

ECOLAB INC  
Form 11-K  
June 27, 2012  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 11-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

OR

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

For the transition period from     to

Commission file number 1-09328

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**ECOLAB SAVINGS PLAN and ESOP**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**ECOLAB INC.**

**370 Wabasha Street North**

**Saint Paul, Minnesota 55102-1390**

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Table of Contents

ECOLAB SAVINGS PLAN and ESOP

REPORT ON AUDITS OF FINANCIAL STATEMENTS

As of December 31, 2011 and 2010

and

for the year ended December 31, 2011

AND SUPPLEMENTAL SCHEDULE

as of December 31, 2011

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Table of Contents

INDEX

|   | <b>Page(s)</b> |
|---|----------------|
| <u>Report of Independent Registered Public Accounting Firm</u>        | 2              |
| Financial Statements:   |                |
| <u>Statements of Net Assets Available for Benefits</u>                | 3              |
| <u>Statement of Changes in Net Assets Available for Benefits</u>      | 4              |
| <u>Notes to Financial Statements</u>                                  | 5 - 15         |
| <u>Supplemental Schedule:</u>   |                |
| <u>Schedule H, Line 4i - Schedule of Assets (Held at End of Year)</u> | 16 - 18        |

---

Table of Contents

**Report of Independent Registered Public Accounting Firm**

To the Plan Administrator and Trustees

Ecolab Savings Plan and ESOP

We have audited the accompanying statements of net assets available for benefits of the Ecolab Savings Plan and ESOP (the Plan) as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Ecolab Savings Plan and ESOP as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the year ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Schedule H, Line 4i Schedule of Assets (Held at End of Year) as of December 31, 2011, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/McGladrey LLP  
McGladrey LLP

Minneapolis, Minnesota  
June 27, 2012

Table of Contents

ECOLAB SAVINGS PLAN AND ESOP  
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2011 and 2010

| (in thousands)   | 2011                | 2010                |
|--|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |
| Investments, at fair value (Notes 2, 3 and 4):   |                     |                     |
| Ecolab Stock Fund  | \$ 535,700          | \$ 504,055          |
| Registered investment companies  | 445,659             | 447,199             |
| Common/collective trusts   | 172,335             | 143,457             |
| Total investments  | 1,153,694           | 1,094,711           |
| Notes receivable from participants   | 26,842              | 26,429              |
| Dividends receivable   | 1,875               | 1,757               |
| Employer contributions receivable  | 879                 | 871                 |
| Total assets   | 1,183,290           | 1,123,768           |
| <b>LIABILITIES</b>   |                     |                     |
| Accrued distributions and withdrawals  | 667                 | 353                 |
| Net assets reflecting investments at fair value  | 1,182,623           | 1,123,415           |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (1,384)             | (622)               |
| <b>NET ASSETS AVAILABLE FOR BENEFITS</b>   | <b>\$ 1,181,239</b> | <b>\$ 1,122,793</b> |

The accompanying notes are an integral  
part of the financial statements.

Table of Contents

ECOLAB SAVINGS PLAN AND ESOP  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
for the year ended December 31, 2011

(in thousands)

|   |    |           |
|---|----|-----------|
| Investment results (Note 2 and 3):                        |    |           |
| Net appreciation in fair value of investments             | \$ | 56,492    |
| Dividends   |    | 16,241    |
| Interest  |    | 756       |
|   |    | 73,489    |
|   |    |           |
| Interest income on notes receivable from participants     |    | 1,025     |
|   |    |           |
| Contributions:  |    |           |
| Participants  |    | 49,992    |
| Employer  |    | 24,226    |
|   |    | 74,218    |
|   |    |           |
| Deductions:   |    |           |
| Distributions to participants                             |    | (85,060)  |
| Plan expenses   |    | (286)     |
|   |    | (85,346)  |
|   |    |           |
| Net increase  |    | 63,386    |
|   |    |           |
| Transfers to the Ecolab Puerto Rico Savings Plan (Note 1) |    | (4,940)   |
|   |    |           |
| Net assets available for benefits:                        |    |           |
| Beginning of year   |    | 1,122,793 |
| End of year   | \$ | 1,181,239 |

The accompanying notes are an integral  
part of the financial statements.

