger."

The above discussion of the factors considered by the Alcide board of directors is described more fully in the section of this proxy statement/prospectus titled "The Merger Reasons for the Merger Alcide."

Recommendation of the Alcide Board of Directors (page 21)

The Alcide board of directors unanimously recommends that you vote **FOR** the proposal to adopt and approve the merger agreement and the merger and **FOR** the proposal regarding adjournment of the special meeting.

The Alcide Special Meeting (page 21)

Time, Place, Date and Purpose (page 21)

The special meeting of Alcide stockholders will be held on July 30, 2004, at 9:00 a.m. local time at Alcide's offices located at 8561 154th Avenue N.E., Redmond, Washington. The purposes of the special meeting are as follows:

to consider and vote on a proposal to adopt and approve the merger agreement and the merger;

to consider and vote on a proposal to adjourn the special meeting, if necessary, to satisfy the conditions to completing the merger as set forth in the merger agreement, including for the purpose of soliciting proxies to vote in favor of adoption of the merger agreement and the merger; and

to transact such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

Record Date and Vote Required (page 21)

Only Alcide stockholders of record at the close of business on the record date, June 11, 2004, are entitled to vote at the special meeting. The affirmative vote of a majority of the shares of Alcide common stock outstanding as of the record date is required to adopt and approve the merger agreement and the merger. The affirmative vote of a majority of the shares of Alcide common stock outstanding as of the record date and which are present and entitled to vote at the special meeting is required to approve a proposal to adjourn the special meeting. At the close of business on the record date, there were 2,701,371 shares of Alcide's common stock outstanding and entitled to vote at the Alcide special

meeting, approximately 23.6% of which were held by directors and executive officers of Alcide and their affiliates.

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In connection with the execution of the merger agreement, Alcide's directors and officers and certain of their affiliates have entered into agreements with Ecolab requiring them to vote, or cause to be voted, all of their shares of Alcide common stock in favor of the merger agreement and the merger. These agreements also grant to Ecolab an irrevocable proxy for these purposes. These agreements presently cover an aggregate of 636,560 outstanding shares of Alcide common stock, representing approximately 23.6% of the shares entitled to vote on the merger. If these same stockholders were to exercise all presently exercisable options prior to the record date, an additional 155,414 shares (approximately 27.7% after giving effect to the exercise) would be committed to vote in favor of the merger.

The Merger Agreement and the Merger (pages 50 and 25)

The merger agreement is attached as Appendix A to this proxy statement/prospectus. We encourage you to read the merger agreement because it is the legal document that governs the merger. If the holders of a majority of the outstanding shares of Alcide common stock adopt and approve the merger agreement and the merger and all other conditions to the merger are satisfied or waived, Bessy Acquisition Inc. will merge into Alcide. As a result, Alcide will survive as a wholly-owned subsidiary of Ecolab.

What You Will Receive (page 50)

If we complete the merger, you will receive \$21.00 in Ecolab common stock in exchange for your Alcide common stock. The specific number of Ecolab shares you receive will be calculated using a formula which is based on the market value of Ecolab common stock over a ten-day period ending shortly before the merger. The actual price of Ecolab common stock at the time the merger is completed may be higher or lower than the average Ecolab price on which the exchange ratio is based. As a result, the value of the shares of Ecolab common stock to which you become entitled on the date the merger closes may be more or less than \$21.00 per share of Alcide common stock. Cash will be paid in lieu of any fractional shares of Ecolab common stock. Alcide stockholders who would hold only a fractional share of Ecolab common stock will be cashed out entirely and therefore not become a stockholder of Ecolab.

The following table illustrates the applicable exchange ratio at various price points. The high and low prices in the range are based on the high and low sales prices of Ecolab common stock during the 12 month period prior to the date of this proxy statement, which were \$23.78 and \$31.48.

Ecolab Average Stock Price	Common Conversion Ratio
\$ 23.75	0.8842
\$ 24.75	0.8485
\$ 25.75	0.8155
\$ 26.75	0.7851
\$ 27.75	0.7568
\$ 28.75	0.7304
\$ 29.75	0.7059
\$ 30.75	0.6829
\$ 31.50	0.6667

Assuming an average Ecolab share price of \$31.38, which was the most recent closing price of Ecolab common stock as of June 11, 2004, Ecolab would issue 0.6692 shares of Ecolab common stock for each share of Alcide common stock, resulting in an aggregate issuance of approximately 1,807,757 shares of Ecolab common stock to holders of Alcide common stock. Following completion of the merger, and assuming Ecolab does not issue any additional shares of its common stock, Alcide stockholders would own approximately 0.7% of the issued and outstanding shares of Ecolab common stock.

Treatment of Outstanding Options (page 51)

Each outstanding stock option granted under Alcide's 2001 Stock Incentive Plan has become fully vested and exercisable, contingent upon completion of the merger. To the extent not exercised prior to the merger, each such option will be cancelled and converted into the right to receive a cash payment equal to \$21.00 multiplied by the number of shares subject to the option, less the aggregate exercise price of the option. For example, an option to purchase 100 shares of Alcide common stock at an exercise price of \$15.00 per share would be converted into the right to receive a cash payment of \$600.00 ($\$21.00 \times 100 \text{ shares} - \$1,500 = \$600$).

The automatic conversion mechanism does not apply to any other options granted by Alcide, including those granted under its 1993 Incentive Stock Option Plan and its 1996 Stock Option Plan for Nonemployee Directors. However, the merger agreement requires Alcide to use commercially reasonable efforts to cause the holders of these options to agree to a cash-out on the same terms applicable to options granted under the 2001 Stock Incentive Plan. If the holders of such options agree, their options will accelerate and become fully vested and exercisable to the extent not fully vested as of the date of the completion of the merger. Ecolab will assume any options that are not cashed-out.

Opinion of Alcide's Financial Advisor (page 34)

In deciding to adopt the merger agreement and recommend its approval to the Alcide stockholders, Alcide's board of directors considered, among other things, an opinion from its financial advisor, Duff & Phelps, LLC. Duff & Phelps delivered its opinion to the Alcide board of directors on March 11, 2004, that the consideration to be received in the merger by holders of Alcide common stock is fair to the non-management public stockholders, from a financial point of view (without giving effect to any impacts of the proposed transaction on any particular stockholder other than its capacity as a stockholder. The full text of the Duff & Phelps opinion is attached as Appendix C. You should read the Duff & Phelps opinion in its entirety. The Duff & Phelps opinion does not constitute a recommendation as to how you should vote on the merger agreement and the merger.

Conditions to the Merger (page 57)

Ecolab and Alcide will not complete the merger unless a number of conditions are satisfied or have been waived, including customary conditions relating to Alcide stockholder approval, the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the absence of pending litigation relating to the merger, the accuracy of representations and warranties, the performance pre-closing obligations, and the absence of a material adverse effect on the other party. In addition, Ecolab is not required to complete the merger if there are more than 3,041,910 shares of Alcide common stock outstanding, including shares subject to outstanding options. As of June 11, 2004, there are 3,033,385 shares of Alcide common stock outstanding, including shares subject to outstanding options. The condition requiring the expiration or termination of the Hart-Scott-Rodino waiting period was satisfied on April 7, 2004, when the government granted early termination of the waiting period.

Shortly following the public announcement of the merger, an Alcide stockholder filed a complaint in the King County Superior Court of the State of Washington alleging that the Alcide board of directors breached its fiduciary obligations in approving the merger agreement and the merger. Ecolab is not required to complete the merger so long as the lawsuit is pending. However, as a result of the settlement described in "Recent Developments" beginning on page 5, Ecolab does not intend to delay the merger or terminate the merger agreement as a result of the lawsuit. Ecolab's intention could change if there is a breach of the memorandum of understanding prior to completion of the merger, in which case Ecolab would promptly issue a press release and file a Current Report on Form 8-K announcing the development.

Termination (page 59)

In addition to termination by mutual agreement, Ecolab and Alcide may terminate the merger agreement under a number of other circumstances, including failing to complete the merger by September 11, 2004, the existence of a governmental or legal restraint prohibiting the merger, failing to obtain Alcide stockholder approval, and following certain breaches of representations and warranties or obligations by the other party. The merger agreement may also be terminated:

by Ecolab, if Alcide materially breaches its nonsolicitation obligations or its obligations in relation to the preparation of the proxy statement or calling the special meeting of Alcide stockholders;

by Ecolab, if Alcide's board of directors recommends, approves, accepts or enters into an agreement regarding a competing acquisition proposal, or withdraws or adversely modifies its recommendation of the merger with Ecolab;

by Ecolab, if a tender offer or exchange offer is commenced in relation to Alcide and Alcide's board of directors fails within 10 days to recommend against acceptance or takes no position in response to the tender offer;

by Ecolab, if the average Ecolab stock price is less than \$21.00; or

by Alcide, if its board of directors has authorized acceptance of a superior acquisition proposal, provided the authorization occurs before the Alcide stockholders approve the merger, Alcide has complied with its nonsolicitation obligations, and Alcide has paid a \$2.5 million termination fee to Ecolab.

Ecolab also has a right to terminate the merger agreement at any time after the receipt of a request for additional information under the Hart-Scott-Rodino Act. However, the government has granted early termination of the Hart-Scott-Rodino waiting period without submitting a request for additional information.

Termination Fee and Expense Reimbursement (page 60)

Alcide has agreed to pay Ecolab a termination fee of \$2.5 million in the event the merger agreement is terminated under certain circumstances. Ecolab has agreed to reimburse Alcide for all of its costs and expenses incurred in connection with the merger agreement and the merger, up to a maximum of \$500,000, in the event Ecolab terminates the merger agreement because the average Ecolab stock price is less than \$21.00.

No Solicitation of Competing Transactions (page 55)

The merger agreement prohibits Alcide from soliciting, encouraging or otherwise facilitating potential alternative acquisition transactions with third parties. The Alcide board of directors can provide information or negotiate with third parties to the extent required to comply with their fiduciary duties, but Alcide must promptly notify Ecolab if it receives offers or proposals for any such alternative transactions.

Alcide's directors and certain of their affiliates, who collectively owned an aggregate of approximately 23.6% of the total outstanding common stock of Alcide (excluding shares issuable upon exercise of options to acquire shares of Alcide common stock which such persons currently hold) as of the record date for the special meeting, have entered into a voting agreement with Ecolab. Under the voting agreement, Alcide's directors and their affiliates have agreed to vote, and have granted Ecolab an irrevocable proxy and power of attorney to vote, all of their shares of Alcide common stock in favor of the approval of the merger agreement and against any competing acquisition proposal. Alcide's directors and certain of their affiliates have also agreed not to dispose of, or enter into any other voting arrangement with respect to, their shares of Alcide common stock. The voting agreement

terminates upon the earlier of the effective time of the merger or the termination of the merger agreement in accordance with its terms.

Even if Alcide's board of directors considers a proposal that it determines to be a superior proposal, Alcide may be required to hold the special meeting of its stockholders to consider and vote on the proposal to approve the merger agreement and Alcide's directors and certain of their affiliates will be required to vote in favor of the approval of the merger agreement.

Interests of Certain Persons in the Merger (page 44)

When you consider the Alcide board's recommendation in favor of the merger, you should be aware that a number of Alcide directors and officers have interests in the merger that may differ from, or be in addition to, your interests. In particular:

Ecolab has chosen not to assume options granted under Alcide's 2001 Stock Incentive Plan. Therefore, all such options whether or not vested, including those held by Alcide's officers, have automatically become fully vested and exercisable contingent upon completion of the merger and, if not exercised prior to the merger, will terminate and automatically convert into the right to receive cash upon completion of the merger to the extent that the exercise price is less than \$21.00 per share. The automatic cash-out mechanism does not apply to other options granted by Alcide, although the merger agreement requires Alcide to use commercially reasonable efforts to cause the holders of those other options, including options held by directors and officers, to agree to a cash-out on the same economic terms, including acceleration of vesting for all such outstanding options. The specific cash payment will be determined as described on page 51 under "The Merger Agreement Treatment of Outstanding Options." If all outstanding options are cashed-out, as of June 11, 2004, Ecolab would pay an aggregate of \$1,163,889 to the holders of such options.

To help ensure a successful integration of Alcide into Ecolab, Ecolab has entered into an employment agreement with Joseph A. Sasenick, Alcide's Chairman and Chief Executive Officer. The employment agreement will continue in effect for a period of six months after the merger or until February 18, 2005, whichever is later, at which time Ecolab and Mr. Sasenick will enter into a three year consulting agreement. Ecolab has also entered into employment agreements with Alcide's three other officers, each of whom Ecolab believes to be important to the future operations of Alcide. These individuals include John P. Richards, the President and Chief Financial Officer, G. Kere Kemp, the Executive Vice President and Chief Scientific Officer, and James L. Winter, the Corporate Vice President and General Manager, Animal Health. Each of these employment agreements, which are conditioned upon completion of the merger, are discussed in greater detail on page 61 under "Agreements Related to the Merger Employment Agreements."

If we complete the merger, Alcide's existing indemnification obligations in relation to pre-closing matters will continue for a period of six years after the merger, and Ecolab has agreed to guarantee and honor those indemnification obligations. In addition, prior to completion of the merger, Alcide is required to purchase a six-year extended reporting period endorsement under its existing directors' and officers' insurance policy, provided that the price of the endorsement may not exceed \$200,000 without Ecolab's prior written consent.

Material United States Federal Income Tax Consequences (page 48)

The obligation of Alcide to effect the merger is subject to its receipt of the opinion of its counsel, Perkins Coie LLP, dated as of the closing date of the merger, that, for United States federal income tax purposes, the merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code. In connection with the filing of the registration statement of which this document forms a part, Perkins Coie LLP has delivered to Alcide its opinion that, subject to the limitations and qualifications

described in "The Merger Material United States Federal Income Tax Consequences," beginning on page 40, for United States federal income tax purposes, the merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code, with the result that you will not recognize gain or loss for United States federal income tax purposes on your exchange of Alcide common stock for Ecolab common stock, except to the extent you receive cash in lieu of fractional shares. You may consult your own tax advisor concerning the tax consequences to you of the merger, including the applicability and effect of federal, state, local and foreign tax laws, in light of your particular circumstances.

