

KATY INDUSTRIES, INC. SUMMARY OF OPERATIONS - UNAUDITED

(In thousands, except per share data)

	Three Months Ended		\$ Change Inc/(Dec)	% Change Inc/(Dec)
	September 30, 2001	September 30, 2000		
Sales	\$ 139,458	\$ 155,438	\$ (15,980)	(10.28%)
Cost of goods sold	118,634	128,850	(10,216)	(7.93%)
Gross profit	20,824	26,588	(5,764)	(21.68%)
Selling, general & administrative expenses	20,275	23,742	(3,467)	(14.60%)
Impairments of long-lived assets	187	-	187	N/M
Severance & restructuring costs	6,519	2,119	4,400	207.65%
Operating (loss) income	(6,157)	727	(6,884)	(946.91%)
Equity in income of operations to be disposed of	240	(270)	510	188.89%
Interest and other, net	(2,315)	(3,701)	1,386	37.45%
Loss before income taxes	(8,232)	(3,244)	(4,988)	(153.76%)
Benefit from income taxes	2,881	1,128	1,753	155.41%
Loss before distributions on preferred securities	(5,351)	(2,116)	(3,235)	(152.88%)
Distributions on preferred interest of subsidiary, net of tax	(214)	(430)	216	50.23%
Net loss	(5,565)	(2,546)	(3,019)	(118.58%)
Payment in kind dividends on convertible preferred stock	(1,755)	-	(1,755)	N/M
Net loss available to common shareholders	\$ (7,320)	\$ (2,546)	\$ (4,774)	N/M
Earnings per share of common stock - Basic & Diluted				
Continuing segments - businesses to be retained	\$ (0.22)	\$ (0.28)	\$ 0.06	21.69%
Unusual items	(0.67)	-	(0.67)	N/M
Operations to be disposed of	0.02	(0.02)	0.04	192.93%
Income from continuing operations	(0.87)	(0.30)	(0.57)	(190.71%)
Extraordinary loss on early extinguishment of debt	-	-	-	N/M
Net loss	\$ (0.87)	\$ (0.30)	\$ (0.57)	(190.71%)
Average shares outstanding - Basic & Diluted	8,393	8,405		
Dividends paid per share	\$ -	\$ 0.075		
Other Information				
Working capital	\$ 77,306	\$ 128,184	\$ (50,878)	(39.69%)
Long-term debt	\$ 81,917	\$ 155,789	\$ (73,872)	(47.42%)
Preferred interest in subsidiary	\$ 16,400	\$ 32,900	\$ (16,500)	(50.15%)
Stockholders' equity	\$ 176,719	\$ 152,878	\$ 23,841	15.59%
Capital expenditures	\$ 2,850	\$ 3,264	\$ (414)	(12.68%)

N/M - Not meaningful

KATY INDUSTRIES, INC. SUMMARY OF OPERATIONS - UNAUDITED

(In thousands, except per share data)

	Nine Months Ended		\$ Change Inc/(Dec)	% Change Inc/(Dec)
	September 30, 2001	September 30, 2000		
Sales	\$ 374,547	\$ 428,055	\$ (53,508)	(12.50%)
Cost of goods sold	320,193	344,681	(24,488)	(7.10%)
Gross profit	54,354	83,374	(29,020)	(34.81%)
Selling, general & administrative expenses	64,904	72,814	(7,910)	(10.86%)
Impairments of long-lived assets	36,144	-	36,144	N/M
Severance & restructuring costs	10,555	2,119	8,436	398.11%
Operating (loss) income	(57,249)	8,441	(65,690)	N/M
Equity in loss of operations to be disposed of	(324)	(897)	573	63.88%
Interest and other, net	(9,045)	(10,457)	1,412	13.50%
(Loss) income before provision for income taxes	(66,618)	(2,913)	(63,705)	N/M
Benefit from income taxes	23,316	1,011	22,305	N/M
(Loss) income before distributions on preferred securities	(43,302)	(1,902)	(41,400)	N/M
Distributions on preferred interest of subsidiary, net of tax	(1,069)	(1,281)	212	16.55%
Loss from continuing operations before extraordinary loss	(44,371)	(3,183)	(41,188)	N/M
Extraordinary loss on early extinguishment of debt, net of tax	(1,182)	-	(1,182)	N/M
Net loss	(45,553)	(3,183)	(42,370)	N/M
Gain on early redemption of preferred interest of subsidiary	6,600	-	6,600	N/M
Payment in kind dividends on convertible preferred stock	(1,755)	-	(1,755)	N/M
Net loss available to common shareholders	\$ (40,708)	\$ (3,183)	\$ (37,525)	N/M
Earnings per share of common stock - Basic and diluted				
Continuing segments - businesses to be retained	\$ (0.83)	\$ (0.01)	\$ (0.82)	N/M
Unusual items	(3.87)	(0.30)	(3.57)	N/M
Operations to be disposed of	(0.01)	(0.07)	0.06	86.73%
Income from continuing operations	(4.71)	(0.38)	(4.33)	N/M
Extraordinary loss on early extinguishment of debt	(0.14)	-	(0.14)	N/M
Net loss	\$ (4.85)	\$ (0.38)	\$ (4.47)	N/M
Average shares outstanding - Basic & Diluted	8,394	8,406		
Dividends paid per share	\$ -	\$ 0.225		
Other Information				
Working capital	\$ 77,306	\$ 128,184	\$ (50,878)	(39.69%)
Long-term debt	\$ 81,917	\$ 155,789	\$ (73,872)	(47.42%)
Preferred interest in subsidiary	\$ 16,400	\$ 32,900	\$ (16,500)	(50.15%)
Stockholders' equity	\$ 176,719	\$ 152,878	\$ 23,841	15.59%
Capital expenditures	\$ 8,694	\$ 11,728	\$ (3,034)	(25.87%)