Table of Contents

ECOLAB SAVINGS PLAN AND ESOP

NOTES TO FINANCIAL STATEMENTS

1. Description of Plan:

The following brief description of the Ecolab Savings Plan and ESOP ( the Plan ) is provided for general information purposes only. Participants should refer to the Plan document for more complete information regarding the Plan s definitions, benefits, eligibility and other matters.

GENERAL AND ELIGIBILITY:

The Plan is a contributory qualified defined contribution plan available to employees of Ecolab Inc. and certain of its subsidiaries ( the Company ). Employees regularly scheduled to work at least 20 hours per week may participate immediately in the Plan provided they are not subject to a collective bargaining agreement which does not provide for their inclusion. Part-time employees working less than 20 hours a week must be employed for a twelve consecutive month period during which they have worked at least 1,000 hours to be eligible to participate. Employee participation in the Plan is voluntary.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ( ERISA ) and the Internal Revenue Code of 1986, as amended ( the Code ).

TRANSFERS:

Effective December 12, 2011, a new plan and trust entitled the Ecolab Puerto Rico Savings Plan ( the Puerto Rico Plan ) was formed. The Plan and the Puerto Rico Plan are similar in many respects except in regard to participating employer locations and employee groups. The Puerto Rico Plan is for the benefit of individuals employed by the Company s wholly owned subsidiary, Ecolab Manufacturing Inc., who are subject to income taxation under Puerto Rico laws. The Plan was amended to discontinue participation in the Plan of employees eligible to participate in the new Puerto Rico Plan and as such, the benefits, assets and liabilities of such participants were transferred to the trust of the Puerto Rico Plan. All other participating employer locations and eligible employee groups remain in the Plan.

CONTRIBUTIONS:

Contributions are made to the Plan as before-tax savings contributions and employer matching contributions.



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Before-tax savings contributions are contributions made by the Company on behalf of participants who have agreed to have their taxable compensation reduced. Participants may reduce their compensation up to 25% (subject to a statutory annual maximum of \$16,500 for 2011) for the purpose of making before-tax savings contributions to the Plan.

Participants who have attained age 50 or above are allowed to make additional catch-up contributions in accordance with enacted legislation (\$5,500 in 2011).

Table of Contents

ECOLAB SAVINGS PLAN AND ESOP

NOTES TO FINANCIAL STATEMENTS

Employer matching contributions are made by the Company in an amount equal to a \$1 match for each \$1 of participant pre-tax contributions on the first 3% of compensation and \$0.50 for each \$1 of participant pre-tax contributions on the next 2% of compensation. The Plan also allows additional employer matching contributions to true-up the employer match. This true-up ensures all participants receive their full annualized employer match.

The Plan contains a separate Employee Stock Ownership Plan ( ESOP ) account for employer and participant contributions (except contributions for former participants in Puerto Rico) which are invested in the Ecolab Stock Fund. The ESOP allows participants to elect the withdrawal of dividends paid on shares to the ESOP account.

The levels of contributions made by or on behalf of participants who are highly compensated, as defined in the Code, are subject to limitations under the Code.

VESTING:

Participants are fully vested in their account at all times.

PLAN BENEFITS:

As participants are fully vested at all times, benefits to participants are equal to their account balances. Upon retirement, death, disability or separation from service, a distribution may be made to the participant or beneficiary equal to the participant's account balance. Effective January 1, 2011, employees are able to withdraw any part or all of their account balance upon attainment of age 59 1/2. Loans and in-service withdrawals for hardships are also available. A participant distribution or withdrawal from the Plan generally is subject to federal income tax and may be subject to a penalty, unless rolled over to a qualified plan or an individual retirement account.

NOTES RECEIVABLE FROM PARTICIPANTS:

Active participants (and beneficiaries who are parties in interest as defined by ERISA) are permitted to borrow from their accounts. The total amount of a participant's note may not exceed the lesser of (a) \$50,000 minus the participant's highest outstanding note balance for the previous twelve-month period, or (b) 50% of the participant's interest in his or her account. When a note is granted, the appropriate account balances are reduced and a separate note account is created. Note payments, together with interest at a market rate determined by the Plan Administrator, are

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repaid generally over 5 years unless the note is for the purchase of a principal residence, in which case the term can be up to 10 years. Notes receivable from participants at December 31, 2011 had interest rates ranging from 3.25% to 10.25% and were due at various dates through October 2023. A participant can have no more than two notes outstanding at any time.