Accounting Treatment (page 44)

Ecolab will record the merger using the purchase method of accounting in accordance with accounting principles generally accepted in the United States. This means that for financial reporting purposes, Ecolab will treat both companies as one company beginning as of the date we complete the merger. In addition, under this method of accounting Ecolab will record the fair value of Alcide's assets and liabilities on its consolidated financial statements, with the remaining purchase price in excess of the fair value of Alcide's net assets recorded as goodwill.

Dissenters' Rights (page 24)

You are not entitled to dissenters' rights or appraisal rights under the Delaware General Corporation Law or otherwise in connection with the merger.

Federal Securities Laws Consequences (page 48)

All shares of Ecolab common stock received by you in connection with the merger will be freely transferable unless you are considered an "affiliate" of either Alcide or Ecolab for purposes of the Securities Act of 1933, as amended. Shares of Ecolab common stock held by these affiliates may only be sold pursuant to a registration statement or an applicable exemption under the Securities Act.

Regulatory Matters (page 47)

Both Ecolab and Alcide made filings with the Federal Trade Commission and the Antitrust Division of the Department of Justice as required by the Hart-Scott-Rodino Act in connection with the merger. Early termination of the applicable waiting period was granted on April 7, 2004, although either agency may still at any time take action against Ecolab and Alcide in relation to the merger, even after the merger is completed. We are not aware of any other governmental approvals or actions that are required to complete the merger other than compliance with federal securities laws and Delaware corporate law.

Comparison of Stockholders' Rights and Corporate Governance Matters (page 64)

After we complete the merger, you will become an Ecolab stockholder. Ecolab and Alcide are both Delaware corporations, such that many of your rights as a stockholder will not change. Nevertheless, some of your rights will change as a result of differences between Alcide's certificate of incorporation and by-laws and Ecolab's certificate of incorporation and by-laws. These differences encompass such matters as the authorized number and classification of shares of capital stock; the number, classification and removal of directors; amendments to the company's certificate of incorporation and by-laws; the calling of special meetings of stockholders; advance notice requirements in relation to stockholder nominations and proposals; the personal liability of directors; indemnification of directors, officers and employees; and the stockholder approval requirement for certain business combinations that are not favored by the company's board of directors.

SELECTED HISTORICAL FINANCIAL DATA

Selected Historical Financial Data of Ecolab

The following selected financial data as of and for each of the five years in the period ended December 31, 2003, have been derived from Ecolab's audited consolidated financial statements. The financial data as of March 31, 2004, and March 31, 2003, and for each of the three-month periods then ended, have been derived from Ecolab's unaudited consolidated financial statements that include, in management's opinion, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the results of operations and financial position of Ecolab for the periods and dates presented. We are providing the following Ecolab selected historical consolidated financial information to aid you in your analysis of the financial aspects of the merger. The following information is only a summary and should be read together with the respective audited consolidated financial statements of Ecolab, including the notes thereto, incorporated herein by reference and with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Ecolab contained in or incorporated in the annual reports and other information that Ecolab has filed with the SEC. See "Where You Can Find More Information," beginning on page 75.

	For the Three Months Ended,		For the Year Ended December 31,				
	March 31, 2004	March 31, 2003	2003	2002	2001	2000	1999
(in thousands, except per share amounts)							
Consolidated Statement of Income Data							
Net sales	\$ 979,371	\$ 875,852	\$ 3,761,819	\$ 3,403,585	\$ 2,320,710	\$ 2,230,661	\$ 2,049,798
Operating income	116,139	116,139	482,658	395,866	318,179	343,139	289,951
Net income	66,006	55,318	277,348	209,770	188,170	206,127	175,786
Net income per share of common stock							
Basic	0.26	0.21	1.07	0.81	0.74	0.81	0.68
Diluted	0.25	0.21	1.06	0.80	0.72	0.78	0.65
Weighted-average common shares outstanding							
Basic	257,025	260,448	259,454	258,147	254,832	255,505	259,099
Diluted	260,227	263,637	262,737	261,574	259,855	263,892	268,837
Dividends declared per common share	\$ 0.0800	\$ 0.0725	\$ 0.2975	\$ 0.2750	\$ 0.2625	\$ 0.2450	\$ 0.2175
Consolidated Balance Sheet Data							
Current assets	\$ 1,185,278	\$ 1,099,636	\$ 1,150,340	\$ 1,015,937	\$ 929,583	\$ 600,568	\$ 577,321
Total assets	3,451,174	3,025,172	3,228,918	2,865,907	2,525,000	1,714,011	1,585,946
Current liabilities	975,093	884,667	851,942	853,828	827,952	532,034	470,674
Long-term debt (excluding current maturities)	620,642	569,296	604,441	539,743	512,280	234,377	169,014
Shareholders' equity	1,345,656	1,197,932	1,295,426	1,099,751	880,352	757,007	762,016
Book value per common share	\$ 5.23	\$ 4.58	\$ 5.03	\$ 4.23	\$ 3.44	\$ 2.98	\$ 2.94

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Ecolab's former Henkel-Ecolab joint venture is included as a consolidated subsidiary effective with Ecolab's purchase of the remaining 50% interest of this joint venture not already owned on November 30, 2001. Results for 2002 and 2003 reflect the discontinuance of the amortization of goodwill under the provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." All per share and shares outstanding data reflect the two-for-one stock split in the form of a 100% stock dividend paid June 6, 2003, to stockholders of record on May 23, 2003.

Selected Historical Financial Data of Alcide

The following selected historical financial data for each of the five years in the period ended May 31, 2003, have been derived from Alcide's audited consolidated financial statements. The financial data as of February 29, 2004, and February 28, 2003, and for each of the nine-month periods then ended, have been derived from Alcide's unaudited condensed consolidated financial statements that include, in management's opinion, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the results of operations and financial position of Alcide for the periods and dates presented. We are providing the following Alcide selected historical consolidated financial information to aid you in your analysis of the financial aspects of the merger. The following information is only a summary and should be read together with Alcide's audited and unaudited consolidated financial statements, the related notes and the discussion contained in Alcide's Annual Report on Form 10-K for the fiscal year ended May 31, 2003, and Quarterly Report on Form 10-Q for the quarterly period ended February 29, 2004, both of which have been delivered to you along with this proxy statement/prospectus and with the "Management's Discussion and Analysis of Financial Condition and Results of Operations of Alcide" contained in or incorporated in these reports and other information that Alcide has furnished with this proxy statement/prospectus or filed with the SEC. See "Where You Can Find More Information," beginning on page 75.

For the Nine Months Ended,		For the Year Ended May 31,				
February 29, 2004	February 28, 2003	2003	2002	2001	2000	1999

(\$ in thousands, except per share amounts or as otherwise indicated)

Operations Data:

Total revenue	\$ 17,270	\$ 16,327	\$ 21,924	\$ 21,989	\$ 17,958	\$ 12,440	\$ 11,221
Operating income (loss)	512	1,200	1,735	2,589	2,213	(949)	(1,852)
Net income (loss)	362	776	1,130	1,781	1,538	(447)	(974)
Earnings (loss) per common share and potential common share							
Basic	0.14	0.29	0.42	0.67	0.60	(0.18)	(0.38)
Diluted	0.14	0.29	0.42	0.65	0.58	(0.18)	(0.38)
Weighted-average shares outstanding							
Basic	2,666	2,657	2,658	2,643	2,573	2,519	2,550
Diluted	2,680	2,682	2,680	2,720	2,655	2,519	2,550
Dividends declared per share							

Balance Sheet Data:

Current assets	11,791	11,068	9,812	9,019	8,161	6,373	11,643
Total assets	22,319	23,035	21,369	21,865	19,003	14,530	15,620
Current liabilities	1,329	3,196	1,303	3,370	2,802	971	1,210
Long-term obligations (excluding current maturities)	597	586	573	121		158	316
Redeemable preferred stock	159	167	167	180	190	190	190
Shareholders' equity	20,234	19,087	19,325	18,194	16,010	13,211	13,904
Book value per common share	7.50	7.16	7.28	6.85	6.09	5.24	5.50

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Results for 2002 and 2003 reflect the discontinuance of the amortization of goodwill under the provisions of Statements of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

Comparative Per Share Data

The following tables present historical per share data of Alcide as of and for the nine months ended February 29, 2004, and fiscal year ended May 31, 2003, and of Ecolab as of and for the year ended December 31, 2003, and for the three months ended March 31, 2004. You should read this data along with the historical consolidated financial statements and the related notes of Ecolab and Alcide incorporated by reference into this proxy statement/prospectus and, with respect to Alcide, furnished herewith.

Because the number of shares of Ecolab common stock to be issued in the merger will not be known until the fifth trading day prior to the completion of the merger, Alcide's equivalent per share data cannot be computed at this time. That information will be available via telephone, toll-free, at 1-800-316-6480. Hypothetical Alcide equivalent per share data is presented below using the most recent closing sale price of a share of Ecolab common stock as of June 11, 2004, which was \$31.38, and a resulting hypothetical exchange ratio of 0.6692. The hypothetical Alcide equivalent per share data was calculated by multiplying the actual Ecolab per share data by the hypothetical exchange ratio of 0.6692. No pro forma Ecolab information giving effect to the merger is presented because the merger will not materially change the Ecolab historical amounts presented.

Alcide historically has not paid cash dividends on its common shares.

	Alcide		Ecolab	
	Nine Months Ended February 29, 2004	Fiscal Year Ended May 31, 2003	Three Months Ended March 31, 2004	Fiscal Year Ended December 31, 2003
Historical				
<i>Net income per share, diluted</i>	\$ 0.14	\$ 0.42	\$ 0.25	\$ 1.06
<i>Book Value per share (as of end of period)</i>	\$ 7.50	\$ 7.28	\$ 5.23	\$ 5.03
<i>Dividends declared per share</i>			\$ 0.0800	\$ 0.2975
Hypothetical Alcide Equivalent				
<i>Net income per share, diluted</i>	N.A.	N.A.	\$ 0.17	\$ 0.71
<i>Book Value per share (as of end of period)</i>	N.A.	N.A.	\$ 3.50	\$ 3.37
<i>Dividends declared per share</i>	N.A.	N.A.	\$ 0.0535	\$ 0.1191

Comparative Stock Prices and Dividends

Ecolab common stock is listed and traded on the New York Stock Exchange under the symbol "ECL." Alcide common stock is listed and traded on the Nasdaq National Market under the symbol "ALCD." The following table sets forth, for the calendar periods indicated, the high and low sales prices per share of Ecolab common stock as reported by the New York Stock Exchange and per share of Alcide common stock as reported by the Nasdaq National Market. The table also sets forth the quarterly cash dividends per share declared by Ecolab with respect to its common stock. All Ecolab per

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share information reflects the two-for-one stock split declared in June 2003. Alcide has not paid dividends with respect to its common stock.

CALENDAR PERIOD	ECOLAB COMMON STOCK			ALCIDE COMMON STOCK	
	High	Low	Dividends	High	Low
2000					
First Quarter	\$ 20.38	\$ 14.00	\$ 0.0600	\$ 24.56	\$ 11.38
Second Quarter	\$ 20.63	\$ 17.47	\$ 0.0600	\$ 19.88	\$ 11.25
Third Quarter	\$ 20.00	\$ 16.63	\$ 0.0600	\$ 23.94	\$ 14.06
Fourth Quarter	\$ 22.85	\$ 17.03	\$ 0.0650	\$ 37.00	\$ 22.63
2001					
First Quarter	\$ 22.09	\$ 18.94	\$ 0.0650	\$ 33.13	\$ 19.69
Second Quarter	\$ 21.60	\$ 18.18	\$ 0.0650	\$ 34.50	\$ 25.05
Third Quarter	\$ 21.00	\$ 14.25	\$ 0.0650	\$ 34.00	\$ 24.90
Fourth Quarter	\$ 20.53	\$ 17.10	\$ 0.0675	\$ 27.50	\$ 20.40
2002					
First Quarter	\$ 23.94	\$ 19.43	\$ 0.0675	\$ 25.75	\$ 21.96
Second Quarter	\$ 24.00	\$ 21.25	\$ 0.0675	\$ 25.25	\$ 18.05
Third Quarter	\$ 24.51	\$ 18.27	\$ 0.0675	\$ 20.50	\$ 14.86
Fourth Quarter	\$ 25.20	\$ 20.71	\$ 0.0725	\$ 17.48	\$ 13.00
2003					
First Quarter	\$ 26.00	\$ 23.08	\$ 0.0725	\$ 17.04	\$ 12.20
Second Quarter	\$ 27.92	\$ 24.21	\$ 0.0725	\$ 14.83	\$ 9.82
Third Quarter	\$ 26.80	\$ 23.78	\$ 0.0725	\$ 14.82	\$ 10.71
Fourth Quarter	\$ 27.89	\$ 25.15	\$ 0.0800	\$ 17.00	\$ 13.00
2004					
First Quarter	\$ 28.61	\$ 26.12	\$ 0.0800	\$ 20.60	\$ 14.21

On June 11, 2004, there were approximately 2,701,371 shares of Alcide common stock and 257,349,374 shares of Ecolab common stock outstanding.

Recent Closing Prices

The following table sets forth the high, low and closing prices per share of Ecolab common stock as reported on the New York Stock Exchange and Alcide common stock as reported on the Nasdaq National Market on March 11, 2004, the last trading day before the public announcement of the merger agreement, and on June 11, 2004, the most recent practicable date prior to the date of this proxy statement/prospectus for which closing prices were available. The equivalent per share value is determined by multiplying the closing price of Ecolab common stock as of the dates shown below by the assumed exchange ratio of 0.7565 and 0.6692, respectively. The assumed exchange ratio was calculated by dividing \$21.00 by the closing price of Ecolab common stock as of the dates shown below. The actual exchange ratio will be calculated by dividing \$21.00 by the average Ecolab share price over

the 10-trading day period ending five trading days prior to completion of the merger. The actual exchange ratio will not necessarily equal the assumed exchange ratio.

	Ecolab			Alcide			Equivalent Per Share of Alcide Common Stock
	High	Low	Closing	High	Low	Closing	
March 11, 2004	\$ 28.20	\$ 27.69	\$ 27.76	\$ 16.75	\$ 16.00	\$ 16.00	21.00
June 11, 2004	\$ 31.47	\$ 31.25	\$ 31.38	\$ 20.61	\$ 20.60	\$ 20.61	21.00

The market price of Ecolab common stock is likely to fluctuate prior to the merger. You should obtain current market quotations. We cannot predict the future prices for Ecolab common stock.