N/M - Not meaningful

KATY INDUSTRIES, INC. SUMMARY OF UNUSUAL ITEMS - UNAUDITED

(In thousands, except per share data)

	Three Months Ended		
	September 30, 2001	Unusual Items	Excluding Unusual Items
Sales	\$ 139,458		\$ 139,458
Cost of goods sold	118,634	(1,485) (c)	117,149
Gross profit	20,824	1,485	22,309
Selling, general & administrative expenses	20,275	(577) (d)	19,795
		97 (e)	
Impairments of long-lived assets	187	(187) (a)	-
Severance & restructuring costs	6,519	(6,519) (b)	-
Operating (Loss) income	(6,157)	8,671	2,514
Equity in loss of operations to be disposed of	240		240
Interest and other, net	(2,315)	-	(2,315)
(Loss) income before provision for income taxes	(8,232)	8,671	439
Benefit from (provision for) income taxes	2,881	(3,035)	(154)
(Loss) income before distributions on preferred securities	(5,351)	5,636	285
Distributions on preferred interest of subsidiary, net of tax	(214)	-	(214)
Net loss	(5,565)	5,636	71
Earnings before interest, taxes, depreciation and amortization from continuing segments (excluding unusual items)			\$ 8,059

- (a) Impairments of long-lived assets
- (b) Severance & restructuring costs
- (c) Inventory valuation
- (d) Receivables Valuation
- (e) Other

KATY INDUSTRIES, INC. SUMMARY OF UNUSUAL ITEMS - UNAUDITED

(In thousands, except per share data)

	Nine Months Ended		
	September 30, 2001	Unusual Items	Excluding Unusual Items
Sales	\$ 374,547		\$ 374,547
Cost of goods sold	320,193	(8,169) (c)	312,024
Gross profit	54,354	8,169	62,523
Selling, general & administrative expenses	64,904	(808) (e) (2,973) (f) (920) (d)	60,203
Impairments of long-lived assets	36,144	(36,144) (a)	-
Severance & restructuring costs	10,555	(10,555) (b)	-
Operating (Loss) income	(57,249)	59,569	2,320
Equity in loss of operations to be disposed of	(324)	204 (h)	(120)
Interest and other, net	(9,045)	353 (e)	(8,692)
(Loss) income before provision for income taxes	(66,618)	60,126	(6,492)
Benefit from (provision for) income taxes	23,316	(21,044)	2,272
(Loss) income before distributions on preferred securities	(43,302)	39,082	(4,220)
Distributions on preferred interest of subsidiary, net of tax	(1,069)		(1,069)
Loss from continuing operations before extraordinary loss	(44,371)	39,082	(5,289)
Extraordinary loss on early extinguishment of debt, net of tax	(1,182)	1,182 (g)	-
Net loss	(45,553)	40,264	(5,289)
Earnings before interest, taxes, depreciation and amortization from continuing segments (excluding extraordinary and unusual items)			\$ 19,830

- (a) Impairments of long-lived assets
- (b) Severance & restructuring costs
- (c) Inventory valuation
- (d) Other
- (e) Receivable valuation
- (f) Costs associated with recapitalization
- (g) Early extinguishment of debt
- (h) Inventory valuation associated with second quarter sale of Thorsen Tools business