Table of Contents

ECOLAB SAVINGS PLAN AND ESOP

NOTES TO FINANCIAL STATEMENTS

Notes receivable from participants are collateralized by the borrower's account balance and are repaid through ratable payroll deductions.

PARTICIPANT ACCOUNTS AND ALLOCATION:

Fidelity Management Trust Company ( Fidelity ) provides investment management, recordkeeping and trustee services for the Plan directly or indirectly through one or more of its subsidiaries. The trust agreement authorizes services to be performed by the trustee, its agents or affiliates.

Each participant's account is credited with the participant's contributions, the employer matching contributions and investment income thereon, net of Plan expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

All participant contributions made under the Plan are paid to and invested by Fidelity in one or more of the available investment options as directed by the participants.

Participants are allowed to allocate their entire account balance in any combination of the available investment options. Participants can transfer their account balance among the investment options and/or change the investment of their future contributions, and earnings thereon, daily. These transfers and changes must be made in whole dollar amounts of at least \$250 and/or in whole percent increments.

PLAN TERMINATION:

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

2. Summary of Significant Accounting Policies:

BASIS OF PRESENTATION:

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The accompanying financial statements have been prepared on the accrual basis of accounting.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statement of net assets available for benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Table of Contents

ECOLAB SAVINGS PLAN AND ESOP

NOTES TO FINANCIAL STATEMENTS

USE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

VALUATION OF INVESTMENTS AND INCOME RECOGNITION:

Fidelity holds the Plan's assets and executes transactions therein based upon instructions received from the Plan Administrator, Ecolab Inc., and the participants of the Plan. The Plan's investments are stated at fair value. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Interest income is recorded as earned on an accrual basis and dividend income is recorded on the ex-dividend date. Purchases and sales of securities and realized gains and losses related to sales of investments are recorded on a trade-date basis. Unrealized gains and losses are recorded based on the fair values as of the reporting date.

NOTES RECEIVABLE FROM PARTICIPANTS:

Notes receivable from participants are measured at their unpaid principal balances plus any accrued interest. Delinquent loans are treated as distributions based upon the term of the plan document.

CONTRIBUTIONS:

Participant before-tax contributions are recorded in the period the employer makes the payroll deductions. Employer matching contributions are recorded based on participant contributions in the same period.

RISKS AND UNCERTAINTIES:

The Plan provides for various investment options in various combinations of investment funds. Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, including Ecolab stock, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the 2011 statement of net assets available for benefits.

Table of Contents

ECOLAB SAVINGS PLAN AND ESOP

NOTES TO FINANCIAL STATEMENTS

CONCENTRATION OF MARKET RISK:

At December 31, 2011 and 2010, approximately 45% of the Plan's net assets were invested in the common stock of the Company. The underlying value of the Ecolab Stock Fund is dependent on the performance of the Company and the market's evaluation of such performance.

DISTRIBUTIONS TO PARTICIPANTS:

Distributions to participants are recorded when paid.

PLAN EXPENSES:

The Company pays a portion of the administrative expenses of the Plan and a portion is paid by Plan participants within the Plan. Certain asset management and administrative fees of the Plan are charged against the Plan's investment results.

NEW ACCOUNTING PRONOUNCEMENTS:

In May 2011, the Financial Accounting Standards Board ( FASB ) issued updated accounting guidance related to fair value measurements and disclosures that result in common fair value measurements and disclosures between U.S. GAAP and International Financial Reporting Standards. This guidance includes amendments that clarify the application of existing fair value measurement requirements, in addition to other amendments that change principles or requirements for measuring fair value and for disclosing information about fair value measurements. This guidance is effective for annual periods beginning after December 15, 2011. The adoption of this guidance is not expected to have a significant impact on the Plan's financial statements or disclosures.