Ecolab Dividend Policy

The holders of Ecolab common stock receive dividends if and when declared by the Ecolab board of directors out of funds legally available for that purpose. Ecolab expects to continue paying quarterly cash dividends on its common stock for the foreseeable future. The declaration and payment of dividends after the merger will depend upon business conditions, operating results and the Ecolab board of directors' consideration of other relevant factors. Ecolab declared dividends of \$77,132,000 in 2003, or approximately 28% of Ecolab's 2003 consolidated net income. Per share dividends declared of \$0.2975 in 2003 increased 8.2% from 2002.

Shares Held by Certain Stockholders

Approval and adoption of the merger agreement and the merger by the Alcide stockholders requires the affirmative vote of the holders of a majority of the shares of Alcide common stock outstanding and entitled to vote at the special meeting. As of June 11, 2004, approximately 23.6% of the outstanding shares of Alcide common stock were held by directors and officers of Alcide and their affiliates. Neither Ecolab nor any of its directors or officers owns any shares of Alcide common stock.

RISK FACTORS

In deciding whether to vote for adoption and approval of the merger agreement and the merger, we urge you to carefully read and consider the following risk factors, in addition to the other information contained in this proxy statement/prospectus. We also urge you to refer to the additional risk factors and disclosures regarding forward looking statements identified in the periodic reports and other documents of Ecolab and Alcide incorporated by reference into this proxy statement/prospectus and listed in the section captioned "Where You Can Find More Information," beginning on page 75.

Risks Relating to the Merger

The value of the Ecolab common stock you receive in the merger may be less than the market price at the time the merger is completed.

The exchange ratio in the merger is based on the average Ecolab share price over the 10-trading day period ending five trading days prior to completion of the merger. The price of Ecolab stock will change during this period and will continue to fluctuate until you receive your shares. As a result, the price of Ecolab common stock at the time you receive your shares may be higher or lower than \$21.00 per share.

Alcide's directors and officers may have interests in the merger that are different from, or in addition to, your interests, which could influence their decision to support the merger.

When you consider the Alcide board's recommendation in favor of the merger, you should be aware that some Alcide directors and officers have interests in the merger that may differ from, or be in addition to, your interests. As a result, these officers and directors may be more likely to support the merger than if they did not have these interests. These interests, which are discussed in greater detail on page 44 under "Interests of Certain Persons in the Merger," include a cash-out of stock options held by Alcide's directors, officers and employees, employment arrangements entered into between Alcide's officers and Ecolab, and a continuation of Alcide's director and officer indemnification obligations.

If the merger is not completed, Alcide will have incurred substantial costs which may adversely affect Alcide's financial results and operations and the market price for Alcide common stock.

The merger is subject to a number of conditions, and there can be no assurance that the conditions will all be satisfied. You should note, in particular, that an Alcide stockholder has filed a class action lawsuit against Alcide alleging that the Alcide directors have breached their fiduciary obligations by approving the merger agreement and the merger. Ecolab is not required to complete the merger so long as the lawsuit is pending. However, as a result of the settlement described in "Recent Developments" beginning on page 5, Ecolab does not intend to delay the merger or terminate the merger agreement as a result of the lawsuit. Ecolab's intention could change if there is a breach of the memorandum of understanding prior to completion of the merger, in which case Ecolab would promptly issue a press release and file a Current Report on Form 8-K announcing the development.

If the merger is not completed, Alcide will have incurred significant costs, including the diversion of management resources, for which it will have received little or no benefit. Also, if the merger is not completed under specified circumstances, Alcide will be obligated to pay Ecolab a termination fee of \$2.5 million, as well as costs, expenses (including attorneys' fees) and interest in connection with any suit brought by Ecolab to obtain the termination fee if the termination fee is not promptly paid by Alcide when due. Please see the section captioned "The Merger Agreement Termination Fee and Expense Reimbursement," beginning on page 60. In addition, if the merger is not completed, Alcide may experience a negative reaction from the financial markets and Alcide's collaborative partners,

customers and employees. Each of these factors may adversely affect the price of Alcide common stock and its financial results and operations.

The termination fee and the restrictions on solicitation contained in the merger agreement may discourage other companies from trying to acquire Alcide.

Until the merger becomes effective, and with some exceptions, Alcide is prohibited from entering into or soliciting, initiating or encouraging any inquiries or proposals that may lead to an acquisition proposal from any person other than Ecolab. Alcide also has agreed to pay a termination fee to Ecolab of \$2.5 million if the merger agreement is terminated in specified circumstances, including circumstances in which Alcide takes any of these prohibited actions or fails to obtain the approval of its stockholders after a proposal from an eventual third-party acquiror is received by Alcide or publicly announced. These provisions could discourage other companies from trying to acquire Alcide even though those other companies might be willing to offer greater value to Alcide stockholders than Ecolab has offered in the merger. The payment of the termination fee could also have a material adverse effect on Alcide's financial condition. For a more detailed discussion of these provisions of the merger agreement, see the sections of this proxy statement/prospectus titled "The Merger Agreement Covenants and Agreement *No Solicitation of Alternative Acquisition Proposals*" on page 55.

The transaction may be completed even though material adverse changes may result from the announcement of the transaction, industry-wide changes and other causes.

In general, each party can refuse to complete the transaction if there is a material adverse change affecting Ecolab and Alcide between the date of signing of the merger agreement, March 11, 2004, and the closing of the transaction. However, certain types of changes will not prevent the transaction from going forward, even if they would have a material adverse effect on Ecolab or Alcide, including:

any change, event, violation, inaccuracy, circumstance or effect that results from the public announcement or pendency of the transactions contemplated by the merger agreement;

changes affecting the dairy, meat, poultry or fish processing, animal health or food safety industries generally; or

changes affecting the United States economy generally.

If adverse changes occur but Ecolab and Alcide must still complete the transaction, the business of Ecolab and Alcide may suffer.

If Ecolab does not successfully integrate Alcide into its operations, stockholders may not realize the anticipated growth opportunities, synergies, costs savings and other benefits of the merger.

Ecolab anticipates that the merger will facilitate the growth of Alcide's existing businesses, enhance the growth opportunities for Ecolab's dairy and food processing businesses, and present cost savings and other synergistic benefits. If Ecolab is unable to successfully integrate Alcide into its operations, then these benefits may not be realized. The integration of two independent companies is a complex, costly and time-consuming process. The difficulties of combining the operations of the companies include, among others:

consolidating manufacturing and research and development operations;

coordinating sales, distribution and marketing functions;

preserving the important licensing, research and development, manufacturing and supply, distribution, marketing, customer and other relationships of Alcide;

minimizing the diversion of management's attention from ongoing business concerns; and

coordinating geographically separate organizations.

Ecolab and Alcide may not accomplish this integration smoothly or successfully. The diversion of management's attention from its current operations to the integration effort and any difficulties encountered in combining operations could prevent Ecolab from realizing the full benefits anticipated from the merger and could adversely affect other Ecolab businesses.

Representatives of Arthur Andersen are not available to consent to the inclusion of their report on our financial statements in this prospectus, and you will not be able to recover against Arthur Andersen under Section 11 of the Securities Act of 1933, as amended.

Arthur Andersen was the independent accountant for Alcide's consolidated financial statements for the year ended May 31, 2001. Representatives for Arthur Andersen are not available to provide the consent required for the inclusion of their report on those financial statements incorporated in this prospectus, and we have dispensed with the requirement to file their consent in reliance upon Rule 437a of the Securities Act. Because Arthur Andersen has not consented to the inclusion of their report in this prospectus, you will not be able to recover against Arthur Andersen under Section 11 of the Securities Act, for any false or misleading statements of a material fact contained in the financial statements audited by Arthur Andersen that are incorporated by reference or any omissions to state a material fact required to be stated therein. Any claims against Arthur Andersen related to any such false or misleading statements and omissions may be limited.

Risks Relating to Ecolab

The market price for shares of Ecolab common stock may be affected by factors different from those affecting shares of Alcide common stock, and the market value of Ecolab common stock may decrease after the closing date of the merger.

Upon completion of the merger, the holders of Alcide common stock will become holders of Ecolab common stock. Ecolab's current businesses and markets differ from those of Alcide and, accordingly, the results of Ecolab's operations after the merger may be affected by factors different from those currently affecting the results of Alcide's operations. The market value of the shares of Ecolab common stock you receive in the merger could decrease following the closing date of the merger. For a discussion of the businesses of Ecolab and Alcide and of factors to consider in connection with those businesses, please see the documents incorporated by reference into this proxy statement/prospectus and listed under the section captioned "Where You Can Find More Information," beginning on page 75.

The rights associated with Alcide common stock differ from the rights associated with Ecolab common stock.

There are differences between the rights associated with Alcide common stock and the rights associated with Ecolab common stock, even though both companies are incorporated in Delaware. Due to these differences, Alcide stockholders may have less protection in relation to certain matters once they become Ecolab shareholders. For a discussion of the differences between these rights, please see the section captioned "Comparison of Stockholder Rights and Corporate Governance Matters," beginning on page 64.

THE ALCIDE SPECIAL MEETING

This proxy statement/prospectus is being mailed on or about June 30, 2004, to holders of record of Alcide common stock as of the close of business on June 11, 2004, and constitutes notice of the Alcide special meeting in conformity with the requirements of the General Corporation Law of the State of Delaware. It is accompanied by a proxy card furnished in connection with the solicitation of proxies by the Alcide board for use at the special meeting and at any adjournments or postponements of the special meeting.

Date, Time and Place of the Special Meeting

The Alcide special meeting is scheduled to be held as follows:

July 30, 2004
9:00 a.m., local time
at 8561 154th Avenue N.E.
Redmond, Washington 98052

Matters to be Considered at the Special Meeting

The purposes of the special meeting of Alcide's stockholders are as follows:

to consider and vote on a proposal to adopt and approve the merger agreement and the merger;

to consider and vote on a proposal to adjourn the special meeting, if necessary, to satisfy the conditions to completing the merger as set forth in the merger agreement, including for the purpose of soliciting proxies to vote in favor of adoption of the merger agreement and the merger; and

to transact such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

The Alcide board of directors has unanimously determined that the merger agreement, and the transactions contemplated by the merger agreement, are advisable and in the best interests of Alcide and its stockholders, unanimously approved the merger agreement and the merger, and unanimously recommends that you vote FOR adoption and approval of the merger agreement and the merger. In addition, the Alcide board of directors unanimously recommends that you vote FOR the proposal regarding the possible adjournment of the special meeting.

Record Date for the Special Meeting and Voting Rights

Only holders of record of Alcide common stock at the close of business on the record date, June 11, 2004, are entitled to notice of, and to vote at, the special meeting. At the close of business on the record date, there were 2,701,371 shares of Alcide common stock outstanding held by approximately 1,352 holders of record. Each holder of record of Alcide common stock on the record date will be entitled to one vote for each share held on all matters to be voted upon at the special meeting.

As of the record date, Alcide's directors and officers and their respective affiliates held approximately 23.6% of the outstanding shares of Alcide common stock. If they were to exercise all presently exercisable options, such persons would hold approximately 27.7% of the outstanding shares of Alcide common stock. The directors and executive officers of Alcide have entered into agreements with Ecolab requiring them to vote, or cause to be voted, the shares beneficially owned by them in favor of the adoption and approval of the merger agreement and the merger, as described under the heading "Agreements Related to the Merger Agreements to Facilitate Merger," beginning on page 61. Ecolab also holds irrevocable proxies to vote all such shares.

Quorum; Required Votes; Abstentions and Broker Non-Votes

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Alcide common stock entitled to vote at the special meeting is necessary to constitute a quorum. Abstentions and broker non-votes, which are executed proxies returned by a broker holding shares in "street name" that indicate that the broker has not received voting instructions from the beneficial owner of the shares and does not have discretionary authority to vote the shares with respect to the adoption and approval of the merger agreement and the merger, will be counted for purposes of determining whether a quorum exists. Adoption and approval of the merger agreement and the merger requires the affirmative vote of a majority of the shares of Alcide common stock outstanding as of the record date and entitled to vote.

If a quorum is not present at the special meeting, or if there are not sufficient votes at the time of the special meeting to adopt and approve the merger agreement and the merger, it is expected that Alcide's stockholders would be asked to consider and vote upon a proposal to adjourn the special meeting to solicit additional proxies. Adjournment of the special meeting requires the affirmative vote of the holders of a majority of the shares of Alcide common stock present, in person or by proxy, and entitled to vote at the special meeting.

All properly executed proxies delivered and not properly revoked will be voted at the special meeting as specified in such proxies. If you do not specify a choice, your shares represented by a signed proxy will be voted "for" the adoption and approval of the merger agreement and the merger and, if necessary, "for" the proposal to adjourn the special meeting. If you abstain from voting, it will have the same effect as a vote "against" the adoption and approval of the merger agreement and the merger and as a vote "against" the proposal to adjourn the special meeting. The failure to submit a vote by proxy or in person at the special meeting, as well as broker non-votes, will have the same effect as a vote "against" the adoption and approval of the merger agreement and the merger and will have no effect on the proposal to adjourn the special meeting.

Alcide does not expect that any other matter will be brought before the special meeting. If, however, other matters are properly presented, the persons named as proxies will vote in accordance with their judgment with respect to those matters.

Voting

Voting by Proxy

To vote by proxy, you should complete your proxy card and return it in the enclosed pre-addressed return envelope. If your shares are held in an account at a brokerage firm, bank or other fiduciary, you must direct them how to vote your shares. Your broker, firm, bank or other fiduciary will vote your shares only if you provide directions stating how to vote by following the instructions provided to you by your broker or bank.

Voting by Internet or Telephone

You may also grant a proxy to vote your shares over the Internet or by telephone. The law of Delaware, under which Alcide is incorporated, specifically permits electronically transmitted proxies, provided that each such proxy contains or is submitted with information from which the inspector of election can determine that such proxy was authorized by the stockholder.

The Internet and telephone voting procedures described below are designed to authenticate stockholders' identities, to allow stockholders to grant a proxy to vote their shares and to confirm that stockholders' instructions have been recorded properly. Stockholders granting a proxy to vote over the Internet should understand that there may be costs associated with electronic access, such as usage

charges from Internet access providers and telephone companies, which must be borne by the stockholder.