SUBSEQUENT EVENTS:

The Plan Administrator has evaluated subsequent events through the date and time the financial statements were issued.



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3. Investments:

Investments that represent 5 percent or more of the Plan's net assets available for benefits at December 31, 2011 and 2010 are summarized as follows:

| (in thousands)                       | 2011       | 2010       |
|--------------------------------------|------------|------------|
| Ecolab Inc. Stock                    | \$ 533,178 | \$ 501,385 |
| Spartan 500 Index Inst. Class Fund   | 83,698     | 83,962     |
| Dodge & Cox International Stock Fund | *          | 69,465     |

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\* Investment was less than 5 percent of the net assets available for benefits in the year indicated.

Table of Contents

ECOLAB SAVINGS PLAN AND ESOP

NOTES TO FINANCIAL STATEMENTS

During 2011, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

(in thousands)

|   |    |          |
|---|----|----------|
| Investment in:                                |    |          |
| Ecolab Stock Fund                             | \$ | 69,854   |
| Registered investment companies               |    | (17,623) |
| Common/collective trusts                      |    | 4,261    |
| Net appreciation in fair value of investments | \$ | 56,492   |

4. Fair Value of Financial Instruments:

Accounting guidance establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under accounting guidance are described below:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 - Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies.



Table of Contents

ECOLAB SAVINGS PLAN AND ESOP

NOTES TO FINANCIAL STATEMENTS

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

*Registered investment companies and the Ecolab Stock Fund:* Investments in registered investment companies are recorded at the underlying net asset value per unit, which approximates fair value based on the publicly quoted market price of these funds. Investments in the Ecolab Stock Fund are recorded at the underlying net asset value per unit as determined by the Plan's trustee, which approximates fair value based on the quoted market price of the Company's common stock on the New York Stock Exchange.

*Common/collective trusts:* Investments in common/collective trusts, with the exception of the investment in fully benefit-responsive investment contracts, are recorded at the underlying net asset value per unit, which approximates fair value based on the audited financial statements of these funds. The fair value of fully benefit-responsive investment contracts is calculated using a discounted cash flow model which considers recent fee bids as determined by recognized dealers, discount rate and the duration of the underlying portfolio securities.

The Plan reviews the fair value hierarchy classification on an annual basis. Changes in the ability to observe valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. The Plan's policy is to recognize transfers into and out of levels within the fair value hierarchy at the end of the fiscal year in which the actual event or change in circumstances that caused the transfer occurs. There were no transfers between Level 1 and Level 2 during the years ended December 31, 2011 and 2010. When a determination is made to classify an asset or liability within Level 3, the determination is based upon the significance of the unobservable inputs to the overall fair value measurement. The Plan did not have any assets or liabilities classified within Level 3 at December 31, 2011 and 2010.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Table of Contents

ECOLAB SAVINGS PLAN AND ESOP

NOTES TO FINANCIAL STATEMENTS

The following tables represent the Plan's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2011 and 2010:

| (in thousands)                        | Investment Assets at Fair Value<br>As of December 31, 2011 |            |            |         |
|---------------------------------------|--|------------|------------|---------|
|                                       | Total  | Level 1    | Level 2    | Level 3 |
| Ecolab Stock Fund                     | \$ 535,700   | \$ 535,700 | \$         | \$      |
| Registered investment companies:      |  |            |            |         |
| Large cap equity                      | 138,729  | 138,729    |            |         |
| Fixed income                          | 94,886   | 94,886     |            |         |
| International equity                  | 53,479   | 53,479     |            |         |
| Money market                          | 52,524   | 52,524     |            |         |
| Blended fund                          | 45,945   | 45,945     |            |         |
| Small cap equity                      | 37,658   | 37,658     |            |         |
| Mid cap equity                        | 22,438   | 22,438     |            |         |
| Common/collective trusts              | 172,335  |            | 172,335    |         |
| Total investment assets at fair value | \$ 1,153,694   | \$ 981,359 | \$ 172,335 | \$      |

| (in thousands)                        | Investment Assets at Fair Value<br>As of December 31, 2010 |            |            |         |
|---------------------------------------|--|------------|------------|---------|
|                                       | Total  | Level 1    | Level 2    | Level 3 |
| Ecolab Stock Fund                     | \$ 504,055   | \$ 504,055 | \$         | \$      |
| Registered investment companies:      |  |            |            |         |
| Large cap equity                      | 138,550  | 138,550    |            |         |
| Fixed income                          | 92,514   | 92,514     |            |         |
| International equity                  | 69,465   | 69,465     |            |         |
| Blended fund                          | 44,078   | 44,078     |            |         |
| Money market                          | 43,244   | 43,244     |            |         |
| Small cap equity                      | 37,342   | 37,342     |            |         |
| Mid cap equity                        | 22,006   | 22,006     |            |         |
| Common/collective trusts              | 143,457  |            | 143,457    |         |
| Total investment assets at fair value | \$ 1,094,711   | \$ 951,254 | \$ 143,457 | \$      |

Table of Contents

## ECOLAB SAVINGS PLAN AND ESOP

## NOTES TO FINANCIAL STATEMENTS

The following table sets forth additional disclosures of the Plan's investments whose fair value is estimated using net asset value ( NAV ) per share as of December 31, 2011 and 2010:

(in thousands)

| Investment                   | Fair Value | Unfunded Commitment | Redemption Frequency | Redemption Notice Period |
|------------------------------|------------|---------------------|----------------------|--------------------------|
| As of December 31, 2011      |            |                     |                      |                          |
| Common/collective trusts:    |            |                     |                      |                          |
| SSgA Target Retirement Funds | \$ 115,360 |                     | Immediate            | None                     |
| As of December 31, 2010      |            |                     |                      |                          |
| Common/collective trusts:    |            |                     |                      |                          |
| SSgA Target Retirement Funds | \$ 90,192  |                     | Immediate            | None                     |

All of the SSgA Target Retirement funds invest in other collective investment funds which have characteristics consistent with the funds' overall investment objective.

Each fund's investment objective, with the exception of the Income Fund, is to allocate its assets across multiple asset classes in a manner that becomes increasingly conservative over time, while seeking to achieve the appropriate level of risk given the participants' anticipated retirement date. For the income fund, the objective is to approximate as closely as practicable, the performance of a custom benchmark index over the long term, while providing participants the ability to purchase and redeem units on an as of basis.

The fair value of investments in this category has been estimated using the NAV per share of the underlying investments. All of these funds are subject to potential withdrawal safeguards to protect the interest of all participants, while providing the maximum level of liquidity that can be prudently made available to all participants. These withdrawal safeguards permit redemptions resulting from ordinary course activity, subject to certain thresholds. Ordinary course activity also may include periodic participant rebalancing of their investment portfolio between Lending Funds and other State Street Bank collective investment funds. Requests for redemptions above these withdrawal safeguards may result in proceeds consisting of cash, units of other State Street Bank collective investment funds, units of Cash Collateral Funds that will be converted into units of a liquidating trust or a combination thereof. These withdrawal safeguards have been in effect since October 2008 and may be in effect for an indefinite period of time. The Trustee continues to monitor market conditions and evaluate the need for withdrawal safeguards as appropriate.



Table of Contents

ECOLAB SAVINGS PLAN AND ESOP

NOTES TO FINANCIAL STATEMENTS

5. Tax Status:

The Plan constitutes a qualified plan and trust under Section 401(a) of the Code and therefore is exempt from federal income taxes under provisions of Section 501(a). The Plan consists of a profit sharing portion and a stock bonus portion. The stock bonus portion constitutes an employee stock ownership plan within the meaning of Section 4975(e)(7) of the Code. The Plan also complies with the provisions of Section 401(k) of the Code. A tax qualification letter, dated April 14, 2004, was received from the Internal Revenue Service. The letter stated that the Plan, as then designed, was in compliance with the applicable requirements of the Code. The Plan has been amended since receiving the tax qualification letter. However, the Plan Administrator believes the Plan is currently designed and being operated in compliance with the applicable requirements of the Code and therefore believes the Plan is qualified and tax-exempt, as described above. Therefore, no provision for income taxes has been included in the Plan's financial statements.