Stockholders of record may go to <http://www.computershare.com/us/proxy> to grant a proxy to vote their shares over the Internet. They will be required to provide the company number and the control number contained on their proxy cards, and the last four digits of their social security number. The voter will then be asked to complete an electronic proxy card. The votes represented by such proxy will be generated on the computer screen and the voter will be prompted to submit or revise them as desired. Any stockholder using a touch-tone telephone may also grant a proxy to vote shares by calling the telephone number shown on your proxy card.

Most beneficial owners whose stock is held in street name receive instructions for granting proxies from their banks, brokers or other agents, rather than from our proxy card. A number of brokers and banks are participating in a program provided through ADP Investor Communication Services that offers the means to grant proxies to vote shares over the Internet and by telephone. If your shares are held in an account with a broker or bank participating in the ADP Investor Communications Services program, you may grant a proxy to vote those shares over the Internet at ADP Investor Communication Services' website at <http://www.proxyvote.com> or by telephone by calling the telephone number shown on the instruction form received from your broker or bank.

Solicitation of Proxies

The solicitation of proxies may include mail, telephone, facsimile and electronic mail. The cost of the solicitation of proxies from holders of Alcide common stock and all related costs will be borne by Alcide. Alcide has retained a proxy solicitor, Georgeson Shareholder, to assist in the solicitation of proxies for the special meeting at an estimated cost to Alcide of \$8,000, plus reimbursement of reasonable expenses. In addition, Alcide may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to the beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone, teletype, e-mail or personal solicitation by directors, officers or other regular employees of Alcide. No additional compensation will be paid to directors, officers or other regular employees for these services.

If you have any questions or need assistance in filling out our submitting your proxy card, please contact Georgeson Shareholder at the following address and telephone number:

Georgeson Shareholder
17 State Street
New York, NY 10004
(800) 316-6480

Revocability of Proxies

If you are a stockholder of record, you may revoke and change your vote at any time prior to the special meeting by:

delivering a written notice bearing a date later than the date of your proxy card to Computershare Trust Company, that you would like to revoke your proxy;

submitting another proxy card to Computershare Trust Company relating to the same shares with a later date by mail;

submitting a subsequent vote over the Internet or by telephone; or

appearing in person and voting at the special meeting (merely attending the special meeting will not revoke your previously-granted proxy and change your vote; you must cast a vote at the special meeting).

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If your shares are held in the name of a bank, broker or other fiduciary, you may change your vote by submitting voting instructions to that person.

You may send notice of revocation or your completed new proxy card, as the case may be, to Computershare Trust Company at the following address:

Computershare Trust Company, Inc.
350 Indiana Street, Suite 800
Golden, CO 80401
Attention: Client Support Services
(303) 262-0600 ext. 4737

Dissenters' Rights

You are not entitled to dissenters' rights or appraisal rights, under Delaware law or otherwise, in connection with the merger because you are receiving publicly traded stock in exchange for your Alcide stock.

You should not send in any Alcide stock certificates with your proxy card. The exchange agent will mail a transmittal letter to you containing instructions for the surrender of Alcide stock certificates as soon as practicable after completion of the merger.

THE MERGER

This section of the proxy statement/prospectus describes material aspects of the proposed merger. While we believe that the description covers the material terms of the merger, this summary may not contain all the information that is important to you. You should therefore carefully read this entire proxy statement/prospectus and the other documents we refer to, including the merger agreement attached as Appendix A and incorporated by reference, for a more complete understanding of the merger agreement and the merger.

Structure of the Merger

If the Alcide stockholders adopt and approve the merger agreement and the merger, and all other conditions to the merger agreement are satisfied, Bessy Acquisition Inc., a wholly-owned subsidiary of Ecolab, will merge with and into Alcide. As a result, Bessy will cease its separate corporate existence and become a part of Alcide, the surviving corporation, which will be a wholly-owned subsidiary of Ecolab. We currently anticipate completing the merger promptly after the special meeting of Alcide stockholders, provided we receive the requisite stockholder approval at the special meeting and have received all necessary regulatory approvals.

Background of the Merger

Growth through acquisitions has long been a key component of Ecolab's business strategy. Ecolab first considered the prospect of acquiring Alcide in 1996 following the resolution of patent litigation between Alcide and ABS Global, Inc., in which Ecolab had become involved. Ecolab was primarily attracted to Alcide's patent portfolio and other intellectual property rights, and acquisitions can often serve as a mutually agreeable resolution to patent disputes. However, the litigation settled before Ecolab had an opportunity to approach Alcide with an acquisition proposal. Therefore, the parties did not discuss the possibility of an acquisition at that time.

For the past three years, Alcide's growth strategy included possible acquisitions of proprietary technologies in order to attain critical mass in the animal health and food safety industries. Through the acquisition of proprietary technologies that would complement, expand and diversify Alcide's product offering in the red meat, poultry and fish processing and other animal health and food safety markets Alcide served, Alcide believed it would be better able to mitigate the volatility of its financial and operating results that it historically experienced. In pursuit of this strategy, Alcide engaged in exploratory discussions with several companies regarding the potential acquisition of proprietary technologies that served the animal health and food safety industries. In most cases, these discussions did not proceed beyond the preliminary stage. In the case of two of these potential acquisitions, discussions proceeded to more substantive negotiations. However, Alcide did not proceed to definitive agreement in either case due to Alcide's ultimate assessment that both acquisitions did not fully meet Alcide's expectations or goals. In addition, to acquisition discussions, in mid-2003, Alcide had preliminary discussions with another company regarding a potential business combination. These discussions did not proceed beyond the exploratory phase due to differences over valuation expectations, including the other party's unwillingness to entertain a premium for acquiring Alcide.

On September 22, 2003, Stephen Newlin, President, Industrial of Ecolab, met with Joseph A. Sasenick, the Chairman and CEO of Alcide. Mr. Newlin initiated the meeting at the request of his managers, who had been tracking Alcide over the years and assessing the possibility of an acquisition. At the meeting, Messrs. Newlin and Sasenick discussed in general terms their respective businesses, including the challenges facing the dairy and food safety industries and the benefits that might accrue to their respective organizations and stockholders if Ecolab were to acquire Alcide. Messrs. Newlin and Sasenick believed that a combination of Ecolab and Alcide could potentially provide significant value to customers, who would benefit from the combination of Alcide's technology and Ecolab's broad product

offerings, global sales and service force, and large corporate identity. Messrs. Sasenick and Newlin also discussed the value that may accrue to Alcide's stockholders from a combination with Ecolab, which offered more financial stability with a significant opportunity for steady growth. Mr. Sasenick also believed that a business combination with Ecolab might achieve Alcide's strategic objective of stabilizing its operational and financial performance given Ecolab's larger size and significantly diversified product offerings in the animal health and food safety industries and would likely yield an immediate increase in stock price and a higher prospect of consistent stock price growth for Alcide stockholders. Messrs. Newlin and Sasenick agreed to continue discussions and, following the meeting, Alcide and Ecolab signed a confidentiality agreement in order to facilitate the exchange of confidential information.

On September 23, 2003, Ecolab began consulting with Credit Suisse First Boston regarding the potential transaction and subsequently engaged them as Ecolab's financial advisor.

On October 10, 2003, following a regularly scheduled meeting of Alcide's Audit Committee, the Alcide board of directors held a brief meeting at which Mr. Sasenick provided an update of various acquisition targets that Alcide was evaluating and other strategic business opportunities. Mr. Sasenick also advised the board of Ecolab's expression of interest and the plan for continuing discussions. The Alcide board of directors authorized Mr. Sasenick to proceed.

On October 13, 2003, a group of Ecolab managers met with Alcide's senior management team in order to further explore a business combination and to become more familiar with Alcide and its product offerings, technologies and regulatory positioning.

On October 21, 2003, the Alcide board of directors held a regularly scheduled meeting. Among other topics, Mr. Sasenick updated the board regarding the status of discussions with Ecolab and Ecolab's continuing interest in a business combination. The Alcide board of directors authorized Mr. Sasenick to continue the discussions. In doing so, the board believed that proceeding with discussions with Ecolab was consistent with Alcide's long-term strategy of achieving stability in Alcide's financial and operational performance. In addition, the board believed that, in light of information available to it and Alcide's recent experiences exploring potential strategic alternatives, pursuing discussions with Ecolab was a preferred alternative to attempting a sale of Alcide through an auction process or to otherwise soliciting interest from other potential acquirors, as such efforts could jeopardize discussions with Ecolab. Moreover, the Alcide board believed that if it ultimately approved a combination with Ecolab, the public announcement of such a transaction would bring Alcide to the attention of other likely merger partners or buyers, and the board intended to try to negotiate, in the definitive agreement with Ecolab, for flexibility to enter into discussions with serious merger partners or buyers who might emerge after such an announcement.

On November 4, 2003, Mr. Newlin delivered a letter to Mr. Sasenick expressing Ecolab's interest in acquiring Alcide at a preliminary valuation of between \$16.00 and \$19.00 per share, subject to a continuing review of Alcide's business and operations. Based on input from Alcide's board of directors, Alcide delivered a letter dated November 6, 2003, with a proposed range of between \$21.00 and \$27.00 per share. Alcide's response letter also proposed that Alcide would agree not to solicit indications of interest from or discuss acquisition possibilities with other potential suitors in consideration of a \$250,000 cash payment, reflecting Mr. Sasenick's concern relating to the costs of pursuing a transaction with Ecolab. In late November 2003, after further internal review by Ecolab and several telephonic discussions between Messrs. Newlin and Sasenick, it was agreed that Ecolab would continue its due diligence analysis with a tentative understanding that Ecolab could move above its preliminary valuation range.

On December 3, 2003, a group of Ecolab managers, including a research and development team, met with Alcide's senior managers to discuss possible business synergies and technology issues. During the meeting, Ecolab conveyed its expectation that Alcide's employees, particularly its management

team, would be essential to a successful transaction and that Ecolab would want assurances that the management team will remain in place after completion of the merger. Also in early December, Mr. Sasenick conveyed to Mr. Newlin his continued concern about the cost and expense of negotiating a transaction with Ecolab. Mr. Sasenick repeated Alcide's proposal that Ecolab reimburse Alcide for all out-of-pocket fees and expenses incurred in connection with the negotiation of a potential transaction, up to a maximum of \$250,000, in exchange for which Alcide would agree not to solicit indications of interest from or discuss acquisition possibilities with other potential suitors. At that time, Ecolab was unwilling to accept the proposal.

On December 19, 2003, Messrs. Newlin and Sasenick reached a tentative understanding to proceed with further discussions based on a price of \$21.00 per share, subject to, among other things, the approval of each company's board of directors, Ecolab's continuing due diligence, and the negotiation of a definitive agreement. The transaction structure remained an open issue, as Ecolab and Alcide had not settled on whether, if the transaction were to proceed, the consideration should be paid in cash, stock, or a combination of cash and stock. After December 19, 2003, Mr. Sasenick had one-on-one conversations with each of Alcide's directors and received a preliminary consensus from the directors in favor of the transaction, if it were to proceed, at a price of \$21.00 per share and a preference to structure the combination as a stock-for-stock merger.

From December 20, 2003, to January 8, 2004, Messrs. Newlin and Sasenick had several telephone discussions regarding the status of the potential transaction, including timing and structural issues. Mr. Sasenick advised Mr. Newlin that Ecolab's more formal and comprehensive due diligence could not begin until after Alcide filed its quarterly report with the SEC on or about January 14, 2004. Regarding structure, Mr. Newlin told Mr. Sasenick that if the transaction were to proceed, Ecolab would be willing to accept either a cash or stock merger, but that it would not consider a cash election merger or some other combination of cash and stock. Mr. Sasenick expressed Alcide's tentative preference for a stock merger.

On January 15, 2004, Ecolab delivered to Alcide a list of documents and other information that would be necessary in order for Ecolab to complete its due diligence review.

On January 15, 2004, Messrs. Newlin and Sasenick met in Seattle to discuss the potential transaction and any remaining concerns that Alcide may have before proceeding to the negotiation of a definitive merger agreement. Mr. Newlin also presented Mr. Sasenick with a letter agreement under which Alcide would agree to a 60-day "no-shop" period, in exchange for which Ecolab would agree to reimburse Alcide for fees and expenses incurred in the course of negotiating the potential transaction with Ecolab, up to a maximum of \$150,000, provided the purchase price would be correspondingly reduced. Mr. Sasenick countered with a cap of \$250,000, with the other terms subject to the review of Perkins Coie. After review and further negotiation, Ecolab and Alcide executed the letter agreement on January 17, 2004, with the reimbursement obligation capped at \$250,000. Alcide subsequently negotiated for the elimination of the purchase price adjustment, and Ecolab made the \$250,000 payment on March 15, 2004, after the merger agreement was signed.

On January 16, 2004, Alcide began discussions with Duff & Phelps regarding the potential engagement of Duff & Phelps to deliver an opinion to the Alcide board of directors as to the fairness to the non-management public stockholders, from a financial point of view, of the consideration to be received by Alcide stockholders in connection with the proposed transaction. Alcide's board previously considered whether to engage a financial advisor with respect to a potential combination with Ecolab but believed that it would need to engage a financial advisor only with respect to a determination that the transaction was fair from a financial point of view to Alcide's stockholders since Alcide was not pursuing an auction process and in light of the collective experience of the members of the board and senior management. On that same date, Duff & Phelps sent its proposal regarding the engagement, which was received by Alcide on January 19, 2004.

On January 20, 2004, Ecolab delivered a first draft of the merger agreement to Alcide. The merger agreement reflected a stock merger although Ecolab and Alcide had not yet agreed on the specific acquisition structure. From January 21 to January 31, 2004, representatives of Ecolab met with representatives of Alcide in Seattle and elsewhere in order to conduct further due diligence on such key topics as research and development, product registrations, intellectual property, legal matters, employment matters, employee benefits, tax matters, and information systems. During this same period, Alcide gathered and provided the bulk of the due diligence information requested by Ecolab and responded to follow-up questions. Partially as a result of these discussions and the information provided, Ecolab identified all four officers of Alcide and seven additional employees as important to achieving the anticipated benefits of the merger. However, the parties agreed that compensation and related discussions regarding the officers and other key employees would be postponed until the principal terms of the merger were further negotiated, including price and structure.

On January 22, 2004, representatives from Duff & Phelps met with Mr. John Richards, Alcide's President and Chief Financial Officer, and Mr. G. Kere Kemp, Alcide's Executive Vice President and Chief Scientific Officer, at Alcide's corporate headquarters in Redmond, Washington, and held telephonic interviews with Mr. Sasenick and Mr. James Winters, Alcide's Vice President and General Manager, Animal Health on January 26, 2004, to discuss the current and future business prospects of Alcide and the potential transaction. On January 27, 2004, Ecolab, Oppenheimer Wolff & Donnelly and Perkins Coie discussed by telephone Alcide's initial reaction to the draft merger agreement, as well as timing and logistical issues. Particular attention was paid to operating covenants and the fiduciary obligations of the Alcide board of directors in light of the deal protection measures that Ecolab was requesting, including the amount of the termination fee, the fiduciary obligations in relation to potential competing offers and the agreements to facilitate merger. Perkins Coie also confirmed Alcide's preference for a stock merger.

On January 29, 2004, the Alcide board of directors held a special meeting to discuss the proposed merger. At Alcide's request, Mr. Newlin, Lawrence Bell, Senior Vice President and General Counsel of Ecolab, Michael Monahan, Vice President, Investor Relations of Ecolab, and Thomas Grover, Corporate Development-Vice President of Ecolab, attended a portion of the meeting. Mr. Monahan delivered a presentation regarding Ecolab, its business and the proposed merger, and Mr. Monahan and the other Ecolab representatives answered various questions posed by the board of directors. Following the presentation, the Alcide board of directors confirmed to the Ecolab representatives Alcide's interest in a price of \$21.00 per share and a transaction structured as a stock merger. After Ecolab's representatives were dismissed from the meeting, the board of directors continued to discuss and evaluate Ecolab's proposal. Alcide had received a draft of the merger agreement and was working with Perkins Coie to evaluate the draft. Messrs. Sasenick and Richards, who also attended the meeting, noted that several business issues relating to, among other things, post-signing restrictions on Alcide's operations, employee benefits, employment agreements and the termination fee, needed to be resolved between the parties. Perkins Coie provided a summary of fiduciary obligations of the board of directors in evaluating a potential business combination with Ecolab. The board also approved the retention of Duff & Phelps as its financial advisor regarding the fairness of the transaction to Alcide's stockholders from a financial point of view. The board's interest in a price per share of \$21.00 was subject to a determination by Duff & Phelps that \$21.00 per share was fair from a financial point of view to Alcide's stockholders. The board then telephoned a representative of Duff & Phelps, who described the process that Duff & Phelps would undertake in preparing its fairness opinion. On the same day, Ecolab delivered to Perkins Coie a draft of the agreements to facilitate merger that Ecolab would require to be signed by each officer and director of Alcide.

On February 4, 2004, Ecolab's board of directors held a special meeting at which a number of issues were discussed, including the proposed acquisition of Alcide. The acquisition opportunity was described in written materials prepared by Ecolab management and delivered to the directors in

advance of the meeting. The materials included an overview of Alcide's business and financial performance, the strategic objectives behind the acquisition, the material terms of the merger agreement, projected financial measures, and anticipated risks. Representatives of Ecolab's management team also delivered supplemental presentations at the meeting explaining the business rationale, valuation parameters, due diligence findings, and material terms of the proposed merger. Ecolab's board of directors then unanimously approved the merger and authorized Ecolab's management team to negotiate and enter into the merger agreement.

On February 4, 2004, Alcide's board of directors held a special meeting to discuss the status of the transaction and to hear a presentation from Duff & Phelps regarding its process and methodology for preparing its fairness opinion. At the request of the board of directors, representatives from Duff & Phelps presented the analysis and methodology underlying the analysis that Duff & Phelps had conducted to date. The board of directors engaged the representatives from Duff & Phelps in detailed discussion regarding the methodology and the financial projections of Alcide that Duff & Phelps planned to use and evaluate in the analysis. Following the presentation and discussion regarding the preparation for the fairness opinion, the representatives from Duff & Phelps were dismissed from the meeting. The board of directors continued its discussion of business issues relating to the transaction, including the termination fee, voting agreements to be delivered by directors and officers, the request from Ecolab that certain affiliates of directors deliver voting agreements, treatment of payments that had accrued under Alcide's incentive plans and the employment packages to be offered by Ecolab.

On February 5, 2004, Perkins Coie provided a formal mark-up of the merger agreement that reflected Alcide's prior comments. Thereafter, until March 10, 2004, Ecolab and Alcide held numerous telephone conferences and exchanged mark-ups in the course of negotiating the merger agreement. During this same period, representatives of Ecolab had numerous discussions with Messrs. Sasenick and Richards about the need for and certain details of retention arrangements for key employees in order to ease merger-related concerns. On February 19, 2004, Ecolab provided Alcide with a proposed form of employment agreement that it expected would be signed by each of Alcide's officers and the key individuals identified earlier by Ecolab, together with the proposed retention package for each such person. Ecolab also reiterated its position that an employment agreement from each of these individuals was an essential component of Ecolab's willingness to proceed with the merger. Thereafter, Ecolab negotiated the employment agreements with each individual officer or employee.

On February 17, 2004, the Alcide board of directors held a special meeting to discuss the status of the proposed merger. Also attending the meeting were representatives of Perkins Coie LLP, who addressed various questions regarding the merger agreement and general duties relating to the fiduciary obligations of the board of directors. Mr. Sasenick led a discussion regarding Alcide's reasons for pursuing this transaction in light of Alcide's recent history in evaluating various strategic alternatives that included, among other things, exploring the potential acquisition of proprietary technologies from other companies and entering into exploratory discussions with a third party in mid-2003 regarding a potential business combination. The board discussed the volatility of the markets in which Alcide competes and the unpredictability of the operating and financial performance of Alcide's business units in light of such volatility and the lack of market liquidity for Alcide's common stock. The board also briefly discussed the potential for the acquisition by Ecolab as a means to reduce operational and financial volatility that has resulted in earnings volatility and concluded that most reasonable acquisition opportunities available presently would likely be in the same markets currently served by Alcide.

On February 19, 2004, Ecolab delivered draft employment agreements to Messrs. Richards, Kemp and Winter. On February 24, 2004, Ecolab delivered a draft employment agreement to Mr. Sasenick. On March 2, 2004, Ecolab representatives met with each of the individuals from whom employment agreements would be required in order to review the terms of those agreements.

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On February 27, 2004, Alcide's board of directors held a special meeting to discuss remaining business issues reflected in the most recent draft of the merger agreement, which included the termination fee, reimbursement in the event of an unsolicited tender offer, operating covenants applicable to Alcide prior to closing the transaction, certain representations and warranties and employment packages offered by Ecolab. Alcide's board of directors was aware that draft employment agreements for Alcide's officers and other key employees had been delivered to and were being reviewed by each such employee and his or her legal counsel. Alcide's board of directors did not review the specific terms of any of the employment agreements but received reports from senior management that the terms were generally satisfactory, pending final negotiation by certain employees of some terms of the employment agreements.

On March 10, 2004, representatives of Ecolab met with representatives of Alcide and Perkins Coie in Seattle to finalize the merger agreement and related documentation.

On March 11, 2004, the Alcide board of directors held a special telephonic meeting to consider the final terms of the proposed merger with Ecolab, which was attended members of the Alcide board other than Thomas Kempner and by representatives of Duff & Phelps and Perkins Coie. Duff & Phelps' written materials were provided to all members of Alcide's board in advance of the meeting. A copy of these materials is attached to this proxy statement/prospectus as Appendix D. At the meeting, a representative from Duff & Phelps presented an overview of the analysis and methodologies utilized by Duff & Phelps to conduct its analysis of the fairness from a financial point of view of the transaction to the non-management public stockholders of Alcide and discussed the written presentation summarizing its analysis. Following this presentation, the representatives from Duff & Phelps were dismissed from the meeting and Perkins Coie led a brief discussion regarding final wording changes relating solely to certain covenants and representations and warranties reflected in the final draft of the merger agreement. Following the conclusion of the meeting, the Alcide board of directors by unanimous written consent, including Mr. Kempner, authorized the execution of the merger agreement and resolved to recommend that the Alcide stockholders adopt and approve the merger agreement and the merger.

Reasons for the Merger Ecolab

At a special meeting held on February 4, 2004, the Ecolab board of directors unanimously authorized its senior management team to negotiate and execute the merger agreement and proceed with the merger. Underlying the board's decision were the following factors, among others:

Alcide's existing portfolio of acidified sodium chlorite products, which will enhance product offerings to the customers of Ecolab's Food & Beverage and other divisions,

Alcide's commercial position and customer base in the poultry and red meat processing industries and in the dairy industry, which will accelerate Ecolab's expansion within these markets,

the opportunity to more rapidly grow Alcide's business by leveraging Ecolab's global resources to develop and market new products based on Alcide technology and in combination with Ecolab technology,

the extent and effectiveness of Alcide's efforts to protect its intellectual property, including its patent and trademark filings with the United States Patent and Trademark Office and comparable agencies in other jurisdictions,

Alcide's historical revenues and income, including underperformance in recent years and the potential for future improvements,

anticipated synergies, including the elimination of costs associated with Alcide being a public company and leveraging Ecolab's resources to expand the application of Alcide's technologies to Ecolab's existing product lines,

the size of the Alcide organization and the resulting dependence upon, and need to retain the services of, Alcide's senior management team and other key employees,

the board's belief that the merger is likely to be completed and provide the anticipated benefits, and

the exchange ratio formula, including dilution concerns should the price of Ecolab common stock fall prior to completion of the merger.

The Ecolab board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative weight to these factors or the other factors it considered in reaching its decision. In addition, other than general computation of the elimination of certain general and administrative expenses, Ecolab's board did not attempt to quantify the synergies that the combination of Alcide and Ecolab may realize principally because Alcide's anticipated revenue and profit contribution would not be material to Ecolab's consolidated revenue and profit amounts. Instead, the board concluded that, as a whole, the anticipated benefits of the merger outweighed the risks and uncertainties.

Reasons for the Merger Alcide

The Alcide board of directors believes that a merger with Ecolab is advisable and fair to, and in the best interests of, Alcide and its stockholders. At a meeting held on March 11, 2004, the Alcide board of directors unanimously adopted the merger agreement and determined that the merger is advisable and fair to, and in the best interests of, Alcide and its stockholders and resolved to recommend that Alcide's stockholders vote **FOR** the approval of the merger agreement.

In making its determination to adopt the merger agreement, the Alcide board of directors considered reasons why the merger should be beneficial to Alcide and its stockholders. These potential benefits include the following:

the opportunity for Alcide stockholders to receive what the board considered to be an attractive premium over the market price for shares of Alcide common stock, which had traded in the range of \$9.82 to \$18.65 per share in the 12 months prior to the public announcement of the merger;

the opportunity for Alcide stockholders, due to their receipt of Ecolab stock in connection with the merger, to participate in the future growth of the business conducted by Ecolab and Alcide following the merger and to benefit from the potential appreciation in value of shares of Ecolab common stock;

the benefit to Alcide stockholders from the larger public float and greater liquidity of shares of Ecolab common stock compared to the small public float and limited liquidity of shares of Alcide common stock;

the belief by Alcide's senior management, subject to receipt of the fairness opinion of Alcide's financial advisor and approval of Alcide's board of directors, that using \$21.00 per share and the average closing price of Ecolab stock over a short period prior to the closing of the merger as the basis for determining the exchange ratio, provided benefits to Alcide's stockholders that outweighed the use of a floating base price or an average closing price of Ecolab common stock over a period prior to public announcement of the transaction for the purpose of setting the exchange ratio because in senior management's reasonable estimation such pricing mechanisms

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involved a greater risk of a loss in value to Alcide's stockholders between the announcement and closing of the transaction; and

the belief by Alcide's directors and senior management that, in combination with Ecolab's greater financial, marketing, distribution and operational resources, the transaction would result in enhanced opportunities for Alcide to achieve its long-term strategic objectives of achieving greater financial stability.

In the course of consideration of the proposed transaction with Ecolab, Alcide's board reviewed historical, present and projected financials of Alcide, historical and short- and long-term strategic objectives of Alcide, the opportunities in the marketplace that Alcide is pursuing and the risks associated with such opportunities. The board also reviewed with its management, the board's financial advisor and Alcide's legal advisors a number of additional factors relevant to the merger, including:

information concerning conditions in the meat, dairy, poultry and fish processing, food safety and animal health industries in general, which indicated that these industries historically have been subject to significant economic fluctuations, and senior management's view that Alcide, due to its small size and limited product portfolio, was particularly vulnerable to adverse changes in these industries;

information concerning the recent and historical stock price performance, volatility and trading volume of Alcide common stock and Ecolab common stock, which indicated that Ecolab's stock price over the period reviewed was subject to much lower volatility and that the market for Ecolab's stock had significantly greater liquidity than the stock price and level of liquidity for Alcide;

comparisons of historical financial and operational measures for Alcide and Ecolab including revenues and earnings, technology, management and competitive position, which indicated that:

Ecolab had greater operational and financial stability than Alcide due to in part to Ecolab's broader product base and participation in more diverse markets, which stability would help to offset the volatility experienced in the animal health and food safety markets in which Alcide competes; and

Ecolab had more extensive financial, sales and marketing resources that could be allocated to enhance Alcide's ability to introduce new products or to identify and launch new applications for existing products;

the views of senior management, the board and Alcide's outside advisors that there was a significant likelihood that the merger would be completed;

the expected qualification of the merger as a tax-free reorganization under Section 368(a) of the Internal Revenue Code, which meant that Alcide stockholders generally would have the opportunity to obtain an attractive price and greater liquidity without incurring immediate tax as a result of the merger;

the opinion of Duff & Phelps that, as of March 11, 2004, and subject to the considerations set forth in their opinion, the purchase price of \$21.00 of Ecolab common stock for each outstanding share of Alcide common stock was fair to the non-management public stockholders of Alcide from a financial point of view (without giving effect to any impacts of the proposed transaction on any particular stockholder other than its capacity as a stockholder);

due diligence information relating to Ecolab gathered for and reviewed by Alcide's board of directors that included Ecolab's press releases, certain Securities Exchange Act filings, historical stock price information, business and stock performance information presented by members of Ecolab's senior management to analysts and Alcide's senior management and competitive

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analyses performed by Alcide's senior management and presented to the board from time to time as part of Alcide's periodic review of its business;

the terms of the merger agreement, including the parties' representations, warranties and covenants, and the conditions to the parties' respective obligations to consummate the merger, the provisions relating to Alcide's ability to consider alternative proposals and the termination provisions and related break-up fees, which senior management and the board, after consulting with Alcide's outside legal counsel, deemed to be reasonable and balanced;

the prospects of Alcide as an independent company, including:

the challenges Alcide faces by competing in volatile animal health and food safety markets with a relatively limited product offering, resulting in volatility of Alcide's operational and financial results from period to period;

Alcide's more limited resources to introduce new products or to launch new applications for existing products; and

the possibility that opportunities to expand Alcide's product offering through the acquisition of new proprietary technologies may not significantly offset the volatility in operational and financial performance historically experienced by Alcide in the short- or medium-term.

the belief of the Alcide board that there were few third parties that could be viewed as serious strategic merger partners, given that Alcide's senior management and board of directors were aware of no other publicly traded entities besides Ecolab that were involved in both the animal health and food safety business, and that given Alcide's history of volatile operating results it would be difficult to attract a financial buyer that would be willing to pay an attractive premium for Alcide's business; and

the anticipated impact of the merger on Alcide's customers and employees.