A favorable determination letter, dated October 22, 2008, was received from the Puerto Rico Treasury Department. The letter stated that the Plan and the related trust are designed in accordance with Section 1165(a) of the Puerto Rico Internal Revenue Code of 1994 and are, therefore, exempt from Puerto Rico income taxes. The Plan has been amended since receiving the determination letter, and the assets and liabilities for certain Puerto Rico participants were spun off to the Puerto Rico Plan as of December 12, 2011 (see Note 1). However, the Plan Administrator believes that the Plan was designed and operated in compliance with the applicable requirements of the Puerto Rico Internal Revenue Code through the date of the spinoff of the assets and participants to the Puerto Rico Plan. Therefore, no provision for Puerto Rico income taxes has been included in the Plan's financial statements.

U.S. GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2008.



Table of Contents

ECOLAB SAVINGS PLAN AND ESOP

NOTES TO FINANCIAL STATEMENTS

6. Related Party and Party-In-Interest Transactions:

The trustee is authorized under contract provisions, or by ERISA regulations providing an administrative or statutory exemption, to invest in funds under its control and in securities of the Company. Participant contributions and employer matching contributions are invested in one or more of the investment fund options offered under the Plan, including the Ecolab Stock Fund. The Ecolab Stock Fund consists primarily of Ecolab Inc. common stock and also short-term investment funds under the trustee's control.

7. Reconciliation of Financial Statements to Form 5500:

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2011 and 2010 to the Form 5500:

| (in thousands)   | 2011         | 2010         |
|--|--------------|--------------|
| Net assets available for benefits per the financial statements                                 | \$ 1,181,239 | \$ 1,122,793 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | 1,384        | 622          |
| Net assets available for benefits per the Form 5500  | \$ 1,182,623 | \$ 1,123,415 |

The following is a reconciliation of the net increase in net assets available for benefits per the financial statements for the year ended December 31, 2011 to the Form 5500:

| (in thousands)   |    |        |
|--|----|--------|
| Net increase in net assets available for benefits per the financial statements                             | \$ | 63,386 |
| Prior year adjustment from fair value to contract value of fully benefit-responsive investment contracts   |    | (622)  |
| Current year adjustment from fair value to contract value of fully benefit-responsive investment contracts |    | 1,384  |
| Total increase in net assets available for benefits per the Form 5500                                      | \$ | 64,148 |

Table of Contents

SUPPLEMENTAL SCHEDULE

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Table of Contents

ECOLAB SAVINGS PLAN AND ESOP

SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)

as of December 31, 2011

EIN 41-0231510

Plan Number: 003

(in thousands, except units)

| (a)                              | (b)<br>Identity of Issue,<br>Borrower, Lessor<br>or Similar Party | (c)<br>Description of Investment,<br>Including Maturity Date,<br>Rate of Interest, Collateral,<br>Par or Maturity Value | (d)<br>Current<br>Value |
|----------------------------------|---|---|-------------------------|
| Registered investment companies: |   |   |                         |
| *                                | Spartan 500 Index - Inst. Class Fund                              | Mutual fund<br>1,880,847 units  | \$ 83,698               |
|                                  | Dodge & Cox International Stock Fund                              | Mutual fund<br>1,828,955 units  | 53,479                  |
|                                  | PIMCO Total Return Fund Inst. Class                               | Mutual fund<br>4,886,858 units  | 53,120                  |
| *                                | Fidelity Money Market Trust Retirement Money<br>Market Portfolio  | Mutual fund<br>52,519,872 units   | 52,520                  |
| *                                | Fidelity Puritan Fund Class K                                     | Mutual fund<br>2,598,716 units  | 45,945                  |
| *                                | Fidelity Government Income Fund                                   | Mutual fund<br>3,877,940 units  | 41,765                  |
|                                  | Harbor Capital Appreciation Fund Inst. Class                      | Mutual fund<br>749,578 units  | 27,659                  |
|                                  | Dodge & Cox Stock Fund  | Mutual fund<br>269,299 units  | 27,372                  |
|                                  | Heartland Value Plus Fund Class Inst.                             | Mutual fund<br>846,665 units  | 23,444                  |
| *                                | Spartan Extended Market Index Fund Investor<br>Class              | Mutual fund<br>632,791 units  | 22,439                  |

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Hartford Small Co. HLS Fund Class 1A

Mutual fund  
832,673 units

14,214

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Table of Contents

ECOLAB SAVINGS PLAN AND ESOP

SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)

as of December 31, 2011 (Continued)

EIN 41-0231510

Plan Number: 003

(in thousands, except units)

| (a)                       | (b)<br>Identity of Issue,<br>Borrower, Lessor<br>or Similar Party | (c)<br>Description of Investment,<br>Including Maturity Date,<br>Rate of Interest, Collateral,<br>Par or Maturity Value | (d)<br>Current<br>Value |
|---------------------------|---|---|-------------------------|
| *                         | Fidelity Money Market Trust Ret. Gov t. Money Market Portfolio    | Mutual fund<br>4,189 units  | 4                       |
|                           | Total registered investment companies                             |   | 445,659                 |
| Common/collective trusts: |   |   |                         |
| *                         | Fidelity Managed Income Portfolio II Fund                         | Common/collective trust<br>55,590,958 units   | 56,975                  |
|                           | SSgA Target Retirement 2020 Fund                                  | Common/collective trust<br>1,914,179 units  | 25,924                  |
|                           | SSgA Target Retirement 2030 Fund                                  | Common/collective trust<br>1,724,798 units  | 22,795                  |
|                           | SSgA Target Retirement 2015 Fund                                  | Common/collective trust<br>1,400,892 units  | 16,225                  |
|                           | SSgA Target Retirement 2025 Fund                                  | Common/collective trust<br>1,100,579 units  | 12,013                  |
|                           | SSgA Target Retirement 2040 Fund                                  | Common/collective trust<br>897,020 units  | 11,632                  |
|                           | SSgA Target Retirement 2010 Fund                                  | Common/collective trust<br>829,553 units  | 11,261                  |
|                           | SSgA Target Retirement 2035 Fund                                  | Common/collective trust<br>787,579 units  | 8,035                   |

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SSgA Target Retirement Income Fund

Common/collective trust  
202,337 units

2,702

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Table of Contents

ECOLAB SAVINGS PLAN AND ESOP

SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)

as of December 31, 2011 (Continued)

EIN 41-0231510

Plan Number: 003

(in thousands, except units)

| (a)                                | (b)<br>Identity of Issue,<br>Borrower, Lessor<br>or Similar Party | (c)<br>Description of Investment,<br>Including Maturity Date,<br>Rate of Interest, Collateral,<br>Par or Maturity Value    | (d)<br>Current<br>Value |
|------------------------------------|---|--|-------------------------|
|                                    | SSgA Target Retirement 2045 Fund                                  | Common/collective trust<br>243,436 units   | 2,463                   |
|                                    | SSgA Target Retirement 2050 Fund                                  | Common/collective trust<br>228,337 units   | 2,310                   |
|                                    | Total common/collective trusts                                    |  | 172,335                 |
| Ecolab Stock Fund:                 |   |  |                         |
| *                                  | Ecolab Inc. Stock   | Common Stock<br>9,226,340 shares   | 533,178                 |
| *                                  | Fidelity Money Market Class I                                     | Money Market<br>2,521,728 units  | 2,522                   |
|                                    | Total Ecolab Stock Fund   |  | 535,700                 |
| Notes Receivable From Participant: |   |  |                         |
| *                                  | Notes Receivable From Participants                                | Participant notes due on various<br>dates through October 2023<br>(stated interest rates ranging from<br>3.25% to 10.25%). | 26,842                  |
|                                    |   |  | \$ 1,180,536            |

\* Party-in-interest





Table of Contents

ECOLAB SAVINGS PLAN AND ESOP

EXHIBITS

The following documents are filed as exhibits to this Report:

| <b>Exhibit No.</b> | <b>Document</b>   |
|--------------------|---|
| (23)               | Consent of Independent Registered Public Accounting Firm. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

ECOLAB SAVINGS PLAN and ESOP

DATE                      June 27, 2012

By: /s/ Suzanne M. Hanson  
Suzanne M. Hanson,  
Vice President, Global Benefits,  
Human Resources  
Ecolab Inc.  
(Plan Administrator)