The Alcide board also considered a number of potentially negative factors in its deliberations concerning the merger, including:

the fact that stockholders of Alcide will not receive the full benefit of any future growth in the value of their equity that Alcide might have achieved as an independent company, and the potential disadvantage to Alcide stockholders who receive Ecolab common stock in the event that Ecolab does not perform as well in the future as Alcide might have performed as an independent company;

the risk that the merger might not be completed;

the possibility that some provisions of the merger agreement, including the nonsolicitation and termination fee provisions, might have the effect of discouraging other parties potentially interested in merging with or acquiring Alcide from pursuing such an opportunity;

the potential loss of revenues and business opportunities for Alcide as a result of uncertainty in the marketplace resulting from the announcement of the merger, and the possible exploitation of such uncertainty by Alcide's and Ecolab's competitors;

the possibility of management and employee disruption associated with the merger and integration of the operations of the companies, and the risk that, despite the efforts of the combined company, key management, technical and other personnel of Alcide might not continue with the combined company;

the risk that the strategic objectives sought to be achieved by the merger may not be realized; and

other applicable risks described in the section of this proxy statement/prospectus titled "Risk Factors."

Alcide's board concluded that overall these risks were outweighed by the potential benefits of the merger, and unanimously adopted the merger agreement and determined that the merger was advisable and fair to, and in the best interests of, Alcide and its stockholders.

The above discussion does not include all of the information and factors considered by Alcide's board. In view of the variety of factors considered in connection with its evaluation of the merger agreement, Alcide's board did not find it practicable to and did not quantify or otherwise assign relative weight to the specific factors considered in reaching its determination. In addition, the Alcide board did not attempt to quantify the synergies that the combination of Alcide and Ecolab may realize because the board did not deem the financial synergies from the proposed transaction to be of significance to its own deliberations or to Alcide's stockholders from the standpoint of their becoming Ecolab stockholders as a result of the transaction. The Alcide board did not reach any specific conclusion on each factor considered, or any aspect of any particular factor, but conducted an overall analysis of these factors. In addition, individual members of Alcide's board may have given different weight to different factors.

Fairness Opinion of Duff & Phelps

Duff & Phelps LLC, a national investment banking and financial advisory firm, served as financial advisor to the board of directors. Founded in 1932, Duff & Phelps is one of the leading middle market investment banking and independent financial advisory firms in the United States. Duff & Phelps has significant expertise and experience in fairness opinions, business valuations, solvency opinions, structuring ESOP/ERISA transactions, private capital raise, buy-side and sell-side merger and acquisition advisory services, and intangible asset and intellectual property valuations. Headquartered in Chicago, Duff & Phelps has offices in New York, Los Angeles, San Francisco, and Seattle. Each year, Duff & Phelps renders approximately 400 opinions, including fairness opinions, business valuation opinions, solvency opinions, tax-related financial opinions, and other financial opinions.

In deciding to approve the merger, Alcide's board of directors considered an opinion from its financial advisors, Duff & Phelps, LLC. The full text of the written opinion of the financial advisor is attached to the back of this document as Appendix C and should be read carefully in their entirety for a description of the assumptions made, matters considered and limitations on the review undertaken. The opinion of Duff & Phelps is directed to the Alcide board, and does not address the prices at which Ecolab's common stock will trade after the proposed merger and does not constitute a recommendation as to how to vote with respect to any matter relating to the proposed merger. Furthermore, Duff & Phelps does not address the relative merits of the merger and any other transactions or business strategies discussed by the Alcide board as alternatives to the merger agreement or the underlying business decision of the Alcide board to proceed with or effect the merger.

Duff & Phelps rendered a written opinion to the board of directors of Alcide that, as of March 11, 2004, the terms of the Proposed Transaction are fair to the non-management public shareholders of Alcide from a financial point of view (without giving effect to any impacts of the Proposed Transaction on any particular shareholder other than in its capacity as a shareholder). Duff & Phelps' opinion is attached as Appendix C and is incorporated herein by reference. **Alcide stockholders are encouraged to read this opinion in its entirety.**

The following is a summary of the material financial analyses performed by Duff & Phelps in connection with rendering its opinion. The summary of the financial analyses is not a complete description of all of the analyses performed by Duff & Phelps. **In order to better understand the financial analyses performed by Duff & Phelps, the text below should be read together with the**

presentation by Duff & Phelps delivered to the board of directors of Alcide on March 11, 2004, and included with this proxy statement/prospectus as Appendix D. The Duff & Phelps opinion is based on the totality of the various analyses that it performed, and no particular portion of the analysis has any merit standing alone. Duff & Phelps has consented to the use of its opinion and the presentation to Alcide's board of directors in this proxy statement/prospectus.

While this summary describes the analysis and factors that Duff & Phelps deemed material in its presentation to the Alcide board, it is not a comprehensive description of all analyses and factors considered by Duff & Phelps. The preparation of a fairness opinion is a complex process that involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to a partial analysis or summary description. In arriving at its opinion, Duff & Phelps did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Duff & Phelps believes that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered by it, without considering all analyses and factors, could create a misleading or incomplete view of the evaluation process underlying its opinion. Several analytical methodologies were employed and no one method of analysis should be regarded as critical to the overall conclusion reached by Duff & Phelps. Each analytical technique has inherent strengths and weaknesses, and the nature of the available information may further affect the value of particular techniques. The conclusion reached by Duff & Phelps is based on all analyses and factors taken, as a whole, and also on application of Duff & Phelps' own experience and judgment. This conclusion may involve significant elements of subjective judgment and qualitative analysis. Duff & Phelps gives no opinion as to the value or merit standing alone of any one or more parts of the analysis it performed. In performing its analyses, Duff & Phelps made numerous assumptions with respect to the industry outlook, general business and other conditions and matters many of which are beyond the control of Alcide or Duff & Phelps. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by these analyses. Accordingly, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which these businesses actually may be sold in the future, and these estimates are inherently subject to uncertainty.

The basis and methodology for Duff & Phelps' opinion have been designed specifically for the express purposes of Alcide's board of directors any may not translate to any other purposes. In particular, Duff & Phelps did not conduct a market test of any kind to determine whether or not a better price could have been obtained, nor did it have any role in the solicitation of offers or Alcide's negotiation process with Ecolab.

Duff & Phelps was retained by the Alcide board of directors under an engagement letter dated January 27, 2004. Alcide's engagement letter with Duff & Phelps provides that, for its services, Duff & Phelps is entitled to receive \$150,000 due and payable as follows: \$75,000 in cash upon execution of the engagement letter and the remaining \$75,000 in cash upon delivery of the opinion, whether or not the opinion is favorable. Alcide has also agreed to reimburse Duff & Phelps for its out-of-pocket expenses and to indemnify and hold harmless Duff & Phelps and its affiliates and any other person, director, employee or agent of Duff & Phelps or any of its affiliates, or any person controlling Duff & Phelps or its affiliates, for certain losses, claims, damages, expenses and liabilities relating to or arising out of services provided by Duff & Phelps as financial advisor to Alcide. The terms of the fee arrangement with Duff & Phelps, which Alcide and Duff & Phelps believe are customary in transactions of this nature, were negotiated at arm's length between Alcide and Duff & Phelps, and the Alcide board was aware of these fee arrangements.

Duff & Phelps was retained based on Duff & Phelps' experience as a financial advisor in connection with mergers and acquisitions and in securities valuations generally. Duff & Phelps is a

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nationally recognized investment banking firm that is regularly engaged to render financial opinions in connection with mergers and acquisitions, tax matters, corporate planning, and other purposes. Previously, Duff & Phelps had not provided financial advisory services to Alcide or Ecolab.

In connection with its fairness opinion, Duff & Phelps made such reviews, analyses, and inquiries as it deemed necessary and appropriate under the circumstances. Among other things, Duff & Phelps performed the following due diligence:

Conducted meetings with the following members of the senior management team of Alcide at their corporate headquarters in Redmond, Washington:

Joseph A. Sasenick*	Chairman and Chief Executive Officer
John P. Richards	President and Chief Financial Officer
G. Kere Kemp	Executive Vice President and Chief Scientific Officer
James L. Winters*	Vice President and General Manager, Animal Health

*

Telephonic interview

Held discussions with a representative of KPMG LLP, the Company's auditor;

Reviewed the draft Merger Agreement dated March 8, 2004, and assumed that there would be no changes material to its analysis in the final executed Merger Agreement;

Reviewed Alcide's financial statements and SEC filings, including the annual reports on Form 10-K for the fiscal years ended May 31, 2001, 2002 and 2003 and quarterly reports on Form 10-Q for the periods ended August 31, 2003, and November 30, 2003;

Reviewed the Proxy Statement dated August 29, 2003;

Reviewed management prepared income statement forecasts through May 31, 2008;

Reviewed the exclusivity agreement between Ecolab and Alcide, dated January 15, 2004;

Reviewed the non-qualified and incentive option schedule dated as of November 30, 2003, provided by Alcide management;

Reviewed minutes of the board of directors from July 22, 1999 through February 27, 2004;

Analyzed the terms of the Company's Class A Preferred Stock and Redeemable Class B Preferred Stock;

Analyzed the historical trading price and trading volume of Alcide's common stock;

Reviewed other operating and financial information provided by Alcide management; and

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Reviewed certain other relevant, publicly available information, including economic, industry, and investment information.

Duff & Phelps' fairness opinion is based upon an analysis of the foregoing in light of its assessment of the general, economic and financial market conditions, as they can be evaluated by Duff & Phelps, as of March 11, 2004. Events occurring after March 11, 2004, could materially affect the assumptions used in preparing its fairness opinion.

In connection with its fairness opinion, with Alcide's permission and without any independent verification, Duff & Phelps assumed that all information reviewed by it with respect to Alcide and the Proposed Transaction, whether supplied by Alcide, its advisors, or obtained by Duff & Phelps from publicly available sources, is true, correct and complete in all material respects and does not contain any untrue statements of material fact or omit to state a material fact necessary to make the

information supplied to Duff & Phelps not misleading. Duff & Phelps did not make an independent valuation or appraisal of the assets or liabilities of Alcide and was not furnished with such valuation or appraisal. Any inaccuracies in or omissions from the information on which Duff & Phelps relied could materially affect its fairness opinion.

Set forth below is a summary of the analyses performed by Duff & Phelps in reaching its fairness conclusions, as of March 11, 2004. Although developments following the date of the Duff & Phelps opinion may affect the opinion, Duff & Phelps assumes no obligation to update, revise, or reaffirm its opinion. The Duff & Phelps opinion is necessarily based upon market, economic and other conditions that were in effect on, and information made available to Duff & Phelps as of, the date of the opinion. You should understand that subsequent developments may affect the conclusion expressed in the Duff & Phelps opinion, and that Duff & Phelps disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting its opinion. The Duff & Phelps opinion is limited to the fairness of the Proposed Transaction to the non-management public shareholders of Alcide from a financial point of view (without giving effect to any impacts of the Proposed Transaction on any particular shareholder other than in its capacity as a shareholder) as of March 11, 2004.

Opinion and Analysis of Duff & Phelps

In accordance with customary investment banking practice, Duff & Phelps employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial and comparative analyses utilized by Duff & Phelps in arriving at its opinion. It does not purport to be a complete description of the presentation of Duff & Phelps to the Alcide board or the analyses performed by Duff & Phelps. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth below, without considering the analyses as a whole, could create a misleading or an incomplete view of the process underlying Duff & Phelps' fairness opinion.

In arriving at its fairness opinion, Duff & Phelps considered the results of all such analyses taken as a whole. Furthermore, in arriving at its fairness opinion, Duff & Phelps did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. No company or transaction used in the analyses as a comparison is identical to Alcide or the merger. The analyses were prepared solely for purposes of Duff & Phelps providing its opinion to the board as to the fairness of the merger from a financial point of view, and do not purport to be appraisals or to necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by such analyses. Such analyses are based upon numerous factors or events beyond the control of Alcide, its advisors or any other person, and are inherently uncertain. Actual future results may be materially different from those forecasts.

Discounted Cash Flow Analysis

Duff & Phelps performed a discounted cash flow analysis of the projected free cash flows of Alcide. Free cash flow is defined as cash that is available either to reinvest in new businesses or to distribute to securityholders in the form of dividends, stock buybacks, or debt service. Alcide management provided Duff & Phelps with financial projections, and Duff & Phelps informed the board that Duff & Phelps considered such projections and consulted with Alcide management as part of its process of developing an independent estimate of the future free cash flows for Alcide. Duff & Phelps also estimated the terminal value of Alcide's business in 2008.

The estimated terminal value and future free cash flows were discounted to the present at a rate that reflects the relative risk associated with these flows as well as the rates of return that securityholders could expect to realize on alternative investment opportunities.

The range of discount rates applied in Duff & Phelps' analysis was based on the estimated weighted average cost of capital of Alcide, which reflects the company's costs of debt and equity, as well as the actual proportions of debt and equity comprising the hypothetical optimal capital structure of Alcide. The cost of equity is the rate of return an equity investor would require to invest in Alcide. To determine the cost of equity, Duff & Phelps considered alternate investment opportunities with varying risk profiles, comparing them to the risk of an investment in Alcide and employed the Capital Asset Pricing Model to develop the cost of equity.

Factoring in the estimated costs of equity and debt for Alcide, with weightings consistent with a hypothetical optimal capital structure, resulted in a range of estimated weighted average cost of capital 13% to 14%. This estimated weighted average cost of capital was applied in the discounted cash flow analysis.

This analysis resulted in a value per share for Alcide common stock of approximately \$18 to \$24.

Derivation of Implied Transaction Multiples for Alcide

Duff & Phelps derived valuation multiples for Alcide, utilizing the terms of the proposed transaction for the price per share, and relating this value to Alcide's latest financial data available and projected financial results. Duff & Phelps computed an implied common equity value (as defined as stock price multiplied by total shares outstanding, adjusted for exercisable options outstanding) and enterprise value (as defined as common equity value plus preferred equity, plus debt outstanding, less cash and cash equivalents) for Alcide based on Ecolab's \$21.00 per share offer price. Duff & Phelps compared Alcide's implied transaction multiples of revenues, EBITDA, EBIT, Net Income and Book Value, to the range of multiples exhibited under the comparable sale transactions analysis and comparable publicly traded company analysis.

Comparable Sale Transactions Analysis

The comparable sale transactions analysis involved the careful screening and selection of change-of-control transactions that were the most similar to Alcide from an investment perspective. It is unusual that a company involved in a change-of-control transaction is identical, or a close substitute, to the subject company. Typically, however, companies involved in change-of-control transactions can be identified which have a similar product line, customer base, or other business attribute which would cause an investor to group the companies in the same broad industry class for investment purposes.

Duff & Phelps reviewed 59 change-of-control sale transactions that have occurred in industries with similar investment characteristics as Alcide since 2001. Seventeen of these transactions were domestic companies and 42 transactions were international companies.

Duff & Phelps searched for all sale transactions announced since January 1, 2001 in which the target company had primary SIC Codes within the major group 28, Chemicals and Allied Products. Duff & Phelps utilized the Security Data Corporation's database and the Mergerstat Control Premium database.

Duff & Phelps excluded biotechnology and pharmaceutical companies (companies within the SIC industry subgroup 283) that did not have products targeting the animal health and food safety industries. Furthermore, Duff & Phelps excluded transactions that were smaller than \$10 million and eliminated all transactions with undisclosed target company financials. No company or transaction utilized in the selected comparable transaction analysis is identical to Alcide.

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The transaction multiples for the acquisition transactions analyzed can be summarized as follows:

Transaction Date Range: January 1, 2001-March 3, 2004

Transaction Value / Company	Transaction Value as a Multiple of			Equity Value		
	LTM Revenues	LTM EBITDA	LTM EBIT	LTM Net Income	Book Value	LTM EBITDA Margin
> \$500 million (10 transactions)						
Mean	1.2x	7.8x	15.8x	17.1x	3.6x	13.1%
Median	1.1x	7.6x	16.7x	17.2x	1.1x	11.1%
\$100 million to \$500 million (19 transactions)						
Mean	0.9x	7.2x	19.3x	24.2x	4.2x	14.4%
Median	0.8x	6.5x	11.4x	18.9x	1.3x	11.8%
< \$100 million (30 transactions)						
Mean	1.2x	7.1x	9.7x	21.8x	1.3x	13.8%
Median	0.8x	5.8x	9.0x	22.3x	0.9x	11.6%
Alcide Corp. (Transaction)	2.4x	9.2x	27.7x	45.0x	2.9x	25.6%

LTM = Latest twelve months

Source: Securities Data Corporation and Mergerstat Control Premium Study.

Duff & Phelps compared the implied transaction multiples for Alcide calculated using the proposed \$21 offer per share relative to Alcide's revenues, EBITDA, EBIT, Net Income and Book Value, to the range of transaction multiples.

Each of Alcide's implied multiples (revenues, EBITDA, EBIT, Net Income and Book Value) under the proposed transaction were higher than the mean and median multiples exhibited in the comparable transaction analysis. Based on this analysis, the implied transaction multiples for Alcide compared favorably relative to the range of comparable transaction multiples. This analysis supports Duff & Phelps' conclusion that the financial terms of the proposed transaction are fair from a financial point of view.

Selected Comparable Publicly Traded Company Analysis

Duff & Phelps selected publicly traded companies based on comparability to Alcide. Although no single company chosen is identical to Alcide, these companies may share many of the same operating characteristics and may be affected by many of the same economic forces.

A publicly traded company was selected if it met the following screening criteria:

the company's stock was traded on a major U.S. exchange, including the NYSE, NASDAQ, and AMEX (excluded companies traded on the Over-The-Counter market).

the company's stock price exceeded \$1.00.

In the selection of comparable public companies, Duff & Phelps segregated the comparable public companies among four tiers. The screening criteria specific to each of the four tiers is as follows.

Screening Criteria Specific to Tier

Tier 1 Food Safety Operating Companies

Operations include food safety and products and services that may directly compete with those of Alcide.

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Excluded companies with revenues under \$10 million.

Tier 2 Specialty Chemical Companies

Primary Standard Industrial Classification (SIC) Codes within the major group 28, Chemicals and Allied Products.

Excluded companies whose primary SIC Codes were under industry subgroup 283; companies engaged in pharmaceutical and biotechnology operations.

Excluded foreign companies.

Included companies with latest twelve month (LTM) revenues between \$10 million and \$300 million.

Excluded unprofitable companies.

Tier 3 Biotechnology and Pharmaceutical Companies

Primary Standard Industrial Classification (SIC) Codes within the industry subgroup 283.

Primary products target the animal health and food safety industries.

Excluded foreign companies.

Excluded companies with revenues under \$10 million.

Tier 4 Agribusiness Companies

Companies primarily engaged in the production and processing of meat, pork, poultry, dairy, and related products.

Excluded foreign companies.

Excluded unprofitable companies.

Tier 1 Food Safety Operating Companies

The five Tier 1 comparable public companies selected are as follows:

Acuity Brands, Inc.

The BOC Group plc

Ecolab Inc.

Flow International Corporation.

Rhodia SA

Steris Corporation

Tier 2 Specialty Chemical Companies

The ten Tier 2 comparable public companies selected are as follows:

American Pacific Corporation

American Vanguard Corporation

Bairnco Corporation

Balchem Corporation

Calgon Carbon Corporation

CPAC, Inc.

IKONICS Corporation

KMG Chemicals, Inc.

LSB Industries, Inc.

TOR Minerals International, Inc.

Tier 3 Biotechnology and Pharmaceutical Companies

The six Tier 3 comparable public companies selected are as follows:

Alpharma Inc.

Embrex, Inc.

Heska Corporation.

IDEXX Laboratories Inc.

Neogen Corporation

Strategic Diagnostics, Inc.

Tier 4 Agribusiness Companies

The six Tier 4 comparable public companies selected are as follows:

ConAgra Foods, Inc.

Dean Foods Company

Hormel Foods Corporation

Pilgrim's Pride Corporation

Sanderson Farms, Inc.

Smithfield Foods, Inc.

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Duff & Phelps compared certain financial and operating ratios for Alcide with the corresponding financial and operating ratios for the four groups of publicly traded companies listed above. None of the comparable companies is, of course, identical to Alcide. Duff & Phelps compared the implied transaction multiples for Alcide, using the proposed \$21 offer per share relative to Alcide's revenues, EBITDA, EBIT, Net Income and Book Value, to the range of multiples for the comparable publicly traded companies shown below.

Alcide's implied multiples (revenues, EBITDA, EBIT, Net Income and Book Value) under the proposed transaction were either higher than or similar to the median multiples exhibited by the comparable publicly traded companies in all of the tiers with the exception of the biotechnology and pharmaceutical tier of comparable publicly traded companies, due to this tier's higher growth expectations relative to Alcide. Taking into consideration the risk and growth factors for all the comparable companies, the implied transaction multiples for Alcide compared favorably relative to the range of comparable publicly traded company multiples. This analysis supports Duff & Phelps' conclusion that the financial terms of the proposed transaction are fair from a financial point of view.

(As of March 9, 2004)

Company / Tier	Enterprise Value as a Multiple of			Stock Price			LTM Revenue Growth	LTM EBITDA Margin	LTM Return on Equity
	LTM Revenues	LTM EBITDA	LTM EBIT	LTM EPS	Projected EPS	Book Value Per Share			
Tier 1 Food Safety Operating Companies									
Median	1.3x	9.3x	16.5x	19.4x	16.4x	2.7x	7.2%	12.8%	14.9%
High	2.1x	11.5x	36.3x	28.1x	24.5x	5.9x	20.0%	18.8%	23.0%
Low	0.4x	5.5x	11.8x	18.2x	16.2x	0.4x	-14.7%	-16.4%	13.5%
Tier 2 Specialty Chemical Companies									
Median	0.9x	10.9x	15.1x	20.4x	14.8x	1.8x	2.3%	10.7%	7.1%
High	2.4x	21.7x	41.9x	67.4x	29.5x	4.7x	32.7%	33.2%	22.1%
Low	0.3x	1.4x	1.9x	5.8x	11.7x	0.6x	-6.4%	6.0%	-18.0%
Tier 3 Biotech / Pharma Companies									
Median	2.6x	12.0x	17.4x	32.0x	23.0x	3.1x	11.7%	16.9%	7.7%
High	3.4x	19.5x	22.4x	32.4x	29.3x	27.3x	30.3%	27.2%	17.3%
Low	1.5x	6.8x	11.8x	13.5x	19.5x	1.0x	1.1%	-1.5%	-54.4%
Tier 4 Agribusiness									
Median	0.6x	9.3x	14.0x	18.5x	15.5x	2.3x	7.4%	9.3%	14.9%
High	1.4x	13.4x	25.5x	44.8x	19.4x	3.2x	21.2%	12.1%	26.4%
Low	0.4x	4.6x	6.0x	10.1x	9.4x	1.5x	-29.0%	4.4%	4.5%
Alcide Corp. (Implied Transaction Multiples)	2.4x	9.2x	27.7x	45.0x	31.8x	2.9x	3.9%	25.6%	6.7%

LTM=Latest twelve months

Enterprise Value=Market Capitalization + (Debt + Preferred Stock + Minority interest) - Cash & Cash Equivalents.

Projected EPS for comparable public companies ranged from the fiscal year periods ended August 31, 2004 to May 31, 2005. Alcide's projected EPS was based on the fiscal year period ended May 31, 2004.

Source: Standard & Poor's Compustat Services, Duff & Phelps, LLC, and First Call Corp.

Alcide Historical Trading Prices

Between March 9, 2003, and March 9, 2004, Alcide's common shares traded at stock prices ranging from \$10.50 to \$18.60 per share. Alcide's closing prices over the 30-day period prior to March 10, 2004, ranged from \$15.70 to \$17.37, with an average closing price of \$16.49 per share. Alcide's common stock's price closed at \$16.75 per share on March 9, 2004.

Transaction Premium Analysis

Duff & Phelps reviewed the transaction premiums paid over market price for transactions occurring from January 1, 2001 through March 3, 2004, for transactions with control premiums available using the transactions selected in the comparable sale transaction analysis described above. Duff & Phelps concluded that the median 1-month transaction premium was 20.2% and the mean 1-month transaction premium was 30.7%. This compares to the implied 27.4% transaction premium for Alcide. Based on its analysis, Duff & Phelps concluded that the control premium implied by the \$21.00 per share consideration to be received in the proposed transaction for the common stock is adequate relative to

the premiums paid in other similar sale transactions.

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The implied control premiums for the acquisition transactions analyzed can be summarized as follows:

Transaction Date Range: January 1, 2001-March 3, 2004

Transaction Value / Company	Control Premium*		
	1-Day Premium	1-Week Premium	4-Week Premium
> \$500 million (10 transactions)			
Mean	11.5%	13.2%	20.5%
Median	11.5%	13.5%	18.3%
\$100 million to \$500 million (19 transactions)			
Mean	12.2%	17.3%	26.8%
Median	9.5%	14.2%	13.8%
< \$100 million (30 transactions)			
Mean	29.2%	31.8%	37.6%
Median	12.1%	19.1%	21.1%
All Transactions			
Mean	19.9%	23.2%	30.7%
Median	11.5%	14.2%	20.2%
Alcide Corp. (Transaction)	25.4%	23.5%	27.4%

LTM = Latest twelve months

*

Premiums measured as of one day, one week and four weeks prior to the announcement of the transaction.

Source: Securities Data Corporation and Mergerstat Control Premium Study.

Duff & Phelps analyzed the form of consideration to be received by the Alcide shareholders in the Proposed Transaction. Due to the size, trading volume and liquidity of Ecolab's publicly traded stock, Duff & Phelps concluded that payments made in common stock would be equivalent to cash consideration.

Conclusion

Based on its analysis and relying upon the accuracy and completeness of all information provided to Duff & Phelps, it is Duff & Phelps' opinion that, as of March 11, 2004, the Proposed Transaction is fair to the non-management public shareholders of Alcide from a financial point of view (without giving effect to any impacts of the Proposed Transaction on any particular shareholder other than in its capacity as a shareholder.)

The foregoing summary is qualified by reference to the written opinion dated as of March 11, 2004, of Duff & Phelps, which is attached as Appendix C to this information statement.

In its review and analysis, and in arriving at its opinion, Duff & Phelps assumed and relied upon the accuracy and completeness of all the financial and other information provided to it (including information furnished to it orally by the management of Alcide) or publicly available and neither attempted independently to verify, nor assumed responsibility for verifying, any of such information. Duff & Phelps relied upon the assurances of the management of Alcide that they were not aware of any facts that would make the information inaccurate or misleading. Furthermore, Duff & Phelps did not make or obtain, or assume responsibility for making or obtaining, any independent evaluation or appraisal of the properties, assets or liabilities (contingent or otherwise) of Alcide, nor was it furnished with any such evaluations or appraisals.

In performing its analyses, Duff & Phelps made numerous assumptions with respect to Alcide's performance, general business and economic conditions and other matters. The analyses performed by Duff & Phelps are not necessarily indicative of future actual values or future results, which may be significantly more or less favorable than suggested by such analyses. The analyses do not purport to be appraisals or to reflect prices at which a company might actually be sold or the prices at which any securities may trade at the present time or at any time in the future. Duff & Phelps developed projections of future performance for Alcide based on discussions with management of Alcide and industry research. The projections were based on numerous variables and assumptions, which are inherently unpredictable and must be considered not certain of occurrence as projected. Accordingly, actual results could vary significantly from those assumed in the projections and any related analyses. Duff & Phelps' opinion does not address the relative merits of the Merger as compared to any alternative business strategies that might exist for Alcide or the effect of any other business combination in which Alcide might engage.

Duff & Phelps' opinion to the board of directors of Alcide was one of many factors taken into consideration by the board of directors of Alcide in making its determination to approve the Merger.

Accounting Treatment

Ecolab will record the merger using the purchase method of accounting in accordance with accounting principles generally accepted in the United States. This means that for financial reporting purposes, Ecolab will treat both companies as one company beginning as of the date the merger is completed. In addition, under this method of accounting, Ecolab will record the fair value of Alcide's net assets on its consolidated financial statements, with the remaining purchase price in excess of the fair value of Alcide's net assets recorded as goodwill.

Interests of Certain Persons in the Merger

In considering the recommendation of the Alcide board of directors that Alcide stockholders adopt and approve the merger agreement and the merger, you should be aware that certain directors and executive officers of Alcide have interests in the merger that may be different from, or in addition to, your interests as a stockholder of Alcide. The Alcide board of directors was aware of these interests and considered them, among other matters, in adopting and approving the merger agreement and the merger.

Cash-Out of Stock Options

As permitted under Alcide's 2001 Stock Incentive Plan, Ecolab has elected not to assume any options granted under that plan. Therefore, all such options, whether or not then vested, have automatically become fully vested and exercisable contingent upon completion of the merger. This includes options held by Alcide's four officers. Upon completion of the merger, all options that remain outstanding will be cancelled and, to the extent the exercise price is less than \$21.00 per share, the holders will be entitled to receive a cash payment in accordance with the formula described in "The Merger Agreement Treatment of Outstanding Options," beginning on page 51. Options with an exercise price at or greater than \$21.00 per share will be cancelled and the holders will forfeit the opportunity to realize value from those options.

The automatic cash-out mechanism does not apply to other options granted by Alcide, although the merger agreement requires Alcide to use commercially reasonable efforts to cause the holders of these other options, including options granted to nonemployee directors under the 1996 Stock Option Plan for Nonemployee Directors and to officers under the 1993 Incentive Stock Option Plan, to agree to a cash-out on the same terms as apply to options granted under the 2001 Stock Incentive Plan. Each officer of Alcide has agreed to the cash-out in his employment agreement with Ecolab and therefore may not elect to have his options assumed by Ecolab.

Assuming that all Alcide directors and employees agree to the cash-out, as of June 11, 2004, an aggregate of \$1,163,889 will be paid to the holders of outstanding Alcide options, including \$665,231 to Alcide's directors and officers. Of the amount payable to Alcide's directors and officers, \$500,114 is attributable to options which are currently vested. It is anticipated that options to purchase 27,000 shares of Alcide common stock held by certain officers of Alcide that will otherwise expire prior to the closing of the merger will be exercised prior to closing. If all such options are exercised, the aggregate cash-pay out to the holders of outstanding options will be \$829,764, including \$331,106 to Alcide's directors and officers. The following table shows the effect of option cancellations and accelerated vesting, assuming that all Alcide employees agree to the cash-out and do not exercise any options prior to completion of the merger. Alcide's nonemployee directors, Messrs. Spears and Baker, are not affected by accelerated vesting because all of their options were fully vested on the date of grant. These directors will receive option cash-out payments totaling \$76,028.

Name	Options Accelerated	Payment Due to Acceleration	Cancelled Options
Joseph A. Sasenick	14,000	\$ 50,968.00	25,000
John P. Richards	11,200	\$ 40,774.40	20,000
G. Kere Kemp	11,200	\$ 40,774.40	19,000
James L. Winter	18,800	\$ 32,600.00	13,000
Other Employees	82,600	\$ 340,072.00	50,000

Employment Agreements

Ecolab has entered into an employment agreement with Mr. Sasenick with a term commencing on the date the merger is completed and continuing for a period of six months or until February 18, 2005, whichever is later, after which Ecolab and Mr. Sasenick will sign a three-year consulting agreement. Ecolab has also entered into at-will employment agreements with Messrs. Richards, Kemp and Winter. The effectiveness of each of the employment agreements is conditioned upon completion of the merger. These terms of these employment agreements and Mr. Sasenick's consulting agreement are described in greater detail on page 61 under "Agreements Related to the Merger Employment Agreements."

None of Alcide's officers or directors will serve as a director of Ecolab following completion of the merger.

Indemnification and Insurance

If we complete the merger, Alcide's existing indemnification obligations to its directors and officers in relation to pre-closing matters will continue for a period of six years, and Ecolab has agreed to guarantee and honor those indemnification obligations. In addition, prior to completion of the merger, Alcide is required to purchase the six-year extended reporting period endorsement under its existing directors' and officers' insurance policy, provided that the price of the endorsement may not exceed \$200,000 without Ecolab's prior written consent.

Stock Ownership Following the Merger

As of June 11, 2004, Ecolab had 257,349,374 shares of common stock issued and outstanding, excluding shares held in treasury. Assuming an aggregate of 2,701,371 shares of Alcide common stock issued and outstanding and an average Ecolab share price of \$31.38 on such date, Ecolab would issue approximately 1,807,757 shares of Ecolab common stock upon completion of the merger. As a result, following completion of the merger, and assuming Ecolab does not issue any additional shares of its common stock, Alcide stockholders would own approximately 0.7% of the issued and outstanding shares of Ecolab common stock.

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The following table provides information concerning the beneficial ownership of Alcide common stock as of June 11, 2004, the record date, for each of Alcide's executive officers and directors and all of Alcide's directors and executive officers as a group. This table includes percentage ownership data reflecting ownership both before and after completion of the merger with Ecolab. The pre-merger percentage ownership is based on 2,701,371 shares of Alcide common stock outstanding as of June 11, 2004. The post-merger percentage ownership includes 1,807,757 shares of Ecolab common stock, which is the number of shares that would be issued to Alcide stockholders in the merger assuming an average Ecolab share price of \$31.38, which was the most recent closing price of Ecolab common stock as of June 11, 2004. The post-merger number of shares of Ecolab common stock beneficially owned by each director and officer of Alcide assumes that all options to purchase Alcide common stock beneficially owned by each director and officer of Alcide will be cashed-out or cancelled in accordance with the terms of the merger agreement, except as noted. All shares subject to options exercisable within 60 days after June 11, 2004, are deemed to be beneficially owned by the person holding that option and to be outstanding solely for calculating that person's percentage ownership.

Unless otherwise indicated below, the persons named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable.

Name	PRE-MERGER		POST-MERGER	
	Number of Shares of Alcide Common Stock Beneficially Owned	Percent of Alcide Common Stock Beneficially Owned	Number of Shares of Ecolab Common Stock Beneficially Owned	Percent of Ecolab Common Stock Beneficially Owned
Thomas Kempner (1)	491,135	18.2%	328,667	*
Joseph Sasenick (2)	183,040	6.7%	52,704	*
William Spears (3)	33,539	1.2%	14,440	*
Charles Baker (4)	4,654	*	316	*
John Richards (5)	147,224	5.4%	31,371	*
G. Kere Kemp (6)	53,312	1.7%	10,466	*
James Winter (7)	9,698	*	234	*
Directors and executive officers as a group (7 persons) (8)	922,602	32.3%	437,882	*

*
Less than one percent.

(1) 201,946 shares of Alcide common stock are held by Loeb Investors Company V and 26,964 shares are held by Loeb Investors Company 105, for which entities Mr. Kempner serves as Managing Partner. 31,709 shares are held by Mr. Kempner individually. 230,516 shares are held in family trusts and other entities for which Mr. Kempner serves as either a trustee or has shared voting and dispositive power. Mr. Kempner disclaims any beneficial interest as to 274,288 shares of the above listed Alcide common stock.

(2) Mr. Sasenick's beneficial ownership of Alcide common stock includes 50,000 shares issuable upon exercise of stock options that are exercisable within 60 days following June 11, 2004, and an additional 76,568 shares owned by Alcide's Employee Stock Ownership Plan, of which Mr. Sasenick is Joint Trustee with Mr. Richards. Mr. Sasenick disclaims any beneficial interest as to 64,283 of the plan shares. The disclaimed plan shares have been excluded from the calculation of Mr. Sasenick's post-merger ownership of Ecolab common stock because the plan is being terminated immediately prior to completion of the merger. In addition, Mr. Sasenick's post-merger ownership of Ecolab assumes that he will exercise an option to purchase 10,000 shares of Alcide common stock that expires on July 7, 2004, and continue to hold those shares through the closing.

- (3) Mr. Spears' beneficial ownership of Alcide common stock includes 11,960 shares issuable upon exercise of stock options that are exercisable within 60 days following June 11, 2004.
- (4) Mr. Baker's beneficial ownership of Alcide common stock consists solely of 4,654 shares issuable upon exercise of stock options that are exercisable within 60 days following June 11, 2004. Mr. Baker currently holds 316 shares of Ecolab common stock.
- (5) Mr. Richards' beneficial ownership of Alcide common stock includes 44,000 shares issuable upon exercise of stock options that are exercisable within 60 days following June 11, 2004, and an additional 76,568 shares owned by Alcide's Employee Stock Ownership Plan, of which Mr. Richards is Joint Trustee with Mr. Sasenick. Mr. Richards disclaims any beneficial interest as to 66,345 of the plan shares. The disclaimed plan shares have been excluded from the calculation of Mr. Richards' post-merger ownership of Ecolab common stock because the plan is being terminated immediately prior to completion of the merger. In addition, Mr. Richards' post-merger ownership of Ecolab common stock assumes that he will exercise an option to purchase 10,000 shares of Alcide common stock that expires on July 7, 2004, and continue to hold those shares through the closing.
- (6) Mr. Kemp's beneficial ownership of Alcide common stock includes 37,000 shares issuable upon exercise of stock options that are exercisable within 60 days following June 11, 2004. Mr. Kemp's post-merger ownership of Ecolab common stock assumes that he will exercise an option to purchase 7,000 shares of Alcide common stock that expires on July 7, 2004, and continue to hold those shares through the closing.
- (7) Mr. Winter's beneficial ownership of Alcide common stock includes 7,800 shares issuable upon exercise of stock options that are exercisable within 60 days following June 11, 2004.
- (8) The total does not equal the sum of the amounts listed above for directors and executive officers in relation to Alcide common stock because Mr. Sasenick and Mr. Richards have joint voting power over the 76,568 shares owned by Alcide's Employee Stock Ownership Plan, which shares have been listed under the individual totals for both Mr. Sasenick and Mr. Richards but are counted only once in the group total.

Regulatory Matters

The merger is subject to the requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which prevents specified transactions from being completed until required information and materials are furnished to the Antitrust Division of the Department of Justice and the Federal Trade Commission and specified waiting periods are terminated or expire. Alcide and Ecolab each filed required notification and report forms with these agencies effective March 16, 2004. Early termination of the waiting period was granted on April 7, 2004.

The Antitrust Division of the Department of Justice or the Federal Trade Commission may challenge the merger on antitrust grounds even though the waiting period has been terminated. Accordingly, at any time before or after the completion of the merger, either the Antitrust Division or the Federal Trade Commission could take action under the antitrust laws as it deems necessary or desirable in the public interest, or other persons could take action under the antitrust laws, including seeking to enjoin the merger. Additionally, at any time before or after the completion of the merger, any state could take action under the antitrust laws as it deems necessary or desirable in the public interest. We cannot assure you that a challenge to the merger will not be made or that, if a challenge is made, Ecolab and Alcide will prevail.

Except for the Hart-Scott-Rodino clearance and compliance with applicable federal and state securities laws and corporate laws, Ecolab and Alcide are not aware of any other material governmental or regulatory approvals required to be obtained in order to consummate the merger.

Federal Securities Laws Consequences

When the merger is completed, shares of Alcide common stock will be delisted from the Nasdaq and will be deregistered under the Securities Exchange Act of 1934, as amended.

The shares of Ecolab common stock to be issued in connection with the merger will be registered under the Securities Act and will be freely transferable under the Securities Act, except for shares of Ecolab common stock issued to any person who is deemed to be an "affiliate" of Alcide on the date of the special meeting or of Ecolab following completion of the merger. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or are under the common control of Alcide or Ecolab, as applicable, and may include executive officers, directors and significant stockholders of Alcide or Ecolab, as applicable. Affiliates of Alcide may not sell their shares of Ecolab common stock acquired in connection with the merger except pursuant to:

an effective registration statement under the Securities Act covering the resale of those shares;

Rule 145 (or, for Alcide stockholders who become affiliates of Ecolab, Rule 144) under the Securities Act; or

any other applicable exemption under the Securities Act.

The merger agreement provides that Alcide will use its reasonable efforts to obtain from each of its affiliates (for purposes of Rule 145 of the Securities Act) a written agreement providing that the affiliate will not sell, pledge, transfer or otherwise dispose of any Ecolab common stock issued to the affiliate pursuant to the merger, except in compliance with Rule 145 or an exemption from the registration requirements of the Securities Act.

Ecolab's registration statement, of which this proxy statement/prospectus is a part, does not cover the resale of shares of Ecolab common stock to be received by Alcide affiliates in the merger.

Material United States Federal Income Tax Consequences

The following discussion summarizes the material United States federal income tax consequences of the merger that are generally applicable to holders of Alcide common stock. This discussion is based on the Internal Revenue Code of 1986, as amended, judicial decisions and administrative regulations and interpretations in effect as of the date of this proxy statement/prospectus, all of which are subject to change, possibly with retroactive effect. Accordingly, the tax consequences of the merger to the holders of Alcide common stock could differ from those described below.

This discussion does not address all aspects of United States federal income taxation that may be relevant to holders of Alcide common stock in light of their particular circumstances, nor does it address the United States federal income tax consequences to holders that are subject to special rules under United States federal income tax law, including:

dealers in securities or foreign currencies;

holders who are subject to the alternative minimum tax provisions of the Internal Revenue Code;

tax-exempt organizations;

non-United States persons or entities;

financial institutions or insurance companies;

holders who acquired their Alcide common stock in connection with stock options or stock purchase plans or